

# Legislative Assembly.

Tuesday, 4th November, 1941.

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

## QUESTION—RAILWAYS.

### Kalamunda Line.

Mr. SAMPSON asked the Minister for Railways: 1, Has a survey been prepared giving the route, grade, and estimated cost of the railway to Kalamunda, thus obviating the added distance and loss of time necessitated by the use of the zig-zag railway? 2, If practicable, would he give any information available regarding reduced distance of railway travelling and time to Perth, also particulars of route which the proposed change would provide?

The MINISTER FOR RAILWAYS replied: 1, No. 2, Answered by No. 1.

## QUESTION—MINING, ALUNITE.

Mr. DONEY asked the Minister for Mines: Under what terms and conditions (in respect of royalties, duration of lease, etc.), were the alunite deposits on the floor of Lake Campion in this State leased to the private company that recently assumed responsibility for its exploitation?

The MINISTER FOR MINES replied: The deposit was first taken up by this syndicate on the 4th February, 1940, as mineral claims under the provisions of Regulation 55 of the Mining Act, 1904. Payments on same comprise survey fee and an annual rental of

2s. 6d. per acre. The syndicate subsequently converted the claims into mineral leases totalling 508 acres which were granted in accordance with the Mining Act for 21 years from the 1st January, 1941, subject to the payment of survey fees totalling £94 and an annual rental of 5s. per acre.

## QUESTION—STREET COLLECTIONS.

Mr. RODORED A asked the Minister representing the Chief Secretary: 1, How many street collections have been made since the start of the present calendar year? 2, What organisations have benefited and to what extent, separately? 3, Which of these have furnished balance sheets? 4, Is he satisfied that the general supervision and checking systems are all that could be desired?

The MINISTER FOR THE NORTH-WEST replied: A return is being laid upon the Table of the House.

## QUESTION—BUSH FIRES ACT.

### Dates of Burning Periods.

Mr. SEWARD asked the Minister for Lands: 1, Did the Rural Fires Prevention Advisory Committee make any recommendation to him as to the closing and opening dates for the burning period in Nos. 1 and 2 Zones this year? 2, If so, what dates were recommended in each zone? 3, Did he accept the recommendation of the advisory committee in each or either case? 4, If not, what were his reasons for departing from the advisory committee's recommendations?

The MINISTER FOR LANDS replied: 1, Yes. 2, The dates recommended for the prohibited burning period were:—No. 1 Zone: 15th October-15th February. No. 2 Zone: 7th November-15th February. 3, The dates gazetted were:—No. 1 Zone: As recommended by the committee. No. 2 Zone: 22nd October-1st March. 4, The recommended date of 7th November was altered to the 22nd October, following on representations made by the deputation of members of Parliament and road board representatives from the No. 2 Zone. The recommended date of 15th February was altered to the 1st March for the following reasons:—(a) As the recommendation was not unanimous, and two members of the committee were unavoidably absent from the meeting, it was thought

advisable to retain the date which had operated for the previous two years to give an opportunity to the committee to make further investigations into the suitability of existing zones and dates. (b) Owing to war conditions, the number of men available for fire fighting in the State is dangerously low, and it was considered essential to provide the utmost possible protection for rural industries and the national forests without unnecessarily interfering with seasonal operations.

### QUESTION—AGRICULTURE.

#### *As to Shortage of Farm Labour.*

Mr. SEWARD (without notice) asked the Minister for Lands: As the Minister, on Tuesday last, stated that it was hoped to announce, before the end of that week, the personnel of the committee to be appointed to deal with the matter of providing labour for the harvest, can he: 1, Give the names of the committee? 2, When the committee will start functioning? 3, The person to whom applicants can submit cases.

The MINISTER FOR LANDS replied: Recommendations went from this Government to the Commonwealth Government last week in connection with the personnel to be appointed to that committee. So far, no confirmation has been received of our recommendations. During the last few days we have had several communications from the Commonwealth Government, and replies have been given to them, in connection with certain points raised between the Governments. The only suggestion I can make to the hon. member, in the meantime, is that since the Commonwealth Government has approved of the chairman of the committee, Mr. Stiffold of the Premier's Department, any further communications be made to him.

### BILLS (2)—FIRST READING.

- 1, Industries Assistance Act Amendment.

Introduced by Mr. Seward.

- 2, War Funds Regulation Act Amendment.

Introduced by Mr. Watts.

### BILLS (2)—THIRD READING.

- 1, Metropolitan Market Act Amendment.
- 2, Public Service Appeal Board Act Amendment.

Transmitted to the Council.

### BILL—FRANCHISE.

Report of Committee adopted.

### BILL—MAIN ROADS ACT (FUNDS APPROPRIATION) (No. 1).

#### *Second Reading.*

THE MINISTER FOR WORKS (Hon. H. Millington—Mt. Hawthorn) [4.41] in moving the second reading said: This Bill was forecast by the Treasurer when introducing the Budget. It proposes that in respect of the revenue received from motor license fees in the metropolitan area in relation to licenses operating within the year ending the 30th June, 1942, the 22½ per cent. now payable to the Commissioner of Main Roads shall be paid to Consolidated Revenue and that an equivalent amount shall be made available to the Commissioner from petrol tax funds for the purposes defined in Section 33 of the Main Roads Act, namely, the improvement, reconstruction, etc., of roads and bridges within the metropolitan traffic area. If I said no more, that is the Bill. It will be noted that the operation of the Bill is restricted to the current licensing year.

In introducing the Main Roads Act Amendment Bill in 1932, the then Minister for Works explained that the Traffic Act only empowered the Government to maintain from traffic license fees certain main roads and bridges in the metropolitan traffic area which are named in the Act. Several of these roads and bridges were then in such a deplorable condition that widening and reconstruction were the only satisfactory methods of dealing with them. Parliament, therefore, approved of the section now sought to be amended by the Bill before the House, thus giving authority for works of this character within the metropolitan traffic area to be undertaken by the Commissioner of Main Roads and financed from a contribution of 22½ per cent. of the metropolitan traffic fees avail-

able after the cost of collection had been deducted. The amounts paid to the Commissioner of Main Roads from the metropolitan traffic fees during each of the past six years have been—

	£
1935-36 .. .. .	29,716
1936-37 .. .. .	32,511
1937-38 .. .. .	35,800
1938-39 .. .. .	38,573
1939-40 .. .. .	39,416
1940-41 .. .. .	37,666
Total .. .. .	<u>£213,682</u>

The amount to be made available to the Commissioner this year depends upon the Traffic Act Amendment Bill which reduces the license fees for the last half of the licensing year. Under existing conditions it is estimated that an amount of £29,000 will be payable and available for transfer. The major works financed from the trust fund in question since its inception have been as follows:—

	£
Perth-Midland Junction Road Construction and surfacing ..	14,000
Perth-Midland Junction Road Helena Bridge ....	18,355
Garrett Road Bridge, Bayswater .. .. .	22,730
Stirling Highway .... Widening, reconstruction and surfacing ..	177,950
Guildford Road .... Improvements ....	11,780
Canning Road .... Improvements ....	23,547

That explains how the amounts made available to the Commissioner out of the 22½ per cent. have been spent. The justification for the introduction of the present Bill was explained by the Treasurer when introducing the Budget for the current financial year. He informed the House that owing to unavoidable heavy increases in revenue expenditure, the State is faced with a deficit of approximately £200,000. In considering the proposal in the Bill, regard should be had not only to the immediate effect on Consolidated Revenue, which would be relatively unimportant, but also to the very important matter of the effect legislation of this nature would have on the deliberations and recommendations of the Commonwealth Grants Commission, which are invariably accepted by the Federal Government. I have not the report which appeared in the "West Australian" of the speech by the Federal Minister to give effect to the report of the Grants Commission, but there is no doubt that the Government is closely following previous Governments in adopt-

ing the recommendations of the Commission.

