

to close such crossings. Mr. Mann referred to the one-sidedness of the Bill as having relation to the closure of crossings only. There is no necessity to provide for the opening of new crossings. The function of the Bill is to deal with the closure of crossings which are dangerous or redundant.

Hon. J. J. Holmes: There would be a better chance of the Bill being passed if it contained a provision for the opening of other crossings.

The HONORARY MINISTER: Mr. Mann's reference to people along the Albany-road travelling to the city in buses is irrelevant to the question, but in any case it is difficult to see how the closure of certain crossings can have any effect whatever in dissuading people from travelling to the city by bus. Mr. Seddon suggested an amendment giving the board power to direct that where a level crossing is closed the Commissioner shall provide a suitable sub-way or bridge for the carrying of the necessary traffic. The expense involved in such a provision would be tremendous, and could not be contemplated in the present state of the Government finances. Mr. Tuckey referred to a letter from the Gosnells Road Board in which it was stated that five crossings were to be closed in the board's district. The number it is considered might well be closed is four, and in all but one case road access is available to other crossings in the vicinity. That letter is a gross exaggeration.

Members should take notice of the considered opinion of the Local Government Association. In no sense of the word can that association be claimed as a supporter of the Labour Government. It comprises a body of men who have the interests of their own particular districts at heart and no political aspirations. They are doing work in the interests of their particular districts and their opinion should be heeded. That opinion is embodied in the Bill. I ask members seriously to reflect before rejecting the measure. I did not like the tone of the various speeches.

Hon. W. J. Mann: If the Bill were made to apply to the Metropolitan-Suburban area, it might be passed.

The HONORARY MINISTER: I ask members to consider that the local authorities desire the passing of the Bill.

Question put, and a division taken with the following result:—

Ayes	7
Noes	17
Majority against ..	10

AYES.

Hon. J. Cornell	Hon. W. H. Kitson
Hon. J. M. Drew	Hon. J. M. Macfarlane
Hon. G. Fraser	Hon. H. Seddon
Hon. E. H. Gray	(Teller.)

NOES.

Hon. E. H. Angelo	Hon. W. J. Mann
Hon. C. F. Baxter	Hon. G. W. Miles
Hon. L. B. Bolton	Hon. J. Nicholson
Hon. L. Craig	Hon. H. V. Plesse
Hon. J. A. Dimmitt	Hon. A. Thomson
Hon. J. T. Franklin	Hon. H. Tuckey
Hon. E. H. H. Hall	Hon. G. B. Wood
Hon. V. Hamersley	Hon. C. H. Wittenoom
Hon. J. J. Holmes	(Teller.)

Question thus negatived.

Bill defeated.

House adjourned at 9.48 p.m.

Legislative Assembly,

Tuesday, 17th October, 1939.

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

ASSENT TO BILL.

Message from the Lieut.-Governor received and read notifying assent to the Profiteering Prevention Bill.

QUESTION—YOUTH EMPLOYMENT.*Compulsory Register.*

Mr. SAMPSON asked the Minister for Employment: 1, Will he furnish an analysis of the 200 unemployed boys and youths concerning whom a statement was recently made to the House? 2, Of these how many have been placed (a) on farms, (b) in city employment, (c) in public works and (d) in single men's camps? 3, Is any record being kept of these unemployed youths and what result follows the efforts being made? 4, In view of the danger faced by unemployed youths will he insist that a compulsory register be taken of these, including particulars as to how their unemployed time is being spent, thus enabling a decision to be arrived at as to the wisdom of following the English system of compulsory education of unemployed youth?

The MINISTER FOR EMPLOYMENT replied: (1) Yes. (2) (a) On farms—63; (b) in city employment—47; (c) and (d) In single men's camps—2. (3) Yes. Two officers are engaged in conjunction with the Commonwealth authorities upon research work in connection with unemployment amongst youths. (4) Legislative action would be necessary before a compulsory register could be instituted.

QUESTION—AGRICULTURAL BANK.*Abandoned Properties, Re-sales.*

Hon. C. G. LATHAM asked the Minister for Lands: 1, Of the total number of abandoned Agricultural Bank properties disposed of through the agency of Goldsbrough Mort and Co., Ltd., how many were sold to Eastern States and local purchasers respectively? 2, What was the total of purchase prices in each case? 3, What amount has accrued to Goldsbrough Mort & Co., Ltd., by way of commission on all sales effected to date on behalf of the Bank?

The MINISTER FOR LANDS replied: (1) Sold to local buyers, 598 properties; sold to the Eastern States buyers, 13 properties; total, 611. (2) Purchase price—Local buyers, £477,814 11s. 7d.; Eastern States buyers, £12,085; total £489,899 11s. 7d. (3) Commission paid, £22,512 15s. 7d.

QUESTION—AGRICULTURE.*Rural Relief, Compositions.*

Mr. WATTS asked the Minister for Lands: 1, Are the funds available under the Rural Relief Act to effect compositions approved by the trustees prior to the 30th August last? 2, If not, are efforts being made to obtain funds, and is it known when they are likely to be available?

The MINISTER FOR LANDS replied: 1 and 2, Funds available for compositions under the Rural Relief Act have been seriously curtailed because of necessities of finance in other directions and the tremendous responsibilities for defence. An instalment of £50,000 has been made available towards approved compositions under the Rural Relief Act. Present indications are that the maximum to be received by this State for this financial year will be £100,000 and the balance of £50,000 is expected to be available shortly.

PERSONAL EXPLANATIONS.*Mr. Boyle and the Perth Hospital.*

MR. BOYLE (Avon) [4.35]: Under the authority of Standing Order 119, Mr. Speaker, I wish to make two personal explanations. Have I your permission, Sir?

Mr. SPEAKER: Yes.

Mr. BOYLE: I have asked leave relatively to a speech delivered by me on Thursday last, the 12th instant. In that speech I stated that 18 per cent. of the patients at the Perth Hospital came from country districts. The Minister for Health mentioned 25 per cent. Mr. Huelin, the chairman of the Hospital Advisory Committee and Under Secretary for Health, says that this is wrong, and that 85 per cent. of the cases in the Perth Hospital come from the metropolitan area; so that the bodies represented by members of the committee are made up of citizens whom the hospital serves. I think I win on that point.

Mr. Boyle and the Education Select Committee.

Mr. BOYLE: In the same speech I stated that the whole of the Labour Party had voted against a recommendation of the Select Committee on Education. I wish to amend that statement also. The member for Kalgoorlie (Mr. Styants) voted for the select committee's recommendation.

BILL—WORKERS' COMPENSATION ACT AMENDMENT.

Reports of Committee adopted.

BILL—DENTISTS.

Second Reading.

THE MINISTER FOR HEALTH (Hon. A. H. Pantou—Leederville) [4.39] in moving the second reading said: The object of the Bill is to consolidate and amend the Registration of Dentists Act, which was passed in 1894. Two amending measures have been passed since—one in 1921, the other in 1924. Although the Bill appears large, it is mainly a machinery measure. The dentists' profession is divided into registered dentists, dental assistants, and dental students. I draw attention to the fact that the Bill not only amends but also consolidates the Act. Among important changes proposed by the Bill is the substituting of students for apprentices in future, provision being made for those persons now apprenticed to dentists to complete their apprenticeship; after which it will not be possible for individual dentists to indenture apprentices. Dental students of the future will be accepted by the Dental Board and will then be passed through the Western Australian College of Dental Science and the Perth Dental Hospital. These two bodies are affiliated and at present are housed under the same roof. The college is also affiliated with the Western Australian University. The personnel of the board constituted under the present Act consists of three dentists and three medical practitioners; but this Bill provides for four dentists to be elected by the dentists, two dentists to be nominated by the Government and one medical practitioner to be nominated by the British Medical Association.

Provision is made that should a dentist be charged with unprofessional conduct—which is defined in the Bill—the inquiry shall, if so required by the person charged, be held as if it were in open court. The person charged may answer the charge in person or may be represented by a solicitor or counsel. If the board refuses to register any person as a dentist, assistant or student, such person may within three months make application in writing to the board for its reasons for refusing to register him; and within one month after re-

ceiving the reasons the aggrieved person may appeal to a judge of the Supreme Court.

One of the principal amendments is the proposed recognition of assistants, for the following reasons:—In 1912 the board prosecuted an unregistered person for a breach of the Dentists Act, 1894. The proceedings were taken under Section 15, Subsection (2), which reads—

From and after the passing of this Act, no person other than a registered dentist for the time being, or medical practitioner, shall be entitled—

(2) To practice dentistry or dental surgery, or perform any dental operation or service.

A conviction was obtained in the Police Court, but the defendant appealed to the Full Court against the magistrate's decision on the ground that he had performed the dental operation under the supervision of a registered dentist, and he was successful in his appeal. From that time onwards, dental assistants sprang up, either in practice with a registered dentist to supervise, or employed by a dentist. In 1920 the dental profession, realising the necessity for protecting the public from unqualified persons practising dentistry, drafted a Bill to amend the Dental Act. That Bill provided for the examination and registration of all assistants who had been practising dentistry for six years; all time spent on active war service to be taken as part of such period of six years. No new assistants were to be permitted to practice and the Dental Act was to be tightened up generally. The Bill was presented to Parliament towards the end of 1920, but only those clauses relating to the examination and registration of assistants were placed on the statute-book. The clauses preventing any new assistants from being employed or commencing practice and the clauses tightening up the Act were dropped. Thus the 1920 amendment did nothing to improve the position; the assistants were still permitted to practise under the supervision of a registered dentist as laid down by the decision of the Full Court in the *Syue-Blitz* case of 1912.

During the past 19 years a number of assistants have taken up dental practice, some conducting their own surgeries with a salaried dentist to supervise, others as employees of dentists. The Bill now under

consideration provides that any person who can prove that he has done four years' work as a dental assistant shall be recognised as such; and after ten years' work—including the four years' qualification—he may sit for a modified examination, which, if he passes, will entitle him to registration as a dentist.

Mr. Sampson: Why modified?

The MINISTER FOR HEALTH: There is a reason.

Hon. C. G. Latham: After he passes an examination?

The MINISTER FOR HEALTH: First, the assistant will be registered as an assistant. After having been recorded in the register as an assistant, and after having served for four years and attended a course of lectures extending over 12 months, he may sit for and pass a modified examination. The member for Swan (Mr. Sampson) asked why the examination should be a modified one. I suggest to the hon. member that some assistants are getting on in years; in fact, I know one or two who fought in the last war, and I think he will appreciate the fact that they are not in the happy position of being able to pass a difficult examination as easily as a student starting on his course at the age of 15 or 16 years. Consequently, the theoretical examination will be a modified one. There will be no doubt as to the ability of such assistants to pass the practical examination. The Dental Board appreciates—and rightly so—that men getting on in years are not able to study and pass theoretical examinations quite as easily as they could have done had they been younger.

Mr. Sampson: The modified examination would apply only to certain odd cases.

The MINISTER FOR HEALTH: No. The adjective "modified" is used because the assistants will be required to attend a course of lectures, in which they will be examined. On the other hand, students taking a course of four years will be required to pass an annual examination, each one of which will be increasingly difficult. The Bill further provides that no dentist may employ a person as an assistant who is not on the register of assistants, nor may any person who is not on the register of assistants employ a dentist to supervise his dental work. Therefore, if the Bill becomes law, it will not be possible for persons—

other than those registered—to practise as assistants in the future. As I have just explained, an attempt was made in 1920 to prevent assistants from practising, but the attempt failed because that part of the legislation which it was proposed to introduce in that year was dropped. Those persons at present employed as assistants will be registered and given the opportunity to pass the prescribed examination to become registered dentists. For a long time past there has been a great deal of discontent and friction between registered dentists and assistants; and it is believed that, if the Bill becomes law, that very vexed question will be settled. I am informed numerous conferences have been held between the assistants, who have an organisation, and the registered dentists; the proposed new system has been reviewed by them and is considered to be a satisfactory solution of the problem.

Those are the main items of the Bill. The remainder of the measure deals with the usual interpretations; the method of election, powers and duties of the board; the appointment of a registrar and provision for records which he shall keep of dentists, assistants and students; the qualifications for registration as a dentist; the annual license fees to be paid for registration; and the question of offences and the methods of prosecution for offences. I wish to make plain that the Bill does not apply to or include the mechanical construction of artificial dentures by an artisan employed or engaged by a dentist. It will apply only to men who are doing surgical work. I move—

That the Bill be now read a second time.

On motion by Hon C. G. Latham, debate adjourned.

BILL—DAIRY INDUSTRY ACT AMENDMENT.

Second Reading.

Debate resumed from the 3rd October.

MR. McLARTY (Murray-Wellington) [4.51]: This Bill has aroused a good deal of interest amongst dairy farmers. Many of them feel that they are to be further taxed and, of course, they will be, but I believe they are not taking into consideration the benefits that will be derived if this measure becomes law. They have learnt of the pro-

posal to strike a further levy, but the great majority have not seen the Bill and have read only the bare details in the newspaper reports. There are still some dairy farmers who object to paying the equalisation contribution. Yet, if we did not equalise the price, what they would receive for their butter fat would be very much less than they get to-day.

Mr. J. H. Smith: Question!

Mr. McLARTY: That is certain, and I think I can prove it to the hon. member's satisfaction.

Mr. Marshall: Then you will be undertaking a very difficult task.

Mr. McLARTY: Some of them say that, because the British Government has arranged to purchase our surplus butter, the need for equalisation no longer exists. That contention is wrong; it will still be necessary. The price offered by the British Government works out at about 130s. a cwt., while our product is sold on the local market at 164s. a cwt. Therefore the need for equalisation exists. I believe that if producers really understood the benefits of equalisation, there would be no objection to it. They should remember that they have paid the equalisation contributions for years, but the amounts were not shown in their returns until the Dairy Products Marketing Act came into operation. The Minister has told us that there must be an immediate uplift in the quality of our butter. Unquestionably that is right. Last year our output of choice butter was not 10 per cent. of the total.

Hon. C. G. Latham: Is that so?

Mr. McLARTY: It was less than 10 per cent.; I think the Minister will bear me out in that statement. He told us that New South Wales had an output of choice butter exceeding 90 per cent. of the whole. The Minister was right in saying that the export of butter is going to play a much more important part in our trade in future and that it is hopeless for us if we continue to send inferior butter overseas. The Commonwealth Government has raised the grade of export butter, which action will also have an effect on the shipments from this State. When we export butter, we have to compete with the producing countries of the world, and in view of the greater distance that our butter has to be carried, the quality needs to be extra good. Inferior butter will not keep.

In order to gain the full benefit offered by the local market, we should turn out a good

quality butter. In short, the future of the industry depends upon our improving the quality, and this Bill seeks to assist in bringing that about. The Minister should be empowered to restrict the erection of additional factories if that course is advisable. Some people might say that this would be an unjustifiable interference and a bar to progress. I cannot agree with that view. To have too many factories adds to the overhead costs which, of course, have to be paid by the producers. The more closely a factory can work to its maximum output, the greater is the chance of turning out good quality butter and keeping down the cost of manufacture. This Bill does not mean that no additional factories will be erected in future. I believe there is no doubt that we shall require more factories as time goes on, but as the need for them arises, permission will be granted for their erection, and suitable centres will be chosen as the sites. We have been told that competition is the soul of trade. For the present we have enough factories in Western Australia to cater for the needs of dairy farmers, and I believe that the erection of additional factories at the present time would not be justified.

The power sought in the Bill to require payment for butter fat to be made according to the grade should be conceded, and if a factory pays a choice price, it should turn out a choice quality of butter. That has not been the experience in the past, and the reason is the keenness of the competition. Certain factories, in order to obtain supplies, have paid higher prices than the grade of cream warranted, and while paying choice prices, has not produced choice butter. Some producers argue that they should not be prevented from obtaining the higher price, despite the fact that their commodity is not worth it. In fact, they consider they are badly treated if they are not paid the higher price. If that practice is allowed to continue, the quality of butter must continue to suffer, and the producers and the industry must suffer also.