When submitting a Bill last session dealing with the disposal of the metropolitan traffic fees, I directed the attention of the House to extracts from the 1939 report of the Commonwealth Grants Commission showing that the grant to this State for the year 1939-40 had been reduced by £22,000 on account of our failure to apply some license fee revenue to the servicing of charges on loans expended on roads. The reason was made very clear in the report of the Grants Commission. Members are now aware that the grant payable to the State this year has been reduced by £65,000 on account of the failure of the State to take into Consolidated Revenue road funds to assist in meeting the servicing of charges on loan funds expended on road construction.

Hon. C. G. Latham: Is that the only reason why the amount was reduced?

The Premier: That was the reason.

The MINISTER FOR WORKS: That is so.

Hon. C. G. Latham: I will read the document to you.

The MINISTER FOR WORKS: I will read it before the hon. member has an opportunity to do so. Here is an extract from the last report of the Grants Commission. There was some quibbling last year, but everything is now made plain. The extract is as follows:—

Paragraph 185: In previous reports the Commission has drawn attention to the failure of Western Australia and Tasmania to bring their road finances into line with those of other States by making provision for meeting at least some portion of the annual interest and sinking fund payments on road debt from the proceeds of motor taxation.

Mr. Marshall: Who governs this State, the Grants Commission or Parliament?

The MINISTER FOR WORKS: That is one paragraph. The hon. member may have as many arguments as he likes with the members of the Grants Commission. They have the compilation of these reports, and the Commonwealth Government has ratified and given effect to this one. I will continue with the extracts—

Paragraph 186: In the non-claimant States, namely, New South Wales, Victoria and Queensland, substantial proportions of motor taxation are paid by the road authorities to the State Treasury towards meeting interest and sinking fund charges on road debt.

The road debt of Victoria is about £10,000,000, the annual interest charges thereon being about £400,000. The whole of this amount is recouped to the State Treasury by the country road boards, whose main source of revenue is motor taxation.

In New South Wales and Queensland the State Treasury does not recover the full amount of interest and sinking fund on road debt from the road authorities, but the amounts paid by the latter from motor taxation are appreciable.

In South Australia legislation has been passed under which the first charges on the receipts from motor taxation are—

- (a) Interest and sinking fund on loans raised for roads purposes;
- (b) Administrative costs of the motor vehicles department which collects the revenue; and
- (c) Central administrative costs of the Highways Department.

It seems that South Australia has fallen into line with the contributing States. However much we may object to the formula by which the members of the Grants Commission determine to what the claimant States are entitled, they do call attention to the fact that Western Australia and Tasmania have not fallen into line with those States that contribute to the grant for the smaller States. The Commission very pointedly calls attention to that.

Western Australia's loan liability for roads and bridges is £3,406,000, the debt charges thereon for 1939-1940 being £163,000. The amount recovered from road authorities, however, towards meeting those charges, was, according to the Grants Commission, only £7,396. There is an annual charge against revenue of £163,000, which was actually paid last year by way of interest on the expenditure on roads. No traffic fees were available to meet any of that expenditure. It appears that Tasmania's road debt is about £5,500,000, the annual charges for interest and sinking fund being about £220,000. "As far as we are aware," says the report, "no recoveries are made from the road authorities towards meeting these charges." Tasmania is in a similar position to ourselves in that respect. The report continues—

Paragraph 187: The Western Australian Government appears to be anxious to bring its road finances more into line with those of the other States. Legislation designed to divert £75,000 of motor taxation from the roads fund to the Consolidated Revenue Fund was introduced into the State Parliament last year but was rejected by the Legislative Council.

The Grants Commission is aware of what this Government tried to do. It continues—

Paragraph 188: It is not the province of the Commission to interfere with the financial policies of the States; but in its task of assessing special grants on the basis of needs, it is bound to compare standards of expenditure on various services. Moreover, as expenditure on roads is a very important item, we have to satisfy ourselves that the effort made by claimant States to meet annual debt charges on road debt is in reasonable conformity with the effort made in the standard States.

Whether we agree or not that has stood so far, and that view is taken by the Federal Parliament. The paragraph continues—

In recent years revenue from motor taxation and the annual payments made to the States under Federal Aid Roads Agreement have increased substantially. In view of these facts we feel that both Western Australia and Tasmania should have brought their road finances more into line with those of the other States.

Now comes the plain and definite statement found in the last report of the Grants Commission—

Paragraph 196: The grant indicated for Western Australia by our calculations is £695,000. We think, however, that there is justification for reducing this amount, because of the failure of the State to bring its road finances more into line with those of other States. This matter is fully discussed in paragraphs 185 to 189.

The decision of the Commission is—

We accordingly reduce the £695,000 by £65,000, making the final grant recommended £630,000.

If there is any doubt in respect to previous reports, or as to giving a different interpretation to the position from that given by the Commission, everything is now made clear. The Commission indicated that its calculations showed that Western Australia should be receiving a grant of £695,000, but recommended a reduction of £65,000, making a total of £630,000. There is no doubt we lost the £65,000 because the Legislative Council rejected the Bill passed by this House. That amount was not only lost to revenue, but represented a definite and direct loss in respect to the grant.

Mr. Doney: That is what has been said, but whether or not that is so, we do not know.

The Premier: It is so.

The MINISTER FOR WORKS: It is so, definitely.

Mr. Doney: You are not sure that we lost that amount for that reason.

The Premier: The Federal Government adopted the recommendation.

The MINISTER FOR WORKS: The Federal Government is also responsible for the passing of the Bill, authorising the adoption of the recommendation. It was because of the recommendation that the Federal Government agreed that Western Australia should be penalised by that amount. Members may ask whether the Grants Commission is governing Western Australia. It does not do so. The Commission makes its recommendations, but the measure which provides for the money recommended being made available to the States is passed by the Federal Parliament. On that occasion the reasons given by the Commission for the recommendations are quoted. The Federal Government, whether composed of Nationalists, Country Party or Labour members, has agreed to the reasons given by the Commission—we have had experience of that. When the Federal Government ratifies a recommendation from that source, we shall not make any headway by blaming the Commission. Whether the findings are right or wrong, or the reasons are right or wrong, the Federal Parliament has ratified them. It means that the Federal Government and the Federal Parliament must take responsibility for this, and they do so. It is, therefore, absolutely clear that the State is under a very severe handicap because in the past it has failed to comply with the request of the Grants Commission in this respect. We can strongly disagree with the Commission's views, but that does not help the position.

The attempt we are now making should be a help since we are endeavouring as far as possible to fall into line with the Commission's desires by taking this 22½ per cent. which, by the way, is paid to the Commissioner of Main Roads. It is not an amount distributed to local authorities, either in the metropolitan area or anywhere else. It is an amount that is legitimately used on metropolitan roads and we are now asking for this amount, which we estimate at £29,000 for this year, to be transferred to Consolidated Revenue. I stated earlier that the total amount expended in Western Australia from loan funds on roads as at the 30th June, 1941, was £3,443,998 and the charges on Consolidated Revenue in connection therewith amounted to £165,305 for

the year ended the 30th June last. While Consolidated Revenue will gain directly only about £29,000 this year, if the Bill is passed it is logical to assume that at least an equivalent amount will be added next year by the Commonwealth Grants Commission to the grant payable to this State. Since the Commission has called such pointed attention to the matter, if we comply with its desire to this extent it seems to me that the Commission will have no option but to honour what appears to be a definite promise on its part.

Hon. N. Keenan: Would that not merely mean your getting the amount twice?

The MINISTER FOR WORKS: First of all the Treasurer will undeniably pay into Consolidated Revenue the £29,000 advanced to him.

Hon. N. Keenan: And will get it back again afterwards!

The Premier: No, it is a free gift from the Commonwealth.

The MINISTER FOR WORKS: This State having conformed to the ideas of the Commonwealth Grants Commission, the latter will then increase our grant next year by £29,000.

Hon. N. Keenan: But not for road purposes!

The Premier: As a direct gift to the State.

The MINISTER FOR WORKS: The Commission definitely assessed Western Australia's needs at £695,000 and then reduced that by £65,000 because we had not conformed to its ideas. The Commission bases its action on the fact that the contributing States follow the procedure we have failed to follow. What we might think is all very well, but when we know that the States that have to find the money are contributing from road funds to revenue—in the case of Victoria to the extent of £400,000 in one year—and that those States are contributing to the money allocated to Western Australia because of its deficit, we can quite understand that those States object, independent of what the Commission might say. Those States also watch the position, and their members in the Federal House know what is going on. The whole situation is carefully examined and consequently if Western Australia refuses to finance its enormous road debt of over £3,000,000 and the annual cost of £160,000, those States will agree with the Commission that in the

circumstances Western Australia is not entitled to make the States that do conform to the Commission's requirements pay Western Australia's debts. The States that pay are called the standard States, and, until we in this State do what the other States do, we have been told definitely that our grant will suffer.

For the ten years ended the 30th June, 1940, of the total of £5,406,424 expended from the petrol tax on roads, 91 per cent. was spent in districts outside the metropolitan traffic area and of the total (for the same period) of £1,113,660 expended from general loan funds on roads, 97 per cent. went to country districts. An overwhelming amount of the money we received from the petrol tax in Western Australia has been expended in country districts, and the money available from loan funds has also been largely spent in the same areas. In the circumstances I think this argument can well be left to the metropolitan districts which I understand do not object to the transfer of this money.

Mr. Doney: The metropolitan bodies do not object?

The MINISTER FOR WORKS: No.

Mr. Doney: They have not the same grounds for objection as have the country bodies.

The MINISTER FOR WORKS: The country bodies have no ground for objecting. They have been treated not only fairly, but generously.

The Premier: Millions of pounds have been spent from loan funds on country roads and bridges.

The MINISTER FOR WORKS: I think it will be admitted that half the petrol tax comes from the metropolitan area and yet, in the distribution of the Federal aid money which comes from the petrol tax, 91 per cent. goes definitely to country districts. That is not a bad deal. Again, practically all loan funds are spent in country districts. On this occasion we are really asking that the 22½ per cent., which would in any case be spent in the metropolitan area, be transferred to the Treasury and that the amount be reimbursed from the Federal Aid Road Fund.

The Bill is a simple one and, since Parliament would not agree to a larger amount being transferred, and since the State has been so seriously penalised, the request is a

modest one. As mentioned by the Treasurer when introducing his Budget, the Bill will assist him to the extent of £29,000, and, if the Grants Commission means what it said—and we have every reason to believe it does—there will be an additional grant for the State because we have complied with what the Commission terms the standard policy of Australia. It is all very well to be out of step with the other States, but not to the extent of penalising ourselves to the value of £65,000. We do not need to carry our peculiar ideas as far as that. In every other State traffic fees are all collected by a central authority. The traffic fees in Western Australia are collected by about 140 authorities. That pleases the road boards, but it does not please the Grants Commission and it is about time we came into line as far as we can. This will be a step in the right direction. I am hopeful that Consolidated Revenue will get £29,000 from the traffic fees, and that the Grants Commission and the Federal Parliament will reimburse us to that extent.

Mr. Doney: It is like a bit of browbeating. They have the big stick over our heads.

The MINISTER FOR WORKS: They certainly have. I move—

That the Bill be now read a second time.

On motion by Mr. Doney, debate adjourned.

## BILLS (2)—RETURNED.

1, Fire Brigades Act Amendment.

With an amendment.

2, Money Lenders Act Amendment.

With amendments.

## BILL—CRIMINAL CODE AMENDMENT.

*First Reading.*

Received from the Council and, on motion by Mr. McDonald, read a first time.

*As to Second Reading.*

MR. McDONALD (West Perth) [5.12]: I move—

That the second reading of the Bill be made an Order of the Day for the next sitting.

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

Ayes	..	..	..	..	21
Noes	..	..	..	..	20

Majority for .. .. . 1

**AYES.**

Mr. Berry  
Mrs. Cardell-Oliver  
Mr. Collier  
Mr. J. Hegney  
Mr. Hughes  
Mr. Johnson  
Mr. Keenan  
Mr. Kelly  
Mr. Latham  
Mr. McDonald  
Mr. McLarty

Mr. North  
Mr. Patrick  
Mr. Sampson  
Mr. Seward  
Mr. Shearn  
Mr. Thorn  
Mr. Warner  
Mr. Watts  
Mr. Willmott  
Mr. Doney

(Teller.)

**NOES.**

Mr. Coverley  
Mr. Fox  
Mr. Hawke  
Mr. W. Hegney  
Mr. Leahy  
Mr. Marshall  
Mr. Millington  
Mr. Needham  
Mr. Nulsen  
Mr. Panton

Mr. Raphael  
Mr. Rodoreda  
Mr. F. C. L. Smith  
Mr. Styants  
Mr. Tonkin  
Mr. Triat  
Mr. Wilcock  
Mr. Wise  
Mr. Withers  
Mr. Cross

(Teller.)

Question thus passed.

**BILL—ROAD DISTRICTS ACT  
AMENDMENT (No. 3).**

Received from the Council and, on motion by Mr. Shearn, read a first time.

**BILL—RIGHTS IN WATER AND IRRIGATION ACT AMENDMENT.**

*Second Reading.*

Debate resumed from the 2nd October.

**MR. McLARTY** (Murray-Wellington) [5.17]: I intend to support the second reading of the Bill because I agree with the Minister that the proposed amendments to the principal Act are necessary. I also agree that contentious problems are likely to arise in the future and that the present Act gives the right to charge for water that is gravitated on to holdings. There is no question about that. In irrigation areas where works have been constructed, the water is gravitated and the amendment in the Bill dealing with the taking of water from streams that may be proclaimed becomes necessary because of the amending Act of 1939.

Members will remember that that legislation dealt with streams concerning which a dispute arose among settlers regarding

the taking of water. Those who had their holdings on the upper reaches of the stream in most instances secured all the water they wanted, whilst those whose holdings were lower down were not able to secure sufficient water for their stock. Owing to representations made to the Minister, he decided in 1939 to introduce legislation under which he would be able to proclaim certain streams and thereby take control over them. There was every justification for that step, although I know it met with some opposition. The claim was advanced by certain settlers along the stream that their riparian rights were being taken from them. That was not the position.

I certainly do not think it was ever intended that settlers, merely because their holdings were on the upper reaches of a stream, should have the right to take as much water as they liked to the detriment of those below. I know that the settlers whose holdings were lower down the stream could have had recourse to a civil action, but that was not very satisfactory. There is no doubt in my mind that there was every justification for the Minister amending the Act so as to take control of a stream, if necessary, by proclamation. From the streams to which I have alluded the water is pumped, not gravitated. Doubt has arisen as to whether the Act in its present form permits a charge to be made legally for water that is pumped from a stream. The Bill will clarify that position and empower the Minister to levy such a charge. I consider the rights of the property owners will still be protected because of the fact that there is settlers' representation on the Irrigation Commission. The Minister also told us that the principal stream involved at present is the Canning River. Settlers along that stream seem to be concerned about this legislation. I do not know that they are so perturbed about the present amending legislation as they were about the measure passed in 1939. However, the Minister said that the Canning River was one stream to be proclaimed in the near future—he referred to the portion below the Canning Dam—and that regulations regarding the license and the form it was to take for registration purposes were about to be made. The Canning River is not situated in my electorate, but nevertheless I am interested in irrigation developments.