The Bill provides that if a producer wishes to discontinue supplying a certain factory, he must give 28 days' notice of his intention. This power is sought in order to put a stop to the practice of farmers' changing from one factory to another because of incorrect grading. The interests of the producer should be protected during that period of 28 days. When introducing

the Bill, the Minister told us what had occurred in New Zealand and New South Wales. He said there was usually an agreement between the producer and the factory during that 28-day interval. I suggest, therefore, that some provision should be made for the protection of our producers during the interval in question. Will the Minister inform us definitely whether a producer can go on supplying more than one factory with butter fat, as is done at present, or does the Bill lay down that he must supply one factory only?

Producers have for a long time felt that something should be done to reduce transport costs. Perhaps the Minister will elaborate that point, and indicate how he proposes to control such costs. I understand that three farthings per pound represents the cost of transporting butter fat to the factory. That is far too high a charge. Those who should know about these things tell me that the charge could well be reduced by one farthing per pound, or $33\frac{1}{3}$ per cent. It is estimated that the total transport costs to-day amount to £54,000. If it were possible to reduce that amount by one-third, in the vicinity of £20,000, very considerable benefit would be conferred upon producers.

Mr. F. C. L. Smith: Many producers send their butter fat outside their own districts.

Mr. McLARTY: Many do that. In future transport costs will not be pooled but will be paid for according to the distance the cream travels. Producers will still be permitted to supply any factory they choose, provided they pay the cost of transport. The further cream is sent, the less chance is there of a choice grade arriving at the factory and the less chance of producing a choice butter.

Margarine is referred to in the measure, which provides that that substance shall not contain any butter. I presume the reason for that provision is that when margarine contains a percentage of butter it more closely resembles butter in colour. More drastic steps should be taken to prevent competition between the two commodities. I have said before that the two colours should be entirely distinct from each other.

The most contentious portion of the Bill is that which provides that the producer shall contribute a maximum of one 240th of £1 to go towards establishing a fund

for the appointment of additional dairy instructors. It is that portion of the measure which will receive most criticism at the hands of the producing section of the community. It will give rise to a good deal of opposition. The proposal would mean that with butter fat at 1s. 4d., 15lbs. of butter would be required to provide a levy of 1d. I estimate that such a levy would return a revenue of £3,300. Surely the Minister will not require that sum.

Hon. C. G. Latham: He is never satisfied.

Mr. McLARTY: Where the price of butter fat is 1s. 3d., the return on the basis I have mentioned would be £3,125.

The Minister for Agriculture: That is the absolute maximum.

Mr. McLARTY: That would be the revenue on a production of 15 million lbs. of butter fat per annum.

The Minister for Agriculture: The levy may amount to $\frac{1}{4}$ d.

Mr. McLARTY: With butter fat at 1s. 2d., the revenue would be £2,916. I have made a similar computation on the basis of a levy of $\frac{3}{4}$ d. on 15 million lbs. of butter fat. With butter fat at 1s. 4d. the return would be £2,499; at 1s. 3d., it would be £2,344; at 1s. 2d., it would be £2,187; and at 1s. 1d., it would be £2,109.

Hon. C. G. Latham: That is only on butter fat; but what about cheese and condensed milk?

Mr. McLARTY: The Minister might be persuaded to accept a reduced amount.

The Minister for Agriculture: That will automatically reduce itself. The fund cannot exceed £1,000, and the levy will be fixed so that it does not exceed that amount.

Mr. McLARTY: The producers are afraid that the maximum may become the minimum.

Hon. C. G. Latham: That always is so.

The Minister for Agriculture: The levy will be circumscribed by the amount that is in the fund.

Mr. McLARTY: I draw the Minister's attention to another clause, indicating that he may require more than £1,000.

The Minister for Agriculture: Could you whisper the number of the clause in question?

Mr. McLARTY: It will be found at the bottom of page 8.

Mr. SPEAKER: Order!

Mr. McLARTY: The Minister declares he wishes to employ four additional instructors. I do not think he will require anything like the amount I have indicated for the salaries of that number of officials. The matter can be argued in Committee, when probably the Minister will agree to accept a maximum lower than 1d.

Mr. F. C. L. Smith: Whom will they instruct—the producers or the butter manufacturers?

Mr. McLARTY: I understand these officials will check the grading of butter at the factories, and will also instruct producers as to certain improvements that might be effected on their farms.

Hon. C. G. Latham: You must have the confidence of the Minister.

Mr. McLARTY: I think the Minister told us that.

The Minister for Agriculture: The Leader of the Opposition was not listening.

Mr. SPEAKER: Order! Will the hon. member address the Chair.

Mr. McLARTY: I understand that the checking of grades will form an important part of their duties. Perhaps the Minister will explain more about the work of these gentlemen. What will their task be, and where does he propose to obtain that number of men? They will need to be experts who can hold their own with factory managers, and generally possess a thorough knowledge of the industry. Young men would not be suitable for such positions. We are told that the fund is to be used for the payment of salaries and wages, other remuneration, and the expenses of special instructors. We are also told that it will be used for the adoption of such methods, and the doing of such acts, matters and things as may in the Minister's opinion be conducive, or likely to be conducive, to the improvement of the industry.

The Minister for Agriculture: I am easy about that. It is the lawyer's safeguard.

Mr. McLARTY: I hope the Minister will agree to the striking-out of that provision; in Committee I shall move to that effect. If my amendment is passed, we shall know that the fund will be used for the purpose stated by the Minister. Some day some other hon. gentleman may occupy the portfolio of Agriculture, and he may say, "I have all the power I want under this measure, and shall use the money as I think fit." If we strike out the provision in question,

we shall ensure the use of the money for the purpose indicated. The Minister should also agree to strike out the reference to condensed milk. In the case of an important firm like Nestle's Ltd. there is no occasion for the appointment of instructors to tell the directors how to do their work. The tremendous improvement that has been effected in dairies in the districts in which the company operates is sufficient proof of that statement. The article being turned out is first-class—such as could not be improved upon. There should be no necessity to apply this Bill to that company.

Hon. W. D. Johnson: In that case, the officers of the company could educate us.

Mr. McLARTY: I cannot follow the hon. member. The officers of the company are doing all that is necessary to instruct the producers who are supplying them. Very little revenue is obtained from the cheese industry.

Hon. C. G. Latham: That may be improved.

Mr. McLARTY: I am open to conviction, but I make the suggestion to the Minister. Generally speaking, producers will benefit if this Bill becomes law. Anything we can do to improve the quality of butter is in the interests of the producers themselves. There is no doubt the cost of transport could be reduced. Provision might be made for consulting the representatives of the producers regarding the expenditure of the money. That is done in connection with the Dairy Products Marketing Board, upon which producers are represented. Much more confidence on the part of the producers would be created if the Minister were to guarantee that their representatives would be consulted as to the expenditure of the money. Many producers say that funds required further to police the industry should be provided from Consolidated Revenue. I wish that could be done. If the Premier cannot make money available for that purpose, I think the producers would act in their own interests if they agreed to the proposed levy. Further, I wonder if the Premier could make available portion of the funds necessary so that producers would be called upon to make up only the balance. I support the second reading of the Bill, the object of which is commendable, and shall reserve anything

else I have to say until the Committee stage.

MR. WILLMOTT (Sussex) [5.16]: The member for Murray-Wellington (Mr. McLarty) has stated the producer's point of view very clearly. In my electorate quite a number of dairymen do not send their cream to the nearest factory. In some instances the cream is despatched to the factory further from their holdings. I spoke to some dairy farmers during the week-end, and found them very decided in their determination not to transfer their business from one factory to another. The provision in the Bill is definite that cream must be sent to the nearest factory.

Mr. Doney: That is not so, is it?

The Minister for Agriculture: No.

Mr. Doney: The producers have some choice in the matter.

Mr. WILLMOTT: So far as I understand the position, they have the choice, but if they exercise it their freight charges will be so much the greater.

Mr. Doney: That would follow.

Mr. WILLMOTT: In the past the factories have always paid the freight indirectly. It comes from the producer's pockets.

Hon. W. D. Johnson: And he receives a present at the end of the year.

Mr. WILLMOTT: So it is said.

Hon. W. D. Johnson: Where does that present come from?

Mr. SPEAKER: Order!

Mr. WILLMOTT: Most of the "presents" come from the producers themselves. From that standpoint alone many of the producers are not very keen on this phase of the Bill. Could not some arrangement be made whereby in certain areas one means of transport could be availed of for the distribution of cream to the various factories? For instance, the cream could be picked up and portion delivered at one factory according to the instructions of the producers concerned: some could be delivered at another factory, and the balance disposed of elsewhere according to the desires of the dairymen. That would decrease transport costs. Under existing conditions one truck probably travels 20 miles to pick up half a dozen cans of cream for delivery to one factory. Shortly afterwards another truck comes along to collect a few more cans of cream for another factory, and a third truck picks up the balance for

delivery to still another factory. All that means overlapping and increases the cost of production. If arrangements could be made for one truck to collect all the cream in that area and deliver it to factories selected by the producers themselves, much of the cost of transport would be obviated. I understood the Minister in moving the second reading to say that the proposed levy, which represents a maximum of 1d. in the pound sterling, was for the purpose of check grades. The Bill indicates that the purpose is for providing dairy instructors. Personally I do not think there is any necessity for dairy instructors; we have dairy inspectors at present who are devoting the whole of their time to the industry and tendering acceptable advice to the producers.

Hon. W. D. Johnson: Why is there so little choice cream?

Mr. WILLMOTT: That is the trouble. I think it is caused by the grading.

Hon. W. D. Johnson: Do you want instructors to deal with that?

Mr. WILLMOTT: Not necessarily. Most of the producers have been dairying for years. The position to-day is not similar to that which confronted the industry at the outset. To-day producers know they must put out an article that can be sold. That is one reason why I support the Bill, because we must improve the article we are producing.

Hon. W. D. Johnson: Why is "choice" so low to-day, comparatively speaking?

Mr. SPEAKER: Order!

Mr. WILLMOTT: Probably that has something to do with the testing in the different factories. What I propose to recommend would probably be cheaper and better from the producers' point of view than having check graders. That is, we could have Government graders and testers in each factory. That would save more overlapping. If that system were adopted, the Government officers could be transferred from one factory to another every four or five months. There would then be no chance of their being "bought over"—that is what I want to get at—because if they were transferred periodically that difficulty would be overcome and the result would be cheaper for the producers. I hope the Minister will give consideration to that suggestion and, when he replies to the debate, make some statement clarifying the position. One other point I intended to deal with was

mentioned by the member for Murray-Wellington (Mr. McLarty). The Bill indicates that the levy of 1d. in the pound is for the purpose of—

The payment of salary, wages, fees, or other remuneration and the expenses of special dairy instructors appointed for the purposes of this Act.

Why the necessity for dairy instructors? I do not agree with that provision.

The Minister for Agriculture: The officers must have a title in order to differentiate between them and other officers.

Mr. WILLMOTT: We have dairy inspectors. I do not know what the task of the instructors will be. However, the member for Murray-Wellington has asked the Minister to deal with that matter, and if he does so, we will know what the position really is. I support the second reading of the Bill because we must improve the position of the industry.

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

Mr. WILLMOTT: For that reason I support the Bill, although I am afraid it contains provisions that may involve hardships for the producers.

MR. J. H. SMITH (Nelson) [5.25]: Neither I nor the butter-fat producers in my electorate are particularly pleased with the Bill. I admit it embodies some acceptable phases that will tend to improve the standard of our dairy products, which is a disgrace to-day. I object to the taxing proposals and also, as the member for Sussex (Mr. Willmott) mentioned, the appointment of instructors instead of graders. I followed the remarks of the member for Murray-Wellington (Mr. McLarty) with much interest. He is chairman of the dairying section of the Primary Producers' Association. His remarks disclosed most remarkable reasoning. He is wholeheartedly in favour of the Bill and its taxing proposals, but he says they must not apply to his district.

Mr. Rodoreda: There is nothing remarkable about that!

Mr. J. H. SMITH: The proposed taxation must not be applied to Nestle's milk factory nor yet to the Serpentine cheese factory. He is willing that the industry in other parts shall be duly taxed. Presumably a pure and wholesome milk supply is essential for the Nestle's milk factory at Waroona.

Mr. McLarty: We have it already.

Mr. J. H. SMITH: And we want it elsewhere. If the Bill be agreed to, both Nestle's

milk factory and the Serpentine cheese factory will be under supervision. The Bill proposes that the producers shall be taxed 1d. in the pound, that being the maximum impost. Is not the industry taxed sufficiently already? A board has been set up and has accumulated many thousands of pounds that have been taken out of the pockets of the butter-fat producers. Do members know that for every five gallons of cream delivered by a producer, the board takes 5s. or 6s.? My son-in-law has a small herd of cows and his levy amounted to £15 for last month. That is altogether too much. At one period butter-fat prices, we were told, were controlled by the English market price. To-day that price is 130s. per cwt., according to statements made in this Chamber. I thought the price was 145s. per cwt.; but if that is not so, I am prepared to stand corrected. Producers had the benefit of the exchange rate of 25 per cent., which paid insurance and freight charges and perhaps left a little over. On top of that the board fixed the price in Western Australia at 160s. per cwt., which worked out at about 1s. 7d. per lb. and meant a return to the producer of 1s. 3d. Now the Government proposes to levy a further tax. Naturally the butter-fat people in my electorate are not too pleased at the prospect. Other points to which I desire to draw attention are the necessity to give 28 days notice of intention to cease forwarding supplies to one factory with the object of dealing with another factory, and the proposed Ministerial control of factory extensions. As the Bill stands, the Minister's permission has to be obtained before a new factory can be established. We desire the expansion of the dairying industry, but we do not know that we shall be able to erect another factory.

The Minister for Agriculture: That is not so.

Mr. J. H. SMITH: That is set out in the Bill. It will all depend upon the Minister. Someone already interested in a butter factory may approach the Minister and say, "We do not want any more butter factories, because we are not getting sufficient supplies for our purposes at present." If the Minister agreed, the producers in another district might not secure the erection of a factory, although their output justified its establishment. There is no butter factory at Bridgetown, whereas Manjimup has two, and there is a cheese factory at Balingup. Cream from the surrounding district is sent through

Bridgetown on to Manjimup or Bunbury. Yet some people wonder why we do not get first grade butter! A butter factory should be established at Bridgetown, from which 20 tons of butter-fat are sent weekly to Manjimup. That butter should be manufactured in Bridgetown. With regard to the giving of 28 days' notice of a man's intention to divert his supply from one factory to another, I believe that competition is the life of trade. If the Minister would include in the Bill provision for the appointment of check graders to these factories, the dishonest practices could not continue, and immediately choice butter would increase in volume. Instead of the amount being 12 per cent. it would be 50 per cent. To-day, unfortunately, there is no supervision.

Hon. W. D. Johnson: What is wrong with supervising?

Mr. J. H. SMITH: The hon. member asks what is wrong with supervision.

Hon. W. D. Johnson: No, what is wrong with supervising?

Mr. J. H. SMITH: What we need are check graders. Supervisors may harass the man on the land and urge him to make improvements. They may consider it is their job to advise farmers about the pastures they should grow. The men chosen may be agricultural advisers selected for their knowledge of grasses but the men to whom they go may have a greater knowledge than the supervisor himself. If the Minister would provide for additional checkers in the different factories so that the companies would be prevented under a penalty of £100 from supplying second-grade as first-grade butter, I would be in agreement with him.

With regard to transport routes, some dairymen cannot market their product under a week. I know men who should be forwarding cream to Bridgetown and Manjimup. The only route by which they can send it to Albany is a very rough road over a distance of 150 miles. The system to-day is that the factories pay for the transport of cream. I forget the figures quoted by the member for Murray-Wellington (Mr. McLarty), but I think he said the amount was $\frac{3}{4}$ d. per lb for transport. I know that those who transport their own cream get 6d. for a 5-gallon can, and 1s. for a 7-gallon or 10-gallon can. That does not work out at $\frac{3}{4}$ d. I presume that the $\frac{3}{4}$ d. referred to would be the transport from

Augusta in the Sussex area to the Spearwood factory. I suppose everyone who represents a dairying district knows that there may be two or three different transport lorries. In my own electorate there are four lorries travelling on the transport route that includes Boyanup, Capel and Manjimup. All are travelling over exactly the same ground. One man perhaps picks up six or eight cans, another a dozen, and another 20. I do not know whether the Bill, if passed, will control the situation, but I do wonder why one man should not carry the whole of the cans for each individual factory.