One matter I could not understand arose from the Minister's statement that a special license would be obtainable by those settlers who are using water from the stream at present, for which license they would have to pay 5s. per annum. He also said that another license, to be described as an ordinary license, would be issued for which a fee of 20s. per annum would have to be paid. I am unable to understand why one settler should be asked to pay a license fee of 5s. per annum while another will be required to pay a fee of 20s. per annum. The only difference is that one settler took water from the stream before it was proclaimed and the other will take water from it after the stream has been proclaimed. The Minister also told the House that conservation works would probably be erected on the Canning River and that the rate to be charged would be such as would cover interest, sinking fund and operational expenses. In connection with irrigational works, it is, I think, generally accepted that head works are nationalised and the settlers are not asked to bear any of the cost involved. If the Minister is to erect a dam or weir across the Canning River, I suggest to him that there would be no justification for any charge being imposed upon the users of the water in order to cover the cost of interest on the expense involved in carrying out the work. The Minister must realise that there is probably a greater indirect return from irrigation works than from any other public undertaking. For that reason I think he should reconsider the position in the light of the point I have made. It is most inadvisable to make irrigation expensive. The farmers in the irrigation areas are the most heavily taxed producers in the State. Of that there is no question.

Mr. Cross: That all depends on where they are.

Mr. McLARTY: It does not matter where they are. I am dealing with the position in Western Australia, and I say emphatically that no farmers are taxed more heavily than are those in the irrigation areas. I do not know that I need say anything more about the Bill. If settlers along the stream object to the Minister constructing the works to which he has made reference, they have the right to do so, but personally I consider the Bill to be necessary. I know that difficulties have arisen in the past and for that

reason I intend to support the measure. The Minister is justified in asking for the powers set out in the Bill respecting minor works in irrigation areas. I assume that before his officers enter upon properties they will give the owners notice of their intention, even if the work to be undertaken is of a minor nature. Sometimes difficulties may arise as to the view taken of contemplated works. The engineers may consider them minor but the farmers may view them as major undertakings. Therefore I hope the farmers will be given due notice of intention to enter upon their properties.

**MR. DONEY** (Williams - Narrogin) [5.26]: The Bill very plainly will make irrigation work and control by the Public Works Department a great deal easier and for that reason, if for no other, should be a good piece of work. The Bill appears to contain three small and simply-worded amendments which, however, may embody wider implications than at first appear, in that they substantially enlarge the powers of the department concerned in respect of irrigable streams and their uses. That applies not only in respect of the Canning River but in connection with many other streams as well. As far as I can see, there is no objection whatever to the course suggested for increasing the control to be exercised by the Minister. I think the powers outlined could not be dispensed with. Without them, the Government would not have the right to impose extra charges or exercise the additional control that will be necessary if the Bill becomes an Act.

The provisions of the Bill have been dealt with by the member for Murray-Wellington (Mr. McLarty) with whose views I am in accord. I am very glad that fuller use is to be made of the Canning River. Had the subsidiary conservation to which the hon. member referred not been provided for, there would have been, I imagine, complaints from the property owners along the Canning River, and applications for the use of water now impounded in the big Canning Dam. I hope the Government will set its face against applications of that description. If anyone is to have the right to benefit from the excess water impounded in the Canning Dam, the residents of towns along the Great Southern line should have it.



Mr. Cross: We were given an undertaking by the Minister some years ago that we would get our usual summer flow.

Mr. DONEY: Quite likely.

Mr. Cross: That is the position.

Mr. DONEY: I am pointing out that I do not agree with that. If anyone has a claim on the surplus water, preference in that regard should lie with the Great Southern towns. Anyhow, I have no objection to the provisions of the Bill and, like the member for Murray-Wellington, I give it my very cordial support.

MR. CROSS (Canning) [5.29]: I am surprised at the attitude the member for Williams-Narrogin (Mr. Doney) has adopted regarding an undertaking given to this Chamber by a Minister of the Crown when legislation was introduced in connection with the erection of the Canning Dam. The Minister gave an undertaking, which was earnestly sought by the settlers affected, that in spite of the dam being constructed they would be permitted to receive the usual summer flow in the stream. That aspect would make me afraid if there should be a change of Government and the hon. member should become a Minister.

Hon. C. G. Latham: There is a great deal more than that to be afraid of!

Mr. CROSS: There should not be any attempt by anyone to depart from a solemn undertaking given to a body of people. Some of the settlers have been there for the last fifty years. I trust, therefore, the Minister will dissociate himself from the opinions of the member for Williams-Narrogin (Mr. Doney). The hon. member said the Government would not have the right to increase charges. The Bill, however, is not a means of imposing taxation or raising revenue at all. It is a measure designed to give fair play to the settlers on the river and to conserve their rights and ensure that they obtain a fair share of the limited volume of water available. I support the Bill, and again request the Minister to dissociate himself from the views expressed by the member for Williams-Narrogin.

Question put and passed.

Bill read a second time.

## LOAN ESTIMATES, 1941-42.

### *Message.*

Message from the Lieut.-Governor. received and read transmitting the Loan Estimates for the year 1941-42 and recommending appropriation.

### *In Committee.*

The House resolved into Committee to consider the Loan Estimates, Mr. Marshall in the Chair.

*Vote—Departmental, £83,000:*

### THE PREMIER AND TREASURER

(Hon. J. C. Willcock—Geraldton) [5.34]: In introducing the Loan Estimates for the current year I wish to say that the careful consideration of Loan Estimates is a highly important duty of Parliament, because the use of borrowed money plays a decisive part in the economic development of the State. Accordingly I realise that members are entitled to the fullest possible information regarding the avenues through which the loan expenditure of last year was made, and also regarding the Government's proposals for loan expenditure during the current financial year. The days when State Governments arranged their loan programmes and then proceeded to borrow the money necessary for financing those programmes have passed—whether temporarily or permanently remains to be seen. Since the adoption of the Financial Agreement the Commonwealth and State Governments have considered the size of loan programmes in the light of the probable funds available, and arranged their respective programmes accordingly.

At times, even though the Commonwealth and State Governments desired to spend considerable amounts of loan money, it has been thought fit, following the advice of financial advisers, to reduce the programmes, it not being considered that the market was able to provide all the funds desired. A further restriction of the loan expenditure of the States is now necessary because of the need to conserve all the available cash and capital resources of Australia for the successful prosecution of the war. As I stated when introducing the Revenue Estimates, the first obligation of those charged with the government of Australia is to see that all the resources

in men and materials necessary to make the maximum war effort must be reserved for that purpose. No competition for the use of those resources which is not necessary for the war effort, or for the development of the community in order that these resources may be increased, can be countenanced.

The Loan Council has had this need prominently in view at its various meetings since the war commenced. Members are aware of the procedure whereby the loan programmes of the States are reviewed by the Co-ordinator General, Sir Harry Brown, who submits recommendations to the Loan Council. The States put their various programmes before the Co-ordinator General, who discusses them intimately with the State Co-ordinators, and as a result of such discussions Sir Harry Brown makes recommendations to the Loan Council—not to the Commonwealth Government, as some members seem to have in their minds. The Loan Council consists of the Treasurers of the six States and the Treasurer of the Commonwealth. When it comes to a vote, the Commonwealth Treasurer has two votes and each of the State Treasurers has one. Therefore the Loan Council comprises six votes of the States and two of the Commonwealth. It is frequently thought that the Treasurer of Western Australia, myself for the time being, has to go cap-in-hand to the Commonwealth; but that is not so at all. This State has as much voting strength in the Loan Council as has any one of the other States, and the Commonwealth Government has only a quarter of the voting strength in the Loan Council. The Council is all-important as to whatever is done regarding the raising of money, and takes the responsibility for that.

Hon. W. D. Johnson: After consultation with the Commonwealth Bank?

The PREMIER: No. If the hon. member, for instance, wants to borrow £50 he goes to his banker and says that he wants to borrow that amount.

Hon. W. D. Johnson: In the final analysis, the States get their loan moneys from the Commonwealth Bank.

The PREMIER: No. On several occasions the advice of the Commonwealth Bank has been completely overridden by the Loan Council. The Loan Council has taken the responsibility of raising a certain amount of money against the advice of the Common-

wealth Bank. When the bank has tendered its advice to the Loan Council, and when in all sincerity the Loan Council has made up its mind regarding what is desirable, it asks the bank to assist in raising the money even against the advice of that institution. It is just as well to make the position clear in order that it may not be said that we are under the domination of either the Commonwealth Government or the Commonwealth Bank. Necessarily, however, the Loan Council takes due notice of the advice of people who are in a position to give sound advice.