My constituents are not particularly keen about the Bill, but I do not intend to oppose it, because we do need check graders. If the Minister will assure me that for the word "instructor" he will substitute "check grader," I will agree to the clause in which the appointment of such men is proposed. The member for Guildford-Midland (Hon. W. D. Johnson) referring to remarks of the member for Sussex (Mr. Willmott) asked the difference between choice and first-grade and second-grade cream. The hon. member knows quite well that choice and first-grade cream go into the same vat so that much of the so-called first-grade butter is second-grade. Although $\frac{1}{2}$ d. less is paid for first-grade than for choice cream, it all goes into the same vat and the product is turned out as first-quality butter. If there were check graders, that would be prevented. In those circumstances, choice quality cream would be put into one vat and manufactured into choice butter, and first and second-grade cream would be treated in a similar manner. We know that a good deal of cream bought by some dishonest butter companies as choice or first-grade is really second-grade. Check graders would prevent that kind of thing.

Hon. W. D. Johnson: That will be overcome by supervising.

Mr. J. H. SMITH: I hope to receive the assurance of the Minister that supervisors will control the factories. No more is needed than the substitution of one word for another; but no such assurance is given in the Bill. I presume that the supervisors or instructors or inspectors will go through the different farms in the dairying districts. Of course some of the farms need inspec-

tion too, because correct hygiene requires attention. But one becomes aware by travelling through dairying districts that 90 per cent. of the people are fully alive to the need for perfect cleanliness in the dairy. With few exceptions, I have everywhere seen complete cleanliness. Consequently we do not need supervisors of dairies. Inspectors already travel through the various districts. I suppose that applies to the Sussex and Murray-Wellington areas; it certainly does to mine. Therefore I do not perceive why we need additional inspectors for that purpose. We do need inspectors in factories which are responsible for our butter being given such a bad name. I will support the second reading of the Bill in the hope of receiving further enlightenment during the Committee stage and perhaps of securing some amendments.

MR. HILL (Albany) [5.37]: I intend to support the second reading the Bill. Having had a little experience of dairying and having been a director of a butter company, I am satisfied that if we are to make a success of the industry we must cater for all needs. We must produce the best quality butter and aim at providing the maximum return to the producer. Summed up, that can be said to be the objective of the Bill. I support the proposal for a limiting of the number of factories, for it is no use our having too many factories or too much transport. That means an increase in overhead costs to the producer who will be the person to suffer most. The dairying business is difficult and to provide choice cream is not an easy matter. The operation of a butter factory is also difficult because it lends itself to creating dissatisfaction and to dishonest practices, in the event of a company desiring to indulge in such practices. Nobody can convince me that to send cream from Albany to Fremantle is an economic proposition, yet there are people in my electorate doing so to-day. At the same time, I would not say to them, "You must not do that." I do, however, suggest that we should encourage producers to send their product to the nearest factory. When cream goes to the factory it is graded. If the grade is not satisfactory, the producer may be dissatisfied and decide to send future supplies to another company. In order to get business the second factory may classify the cream at a higher standard. It is a moral certainty that one of the com-

panies is thus more or less dishonest. So I agree with the member for Nelson (Mr. J. H. Smith), that close supervision is required in the factories. If inspectors are appointed the bulk of their work should be done in the factories. When there is any doubt about the test or grade, they should be called in to express an opinion. If the cream proves to be at fault they should establish contact with the producer and assist him to produce a first-class product.

I regret that there is a proposal to make a levy on butter. The producer has to pay through the nose every time. When he has met all his charges, he has not a great deal left for himself. I suggest that the cost involved in the appointment of inspectors should be met out of consolidated revenue. If the whole amount cannot be made a charge upon the Treasury the producers should be subsidised on a pound for pound basis. There is room for improvement in transport methods and in other directions. The Bill appears to me to be a sincere attempt to improve the industry as a whole and for that reason I support the second reading.

MR. WITHERS (Bunbury) [5.40]: I do not think the Minister introduced the Bill for the mere sake of doing so but because of his knowledge of the position of the industry in the Eastern States and elsewhere and of the demand for such a measure in Western Australia. I am pleased that the member for Murray-Wellington (Mr. McLarty) has given the Bill his blessing. I doubt whether anyone in the House is more closely connected with the dairying industry from the producers' point of view than is he. Having been chairman at conferences of dairymen he is aware of what is occurring and is cognisant of their point of view. The more we can do to create amongst producers a desire to deliver the choicest article possible and thereby obtain the best available price and the maximum result from their labour, the better will it be for everybody. I do not know of anyone with a knowledge of butter factories to-day who would not say they are most up-to-date and hygienic. But if a factory is prepared to pay for second-grade cream the price that is paid for choice or first-grade cream, the most hygienic and up-to-date methods of production will fail to provide us with the article we require. The Bill, if accepted,

will have the effect of ensuring that the best quality butter is produced. I had the privilege of attending a conference of manufacturers at Harvey last year when Mr. Wigan, the Commonwealth Inspector of Factories, was visiting this State. I learn that he has been here again this year. He told the conference which I attended that the factories were blameworthy for being prepared to accept cream of a grade not up to standard, and he pointed out that hygienic methods were of no use unless the producers were compelled to deliver to the factories the best possible article. I took this cutting from "The West Australian", of the 20th August, dealing with the conference of the dairy section of the Primary Producers' Association at which the member for Murray-Wellington was re-elected chairman. At the conference Mr. Norton of Capel spoke about the quality of the butter fat and moved a resolution reading—

Conference recommends the Minister for Agriculture to introduce an amendment to the Dairy Industry Act for the creation of a trust fund by a maximum contribution of 1-20th of a penny per lb. of butter fat; this fund to be administered by a committee comprised of a producers' representative, a member of the Institute of Dairy Factory Managers and Secretaries, and a member of the Department of Agriculture. Until such amendment becomes operative, conference recommends the Dairy Produce Marketing Board make available from its administrative fund sufficient money to inaugurate the scheme suggested by the superintendent of dairying for improving the quality of butter.

Mr. Norton went on to explain to the conference that grading was being exploited by manufacturers for the purpose of obtaining supplies, and the only way to cut out this competition and improve the quality was by means of check grading. This is a very important matter. Members may have read recently that one particular factory had been fined for paying a price for choice cream that was found to be only second-grade cream. The member for Nelson (Mr. J. H. Smith) stated that there was no section in the Act under which that could be done. The Act, however, does give that power, but what we have not is supervision, or at least adequate supervision.

Mr. J. H. Smith: That is the trouble.

Mr. WITHERS: I had the privilege three or four years ago of going through the Augusta-Margaret River area with a gentleman who was requested by the factory he

represented to go amongst the farmers and find out why so much second-grade cream was going into the factory. He had spent three or four days going amongst the farmers and inspecting all the dairying utensils, milking machines, etc., and subjecting them to a thorough examination, pointing out to many of the farmers where the faults lay and explaining why they were sending second-grade instead of first or choice grade cream to the factory. Possibly those dairy farmers were a little to blame by accepting the extra price offered by factories further afield. The transport side of the Bill concerns some of the people in my district, although it has its beneficial aspects. The question of transport may not have the effect that we desire. We have to-day what we may term a set price for the whole of the transport of cream to the factories. The charge imposed is so much per pound for delivery to the factory, and that applies to the man who may be 20, or 30 or even 40 miles away; but if a man is 30 miles away and he has to pay the cost of transport of the cream to his own co-operative factory, he may have to find that extra cost. A man 15 miles nearer to his own factory would pay a lesser amount; thus there would be an unfair distribution of the charges of transport. It is just a question whether prescribed routes will have the effect of overcoming that. The member for Nelson mentioned that Bridgetown should have a factory. We should be very careful about this, but I do not say that the Bunbury factory is in the right place. I consider that a butter factory should be in the most central position. When the factory was established at Bunbury, the industry was just surrounding the town. To-day, however, it has gone far afield, but if we establish another factory, say at Bridgetown, the overhead costs will be such that the farmer may lose more than the cost of transport. If we can get what the Bill may give us, that is, the consideration we desire in respect of transport, a considerable difficulty will be overcome. I am very much concerned in connection with the question of a pure butter supply, or rather, as nearly as possible a pure butter supply. I can quote figures that will interest the House and also the people engaged in the dairying industry. Possibly those who are interested have not had the opportunity of reading them. They appear in the "Australian Dairy Review" of

April last and they stress the importance of proper control. In that publication we find the Premier of South Australia (Mr. Playford) saying this—and I hope members will not mind my reading an extract from the article which is very illuminating—

Mr. Playford is reported by the "Adelaide Chronicle" to have said that South Australian butter rejected under the Commonwealth export regulations in the 1936-37 season amounted to 673 boxes; in 1937-38 the number was 2,181 boxes, and for the uncompleted season of 1938-39 the rejects already totalled 7,311 boxes. If this butter had been approved for export it would have been worth between £20,000 and £22,000 to the State on the British market.

That is, of course, if it had been choice butter.

In 1924-25 South Australia's butter exports were made up of: Choice, 60.78 per cent.; first grade, 21.04 per cent.; second, 11.69 per cent.; third, 5.83 per cent.; pastry butter, .66 per cent. This year the approximate relative figures were: Choice, 3.44 per cent.; first, 37.04 per cent.; second, 35.63 per cent.; pastry, 23.87 per cent.

There was a retrogression in South Australia over that period. The Minister for Agriculture when introducing the Bill we are now discussing was quite generous towards the adjoining State in not mentioning it by name. The Premier of South Australia continued his remarks:—

It has been asserted that the alteration in the percentages of manufacture are largely due to the fact that during the years under observation this State has increasingly gone into the production of cheese which has taken all the best grade market away from butter manufacture. To show that this is not really the cause of our trouble, I would like to quote the figures in a different way. The total exports of pastry butter from South Australia were—

	Boxes.	Per cent.
1931-32	3,808	2.77
1932-33	5,010	2.97
1933-34	8,208	5.48
1934-35	19,105	16.57
1935-36	17,035	12.17
1936-37	38,701	29.63
1937-38	25,249	23.87

This shows a terrific increase not only in the percentage of low-grade butters manufactured, but also in the quantity. Of the total butter exports of Australia, South Australia is now supplying only 5 per cent., but of the pastry butter exports we supply 50 per cent.

I hope Western Australia will take heed of these figures because we have no desire to make similar mistakes. Mr. Playford went on to say that it was imperative to

check this trend because the primary producers could not afford to bear the heavy losses which accrued to them annually because of low-grade butter.

The statement goes on—

Reviewing the position at present Mr. Playford said: "We imported from January to March this year about 2,000 boxes of butter a week. Most of this was from Victoria but some was from New South Wales. This amounts to about two-thirds of the South Australian consumption excluding committee butter. We are exporting about 2,000 boxes a week, mostly pastry butter."

The figures I have quoted I consider are illuminating, particularly to dairy farmers who should take heed of them and endeavour to prevent a similar experience befalling them. The article goes on to say—

The butter that we import is high grade, choicest, for which we are paying 1s. 5d. a lb., while the butter we are exporting, low grade, is returning to us between ½d. and 1d. a lb. less than the choicest. This means that we are making a loss on quality of between ½d. and 1d. a lb. on what we export overseas. On the butter we import from Victoria we lose 3s. to 37s. a cwt.

Members will see the falling off that took place in that particular period. The remedy, of course, is closer supervision of factories and particularly of the grade of cream. The article continues—

I have asked the butter manufacturers to co-operate with the Government to improve the industry. I know that they are giving our suggestions very serious consideration and as soon as their reply has been received the Government will go ahead with its plans. I do not want the dairy farmers of this State to find themselves similarly situated, and we should try to avoid getting into the position in which South Australia finds itself. We know the factories are absorbing a considerable quantity of cream, principally choice and first grade, and possibly taking a few cans of second-grade cream and mixing it with first grade and choice and making good butter. Butter so made will last a week or so but when that butter has to be transported overseas it is required to stand the test of grading here and grading also on arrival in England. It cannot then be compared with butter from Denmark and we cannot expect a good sale for it. I intend to support the second reading of what I regard as an important and urgent measure. In Committee, I trust, the question of transport will be clarified. The fact that the producer will have to pay a

little for his own protection should not worry him unduly. If he pays an infinitesimal amount to protect his industry and receives a greater amount by reason of his having made that payment, surely he will not be so niggardly as to refuse to make a very small contribution for his own benefit.

MR. DONEY (Williams-Narrogin) [6.1]: I am interested in the Bill generally, and especially for the reason that Narrogin is the centre of one of the largest butter concerns in Western Australia. With the views which have been expressed I am entirely at one. The Minister must, I think, be satisfied with the manner in which the Bill has been received. Like other members who have spoken, I have no ground whatever for any severe criticism of the measure. Evidently the Minister has gone to some trouble in the construction of the Bill, having anticipated all important objections that could be levelled at it. That is not to say this measure is perfect. Probably, when it has been applied to its related problem, weaknesses may be disclosed; but so far as we may be guided by first impressions, it is right to say that the measure appears likely to improve substantially our dairy industry legislation. The Bill proposes various additional restrictions, and a number of inspectors will have to be paid for, as well as various matters savouring of red tape. We on this side of the Chamber seem naturally to stiffen at that sort of thing, because we realise that the cost involved will have to be borne by suppliers. In this instance, however, the additional costs are very small indeed. The member for Murray-Wellington (Mr. McLarty), who delivered a highly interesting speech, was the only member to complain of the size of those additional costs. Having regard to the resultant benefits, I repeat, they are very small indeed. The amount has been variously expressed. From what the Minister said, I understood it to be 1d. on every 15 to, roughly, 20 lbs. of butter, or from a fifteenth to a twentieth of a penny per lb. of butter manufactured in the State, according to prices ruling from time to time. That extremely small fraction of a penny, multiplied by the number of pounds of butter manufactured in the State, according to calculations made by the member for Murray-Wellington will amount to £3,000 annually, sufficient to pay the salaries of four inspectors plus their associated officers and travelling and other expenses. Of course no one knows

exactly what benefit will ensue until the provisions of the Bill are in operation, but the common impression among those interested is that the effect will be materially to reduce the overhead costs while securing a far better quality of butter for export. Thus we shall improve our standing in overseas markets. As the co-operative manufacturers with whom I have discussed the subject during the week-end consider also that the passing of the Bill will lead to substantial increases in the dividends they will pay, and as that opinion appears to be shared by previous speakers, it seems that the measure may safely be passed.

There are some who speak of force in connection with the Bill. I see little or nothing in the measure suggesting the application of force. It is asserted that a supplier is "forced" to supply to this or to that factory. The assertion is true in part, I suppose; but in any case the supplier will have to join one factory or another of his own accord. So that the argument as to force has little relevancy. If a supplier is not satisfied, no force is applied to him to make him continue to sell to a particular factory. He simply gives a month's notice, at the end of which he transfers his custom to another factory. In that there is nothing whatever wrong. Further, there is the consideration that under the Bill suppliers will not be at the mercy, as they frequently are now, of reckless or spendthrift factory managers, since every department of each factory will be under strict Government control added to which unduly high manufacturing costs are met with severe penalties. There is a great deal more I had intended to say, but it happens to have been said already by more expert members representing the South-West, who are able to afford members much technical information in regard to the butter industry. I do not need to follow them along those lines. The Bill is very fair indeed. I would not mind if it became law in its present form. Anyhow, I trust that in its passage through the House the measure will receive generous support.

On motion by Mr. Wilson, debate adjourned.

BILL—TESTATOR'S FAMILY MAINTENANCE.

Received from the Council and, on motion by Hon. N. Keenan, read a first time.