The loan programmes of the States are submitted to the Co-ordinator General, and he makes a report on them to the Loan Council. But he is not the boss. In fact, I do not think the Loan Council has ever agreed entirely with Sir Harry Brown's recommendations. The Loan Council does, however, give the most serious consideration to the question of funds required for various purposes and to the necessity, particularly in wartime, that there should be some agreement that works of a truly national character should be carried out, but that the paramount need is the availability of money for the Commonwealth to carry on the operations of war. Under the Defence Act expenditure for war purposes need not go before the Loan Council, though the Commonwealth Government has always, in courtesy, informed the Loan Council how much the Commonwealth needed for war purposes, and the amount of money demanded has been raised by the Loan Council. Early in the proceedings of the last meeting of the Loan Council I intimated that Sir Harry Brown's recommendations for this State were entirely unacceptable to us. During the discussion that attitude was resolutely maintained, and finally a substantial addition was made to the programme arranged and approved by the Co-ordinator General. I am sure it is unnecessary for me to justify my attitude in this respect, because we are all acquainted with the peculiar problems of Western Australia.

We are all fully conscious of the need to restrict the expenditure of loan moneys, and of the paramount duty which rests on every State Treasurer to make the maximum amount available for defence purposes; and we give place to no one in our willingness to shoulder the greatest possible sacrifices towards this end.\* But it is imperative

that these sacrifices should be imposed equitably. I was convinced that in the allocations suggested by the Co-ordinator General the need for equality of sacrifice had been entirely overlooked, and that we were being asked to make sacrifices far in excess of those expected of the other States. I could only conclude that a uniform reduction had been decided upon, despite the fact that this Government had already carefully pruned and reduced its requirements before submitting them to the Co-ordinator General.

When we left the Loan Council at the previous meeting, the then Federal Treasurer (Mr. Fadden) said that a lot of money would not be available to the States; that it was no use for the States to build up their programmes, as the Commonwealth needed an increased proportion of the money for war purposes. He asked—he even appealed to—the Treasurers of the States to take that fact into consideration when making up their estimates of Loan expenditure and to ask for smaller sums. Apparently, I was the only State Treasurer who took the Federal Treasurer seriously. I said at the Loan Council that Western Australia was the only State that took the warning seriously and the only State that did, in fact, prune its Loan Estimates. It asked for £400,000 to £500,000 less than it had received two years ago, and £100,000 less than it actually obtained from the Council last year. Every other State, however, asked for considerably increased loan allocations.

Hon. N. Keenan: Did Tasmania ask for more?

The PREMIER: Yes. I shall give the hon. member some figures in a moment. In those circumstances I felt that an injustice was being done to the State. I had no option but to say at the start of the proceedings that, no matter what the other States said, I could not agree to the proposal, as it would be manifestly unjust and unfair to Western Australia. When it is remembered that in at least three of the States the Commonwealth is spending enormous sums on defence works, in addition to which semi-governmental bodies are large borrowers, the inequality of applying a uniform cut to all the programmes can be appreciated. Members will realise that when a proposal had been put forward for Western Australia to receive considerably less and for the other States to receive considerably more, there was no hope of a compromise; and after

hours and hours of discussion and debate this State's application was agreed to. Later on I shall give the figures to the Committee.

As I have stated on many occasions, one of the outstanding needs of the State is an expansion of its secondary industries. I am convinced—as I am sure we all are—that the present is a vital time in which to make that expansion. If we miss the opportunity now, we shall stand condemned by future generations for our lack of foresight and of courage; but more important still, we shall miss an opportunity that may never recur. The Australia of post-war years will be a vastly different Australia from the one we knew up till 1939. The need for the supply of munitions and for all types of manufactured goods, a need that has to be met by Australia as the result of this war, will transform her from a primary producer to one of the great industrial nations of the world. That will occur and this State should, at this stage, endeavour to play its part in the expansion of secondary industries in Australia. Certainly, primary production must play its part.

Successive Governments for the past 30 or 40 years have concentrated on our primary industries; but owing to droughts and the vagaries of prices, a State wholly dependent upon its wool and wheat will get hopelessly into trouble. Those conditions did not apply for many years. For the first 10 or 12 years after the 1914-18 war, good prices were received for wool and wheat, and consequently the State concentrated on those commodities as being the best for the development of the State. But our experience since 1930 has demonstrated the un wisdom of concentrating entirely upon those primary products; we would be foolhardy if we continued that policy. It is generally agreed that we must diversify our industries as much as possible. The new adage, "Put all your eggs into one basket" no longer applies. Such industries as flax growing, linseed for meal, tobacco and condensed milk must be encouraged to a greater degree, so that the State may no longer be almost entirely dependent upon its wheat and wool for its solvency.

In framing the Loan Estimates for this year, the Government has given every consideration to the need to equip our various undertakings for defence work. We propose to spend fairly large sums of money on the Midland Junction Workshops and on

the purchase of machinery for the shops. We also intend to make available funds for the rehabilitation of the State Engineering Works, where much defence work is already being carried out and where more defence orders can be executed when we are in a position to do the work.

Mr. Doney: Do you foresee any secondary industrial development in country districts?

The PREMIER: Yes.

Mr. Doney: You are not mentioning it, and I was wondering whether you had it in mind.

The PREMIER: Yes. Not far from the hon. member's home town—at Boyup Brook—a retting factory is being established. When the factory is completed, it is estimated that at the least 50 or 60 workers will be engaged there. This remark also applies to Donnybrook and other centres. I could mention my own electorate. When I look round and see the member for Bunbury, I am reminded that a knitting mill has been established at Bunbury. I believe the hon. member is a director of the company concerned. So that his particular part of the State is participating in secondary industry development.

Hon. N. Keenan: But that is private enterprise.

The PREMIER: Does not the hon. member concur in the policy of private enterprise?

Hon. N. Keenan: I do, but the mill at Bunbury has been established by private enterprise.

The PREMIER: Yes. We must establish factories in this State by whatever means possible. Perhaps not 10 per cent. of them will be established by the Government. The Government will, of course, render every assistance, both financial and technical, to those founding industries in the State. The Minister for Industrial Development will tell us this evening something about the advice and assistance which the Government has rendered in that direction. I do not propose to deal with that matter now. Our object is to make conditions in this State so good that private enterprise will be induced, if not cajoled, to come here and start these industries. In the flax industry as in others, the Government necessarily had to step in.

Nestle's factory, because of the war, has very considerably increased its output of condensed milk. That company did not ask the Government for financial assistance. As long as it and other companies are prepared, of their own volition, to establish and expand such industries the Government will not be called upon to render financial assistance, but it will have to render a meed of assistance to other industries which may be commenced here. Such a policy, I have no doubt, will commend itself to every member of the House. No member would object to expenditure of that nature, as it would be much better than employing people on public works and road construction. As I have said, the Government has expended a considerable sum of money upon the Midland Junction Workshops and the State Engineering Works. The Government is also setting aside a sum of money for the extension of electricity supplies and such extensions will doubtless prove of advantage to private enterprise. If we were to undertake work for defence purposes, it was necessary that we should obtain a proper allocation of loan moneys from the Loan Council.

I told the member for Nedlands I would supply him with some figures. It will be of interest if I summarise the recommendations of the Co-ordinator General and the decisions of the Loan Council. The Co-ordinator General recommended a total programme of £22,122,000, made up as follows:—

	£ (thousands)
Commonwealth civil programme ..	3,500
New South Wales .. ..	6,538
Victoria .. ..	2,874
Queensland .. ..	3,388
South Australia .. ..	3,237
Western Australia .. ..	1,229
Tasmania .. ..	1,365

Hon. C. G. Latham: Why is South Australia allocated more than is Western Australia?