ANNUAL ESTIMATES, 1939-1940*In Committee of Supply.*

Resumed from the 12th October; Mr. Marshall in the Chair.

Note—Forests, £29,215:

THE MINISTER FOR FORESTS (Hon.

J. C. Willecock—Geraldton) [6.11]: As a period of 20 years has elapsed since the Forests Act, 1918, was placed on the statute-book, it is fitting that I should briefly review, for the information of the House, the progress made in this important phase of the Government's activities. Timber, it is interesting to note, was the first product exported from the Colony of Western Australia. Naturally the extensive hardwood forests of the South-West were regarded by early settlers as an inexhaustible source of supply, and unfortunately no adequate steps were taken until after the passing of the Forests Act in 1918 for the conservation or protection of the valuable national heritage represented by those forests. Records show that Western Australia has exported jarrah and karri to the value of £33,500,000, to which amount must be added the value of these timbers used locally. Thus, on a conservative estimate it would appear that timber to the value of over £50,000,000 has been produced from the forests of the South-West.

In 1918 our Forests Department consisted of one trained forester and a small staff of rangers who were engaged principally in revenue-collecting and in policing duties. The newly-formed department was faced with a tremendous undertaking in restoring very large areas of cut-over forest, badly damaged by repeated fires. The first major work undertaken was a classification of the timber lands of the State, and that work was carried out in co-operation with the Lands Department. As a result it was found that the forest area was very much less than indicated by early estimates. To previous Labour Governments must be given the credit for dedicating permanently to the production of timber all good-quality forest remaining in the hands of the Crown. We now have 3,367,000 acres of State forests.

From the figures obtained in the course of this classification work it has been possible to arrive at a reliable estimate of the total volume of mature jarrah and karri

log-timber remaining. It would appear that if reforestation measures and control of cutting had not been introduced, our main sawmilling industry would have come to an end within a period of approximately 30 years. To meet this position, working plans have been prepared regulating the output of log-timber from each section of State forest; and the co-operation of sawmilling firms has been secured in a re-organisation of sawmilling operations, which has resulted in the industry being placed on a sustained-yield basis, thus ensuring continuity of supplies and of employment. The importance of this policy of stabilisation has been reflected in the manner in which the timber industry has weathered the world-wide trade depression of recent years. It is in a position to-day to formulate plans for meeting the difficult trade conditions which are to be anticipated during the war period.

Turning now to regeneration of jarrah and karri forests, simultaneously with the progress on the management side, large-scale silvicultural work has been undertaken to develop new crops of jarrah, karri, and other species of timber on cut-over areas. The work of the department in developing a technique to secure satisfactory regeneration by natural means has been highly successful; and we now have 400,000 acres of State forest carrying a healthy crop of young jarrah trees, each of which has already reached the small-pole stage. In the karri forest a new growth has been established on 22,000 acres.

Sitting suspended from 6.15 to 7.30 p.m.

The MINISTER FOR FORESTS: Before tea, I gave a short historical sketch of the activities of the Forests Department since the passing of the Forests Act, 1918. I dealt with the regeneration of jarrah and karri which has been undertaken since that time, and gave the acreage which had been dedicated permanently in the State to forestry. The area is over 3,000,000 acres. Jarrah and karri are our two main commercial timbers; but we have other timbers, which might be termed sidelines, in connection with which the Forests Department has taken action. So far as mallet is concerned, new methods have been developed as a result of which it has been found possible to establish cheaply plantations of

brown mallet in the Great Southern districts by direct sowing; in the Narrogin district approximately 12,000 acres of waste poison land has been converted into mallet plantations, which will yield a highly profitable return from tanning bark. Tests carried out by the Forest Products Division of the Commonwealth Council of Scientific and Industrial Research have shown that the timber of this tree is the best substitute for imported hickory and ash for such articles as tool handles. It is expected that these plantations will prove of great value for timber, as well as for bark when the trees arrive at maturity.

With regard to sandalwood, owing to the incursion of rabbits, sandalwood regeneration on a large scale has proved impracticable, but this industry has been regulated so that a maximum return has been secured to the State for this valuable commodity, which had been sold at a nominal rate before the passing of the Forests Act, thus resulting in serious loss to the State and consequent gain to Chinese interests in the Far East. However, the business of marketing sandalwood has been placed on a satisfactory basis. The market requirements of China and other countries are regulated in such a way that an eminently satisfactory price is now obtainable for our sandalwood. Before war broke out in China, sandalwood provided a remunerative source of employment for many people throughout the State; but, owing to the war, the sale of sandalwood in that market has been severely restricted. It is surprising, however, that despite the war conditions in China, a fair amount of sandalwood has been exported there. Our stocks, which had reached almost gigantic proportions some years ago and in respect of which the Government made advances up to £50,000 or £60,000, have all been marketed, and we now have on hand only sufficient stocks to cater reasonably for China's present requirements.

With regard to pine planting, notwithstanding our considerable exports of hardwoods and the manner in which we have learned to use jarrah and karri for many purposes for which softwoods are regarded as essential in other countries, we still find it necessary to import approximately £250,000 worth of pine timber each year. A large proportion of this importation can

be produced on land in the State which would otherwise be lying idle. The Forests Department has succeeded in developing pine planting practice on special lines to meet our somewhat difficult climatic conditions and at the same time make use of relatively poor soils. We now have 11,700 acres of effective plantations; and already one case mill is working regularly on thinnings obtained from these plantations.

The greatest single problem in all reforestation work in this State, as in many other regions of the Commonwealth, is control of summer fires. Because our main timber trees, such as jarrah and karri, are not killed outright by fire, there has been a general failure to realise the cumulative damage that has occurred in our forests in the past owing to frequent summer fires. These fires not only hold back and damage young growth, but may reduce the volume of mature timber available for saw-milling in virgin forest by as much as 30 per cent., owing to dry sides and burnt-out butts allowing attack by pinhole borers and heart rot. Mr. Chairman, I find it difficult to carry on while the member for Nedlands (Hon. N. Keenan) is whispering so loudly. I wish he would whisper in a softer voice.

Hon. N. Keenan: I apologise.

The MINISTER FOR FORESTS: Prior to 1918, the most serious cause of severe forest fires was the accumulation of debris from falling operations. This debris, catching alight in the summer months, causes a conflagration which is quite unmanageable and which does great damage. One of the first activities organised by the newly-formed department was the systematic burning of all lop and top from falling and hewing operations in the spring and autumn months of each year. This operation, known as top disposal, is regularly carried out each year, over areas of between 40,000 and 50,000 acres, at a cost of only a few pence per acre. Before the tops are lit, the debris is cut away from around the bases of all good immature trees remaining on the cut-over areas.

Other preventive measures include extensive controlled burning of firebreak belts and non-productive flats and swamps scattered through the forest. Despite the wide advocacy of controlled burning as a fire prevention measure by many farmers, the Forests Department is practically the only

landholder which carries out this work systematically on a large scale every year, and tens of thousands of acres are burnt in spring and autumn months. All this burning is done between cleared fire lines, so that the extent of the burn is at all times under proper control.

Despite all the precautionary measures taken, outbreaks of summer fires will occur and assume serious proportions unless dealt with promptly. It is encouraging to note a decided drop in the number of summer outbreaks in fire districts as the work of the department and its value to the community is becoming better appreciated: nevertheless the employees of the department are called upon to suppress some hundreds of fires each summer. I notice that people who go picnicking are now much more careful in extinguishing fires. The work has been brought to a high degree of efficiency by an organisation which provides for the early detection of any outbreak of fire from lookout towers constantly manned in the summer months. The Forests Department now has 20 fire lookout towers, varying from 30 feet in height on prominent bald hills to structures 130 feet in height where it is necessary to build towers high enough to see over the trees immediately around the tower site. These towers are linked with district offices and the homes of the staff and workmen by a departmental telephone system of a specially cheap type of tree-line construction, now extending over a length of 1,060 miles.

Mr. Doney: A very sound system it is, too.

The MINISTER FOR FORESTS: Yes. Working parties engaged on ordinary duties in the forests are kept in constant touch with the towers by temporary telephone lines, and are equipped with utility trucks fitted with specially devised forest fire-fighting equipment. Therefore, as soon as smoke is sighted in or near a forest, word is telephoned to one of these mobile gangs, which is able to reach the scene of the fire in an average time of less than 40 minutes, and have it under control before it reaches unmanageable proportions. To provide access for fire control and general management, the Forests Department has constructed and maintains 2,600 miles of roads and 6,300 miles of fire lines. Most of the latter are suitable for use by motor vehicles

in the summer months. Roughly speaking, we have about 10,000 miles of roads constructed through our forest areas for the purpose of preventing and fighting fires. As the area under fire control has extended to the extreme South-West, increasing reliance is being placed on the co-operation of settlers in and around forests for assistance in fire prevention and suppression. The department gratefully acknowledges the valuable and increasing assistance which is being rendered by these friendly neighbours. They have, of course, as much to gain as has the Forests Department; but we recognise with gratitude their hearty co-operation. As a result of the measures which I have briefly outlined, the department has been very successful in excluding severe summer fires from regenerated, planted and protected forests. Annual losses have been kept down to a very small fraction of 1 per cent. of the area under protection; the area damaged by fire being in all only a few hundred acres each summer. It is desirable, however, that members should realise what this annually recurring fire menace means. If vigilance is relaxed for one summer or if for some cause the staff of the department is reduced below a safe level, the work of 20 years may be wiped out in a few days. As one measure to guard against such a contingency, settlements of forest workers have been established in the forests, and the department now has 175 regular employees, including staff, resident in departmental houses. Little groups consisting of about half-a-dozen cottages have been established, and the occupants maintain communication and their services are available in case of fire.

I think we can congratulate the department on having done a good job in the matter of fire protection. Members will probably realise, as I did vividly during a trip to the Eastern States, the immense importance of fire protection. When I was in the East six or seven months ago, there had just been large bush fires in the southern part of New South Wales and in Victoria, as a result of which forest timber to the value of £15,000,000 to £20,000,000 was destroyed in two or three days because of the abnormal conditions that existed at the time, and about 40 people lost their lives. That is sufficient to indicate how necessary it is for us to exercise adequate precautions to obviate such a catastrophe. I visited the hills district out

of Melbourne to see what had happened there. Where there had been a smiling village consisting of 20 or 30 cottages, I saw only debris, three or four brick chimneys, the remains of 1,000 gallon tanks, and twisted iron. Tremendous damage was done in that area. I was told that practically the whole of the mountain ash forests of Victoria had been wiped out, involving the destruction of 2,000,000,000 super feet of log timber which represented sawmilling supplies for 21 years. The Forests Department of Victoria estimated that it had lost about £2,000,000 in royalties and that the timber trade would have produced sawn and seasoned timber worth £10,000,000 to £15,000,000. Mountain ash is rather different from our karri, because, once it is burnt, that is the end of the tree; it never recovers. A small proportion of the timber may be utilised, but after two or three years it becomes useless.

Following that disaster, the Victorian Minister for Forests came to Western Australia and made a thorough inspection of our forests and fire-fighting appliances, and studied our legislation. The Minister for Lands accompanied him in the forest areas for two or three days, and a demonstration of fire-fighting was staged for his benefit. I think the Minister, to use a colloquialism, got the wind up when he saw how far the fire was allowed to spread before being attacked. He said, "I thought it was gone." By the methods employed, however, the fire was conquered in half-an-hour and very little damage was done. So impressed was the Minister with what had been done in Western Australia that, in the report of the Royal Commission that investigated forest conservation and fire prevention in Victoria, he advocated our system of fire prevention which, I think, will be adopted as the best that exists in Australia. We do not talk about ourselves very much, but the technique developed for the conservation of our timber resources, and particularly its protection from the ravages of fire, is certainly appreciated in Victoria. Imitation is said to be the sincerest form of flattery, and when we find a Minister coming from another State and adopting our ideas, I think the officials of our department are deserving of commendation for the manner in which they have carried out their duties.

In many ways the Forests Department is pioneering forestry development on new and original lines. This means that all phases of practice have to be carefully examined to test their effectiveness and new methods evolved to meet changing conditions. Out of this research work on the silvicultural side, a number of important discoveries have already emerged, and on the utilisation side considerable help has been given to the sawmilling industry in the matter of improved sawmilling practice, better seasoning methods, and standardised grading rules.

During recent years the expansion of the goldmining industry in areas where the pastoral industry is established has given rise to a conflict of interests between firewood and mining-timber getters and pastoralists. The mines require timber for the purpose of fuel and for timbering in shafts; the pastoralists need trees for shade and for top-feed during drought conditions and timber for wells, fences and buildings. The department has been successful in bringing these conflicting interests together, and I gather that the decision reached is eminently satisfactory to both parties, each of them recognising that the other has rights in the matter of these natural resources. When I tell members that half-a-million tons of firewood is used on the goldfields each year, they will appreciate what a large number of trees have to be cut to permit of the industry being carried on. From the standpoint of fuel, the interests of the mining industry must be conserved. A long-range policy has been adopted, and although the industry has been carried on for 40 years, resources of timber are still available for its use.

The general position may be summed up by stating that, during the past 20 years, forestry in Western Australia has emerged from a position of complete neglect to one of the most important functions of government organised on sound and economical lines. The great change that has been wrought in our forest estate has been helped to a very considerable extent by the generous grants from State and Commonwealth relief funds, but this expenditure, in addition to providing healthy work for the unemployed—1,500 were employed at the peak period—has created a great and growing national asset which, in the course

of years, will provide an ever-widening field for industrial activities. We hope the time is not far distant when we shall see factories established to convert the thinnings from our forests into pulp and cellulose products for the manufacture of paper, cellophane, artificial silk and similar articles. This work of converting the product into marketable commodities is being carried on in collaboration with the Forests Products Laboratory established by the Commonwealth in Melbourne. This is a possible development to which the Government is giving careful attention. In time I am sure that the timber resources of this State will be utilised for paper making and allied industries. When in the Eastern States I had an opportunity to visit the new paper mills established about 100 miles south-east of Melbourne. A large factory has been built that will make Victoria almost independent of importations of paper.

Mr. Sampson: It will be much appreciated now.

The MINISTER FOR FORESTS: Yes. That factory was not established to manufacture writing paper; a branch of the industry for that purpose exists in Burnie, Tasmania. Away out in the forests is a factory with about 300 employees engaged in the manufacture of printing paper. Here is an industry established in what was an unsettled district in East Gippsland. In reviewing the immense amount of work done by the department and the asset that is being built up for the State, the public might well wonder where all the money comes from. Most members are aware that under the Forests Act passed in 1918, provision was made for three-fifths of the net revenue of the department in every financial year to be placed to the credit of a special account at the Treasury known as the reforestation fund. Money from this source has been the chief means of enabling us to proceed with our reforestation work on systematic lines for the last 20 years. Previous to the passing of that legislation, every penny that could be extracted from the timber industry was paid into Consolidated Revenue. Nothing was put back into the industry; no conservation was undertaken. The expenditure from the fund last year amounted to £49,760, and there is a credit balance in hand. The expenditure on pine planting throughout has been a charge on loan fund; and where this money

has been provided from State loan funds, interest and sinking fund have been charged to the reforestation fund before the three-fifths was taken for forestry purposes. The other two-fifths, of course, goes into revenue.

To meet difficult trade conditions arising out of the depression and to explore new markets for Western Australian hardwoods, the Government in 1931 arranged that the Forests Department and Railways Department should act in unison in assisting the timber industry. That industry, from the exporting point of view, almost went out of existence, and in order to cheapen costs and encourage export, a 20 per cent. rebate of royalty on log timber obtained from Crown lands was made. This rebate was continued until the 31st December, 1937, when it was reduced to 16 per cent. under an arrangement for a gradual reduction on a sliding scale over a period of four years. Unfortunately, prosperous times for the industry came to an end, and we discontinued the gradual reduction. At present the rebate on royalties and railway freights is about 12 per cent. Further assistance was given from the 1st July, 1934, by way of a special rebate of 5s. per load on sawn timber from Crown lands exported beyond Australia. This special rebate was reduced in July, 1936, to 2s. 6d. per load, and was discontinued in December, 1936. A rebate of 25 per cent. on inspection fees on sawn timber approved in 1931 and extended in 1933 to include hewn timber for export is still in operation. Rebates on royalties and inspection fees allowed to the 30th June last amounted to £156,147. That amount represents the rebate over the eight years. Similar assistance has been rendered by the Railway Department which, in July 1931, granted a rebate of 12½ per cent. on railway freights on sawn timber for export. When any Government department gives away revenue, the result is reflected in the finances of the State, and this is one of the reasons why the Railway Department has experienced difficulty in making ends meet. If rebates are taken off and deductions are allowed, it is very difficult to have them restored when an industry gets into trouble.

Mr. J. H. Smith: Do not you think rebates in this instance are warranted?

The MINISTER FOR FORESTS: Reductions in railway freights and taxation,

reductions in other charges such as stamp duties and in other directions, are all warranted but, if they are allowed, no money is left in the Treasury.

Mr. J. H. Smith: The timber industry should not have been exploited.

The MINISTER FOR FORESTS: A good deal has been done for it.

Hon. C. G. Latham: It has provided a great deal of revenue.

The MINISTER FOR FORESTS: Yes. The industry is paying considerably towards the conservation of supplies so that it may be carried on indefinitely. The total rebate on timber freights allowed up to the 30th June last was £124,000. I think the industry was worth it. We would have been in greater trouble regarding employment but for the fact that the timber industry was able to provide a considerable amount of remunerative work for the people of the State.

Hon. C. G. Latham: And the Federal Government helped the State with that work.

The MINISTER FOR FORESTS: I have said so. We have created an asset represented by 10,000 or 11,000 acres of pine forests that will fetch a great deal of money as time goes on, say in 10 or 15 years.

The Estimates for the coming year call for very little in the way of detailed information. The revenue of the Forests Department last year was £145,000, considerably lower than it was for the previous year owing to the fewer sleeper orders from overseas, and the falling off in sandalwood export due to the Japanese operations in China. The Government has co-operated with both industries in seeking to meet their difficulties, and some measure of success has resulted. First of all the Minister for Agriculture paid a visit to Ceylon, to deal with fruit, the fruit fly pest, and to inquire into forestry operations. That was followed by a visit on the part of the Conservator of Forests. Shortly afterwards Western Australia obtained an order for 150,000 sleepers. Since then further visits to Ceylon have been paid by our forestry experts, and these have resulted in further considerable orders for sleepers being obtained for Western Australia. There was serious danger that we would be supplanted altogether by the Douglas Fir trade of Canada, whose special type of sleeper that is used in damp areas seemed to be advan-

tageous to the Ceylon Government from the standpoint of price compared with our own jarrah supplies. Because of the representations made on our behalf, and the experiments that were carried out, we succeeded in maintaining at least half of the sleeper trade, and this in a few years' time will amount to many thousands of pounds.

The timber industry is passing through a difficult period. There will be all the dislocation caused by war, the dislocation of shipping, etc. The Forests Department, in conjunction with the saw milling firms and timber using industries about two weeks ago had a conference at which I presided. All concerned are co-operating with a view to retaining for Western Australia a considerable amount of the export trade we have enjoyed for many years. We hope to obtain sufficient orders to keep the industry going in a profitable market. The expenditure for last year was £29,215 increase of about £740 compared with the corresponding period of the year before. This was due principally to increases in salaries on account of the new classification and the basic wage increases. The figure covers the administrative costs of the Department, the revenue-producing activities such as timber inspection and reforestation work being charged against the reforestation fund. Particulars of the expenditure proposed from this source have been laid upon the Table of the House and will be covered by items in the Appropriation Bill.

I have endeavoured to give members some idea of the activities of the Forests Department and have dealt with what it is doing on the scientific and practical sides, the measure of assistance rendered to it, the importance of the industry to Western Australia, and the fact that the industry is not leaning on the State for all moneys for conservation and fire-fighting, but is providing out of revenue received a fund designed to keep the industry going, to conserve the forests, and carry on the silvicultural and regeneration programme, etc. Now, 20 years after the original Act was passed, the timber industry has been placed in a position where, instead of being a rapidly diminishing asset, its future can be said to extend into perpetuity, and it will always remain a source of potential wealth to Western Australia and be carried on greatly for the benefit of the State, I hope, forever.

[Mr. J. Hegney took the Chair.]

MR. J. H. SMITH (Nelson [8.7]: I listened with great interest to the speech of the Minister for Forests, and desire to congratulate the Conservator and his officers upon the work they are doing. In the past my remarks on these Estimates have been adverse to the department, because of the manner in which the Act had been administered. To-day, however, I find the officers are doing wonderful work in guarding the valuable heritage we possess, and we hope the industry will be carried on for all time. A network of roads has been established, and settlements have been created in the very heart of our forests. Towers and look-outs have been erected for the prevention of bushfires. I am obliged to strike a discordant note because I think more revenue should be obtained from this wonderful asset, and portions of this asset are going to waste. Ever since the member for Guildford-Midland (Hon. W. D. Johnson) was in charge of this department, a certain policy has been adopted with regard to sleeper hewing. I have attended deputations that waited upon him, and I remember his remark, "The days of the sleeper hewer are over; it is the policy of the Government to establish small mills." Fortunately or unfortunately, that policy has for the most part been carried out. Many small mills have been established along existing railways and in close proximity to transport facilities. The policy however, does not go far enough. Large numbers of hewers are to-day unemployed. They cannot follow their trade or calling because no opportunity is now offered them to do so. In the past they have been cutting timber on private property. Those properties have been cut out, with the result that the men—some of them are foreigners, though naturalised—are out of work. The Minister should bring influence to bear upon the Conservator to throw open the forests under the marking system.

The Minister for Forests: That has been done.

MR. J. H. SMITH: In isolated instances only.

The Minister for Forests: In many instances.

MR. J. H. SMITH: The only men who can cut on Crown lands are the original sleeper cutters who were granted a license prior to the last war.

The Minister for Forests: Prior to the passing of the Act.

MR. J. H. SMITH: That was 28 years ago. Since then numbers of our own Australian boys have grown up but cannot get the right to cut timber on Crown lands. I want to see the right extended to embrace these young men. The cutters of the old school have gone out of existence. The only men who have the right to cut to-day are those who are too proud to accept the old-age pension and are continuing with their old privileges. It was proved at Jarrahdale many years ago that the man with a broad axe can get more out of a log than can the sawyer.

Hon. P. Collier: I have heard that story before.

MR. J. H. SMITH: The details are on record and may be seen by the Minister at any time. I remember the whole history. The incident has been related over and over again by hewers over their drinking pots.

The Minister for Forests: That does not make it any more true.

MR. J. H. SMITH: Practical men know that there are thousands of loads of timber going to waste every day through bushfires. The trees have reached maturity and have started to go back, but the timber is being wasted year after year because the marking system has not been brought into vogue. The Conservator should send 200 hewers into the forests and they would cut at least 100 loads per man each, thus giving us 2,000 loads of sleepers annually. This would build up the revenue and be an excellent thing for the forests.

The Minister for Forests: That is being done.

MR. J. H. SMITH: Only on a small scale and in isolated corners. In the huge areas of the South-West that are being opened up by means of mills, a great amount of timber is not being cut and is deteriorating every day. My request is a reasonable one. By means of the marking system, cutters who have been working on private property should be allowed to turn this dormant wealth into money. The timber industry is one of the most important, not excepting gold, in Western Australia. It provides revenue of about £3,000,000 a year and a great deal of employment. But for the industry, the South-West would not have developed to the extent we see to-day. There would have been no Pemberton and no settlement south of Manjimup but for the State Sawmills going into the karri country. The timber industry has been the foundation of the development of the South-West.

I desire a continuance of its prosperity and we must not strike a pessimistic note. The Premier told us that the timber industry had retrogressed last year, and I agree with his statement. Nevertheless it returned about £10,000 in excess of the Premier's estimate when he delivered his Budget. If the system I suggest were adopted, the department would receive a royalty of at least 10s. per load. I know that a return of upwards of 30s. a load has been secured from royalties on timber taken from private property. If my suggestion were approved, I believe that, if only orders were obtainable, royalty returns would increase by about £100,000 a year. If that revenue could be obtained, we can imagine what the Conservator could do with the money, and the employment he could make available.

Generally speaking, I am pleased at the attitude adopted by the Conservator of Forests. For years I fought to secure a reclassification of the whole of the South-West, the development of large portions of which is held up because of the control vested in the Forests Department. In my opinion, that reclassification is necessary so that land suitable for agriculture shall be made available for selection. I agree that portions should be reserved for timber purposes for all time. The fact remains that land settlement is at a standstill in parts of the South-West because applications have to go before the Conservator of Forests, who replies to the effect that the applicant can secure the area subject to the department taking out the marketable timber. He is not able to say when the timber will be taken out, and so the settlement proposition is held up. The Conservator is willing to make sections of country available for agriculture at nominal rentals, but he has to state that he does not know when the timber can be taken out, because the department is engaged upon a long-range policy. Personally I believe in the adoption of such a policy, the effect of which was indicated when the Government introduced the State Forests Access Bill, which will enable tramways to be constructed into many of the parts I have in mind, and will also extend into new country. The policy is the correct one to adopt. The fact remains that up to the present it has prevented the selection of numerous holdings that are suitable for dairying and other

agricultural pursuits. I frankly confess that the Conservator of Forests has been particularly fair in the dealings I have had with him since my return to Parliament. He has met me regarding the requests I have made, and has promised to take the timber out as soon as possible. Immediately that is done the areas can be thrown open for selection. I have to be content with that, because half a loaf is better than none. I hope the timber industry will revive, and that the present crisis will not sound its death knell. The industry is of vital importance to the South-West, and I trust it will survive present-day difficulties. I support the Vote, although I may have to criticise one or two items.

MR. MARSHALL (Murchison) [8.19]: I wish to remind the Premier, as Minister for Forests, that the administration of his department has taken a very severe turn as affecting the outer goldfields areas. Unfortunately the activities shown in securing the preservation of timber in those parts have become apparent late in the piece. Even so, as with so many other forms of departmental administration, those activities have gone from the sublime to the ridiculous. I agree that the Conservator of Forests and his departmental officers have been most thorough and exact in the administration of forest laws, as they concern the actual forests themselves. The chief complaint I have to make is that for many years timber on the reserves was permitted to be used for various purposes other than those to which it was best suited. Thus when the department became active in order to secure reforestation, particularly with respect to the limited range of trees available in the outer goldfields districts, it was already late in the day, and the officials resorted to drastic measures. People in the small isolated centres outback are certainly not aware that when they secure firewood for domestic purposes, they commit an offence against the forest laws, seeing that they have no license entitling them to cut timber.

The Minister for Forests: How much does the license cost?

Mr. MARSHALL: It is not a question of cost.

The Minister for Forests: We must have some regulation of the situation.

Mr. MARSHALL: I spoke to the Conservator of Forests about this matter, and his

one great objection was that if the department permitted the removal of dead wood for domestic firewood purposes, people would not be content with that but would remove green timber as well, and thus destroy what the Government desired to preserve. I do not think that attitude is correct. I doubt whether many people in the outer goldfields areas realised that they committed an offence when they procured firewood.

The Minister for Forests: The law is not administered harshly.

Mr. MARSHALL: It has been, when the department has gained knowledge of such instances.

The Minister for Forests: I do not think so.

Mr. MARSHALL: The departmental officers displayed considerable concern when reports were received, and certainly the individuals affected have been worried regarding possibilities. In my opinion the department will work effectively if the growing timber is preserved, and the matured timber is allocated as between the mining and pastoral industries. I realise that course is necessary, and everyone will endorse the policy of the department in endeavouring to deal with that phase. I assure the Minister for Forests that many people who, for pleasure, sometimes journey into the outer timber areas, return with a load of firewood for domestic purposes.

Mr. Thorn: I do not see any pleasure in doing that!

Mr. MARSHALL: Perhaps not. Many people do not see any pleasure in hard work. On the other hand, the hon. member must appreciate the fact that those residing in the outer mining centres are forced to secure their own firewood because there is no local source of supply upon which they can draw. City people generally have little knowledge of the hardships imposed upon those living in isolated districts. Those people cannot place orders with the local firewood merchant, because none exists. Some are able to bring in loads by car, but others have to carry it in on their shoulders. People should be able to do that without being called upon to take out a license. I do not think it is necessary for the Conservator of Forests to go to that extent. My objection is based wholly on the phase to which I have alluded. So far as the Conservator desires to protect the growing timber and to allocate supplies to the pastoral and mining industries, I shall

support him in his endeavours. I think he should exclude people in the isolated centres from responsibility arising out of the collection of firewood. Unfortunately that has not been done, and certain individuals have been alarmed regarding what may happen to them. In that respect the department has gone from the sublime to the ridiculous, and it is that to which I take exception.

MR. SAMPSON (Swan) [8.25]: I much appreciate the outline of the scheme of forest development that the Premier, in his capacity as Minister for Forests, unfolded to the Committee. Successive Premiers or Ministers for Forests have displayed great interest in the timber industry. The awakening of a forest conscience is a matter, comparatively speaking, of recent years. The timber industry is most valuable to the State, and in our Forests Department we have men not only keenly interested in arboriculture but capable in their administrative work. As to our mills, I much regret that limitations of trade have resulted in the closing-down of Barton's Mill. I hope it is merely a temporary cessation. Barton's Mill was once a very busy centre and the workers represented a splendid type. The mill itself was a place of interest to visitors who derived enjoyment from inspecting its various activities. I trust it will not be long before Millars' Timber and Trading Co. will find it possible to re-commence operations there.

Some years ago, when the late Mr. Arthur Lovekin was alive, he paid attention to the manufacture of paper locally. I believe representatives of the Commonwealth Council of Scientific and Industrial Research visited Western Australia, and looked into the matter. I do not know what the position is to-day but at Burnie in Tasmania and, as the Premier mentioned, in Victoria progress has been made in paper manufacture. The Burnie factory is developing a most important and valuable industry and many master printers throughout Australia believe they will have to depend very largely upon it for future supplies of paper other than newsprint, much of the last mentioned type being procured from the Victorian mill.

The story of sandalwood appeals to me. The Premier displayed great satisfaction in detailing the position regarding that species

of timber and was thoroughly justified in his attitude. I could wish that he adopted the same viewpoint in respect of other matters that involve a question of marketing. The experience with sandalwood has shown that a measure of control should be exercised over the industry. The orderly marketing of sandalwood is an exceedingly valuable principle and the Premier recognises that fact. I remember that when Sir James Mitchell was Premier and was supported by the late Mr. T. A. L. Davy a Bill was introduced for the orderly marketing of sandalwood and was approved by this House. It is a commentary that we are not consistent in matters of marketing. I need not go any further than that. I have said enough to remind the Minister for Agriculture that the Premier is with him in the spirit of orderly marketing, the spirit of control. The progress made in forestry is gratifying. It is not so long since people jeered at the idea of any care being taken of forests—at silviculture and reforestation or any other form of forest conservation. The past is a story of vandalism. No longer is the situation as serious as it was, because practical interest has been shown by the Minister for Forests and the Conservator and his experts. Not long ago tremendous injury was done to our forests by fires, but that is now largely a thing of the past. I have a suggestion to make and that is that land suitable for the production of soft woods should be made available at a peppercorn rental to those prepared to consider the planting of pines. There are hundreds of thousands of acres in Western Australia unsuitable for many forms of production, but quite suitable for pine plantations. Time and again we have heard of men going through this State selling forestry bonds for Queensland and New Zealand timber. I believe we have good opportunities in that direction in Western Australia. I am sorry, Mr. Chairman, if I am interrupting other members.

Mr. CHAIRMAN: The hon. member may proceed.

Mr. SAMPSON: It is very difficult.

Mr. Raphael: Speak up; we cannot hear what you say.

Mr. SAMPSON: The hon. member will hear what I say when I speak on the Dentists Bill.

Mr. Raphael interjected.

The CHAIRMAN: Order! I ask the member for Victoria Park to keep order.