The PREMIER: That was the original recommendation of the Co-ordinator General, and I immediately asked myself the same question. I asked, "What is going to happen to Western Australia under this proposal? I cannot agree with you. It is no use talking about it. It is absurd; it is ridiculous." The Loan Council then re-

duced the total programme to £18,474,000, allocated as follows:—

	£ (thousands)
Commonwealth civil programme ..	2,618
New South Wales .. ..	5,169
Victoria .. ..	2,442
Queensland .. ..	2,764
South Australia .. ..	2,669
Western Australia .. ..	1,682
Tasmania .. ..	1,080

At that stage we considered we might require £250,000 for the deficit. That was in the original application, but four months have gone by and we have made considerable improvement compared with the same four months of the previous year. Consequently we agreed to a reduction from £250,000 to £200,000. Considerably more money was available to Western Australia, but even then we were given much less than the previous year. So, on the other hand, were all the other States.

Hon. N. Keenan: Did not Tasmania vote for that £18,000,000?

The PREMIER: Yes. At that stage what they term at the Loan Council, the "turkey," had not been cut up. I thought at that time, on that allocation, we would be reduced on a proportionate basis 10 per cent. or 15 per cent., and that I might find myself, representing Western Australia, with an amount of only £600,000 altogether. I was not then prepared to reduce the total expenditure. It was reduced to £18,000,000, but afterwards when that amount was being allocated the justice of our claim was recognised, and Western Australia received £400,000 more than was originally recommended by Sir Harry Brown. It will be seen that our share was increased by £453,000. The amount provided for the deficit was reduced, however, to £200,000, so that we have £1,482,000 provided for works.

Our expenditure last year on works was £1,536,000. The reduction this year is £54,000 when the need to provide for unemployment relief is greatly diminished. It is possible, therefore, for us to undertake some really necessary works without having regard—as in the preceding decade—to spending the money with the object of providing employment. Governments during the last ten years, no matter which Government has been in charge, have considered the provision of work for those people out of work to be

of primary importance. That will not now be an outstanding feature of the expenditure of our money. We will be able to spend money on works which will assist in the development of this State, or put Western Australia in a position more effectively to prosecute the war effort, rather than spend it on works of a doubtful value. We have passed the stage when it was necessary to divert money to providing work for the unemployed. The first necessity is to see what is required so that the development of the State may be carried on in the most advantageous manner by the expenditure of capital. We do not have to make reserves in regard to unemployment, but can spend our money more wisely, and I hope that the money we do spend will be well worth while from the standpoint of the State. If the Commonwealth asks us to divert this money to the war effort, and shows in what way we can assist, I think we would do that. We will be able to spend money on the development of our primary and secondary industrial resources.

As members know, the employment position has improved in a very satisfactory manner during the year. That improvement has been accelerated by the demand for men, created by the war, to work in industries connected with the war, and of course, to a large extent, by enlistments of men who otherwise were forced to resort to the labour market to obtain a living. At the end of June, 1940, there were 6,886 men dependent on the Government for relief work and by the end of June this year the numbers had fallen to 2,962—a drop of 3,924 or more than 50 per cent. The latest figures show a further drop and the numbers now stand at 2,353, or a decline of 600 since the end of the last financial year. Of the numbers registered for relief work, only 16 are on sustenance, and most of these are men who, on account of physical disabilities, are unable to work. It may be asked why, in a time of war when there is a demand for all available manpower to be devoted to the war effort, the Government should be spending money to relieve unemployment. Several factors have to be taken into consideration in answering that question. In the first place many men are engaged on work which was commenced before the outbreak of war, and it would be uneconomic to stop the work before it was completed. A notable

example is the work now being done at the Stirling dam where about 400 men are employed.

To cease this work before completion would entail the loss of £700,000 or £800,000 already expended. We have, perforce, to go on and complete those works. A further £600,000 is necessary to complete this undertaking, but when it is finished it will considerably increase the area of irrigable land, thus making provision for the post-war period when large numbers of men will undoubtedly desire to settle on the land in diversified agricultural production. Where under any other land settlement scheme 2,000 or 3,000 acres of land is required, under a scheme of settlement on irrigable land a comparatively small area is all that is necessary from which to make a living. Consequently when there is, perhaps, another area of 20,000 or 30,000 acres of irrigable land made available, 200 or 300 people may be settled on it, whereas, in another area, that acreage may be taken up by one person and developed as a sheep farm.

In the second place, by far the greater majority of the men are unskilled workers whose experience has not been such as to make them fit to undertake the technical work required for the production of munitions or other war material. Large numbers of men, however, have been employed on Commonwealth works, as for example in the preparation of sites for camps, and for aerodromes and in road work, all of which we have undertaken at the request of the Commonwealth Government. We must have the technical men employed on these particular jobs to keep them going. If the war continues, more and more men will be absorbed in defence work, and when our various capital works are completed it will not be necessary to commence new ones.

For many years successive Governments concentrated on the expansion of primary production, and our relative lack of industrial development has placed us at a disadvantage in regard to defence works when compared with the other States, but in addition it must be realised that we have fairly large numbers of men who have been engaged on what are known as public works. Almost since the cessation of the 1914-18 war Western Australia has spent annually considerable sums of borrowed money on developmental work, with the result that we

have built up a body of workers who have no other occupation than that provided by public works. When developmental works cease, the further employment of these men creates a problem. It is very difficult to transfer them to other industries. They have been transferring themselves so that today only 2,355 are dependent on the Government, whereas some eight or ten years ago the number was 17,000 or 18,000. It is encouraging, therefore, to find that the numbers of these men have been so far reduced that we have no trouble in finding employment for them. We hope by the expansion of our secondary industries, and by the training that many of the men will get in machine tending and other semi-skilled work during the war, they will find it unnecessary to depend on Government relief work when the war is over.

I have referred on previous occasions to the care that Governments should exercise in the spending of borrowed money—a care which in past years has, I am afraid, been somewhat overlooked because of the ease with which loans could be raised. When I was first a member of the Government we had a loan expenditure of £3,500,000, which gradually increased until in 1929-30 the loan expenditure proposed was well over £4,500,000. Those days of, I will not say “profligacy” but of very large expenditure of loan money, have gone, and now, instead of receiving £4,500,000, to spend we have less than £1,500,000. When money is easily available Governments are prone to spend it on unproductive works in order to provide employment, and other things, and year after year the amount of debt which we are building up is increasing, and money spent unproductively throws a heavy burden on our finances for many years. That money has to be repaid and if the return from the expenditure is insufficient to provide the debt charges—namely, interest and sinking fund—the shortage has to be found from revenue. When it is remembered that the sinking fund to which we contribute does not extinguish the debt until the expiration of about 52 years, the crushing burden of unproductive debt on the revenue resources of this country can be realised.

An examination of the returns from our loan undertakings does not afford much food for satisfaction. Last year the debt charges covering interest, sinking fund and exchange, cost £4,534,279, representing 4.64

per cent. on the public debt at the 30th June last. The net earnings from the undertakings amounted to £2,353,102, or slightly more than half the debt charges, and represented a return of only 2.4 per cent. The loss of £2,181,177 was contributed to by the shortage on the earnings from the loan expenditure on agriculture, £647,926, on railways, £440,980 and on public buildings £213,282, while the debt charges on the accumulated revenue deficit cost £119,847. The Minister for Works spoke of the attitude of the Grants Commission on account of our lack of obtaining interest and sinking fund in regard to our road expenditure.