Mr. SAMPSON: It would be a good thing if the Minister for Forests gave favourable consideration to making available land for the production of white woods. White pine is necessary for the making of butter boxes for export. The proposition is worthy of consideration. I support the Vote.

MR. HOLMAN (Forrest) [8.35]: I also support the vote because I realise the value of the timber industry to Western Australia. The Minister stated that the industry had slumped to some extent this year. I do not think we needed to be told that because we know the extent to which the revenue of the Railway Department has decreased as a result of that slump. The Forests Department is doing a good job in the conservation of the timber industry of this State. Nevertheless there is a certain amount of discontent in the industry on account of the actions of some of the officers of the department. Friction exists between the fallers and those officers. That matter has been discussed on various occasions. The department has endeavoured to secure the services of old timber men as markers for the Forests Department, but there are still some markers causing dissatisfaction amongst the members of the various bush camps of the timber mills. While that discontent exists there will not be smooth working between the department and the men engaged in the industry. The Conservator of Forests is well versed in the work he is doing and I believe he is a sincere officer. He has been successful in putting into operation his plans for the development of the timber industry. I consider, however, that there is a further job ahead of him as the advertising agent of the timber industry in Western Australia. It is useless for the member for Swan to talk about the potentialities of the paper pulp industry and for me to speak about the matter and for the Minister when introducing the vote to tell us exactly what has been done. Not that we heard much about it, but he did say a certain amount had been done in respect to exploiting the by-products of timber. This is a matter that should be brought before the public by the Conservator. On account of the war, the export

of timber will probably decline. Some means must therefore be devised to enable the industry to carry on in its present semi-prosperous condition. Coupled with this, we are aware that there is a shortage of paper in the Commonwealth. Articles have appeared in the newspapers pointing out that the Governments of other States have forestalled Western Australia, as they usually do in matters of this kind, having foreseen the possibilities of exploiting timber by-products. With Queensland, Western Australia stands alone in not having done so. A previous speaker mentioned two States—Victoria and Tasmania—as being in the forefront, but there are other States alive to the possibilities. South Australia and New South Wales have taken the matter in hand. South Australia is the latest State to do so and it has decided to underwrite certain shares. I believe that the Conservator and the Minister are sincere when they say certain action is being taken, but they are not moving quickly enough.

Mr. Patrick: We have a Department of Industries, have we not?

Mr. HOLMAN: It is not moving fast enough; that is the whole trouble. Now that the war is in progress and the possibility of exploiting this industry has arisen, we are not ready. The Conservator of Forests should take this matter in hand and speed up development.

The Premier interjected.

Mr. HOLMAN: The Premier states that certain moneys are available already from the by-products. If that were not so I would not be game to say anything about by-products, because I fully realise that certain results have been obtained. So they should be. I am not growling because results have not been obtained, but because more results have not been secured. The Conservator of Forests should blazen forth to the people the possibilities of the by-products of the timber industry and if not instruct, then inform the Government that some means should be devised to speed up development. I am still concerned about the closure of mills. On Thursday the 5th October I asked certain questions about Whittaker's mill. I was assured that that mill would be re-opened within a week. It is now the 17th October and the mill is still closed and probably will not be opened for another week at least. I am not too satisfied with the answer that

was given, and although it was stated by the Minister that the company had not taken any action that was prejudicial to the men, I am not quite so sure that that statement is correct, and that the Conservator, under the regulations, has not the power to insist on the mill carrying on operations. In circumstances of a similar nature I think that when a mill applies for exemption, its owners or directors should offer to the Conservator, in his capacity as adjudicator, some concrete evidence that it is intended to re-open the mill within a certain period, and also offer to the department a genuine reason for closing down and in that way locking out the employees. Since the 13th June last the men from Whittaker's Mill have been denied the right to earn a livelihood in the timber industry. We know, of course, that all mills must close down for a time for the purpose of effecting repairs, but we do know that it is not the right of any employer whether he be a mill-owner or anyone else, to employ the soul of a person as well as his body. It may also seem out of proportion that when the owner is not employing the man's body he is employing his soul. Explaining that a little further, a timber company, as well as the Forests Department, should not be permitted to spring on a body of men—the company must have done that to secure the extension of the closing-down period—a statement that it was the intention to re-open the mill at about a certain time, knowing that it would not be done. Statements of that kind are made by people with the tongue in the cheek. The mill in question has been closed since the 13th June, and I cannot tell the House when it will be re-opened. I ask that the Conservator of Forests be instructed to make further inquiries so as to ensure the owners of the mill living up to their obligations to the employees.

The Minister for Forests in his introductory remarks, explained the extent of the work of the Forests Department, and informed us of the roads that had been constructed through the timber areas. I appreciate the amount of work carried out in that respect, and I am very pleased that it has been done. Roads through the forests serve a double purpose; they become means of communication between the different centres, and at the same time act as firebreaks. I suggest to the department however, that it would not be a hardship if it were to erect

a few signs along the forest roads. I have had the experience of travelling from one mill to another, and following a short cut I was advised to take. It would have been a short cut if I had known where to go, but along most of the forest tracks there are so many turns that one is liable to lose his way. That is what is likely to happen if one wants to go from Hoffman Mill to Mornington Mill or across to Nanga Brook. To a member representing any part of the South-West of the State, the saving of mileage in the course of his travels means a lot. One has to do enough mileage as it is, without covering unnecessary distances. Not only members of Parliament, but those who have to travel in that part of the State would appreciate action on the part of the department in the direction I have mentioned, that of erecting signs for the guidance of travellers.

[Mr. Marshall took the Chair.]

The Conservator should also be an advertising agent for the timber industry. He would render good service by giving more publicity to the advantage of building workers' homes with timber from our own forests. We have been endeavouring to bring this about for a long time; my predecessors advocated this, but unfortunately, without very material results. An example in this direction has been set by the department in the type of homes it has built for its employees. I congratulate the department on the work it has done in this respect, and I believe that what has already been accomplished could be even further exploited by the Conservator's publication of articles advocating the purposes for which our timbers can be used. It might also be possible for the Conservator to use his influence with the Workers' Homes Board, if not directly, then indirectly, in bringing about the construction of many homes with the timbers of the State. The workers would thus be able to procure an excellent type of home at a cheaper rate, and at the same time work would be automatically provided in the timber industry and for the tradesmen of the State.

Hon. C. G. Latham: The erection of brick houses also provides work for our artisans.

Mr. HOLMAN: At any rate, the possibility is there, and it should be availed of. When this controversy was at its height

some little time ago, the Conservator could have come forward and advocated the erection of more wooden houses. I heard a previous speaker talking about the possibilities of issuing licenses to individuals in respect of sleeper cutting. If the Minister heeds those remarks, I trust he will also take notice of the fact that anyone holding a license should be covered under the Workers' Compensation Act. I have in mind the records of the past, and for that reason I hope notice will be taken of my suggestion. The fact is that during the cutting of certain railway sleepers workers' compensation was not taken into consideration. This is a matter which has already been given publicity, but as no action has been taken I bring it forward again.

Dealing with by-products of timber, a matter that can be taken into consideration was raised by the fruitgrowers at their annual conference held in Albany, namely, the possibility of making strawboards for those engaged in fruitgrowing. One of the principal objections to the manufacture of paper pulp from karri and jarrah, is the colour of the timber. That, however, should not be taken into account in the making of strawboards or brown paper. At any rate, a start should be made with this new industry.

Another subject I should like to mention refers to the issue of licenses by the Forests Department to the different companies, and a condition of the lease should be that the company provide decent homes for the workers engaged on the mills. I returned only yesterday from a tour of the South-West. Incidentally I might mention that since my election I have rarely missed spending the week-end in the electorate. Some of the homes that timber-workers are occupying are a positive disgrace. In some instances, where timber is being cut at a mill, the workers are denied the right to use any of the waste for domestic purposes. Stringent regulations should be framed to ensure the workers in the industry being comfortably housed. Surely that is not asking too much.

One other matter to which I wish to refer deals with single men in the timber areas. Unfortunately, like other single men in other parts of the State, they find it impossible at the present time to secure employment. If a scheme such as that advocated by the member for Nelson in connection with the issuing of licenses for

sleeper-cutting were brought into operation, I think that single men, as well as other unemployed men in the timber areas, should be given the first opportunity to obtain licenses. In this way the department would be assured that they would be granting those licenses to people who were familiar with the work to be carried out. I am pleased to learn that the Government intends to carry on the valuable work of reforestation. I am afraid that before the next Estimates are placed before us, one or two mills in my electorate will be closed down. That unfortunate happening will be brought about by the cutting out of timber in the particular areas. Had a scheme of reforestation been brought into operation in the time of our fathers, those mills would not be cutting-out to-day; indeed, they would be carrying on for many years to come. Because of the fallacy of past actions on the part of Governments that have gone before, it is satisfactory to know that the Government now in office is carrying out the work of preserving our timbers.

Vote put and passed.

Progress reported.

BILL—LAND TAX AND INCOME TAX.

Second Reading.

Debate resumed from the 3rd October.

HON. C. G. LATHAM (York) [9.2]: This is the usual Bill brought down for the purpose of imposing the taxation required to meet the Estimates now passing through the Committee stage. For any private member of the House it is extremely difficult to get an idea as to whether the expenditure included in last year's Estimates has been in conformity with the wishes of Parliament and the law, because the Auditor General's report has not yet been furnished. Indeed, one might almost say that we might as well not have such a report. Last year's report is too out-dated to be used in relation to the present Estimates. Here we are well into October. We have had a statement of public accounts before us for some weeks.

The Premier: Three weeks.

Hon. C. G. LATHAM: As the Auditor General's report is usually available to members before this time, I consider the House should insist upon that practice being continued, so that we may obtain an idea of

the financial position. We are in exactly the same situation as shareholders of a company, and I cannot imagine a shareholders' meeting without an auditor's report. I know very well that the Auditor General's department has been busy. If increase of staff is needed, the staff should be increased. True, we are calling upon the Audit Department continually to audit accounts that are really outside its purview. And it is extremely difficult for any member of this Chamber to obtain an idea whether payments under last year's Estimates have been made in accordance with those Estimates as passed by Parliament.

In the ordinary course I would have no hesitation whatever in passing this Bill. It is necessary to supply the Government with means for obtaining revenue. However, the present Bill contains an alteration as compared with similar Bills passed during recent years. Hitherto there has been provision for a 20 per cent. rebate on income tax. This Bill reduces the rebate to 10 per cent., which means an increase of 12½ per cent. in income taxation. The Premier told the House that the increase would total £35,000. I do not know where he got his figures. My view is that the increase will amount to £52,000. We are imposing the tax for a year, not for six months or nine months. I have calculated the amount of revenue estimated to be derived from income tax, excluding dividend duties and gold profits tax. The gold profits tax last year yielded £135,000, a substantial sum. My calculations were pretty close, and I believe the Treasurer this year will receive about £52,000. Speaking on the current Estimates I said there was no justification whatever for any increased taxation.

The Premier: Taxation is being increased in every other Australian State.

Hon. C. G. LATHAM: We have to remember that no other Australian State gives a rebate. I cannot for the life of me understand in what way the war will affect the Treasurer of Western Australia. I utterly fail to see that. At the first go-off I think it will materially assist our Treasurer. I have in view the numerous enlistments that will take place, meaning fewer unemployed to be cared for by the Government. Considerable numbers of men will go into camp. They may not be men now, unemployed; more likely they will be employed men. However, they will leave vacancies to be

filled by men now out of work; and thus there will be some relief for the Treasurer. The Premier: In regard to loan funds.

Hon. C. G. LATHAM: And as regards revenue. Secondly, a considerable amount of money has been spent here by the Commonwealth Government in defence work. I understand that £40,000 is being expended near Northam, and that the work is to be completed within a month or two. Nearly all of that work is in some form or other, labour—work for the mills, work for the carpenters, work for general labourers. Therefore a fair amount of employment will be provided from that source. If the Treasurer does the right thing, that work will mean increased revenue from financial emergency taxation. Many of those men are employed at wages more than 2s. above the basic wage, because in those industrial avenues margins for skill obtain. I hold that at this time all the State Premiers and the Prime Minister ought to get together to see really how the people can be relieved of taxation. The only excuse for increasing taxation is the need for defence of the country.

The Premier: Every other State Government is increasing taxation.

Hon. C. G. LATHAM: That is no reason why Western Australia should do so. I have carefully analysed the returns, and to me they disclose no justification for higher taxes. I examined the cause of last year's deficit. It was due principally to railways, tramways and ferries. Certainly some departmental earnings were down a little, but railways, tramways and ferries were the principal cause of the year's deficit.

The Premier: Agricultural Bank interest and land rents were down also.

Hon. C. G. LATHAM: I have all the figures here. Those two items do not amount to a great deal. If I had the Treasurer's optimism, that optimism which he conveyed to the Committee of Supply, I would feel more content. Then I would believe that this year we should be able not only to collect current payments but also some arrears. I am afraid that will not prove so. I repeat. I wish I had the Premier's optimism. Certainly there is a better tone. The price of gold has gone up. Additional revenue will result to the Government from that source.

The Minister for Mines: The price of gold now is £9.

Hon. C. G. LATHAM: What the Minister for Mines says misleads the public.

The Minister for Mines: The price should be £10 11s.

Hon. C. G. LATHAM: The Minister for Mines desired the Imperial Government to purchase gold on account of the war, and he wishes his department to get all the benefit of that. We might control the price of gold in exactly the same way as we have controlled everything else. Let us compare the position of the gold producer with that of the farmer. The Commonwealth has acquired all the wheat without fixing a price. It merely says, "The farmers can go to the Commonwealth Government for compensation." Further it says, "Whatever increased price there is for gold, we shall take 75 per cent. of the increase above £9," which is a very high price for gold compared with the old price. The Minister will agree with that statement. Undoubtedly the rise in the price of gold will bring in additional revenue to the Treasurer. He will also derive additional revenue from the sale of wool, the price of which will be somewhat higher than last year's price.

The Premier: This tax will be on last year's prices, last year's incomes.

Hon. C. G. LATHAM: Yes; but those taxpayers will be able to pay. Last year they were unable to pay. The Treasurer has a very bad memory. Just now he told me and the House that payment of land rents and payment of Agricultural Bank interest were down. Now he says that this taxation is to be on last year's incomes. That is where he will get his revenue—in payment of Agricultural Bank interest and land rents. There is no justification for increased taxation, because the Treasurer will get his revenue in the ordinary way. Last year payment of taxes was deferred because taxpayers were unable to meet the demands. I have carefully analysed the Public Accounts and the returns submitted to the House; but for the life of me I cannot gather what is the position. I do not care what the Treasurer says as regards the railways. A little while ago I mentioned that railway expenditure was higher and railway earnings down. With a record harvest—the House should bear this in mind—the only reason for additional taxation is to make up a deficiency of revenue. The Premier will agree with me there.

The Premier: Do you agree that I am not increasing taxation at all?

Hon. C. G. LATHAM: I do not. Ever since the gentleman now occupying the position of Treasurer has occupied it, taxation has been increased year by year. Shall I give the figures?

The Premier: Oh no!

Hon. C. G. LATHAM: The Premier started off by increasing financial emergency taxation from 9d. to 1s. ; and by a very nice little move he decided to consolidate the Income Tax Assessment Act, and that brought him in additional revenue.

The Premier: Did it?

Hon. C. G. LATHAM: Yes; it did. The taxpayer was getting some relief previously, but that relief was taken away from him. So is additional revenue brought in. Returning to the point I was making when I was interrupted, the Premier has assured the House that the Acting Commissioner of Railways said, immediately he found the railways were going so much to leeward, that he had introduced a new system, or better control. With an increased harvest and a longer haulage distance—because the harvest this year will be on the outskirts of the agricultural areas—there will be an increase of revenue in railway freights, so that the railway showing should be considerably better. There was no justification on the part of the Premier to estimate that this year the railway earnings would not balance. They should very nearly balance.

The Premier: It takes a lot to make up a quarter of a million pounds.

Hon. C. G. LATHAM: The Premier informed the House that the Commissioner of Railways, by regulation, is already increasing railway freights. Unfortunately, we cannot control them, except by moving in the House to disallow the regulations. All the Commissioner has to do is to go to the Minister for Railways and say, "Please sign this," and it is signed. As a consequence, railway freights are increased. In due course the increases are submitted to Parliament and we on this side of the House have no power to override the decision arrived at, unless we could obtain the support of some of the hon. members opposite, and I have found, during my term in this House, that it is a very difficult matter indeed to convert them. After all, it seems to me a very unfair thing to increase railway freights.

Mr. Seward: The freights have been increased by 50 per cent.

Hon. C. G. LATHAM: The way in which the people of this State are being taxed is amazing. I have taken out some figures showing the losses on the tramways. I desire to say something about the tramways. The capital expenditure, as shown by Return No. 15, is £20,000 less than it was in 1933-34. Why, I do not know.

The Premier: They are the commercial figures as supplied by the Railway Department.

Hon. C. G. LATHAM: Why is the amount £20,000 less, when over £100,000 was spent on trolley buses and equipment last year?

The Premier: The Treasury figures do not agree with that statement.

Hon. C. G. LATHAM: That is most extraordinary. These figures are taken from the Treasury return.

The Premier: They are the commercial figures as supplied by the Railway Department.

Hon. C. G. LATHAM: Can the Treasurer inform me why the additional expenditure was not charged against the tramways?

The Premier: It is, but to the commercial account.

Hon. C. G. LATHAM: There seems to be no accumulation in the trust account.

The Premier: Could we not discuss that point when dealing with the Railway Estimates? That is the time when it ought to be discussed.

Hon. C. G. LATHAM: No doubt we can discuss the point more effectively then. There should, however, be justification for asking for additional revenue by way of taxation. I quoted figures which probably were prepared by the Treasury Department. The loan liability shown is in excess of that shown in the Railway Commissioner's return. The Treasury shows interest, sinking fund and exchange amounting to £58,000 for the year, while the loss on the tramways last year was £7,600. One would at least think that the public should pay for the cost of a convenience which it uses. Let us examine what has been done. People in the country are having a very desperate struggle to retain their holdings.

Mr. SPEAKER: Does the hon. member intend to connect his remarks with the Bill?

Hon. C. G. LATHAM: How otherwise can I show that there is no justification for

this increased taxation? I hope you, Sir, will give me latitude to do so. The Government, if it wishes to do the right thing, should—instead of increasing taxation by 12½ per cent.—make these public utilities pay their way. I am not contending that they should be profit-making, but I do think they should balance their accounts. Therefore, tram fares ought to be increased in order to make good the deficit. Then we come to the public utility that crosses the river. Every year we make a loss on that.

Mr. Cross: It shows a lot of profit, too.

Mr. SPEAKER: Order!

Hon. C. G. LATHAM: Is it not time that the public who use these facilities at least ought to pay for the cost of running them? We find a loss each year since the ferries were acquired by the Government.

Mr. Cross: No.

Hon. C. G. LATHAM: Every time an additional boat is built, there is increased loss. It is only a small service.

The Premier: The loss was £700.

Hon. C. G. LATHAM: It has been down as low as £100. Someone ought to be appointed to inquire into these public utilities and ensure that the people who use them should at least pay for the cost of running them. Until that is done, this House is not justified in saying to the taxpayer, "We intend to increase your taxes by 12½ per cent." That is what this Bill does.

The Premier: We do not want to do as you suggest with the Railway Department.

Mr. SPEAKER: Order! The Leader of the Opposition should address the Chair and disregard interjections. We shall then make better progress.

Hon. C. G. LATHAM: We are getting along better, Sir. I have scrutinised the Bill to see whether it is possible to restore the 20 per cent. rebate, but I am beaten by the Parliamentary Draftsman. I admit that. I can see no way out; because if I moved to strike out the figure "10" and substitute the figure "20," you, Sir, will rule me out of order. Therefore, I am afraid I cannot do what I would like to do. It is estimated that this year the expenditure will exceed that of last year by £57,000; and, in order to make good the deficit of £220,000 last year, we will have to raise £277,000. Railway expenditure, according to the Estimates, is reduced by £188,000; tramway expenditure

is increased by £10,000 in order to earn an additional £2,000 revenue. I want the Premier to note that, as I do not think his attention has been drawn to it. There is to be an increase of £10,000 in the tramway vote in order to earn an additional £2,000 revenue. There is something wrong about that. I hope the Acting Commissioner will be able to set the tramways right in the same way as he has the railways. I now come to the position that the member for Nedlands (Hon. N. Keenan) very clearly explained to the House when he was speaking on the Estimates. In 1932 complaint was made because of the low taxation prevailing in Western Australia, and we were told to increase the severity of our taxation to the extent of £400,000. It was on that account that the financial emergency tax, which was then known as the unemployment tax, was imposed. It is referred to in the return as an unemployment tax.

The Premier: Never! It was never called that.

Hon. C. G. LATHAM: I know it was never intended by the Government of the day—I will give the Premier that in. But we were asked to impose additional taxation to the extent of £400,000 because the Loan Council at the time said we had to justify our request for money. Of course, that was before the disabilities grants were made.

The Premier: No. The disabilities grants have been made for years.

Hon. C. G. LATHAM: I do not think so. We were getting grants.

The Premier: But not on the recommendation of the Commonwealth Grants Commission?

Hon. C. G. LATHAM: That is so.

The Premier: We were getting grants.

Hon. C. G. LATHAM: Yes. On one occasion we received £600,000, as a result of which there was a rebate made of 20 per cent. in income tax. The Treasurer of the day said that he would impose a land tax, reduce railway freights and make a rebate.

The Premier: That happened in 1927.

Hon. C. G. LATHAM: That is so. The probability is that the Commonwealth Government said we would not get the money unless we increased our taxation. We did increase the taxation on wages, salaries and incomes. Since then, other taxes have been imposed.

The Premier: We had a deficit of £700,000 or £800,000.

Hon. C. G. LATHAM: Do not forget that at that time we had a most extraordinary set of circumstances. Since 1933-34 we have nearly doubled the taxation per head of population.

The Premier: We did not have big deficits at the same time.

Hon. C. G. LATHAM: No, because our national income has been restored; it is now about 90 per cent. of what it was in 1928-29 and it would have risen still higher had the prices of our wheat and wool remained at a reasonable level. In 1933-34 the tax per head of population was £4 3s. 4d.; last year it was £7 16s. 5d. This year it will be over £8. We shall certainly be the second highest State in the order of severity of taxation. At present, Queensland is the highest. Then comes New South Wales, and we follow. South Australia, the State that got a much larger grant than did Western Australia, has lower taxation than we have.

The Premier: South Australia is putting up its taxes severely this year.

Hon. C. G. LATHAM: I do not know. We have not that information before us at present.

The Premier: It is 1s. 5d. in the pound on personal exertion for a start.

Hon. C. G. LATHAM: But the Premier must remember that that includes what we know as the financial emergency tax.

The Premier: Yes.

Hon. C. G. LATHAM: If we work out our taxation on the same basis we will probably find that our tax is higher still.

Mr. SPEAKER: Order! I think the Premier can reply later.

Hon. C. G. LATHAM: At the moment, we are imposing 5 per cent. on incomes over £804 per annum. That is one tax alone and it is a fairly substantial amount, as the Premier will admit.

The Premier: It is of no use looking at me; the Speaker is watching me.

Hon. C. G. LATHAM: The Premier has no right to ask for increased taxation at the present time. I have pointed out that taxation has increased to £7 16s. 5d. per head, and that under the authority now being sought, it will probably go to considerably over £8 per head. The position would not be so serious if the population had increased to what might be termed a normal extent, but it has increased by only

23,400 since that period. Thus the increase of population has not been nearly so great as it should have been, and on top of that our per capita indebtedness has increased by £11. We cannot continue much longer imposing additional taxation in this way because industries simply cannot bear the burden.

The Premier interjected.

Hon. C. G. LATHAM: But there has been a good deal of revenue from timber, from gold production and from other sources, and the Minister for Labour will tell us that a large number of new factories is to be started here.

The Premier: Will he?

Hon. C. G. LATHAM: He tells us so whenever he rises in the House to justify certain proposals. Let us consider the injury that will be done to the State by the imposition of further taxation. It is idle for the Premier to think that, by imposing fresh taxation, everything will run smoothly. Additional taxation increases the cost of living and up will go the basic wage. When the basic wage goes up, additional costs are imposed on industry. The worst disability to be suffered by this State will be the increase of the basic wage because we shall not be able to start industries in this State. The State that has the greatest number of secondary industries is the State with the lowest taxation. We cannot shut our eyes to that fact. Thus, by imposing additional taxation, we shall be doing injury to our own people. Many of our people have to leave the State in order to find employment, because so little work is offering here, and the additional taxes now being sought will only add to the difficulty of those engaged in industry.

Whatever remarks one passes on this Bill will apply to an extent to the other taxing measures that contain proposals for placing heavier burdens on the people, but I intend to leave till a later stage some remarks on the adjustments proposed to be made as a result of the abolition of the financial emergency tax and the imposition of a higher tax under the Income Tax Assessment Act. I cannot see any justification for that change. I think it is wrong in principle, despite the fact that a similar course might be adopted in the other States. There is no justification for the Premier's coming to the House and saying he proposes to reduce taxation on some people who at present are being asked to

contribute very little. We must not lose sight of the fact that we exclude the married man on the basic wage, and that will continue while the present party remains in office. That is not our fault; it is the fault of the Government.

The Minister for Mines: You mean the fault of the Legislative Council.

Hon. C. G. LATHAM: It is not. The first duty of the Government is to control expenditure, and the Government has not exercised the control over expenditure that might reasonably have been expected. It would pay the Premier handsomely to appoint two or three vigilance officers to watch expenditure. Such appointments, I venture to say, would result in the saving of considerably more than £100,000 a year. That would not affect men on wages or on the lower salaries, but it would lead to the prevention of a distinct waste in public expenditure.

The Premier: You fire me with enthusiasm.

Hon. C. G. LATHAM: I wish I could. I know what happened while we were in office. We do not get the co-ordination between departments that is essential. To-day, more than ever, we need such co-ordination. What did we find on one occasion? There was a desire to furnish a room for an officer in the Lands Department, and the proposal was to buy new furniture, though there was plenty of furniture stored in the Public Works Department. An officer could do useful work in preventing outside purchases of the kind until he was satisfied that requirements could not be supplied from within the service.

The Minister for Mines: I want a chair for my office.

Hon. C. G. LATHAM: I could show the Minister where a few surplus chairs could be obtained.

The Minister for Mines: I want only one.

Hon. C. G. LATHAM: And I daresay the Minister has obtained it. I emphasise the need for action to control expenditure. I have pointed out previously that the several Governments should act in concert. It is of no use increasing taxation simply because there is a war. If additional taxation is considered to be necessary, the Commonwealth and State Governments should reach an arrangement as to the field of taxation that is to be left open to the Commonwealth and the field to be available to the States. So far as I can judge,

the States have no justification at the moment for increasing taxation on account of the war. As a matter of fact, the additional expenditure by the Commonwealth ought to build up the national income within the States and increase their revenue through ordinary channels. Therefore I shall oppose the Bill. I shall oppose it because the Premier desires to increase the income tax by 12½ per cent. That is exactly what the taking away of 10 per cent. of the rebate granted when we first received a Commonwealth grant will mean. If we compare the taxation imposed in this State and in other States, we must conclude that we are doing ourselves an injury in that we are not encouraging people to come here to build up industries and provide employment. I ask the Premier to withdraw the Bill and introduce a measure on the lines followed in previous years.

MR. McDONALD (West Perth) [9.38]: The more I consider the Bill, the more concerned I feel at the proposed increase in taxation. I would be quite reconciled to increased taxation for defence purposes. We are all prepared for heavy taxation to meet the requirements of defence, but this increase and the additional taxation proposed in other Bills is not based upon that ground at all. The Premier estimated a possible outlay of £20,000 on account of war conditions. That might not be realised; on the other hand it might be exceeded, but it is something to which we are not committed. However, I do not view with concern the prospect of taxation to meet the requirements of defence. The whole country is reconciled to that and realises that it may be necessary, but the field of taxation should be left to the Commonwealth Government, which is charged with the responsibility for defence. For the reasons expressed by the member for Nedlands (Hon. N. Keenan) a few nights ago and by the Leader of the Opposition, I feel that an increase at the present time in this or any taxation should be deprecated.

There are many reasons for this, but I propose to confine myself to one reason only. The Commonwealth Grants Commission, in its latest report, pointed out that we are second amongst the States in severity of taxation. We are surpassed only by Queensland. If this extra taxation comes into force under the various Bills introduced by the Premier, quite possibly we

shall out-distance even Queensland in severity of taxation. The Queensland Government is not introducing any additional taxation this year. The Premier there is not concerned to maintain the doubtfully proud position of being the most heavily taxed State in Australia, but is leaving that to us.

The Premier: What about the National Government of New South Wales?

Mr. McDONALD: The National-Country Party Government of New South Wales will have no apologist in me. The taxation being levied in that State at present is largely responsible for causing the public distrust of State Parliaments, which feeling is particularly in evidence in New South Wales, and therefore I shall not attempt for a moment to palliate its action.

Hon. C. G. Latham: That State has indulged in an orgy of borrowing.

Mr. McDONALD: The mere fact of its having committed disastrous blunders in financial affairs is no reason why we should traverse even a small portion of the primrose path it has trodden. While many reasons can be and have been brought forward, I propose to emphasise only one reason against the imposition of additional taxation. The day we become the State with the most severe taxation in Australia is going to mark a turning point in our fortunes. A young country that needs population, capital, manufactures, enterprise and hope is doomed from the day it becomes the most severely taxed State in the whole of Australia. It will not merely be difficult to introduce fresh capital and attract additional population; it will increase the difficulty of maintaining what we have to-day. This is merely a truism; it is obvious to the Premier and to everybody that a State that is developing and looking for population will have no chance if it imposes the most severe oppression in the shape of taxation penalties when other States are rivals for the same capital and the same population.

Difficulties have been mentioned by the Premier. I have a full appreciation of the difficulties of financing a young State with such a large area and such a small population. But difficulties in every State are chronic. The abnormal thing has become the normal. Every year one finds something unexpected cropping up. It might be a drought in some part of the State; it might be some falling off of revenue, and we have to regard that as part of the experience of

the Premier in every Budget he brings down and in every financial return he presents.

Mr. Tonkin: Life is full of surprises.

Mr. McDONALD: But these things, like the death of insurers to an insurance company, are the surest things there can be; we can depend upon some abnormal expenditure or some abnormal condition occurring every year. While we have had abnormal expenditure through drought conditions and through low prices, we have enjoyed through our gold an advantage far beyond our wildest dreams. The export value of gold, we have been informed, represents 47 per cent. of the total exports of this State. The advantage gained by us from our gold has been tremendous, and under normal conditions would easily outweigh in the affairs of the country the disability that has been suffered as a result of setbacks in other departments of State. Now it is proposed to add 12½ per cent. to the income tax collected in Western Australia. I have not been able to compute exactly what the difference is between ourselves and Queensland, but I think the 12½ per cent., plus the proposal for increased death duties, will take us beyond Queensland.

Hon. C. G. Latham: Just about level with that State.

Mr. McDONALD: If not beyond it, certainly just about level with it. That is the main reason why we must feel deeply concerned at any increase in taxation, not merely from the fact that many people will pay out additional money, but from the point of view of the status of Western Australia as a country that we hope will progress and will attract that capital that will make for its advancement in the future.

I wish to add a further observation. The Prime Minister has appointed a committee to advise in connection with war finances. It might be well that its power should be extended to the consideration of the war finances of the different States. If after consideration that committee came to the conclusion that there should be increases in taxation in the States as a proper measure, bearing in mind the general economy of the whole country, I would be prepared to look with a different light upon those proposals. Until, as a result of the scientific examination of the whole question by such a committee, it is considered just that a State like Western Australia should increase the severity of its taxation, and raise the people

to the position of possibly being the most severely taxed in the whole Commonwealth, I do not think we would be acting in the best interests of the State if we increased taxation. Let us await the results of the operations during the current year, and, as the Leader of the Opposition has truly said, ascertain in what way we can keep our expenditure within our normal budget.