*Sitting suspended from 6.15 to 7.30 p.m.*

The PREMIER: The Grants Commission, in its Eighth Report, has been rather severe in its criticism of the losses we sustain on our loan expenditure, and has penalised us on this account by deducting an amount of £166,000 from the grant recommended this year. While, on the face of it, the Grants Commission's criticism may appear to be justified, there are circumstances to be considered which, in my opinion, the Commission has overlooked. The comparison made by the Commission is with the loan losses incurred by the other States—the non-claimant States, Victoria, New South Wales and Queensland. It is significant that the loan losses for 1939-40 per head of population in the three claimant States are fairly similar. They are—

	£	s.	d.
South Australia .. ..	4	13	0
Tasmania .. ..	4	12	5
Western Australia .. ..	4	16	3

The position in the non-claimant States was—

	£	s.	d.
New South Wales .. ..	2	12	11
Victoria .. ..	2	1	7
Queensland .. ..	3	14	11

The losses in Victoria are particularly low, but this result is not surprising. Victoria is a small, compact State, wonderfully endowed by nature; it has not the problems of large areas and scanty water supplies to solve which are ever present in this State and in South Australia. Again, Victoria was settled mainly by private enterprise, by the sweat and blood of the pioneers who, without Government assistance, had to carve out homes for themselves. It is doubtful whether many of the original settlers lived

to enjoy the fruits of their labours. Probably it was not until the second or third generation had contributed to the cost of settlement that a competence was won.

In this State we had to attract settlers after the gold mining industry started to decline. Western Australia at that time was not considered to be an agricultural country, and it was only with difficulty that men could be induced to take up land for farming. Much of the areas settled was untried, and in the desire, indeed the absolute necessity, to save the economic life of the State by encouraging agriculture, it was inevitable that settlement would be pushed into marginal areas where success was doubtful. Though the losses through the development of the land by the aid of loan money have been heavy, the return has been wonderful and the monetary results have far exceeded the amounts expended in assisting settlement. The Leader of the Opposition has mentioned this on many occasions; I quite agree with him. But the economy built up has been too one-sided and is too subject to the violent fluctuations associated with primary production.

The Grants Commission may feel that we should pay for the mistakes of the past, but these mistakes were made in an endeavour to keep the State alive in a Federal system of government that would have strangled us if something courageous had not been attempted. I am quite sure that, if Western Australia had not made attempts to settle her agricultural lands as was done, its financial position would have been much worse than it is today, and the State would have been a much bigger drain on the Commonwealth Treasury. Eastern States investors have made much money out of this State, and even at the present time we send £13,000,000 per annum to the Eastern States to pay for commodities produced there. It is only fitting, therefore, that we should have a claim for generous assistance at a time when our agricultural returns are low.

I have no intention of embarking on a discussion of the Grants Commission's methods, but I do protest against this continued infliction of a penalty because of an honest endeavour to escape from economic strangulation and stagnation, if not retrogression, as a State. Much of the expenditure of loan money was incurred at a time when the cost of money, namely, interest, was high, and was incurred not only with

the knowledge of the Commonwealth Government but even with its encouragement. High interest rates kill enterprise and make success impossible except at an uneconomic cost. It is hoped, indeed it is essential, that in future the return to those who invest their money should be in keeping with the general level of wages and costs. If it is deemed necessary that the wages of the worker, who contributes more to the production of wealth than does the investor of money, should be controlled and regulated, then it is equally necessary that interest rates should be similarly controlled and fixed.

One of the lessons the war has taught us is that in the demand for money for defence purposes, it is vital that interest rates should be as low as possible; otherwise the cost is too great. That lesson surely will not be forgotten when the nation tackles the more difficult problem of adjusting the economic machine to provide for peace needs when the war is over. In the beginning of the depression we took what we thought was almost a revolutionary step by converting the internal debt of Australia at a rate of 4 per cent. During the depression rates fell to about 3 per cent., but just before the outbreak of war, the Loan Council was being prepared for a return to loans at 4 per cent. and to even a higher rate. Higher rates must not be allowed to return because of the crippling effect they have on enterprises which have to meet the charges. The agricultural industry would not be in the present difficulty if interest rates from the outset had been 3 per cent. or 4 per cent. instead of 6 per cent. or 7 per cent., and the tremendous load of debt which is burdening the industry and which everybody seems to want to get rid of would have been avoided. For the future it should be the settled policy of this country—and I will use any influence I have in this direction—that no matter what happens, interest rates will never again be allowed to soar as they did in the past.

The interest rates charged on our public debt vary from  $1\frac{1}{2}$  per cent. on Treasury bills—all of which, of course, are short-dated and should be funded—to slightly over 5 per cent. If the maximum rate was the same as that payable on the big conversion loan now before the public, namely,  $3\frac{1}{4}$  per cent., I estimate that the saving to the State revenue would be £565,000. I

suppose no one would suggest that the present rate of  $3\frac{1}{4}$  per cent. is unduly low; yet if that reasonable rate was the maximum rate on our public debt, we would save almost as much as we secure from the Commonwealth Government by way of a special grant.

Mr. North: That is, oversea and local debts.

The PREMIER: All debts. Interest rates on the oversea debt are not extraordinarily high, but on that money we have to pay 25 per cent. exchange, which makes it much heavier. The oversea debt averages a little over 4 per cent. and because we have to pay exchange, it brings the interest rate to about  $4\frac{1}{2}$  per cent. The conversion loan of £70,000,000, included in the present £100,000,000 for which appeals are now being made, will afford us substantial help. I hope the loan will be a success, because apart from the psychological effect of a successful conversion, there is a very urgent need for the transfer of every available pound to war purposes. As approximately £4,000,000 of Western Australian debt is to be converted on this loan, I estimate that the saving to revenue this year as a result of the conversion will be between £15,000 and £16,000, which will go some distance towards meeting the interest on the new borrowings this year. There will be only one interest payment during the remaining portion of this financial year and the ultimate effect will be a saving of about £30,000 a year.

The amount approved by the Loan Council for our borrowing programme for this year is £1,185,000, and if this sum can be raised at no more than  $3\frac{1}{4}$  per cent., the cost for a whole year for interest would be about £37,500. As most of the programme has not yet been raised, the interest cost will, of course, be less than this sum. As a contra to this new borrowing we are redeeming debt each year through the operation of the sinking fund. Last year the total contributions to the sinking fund amounted to £725,000, including the Commonwealth's contribution of £177,423 under the provisions of the Financial Agreement. The amount of the sinking fund applied to the redemption of debt was £436,000, while the balance held by the National Debt Commission on our behalf and available for further redemption was £574,000. Last financial year we bor-



rowed approximately £1,500,000 and re-deemed £436,000, so that the net increase in the public debt was slightly over £1,000,000. If the whole of the sinking fund contributions made during the year had been applied to debt redemptions, the net increase in the public debt would have been under £800,000. The public debt per head of population increased from £205 0s. 8d. in 1940 to £207 5s. 9d. in 1941, an increase of £2 5s. 1d. per head.

The population increased by only slightly over 1,400 over that of last year due, of course, to the departure of troops, whereas in the years up to the commencement of the war the increase was about 5,000 per annum. If the population had increased at the usual rate, the addition to the public debt per head would have been almost negligible. It is obviously most desirable to keep the new borrowings at such a figure that there is no increase in the net debt per head, but, with the transfer of so many young men into the fighting forces, the growth of population is too small to enable this to be done. While we want money for developmental purposes, our debt per head of the population is as much as we can stand. We should limit the spending of borrowed money except on those works that are reproductive in the truest sense of the term to an extent that will keep pace with the expected increase in the population.

I now turn to the figures of actual expenditure last year and the Estimates for this year.

#### LOAN ESTIMATES, 1941-42.

The estimated expenditure this year as compared with the actual expenditure in 1940-41 is as follows:—

	1940-41.	1941-42.
	£	£
Departmental	91,920	83,000
Railways and Tramways	123,870	360,000
Harbours and Rivers	69,357	130,500
Water Supply and Sewerage	805,791	599,000
Development of Goldfields and mineral resources	43,000	37,000
Development of Agriculture	173,304	140,000
Roads and bridges, public buildings, etc.	390,016	132,791
Sundries	62,933	60,637
Total	£1,760,360	£1,500,928

The above figures include expenditure under Loan Suspense, namely, expenditure incurred in the previous year for which there was no loan authority. To gain a proper comparison of the two years, the Loan Sus-

pense expenditure has to be adjusted. When this is done, the expenditure for 1940-41 appears as £1,536,340, while the estimated expenditure this year is £1,482,000.