THE PREMIER (Hon. J. C. Willecock—Geraldton—in reply [9.48]): The outstanding fact should be recognised that there will be no increase in taxation except with respect to probate duties. Member after member has said we are increasing taxation. I freely admit that under this Bill there will be an increase in taxation.

Hon. C. G. Latham: An increase on income tax of 12½ per cent.

The PREMIER: Dealing with the general community that is subject to both taxes, a rebate equal to the amount of the additional tax will be allowed the lower paid man. With regard to the law of diminishing returns and severity of taxation, there is no increase in taxation with respect to the two proposals—income tax and financial emergency tax. There is no additional impost on industry, and no additional revenue will come to the Government by way of these taxes. People prate so much about increased taxation that the community will begin to believe it, provided the statement is made often enough, whereas, the statement is not true. With respect to this particular tax, it is true.

Mr. Doney: That is what we said.

The PREMIER: The speech of the Leader of the Opposition developed into a general budget discussion upon all phases of expenditure. I did not object to that. He very rightly surveyed the whole position and said, "I want to know wherein lies the necessity for this taxation." He advised the Government to exercise the strictest supervision over the finances. I am quite ready to take his advice, and am in complete accord with him on that point.

Mr. Marshall: It appears there will be no choice for you in the matter.

The PREMIER: We shall certainly have to face the necessity for doing this, rather than being just willing to do it. I associate myself entirely with the remarks of the Leader of the Opposition as to the necessity for care being taken with respect to all

Government expenditure. Officials possessed of inspectorial qualifications are delving into every item of expenditure. Every item that comes before me as Treasurer always runs the gauntlet of Treasury inspection before approval can be given for the expenditure. People say the Treasurer is hard, and has not a full recognition of the necessities of the State. One has to be hard so that one may make ends meet. The Public Service Commissioner is continually recommending the appointment of additional officers. Before any additional staff can be engaged, or before any of the recommendations of the Public Service Commissioner from the administrative point of view in order to bring about greater efficiency in this or that department, can be dealt with, the situation is closely examined by Treasury officials, and I have to be satisfied that the expenditure involved is necessary before approval is given, or before any additional office, that is paid for out of the public accounts, can be filled. We have heard a lot about the severity of taxation. The Government of New South Wales is increasing its taxation to the extent of £4,000,000.

Hon. N. Keenan: And it is being pilloried for so doing.

The PREMIER: I would expect to be pilloried in this House if the Government increased taxation to any considerable degree.

Mr. Patrick: The Victorian Government is not increasing taxation.

The PREMIER: It intends to do so. I have watched the budget speeches delivered by all the Treasurers in Australia during the last two or three months. The increased revenue from income tax in Victoria is estimated by the Treasurer of that State to be £250,000.

Hon. C. G. Latham: That represents increased earnings.

The PREMIER: It represents increased revenue from taxation.

Mr. Patrick: But not at an increased rate.

The PREMIER: The Leader of the National Party spoke about the severity of taxation. What about the Victorian proposal? In that State the company tax will be raised from 1s. 10d., according to the Budget Speech, to 2s. in the pound.

Hon. C. G. Latham: I think you are right.

The PREMIER: I am giving members accurate information.

Hon. C. G. Latham: I know the increase amounts to 2d.

The PREMIER: The increase in the minimum rate of taxation on income from personal exertion in Victoria will amount to 1½d. in the pound, but in New South Wales the taxation increases are staggering.

Hon. C. G. Latham: And here we are reducing taxation, are we?

The PREMIER: The increase in New South Wales will amount to £3,900,000. I have resisted any tendency to panic or to alarm the people by saying, "We will take advantage of the War and we must have more taxation." Taking them together, we are not asking for any more taxation as a result of the income tax and the financial emergency tax. I have the word of the officials for that. We are not taking any more taxation from the people. I asked the officials this question, "If we reduce the rebate from 20 per cent. to 10 per cent., and take off 1d. in the pound from the two lowest rates in connection with the financial emergency tax—I refer to people with dependants—how will that affect the taxation receipts, and to what extent will that be a burden upon industry?" They say it will have no effect because the two things will balance themselves out. I am neither a taxation expert nor an expert in calculation. I asked the responsible officers to advise the Government on the subject of their estimates. I accepted those estimates. I cannot get from any other source information such as I would be justified in giving to the House. If I were to say, "I myself consider that this is so and so," or "I consider that we will not get such taxation," or "I know in my own mind that this is so," there would be a quarrel with me about it. But when I say that I take my information from taxation officials who give their opinions in all sincerity regarding the effect of these proposed alterations—not increases, but alterations—in taxation, I am justified. They say that is the effect.

No member can truthfully declare that there is an increase in taxation in this State. There is none. I candidly admit that as regards probate duties increases will occur; but as regards the alleged burden on industry, it is not so. There is no justification for telling the people that this Government is increasing taxation. We are all concerned in carrying on the affairs of State. Many people are disquieted as to what the Federal Government will do. On the other

hand, some members of Parliament hold their responsibility to local authorities to be ten times as great as their responsibility for carrying on the affairs of State, which they are elected to look after. If anything affecting a local authority crops up, there is from those members an uproar and an upheaval of protest. What is the object? We are here to carry on the job we are elected to perform. Members have as much responsibility for carrying on affairs of State as has the Government. Members may criticise; I never object to that. They may point out something that in their opinion is not being done in the right way. Let them point it out, and we will listen to them. But to say that the Government must not do this or that because it may impinge on some small local authority is absurd. To adopt the attitude of declaring "We must let the Federal Government get everything in the way of taxation but the State Government must not do anything" is ridiculous. We have our responsibility to our own people, who elect us to carry on affairs of State. I do not want the people of Western Australia to think that this Parliament—not this Government, but this Parliament—has selected the present time, when we are likely to be in trouble, as a time for increasing taxation. It is not so, and the people should not be deluded into thinking it is so. We should be honest and truthful, and say to the people "The Premier tells us, on the strength of advice he obtains from his responsible officers, that there is no increase in taxation so far as regards the amounts to be received from income tax and financial emergency taxation." I hold that view, as I said in introducing the Budget. I have the exact words here:—

The task of the Government in these times is to equalise the burden of sacrifice that must fall on all, taking something from those in prosperity and giving to those in adversity, thus enabling us to carry on in a spirit of contentment.

The Government does not forget that the wheat industry and the pastoral industry have suffered terribly during the past two or three years—terribly. When the wheat-growers and the pastoralists are earning, when they get back to prosperous times and take their share of the burden of taxation—which unfortunately for them and for us they cannot do at present—we shall be in a position to decrease taxation, to reduce the burden. That will be when everyone is

paying his fair share. But when two industries which have been responsible for 60 or 70 per cent. of the national income suffer two seasons of terribly bad times in respect of climatic conditions, and on top of that in respect of the lowest prices ever known in their history, exceptional methods must be adopted. When there is such trouble in two of the most important industries of the State, taxation must be increased on other industries to get the wheatgrowers and the pastoralists out of their difficulties.

As regards the particular tax we are now discussing, it would be levied on the lower incomes of agriculturists and pastoralists for last year.

Hon. C. G. Latham: You will have to borrow money on that account.

The PREMIER: Wheatgrowers and pastoralists will not have much profit, and therefore will not be able to pay much taxation. That is unfortunate for us, and more unfortunate for them. We are not getting taxation out of them to any extent, though a few of them are able to pay. From industries in such a dire condition we do not expect to get anything substantial. If we did attempt to get it, we would not succeed. That is a fact which must be recognised. The pastoralists are a section from whom the State has obtained higher taxation than from any other section of the community, but during the last two or three years that section has lost three million sheep. Three million sheep have gone, disappeared, died, and cannot contribute to the wealth production of Western Australia. Consequently not much taxation is obtainable from pastoralists. Land rents have been reduced by half. When the industry regains its past prosperity, the pastoralists will be pleased to pay land rents on the old scale. Meantime we have to get money for the purpose of carrying on the State and also for the purpose of assisting the pastoralists. It is all very well to discuss this taxation proposal in the light of general expenditure and general revenue of the State. Let me reiterate once again that the Government is not increasing taxation and that nobody is justified in saying that we are doing so, having regard to the word of responsible officials who have been asked to furnish an estimate of what the proposal means. No doubt there may be criticism on the principle involved in the alteration of taxation. I do not object to criticism of the principle by anyone. Any-

one who does not agree with the principle is entitled to vote against it. But the Government does agree with the principle that while people on the lowest rungs of the ladder, paying 4d. and 5d. in emergency taxation, men with dependants who under a scientific method of taxation would be allowed rebates should receive consideration. If people do not agree with that principle, I cannot help it. As a Government we stand for that principle. We say that people who have domestic responsibilities and who receive no rebates of taxation should have their burden lightened. Income tax is not like financial emergency taxation, which is paid on the entire income. In the case of income tax there is a certain definite exemption for the first £100 or £200, as the case may be at the time. In financial emergency taxation every pound of income has to pay taxation, no matter how many dependants the taxpayer may have. Such people deserve some little consideration in the re-arrangement of taxation. The Government wish to show that consideration. The people told us we were to do it. We asked them for a mandate and they said, "Yes, we think it must be done."

Hon. C. G. Latham: Don't put that over to-night!

The PREMIER: I do not want to put over anything. What the Leader of the Opposition said would have been justified if he had confined himself to the principles of taxation, for he would then have dealt with a phase as to which we on the Government side of the House are not in agreement with him. If what we propose does not meet with the wishes of the Opposition, we cannot help it. We consider that justice demands we should legislate as we propose. When dealing with this form of taxation, it must be remembered that it will not affect anyone very much. As I have pointed out, income tax is subject to exemptions. Companies are not taxed on all their revenue, but merely on their profits. On the other hand, every pound that a man earns is subject to the financial emergency tax. The tax on companies is based on profits and is imposed after all expenses have been met. With the financial emergency tax, the levy is not on the second £100 but on the first pound and second pound, up to £250 on which the individual pays 4d. or 5d. in the pound. We do not

think the position is right, and hence the introduction of our legislation.

Hon. N. Keenan: Are you not discussing another Bill altogether?

The PREMIER: No; I am discussing the incidence of taxation. I am referring to what the Leader of the Opposition and the Leader of the National Party said when they asserted that the Government proposed to increase taxation in war time.

Hon. N. Keenan: Under this Bill?

The PREMIER: Their statements constituted misrepresentation calculated to mislead the people, if unchallenged. I am challenging their statements. I believe we are not increasing taxation. I do not wish the impression that the remarks of the Leader of the Opposition and the Leader of the National Party would create to go out to the public without question. We are not taxing the people—

Hon. N. Keenan: Under this Bill?

The PREMIER: Yes, but the impression that would be created from those statements was that the Government had introduced proposals to increase taxation. The Leader of the National Party dealt with taxation generally as though we were seeking to impose additional burdens upon industry. We do not seek to do that, so I wish to disabuse the minds of members and the people generally regarding the statements by those two members. While it may be true regarding the Bill now before the House that some increases are proposed, the statements of the Leader of the Opposition and the Leader of the National Party amounted to misrepresentation regarding our taxation proposals generally.

Mr. Doney: Yes, the probate tax is increased, but not taxation generally.

The PREMIER: So long as I have convinced the member for Williams-Narrogin (Mr. Doney) I need not say any more.

Question put and passed.

Bill read a second time.

In Committee.

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

Clauses 1, 2—agreed to.

Clause 3—Imposition of land tax and income tax:

Mr. McDONALD: I hope the Premier will further enlighten me. The estimate he gave regarding the additional sum to be

raised under the Bill by way of income tax was £35,000. I am not able to follow that statement because I think, during the course of his Budget speech, he estimated receipts from income tax for the current year at £750,000.

The Premier: Yes.

Mr. McDONALD: That is, on the present rates.

The Premier: No, that is on our new proposals included in the Bill.

Mr. McDONALD: If we do not pass the Bill, the estimated receipts from income tax will be reduced to about £715,000.

The Premier: No; that is included in the Budget proposals regarding the extra tax. I said we had less income last year on account of the depressed conditions.

Mr. McDONALD: I want to understand the position. Speaking generally, I thought that, without the legislation now proposed, the income tax for the current year would have amounted to about £720,000. If we now increase the rates of tax by a flat rate of 12½ per cent., then it seems to me that we would get 12½ per cent. on £720,000.

Hon. C. G. Latham: No, you would have to deduct the dividend duties and the gold profits tax.

The Premier: Yes.

Mr. McDONALD: Then the income tax alone is approximately £720,000.

Hon. C. G. Latham: No, that is not right.

The CHAIRMAN: Order! The member for West Perth has the right to address the Chair.

The Premier: The dividend duties are brought into the income tax.

Hon. C. G. Latham: And the gold profits tax.

The Premier: I do not think so.

The CHAIRMAN: Order! Does the member for West Perth intend to continue his remarks?

The Premier: We are in Committee and explanations have to be given!

The CHAIRMAN: Then the Premier will give his explanation on his feet in due course. Will the member for West Perth kindly proceed with his remarks?

Mr. McDONALD: I desire enlightenment because when I heard the Premier speak it appeared to me that his estimate of income tax was £700,000, and if that is to be increased by 12½ per cent. then the amount received from income tax under this legis-

lation would be approximately £90,000. If that is incorrect, I would like to be so informed.

The PREMIER: Included in the income tax is what was formerly known as dividend duties. Since the amalgamation under the Assessment Act, those duties have now been included in what is described as the income tax. The Estimates this year provide for £1,000 under the heading of what was formerly dividend duties. That figure represents amounts unpaid when the amalgamation was effected. A considerable proportion of the income tax comprises dividend duties, which amount to 2s. 5¼d. in the pound. A flat rate was set up, and much of the estimated income of £750,000 from income tax is made up of what were formerly known as dividend duties. That will reduce the amount under the strict heading of income tax. Both when dealing with the Bill and when delivering the Budget I intimated that we expected, owing to the decreased incomes of the people last year, to receive less in the form of income tax, which will really be based on income earned during a year of depression. Last year our pastoralists lost about 1,000,000 sheep, the value of which will be a deduction from their income tax returns. Our wheatgrowers will receive an average price, I should think, of 1s. 10d. for their wheat, so they will have no taxable income. In arriving at an estimate of taxation receipts I had to take into account the financial position of those producers. I refer the hon. member to Return No. 3 of the returns for 1937-38.

Hon. C. G. Latham: I think the figures require reconciliation.

The PREMIER: I do not want to be repetitious nor do I wish to depress members, but we have been passing through a very depressed period. Had it not been for the goldmining industry, Western Australia would have been down and out, bankrupt and busted. There is no getting away from that fact. The gold industry has increased and has been responsible for additional trade, out of which we have got something.

Hon. C. G. LATHAM: The Premier asked us to refer to Return No. 3. That return does not show the gold profits tax at all.

The Premier: No.

Hon. C. G. LATHAM: On page 12 of the Estimates it will be seen that the arrears of dividend duty collected amounted to £5,296, and the goldmining profits tax to

£135,740. Therefore the goldmining profits tax is shown under the dividend return.

The Premier: It must be.

Hon. C. G. LATHAM: The Premier tried to convince the House on the second reading that the additional taxation would not be passed on to industry. I contend it will be. The tax will be passed on to the public in many cases, although not in all.

The Premier: We agree to differ on that.

Hon. C. G. LATHAM: It will have the effect of increasing the cost of goods, and before long we will have an increase in the basic wage. I do not propose to hold up the Committee, but the Premier has failed to convince me. He has shifted the burden of taxation from the wages men and those on lower incomes to the persons with higher incomes.

Clause put and passed.

Clauses 4, 5, Schedule, Title—agreed to.

Bill reported without amendment and the report adopted.

House adjourned at 10.23 p.m.