#### RAILWAYS AND TRAMWAYS.

	£
Expenditure last year	123,979
Estimated this year	360,000
Increase	£236,021

On additions and improvements to opened railways, the expenditure last year was £91,032. The works consisted mainly of re-ballasting, deviations, duplications, water supplies, strengthening bridges and provision for coaling plant at various places. Extensions to workshops at Midland Junction during the year cost £19,000 and machinery £16,500. Alterations to the Brunswick station yard during the year amounted to £16,500.

The provision for this year is for similar works, including expenditure on plant and equipment for the Midland Junction Workshops and for extensions, including an annexe, tool-room and other additions. A new barracks at Northam is also provided for. The total provision for this year is £74,000. I think all members know that by arrangement with the Commonwealth Government a substantial addition has been made to the Midland Junction Workshops, and a portion is set aside as an annexe to provide housing for machines, etc., for manufacturing of shells. The cost of the extension was £50,000, of which the Commonwealth provided £15,000. The whole of the building has been completed and the annexe will be in operation shortly. An extension of the annexe to provide for twice the amount of manufacture originally contemplated is in hand. This necessitates the duplication of machines now installed. The manufacture of these machines is well in hand and the majority will be built locally.

Now being constructed at Midland Junction is a tool-room for the manufacture of tools and gauges to meet the needs of the munitions factory. This will cost £7,000 and machinery to the value of £4,000 will be provided by the State. The Commonwealth Government is providing approximately £30,000 for suitable tool-room equipment free of cost to the State, for this room, which will be used almost exclusively on

work for the small arms factory at Welshpool. The value of work undertaken for the manufacture of munitions, etc., on behalf of the Commonwealth is as under:—

	£
Contracts completed .. ..	66,000
Contracts in hand .. ..	646,000
Contracts recently received .. ..	344,000
Total .. ..	<u>£1,056,000</u>

On rolling stock for the railways, last year the expenditure totalled £9,190, being mostly incurred in construction of K.A. wagons and superheating of locomotives. The provision for this year is for £35,000. Provision has been made to continue the programme during 1941-42, the principal items being construction of S class locomotives and also construction of Z brake vans and Vb covered vans (used in the transport of perishable products).

The expenditure on tramways last year was £8,939, the principal items being the provision of six petrol buses. The anticipated expenditure for 1941-42 is £105,000. The main items are the provision of six Reo buses, in lieu of trolley buses ordered the previous year, and the purchase of 18 trolley buses which had been previously sold to the Canton Municipal Council. Provision also has been made for tramway extensions at Maylands and Inglewood and for completion of the feeder cable to Inglewood. The expenditure last year on electricity was £14,818, principally on extensions of mains. An additional transmission line to Bassendean was commenced during the year and also the erection of a test room and offices at the power house. This year's provision is for £146,000, the main items, apart from main extensions, being ring main feeder cables, conversion of the Cottesloe transmission and additional high tension switchgear.

#### HARBOURS AND RIVERS.

Expenditure last year .. ..	£69,357
Estimated for 1941-42 .. ..	130,500
Increase .. ..	<u>£61,143</u>

The work last year mainly consisted of the following:—Additions and improvements to North-West jetties; Fremantle Harbour Works—construction of new slipway, North Quay reconstruction and continuation of bellmouth dredging; Swan River reclama-

tion at South Perth and improvements to harbours and rivers generally. The provision this year is for £130,500, principally made up as follows:—Additions and improvements to North-West: Wyndham jetty dredging, Carnarvon jetty improvements and improvements to rolling stock; minor works at Bunbury harbour. Fremantle Harbour Works: Continuation of construction of new slipway, North Quay reconstruction and other minor works.

#### WATER SUPPLIES, SEWERAGE, IRRIGATION AND DRAINAGE.

Expenditure last year .. ..	£805,791
Estimated this year .. ..	599,000
Decrease .. ..	<u>£206,791</u>

The expenditure last year on towns water supplies was £31,539, the principal items being Katanning water supply, Geraldton water supply new service reservoir, and improvements to Albany water supply, which was taken over from the local water board during the year. This year's provision of £19,000 includes completion of the works previously mentioned, and improvements to towns water supplies generally.

The expenditure last year on metropolitan sewerage and drainage totalled £101,748. During the year work was continued on Basendean, Bayswater and Guildford sewerage and reticulation, and work was commenced on Floreat Park and North Fremantle sewerage. A ventilation stack at Lincoln-street was commenced. Finance for sewerage house connections was provided, and an extension to Smith's Lake drainage scheme was carried out during the year. This year's estimate of £98,000 makes provision for continuation of sewerage reticulation works at Floreat Park and Welshpool. New sewerage reticulations are proposed to be carried out in Maylands and Floreat Park. No. 3 ventilation stack is provided for and further finance for sewerage house connections is also allowed for. Minor drainage and sewerage works will account for the balance. Last year's expenditure on metropolitan water supply was £126,481, the principal items being completion of Canning Dam, continuation of North Beach and Floreat Park water supplies, linking up of Canning and Mundaring reservoirs, extension of 30in. main from Victoria Park and Belmont, and improvements to reticulation in various parts

of the metropolitan area. The provision for this year of £64,000 includes further reticulation improvements, 12in. main extension at Dalkeith and South Perth, and the usual annual expenditure on services and meters.

Last year's expenditure of £202,642 on the Goldfields water supply included the following:—Renovation of main conduit, completion of relaying of 30in. main through Northam, enlargement of Cunderdin reservoir, fabrication and cement lining of pipes, erection of summit tank at Kellerberrin, linking up of Mundaring reservoir with Canning Dam and reticulation extensions and improvements generally. This year's estimate of £113,000 includes provision for the following:—Continuation of programme of fabricating of pipes and renovations to main conduit, Totadgin water supply improvements, improvements to branch mains and the usual annual expenditure on services and meters. On water supplies in agricultural areas, including drainage and irrigation, last year's expenditure was £341,896, and the estimate for this year is £300,000, a decrease of £41,896. The principal works last year were:—Completion of Samson Brook reservoir, continuation of work at Stirling reservoir, irrigation channel lining and other improvements to irrigation in the South-West, No. 3 district irrigation works, No. 1 district water supply extensions and lining existing mains and provision of tanks in agricultural areas, including roofing and equipment of wells. Waroona irrigation office was completed and the erection of the Harvey office commenced. Provision has been made this year to continue with the work at Stirling reservoir, No. 3 district irrigation works, channel lining at Collie, Harvey and Waroona, completion of Harvey office, relining of Herdsman Lake tunnel and provision of tanks, wells, etc. in agricultural areas. Last year's expenditure on water supplies in the eastern and Murchison goldfields was £1,446, and this year we have provided for £4,000. This it is proposed to expend on minor improvements to existing water supplies and providing water supplies at new finds.

#### DEVELOPMENT OF GOLDFIELDS AND MINERAL RESOURCES.

Expenditure last year	..	..	£43,006
Estimated this year	..	..	37,000
Decrease	..	..	£6,006

The expenditure last year was on assistance to prospectors, loans under the Development of Mining Act, additions and alterations to State batteries and purchase of tailings, the latter amount being placed in a Treasury trust account for that purpose. Expenditure on assistance to prospectors for the year was £21,806, making a progressive total of £190,023 since the inception of the scheme. Repayments by those assisted amounted to £5,757 for the year and £36,390 since the inception. For the current year provision has been made for £22,000 assistance to prospectors, £13,000 loans and £2,000 expenditure on batteries.

#### DEVELOPMENT OF AGRICULTURE, FORESTRY, Etc.

Expenditure last year	..	..	£173,364
Estimated this year	..	..	149,000
Decrease	..	..	£24,364

On abattoirs the expenditure last year was £3,362 and was for additions to pig pens at Midland Junction and erection of sale-yards at Robb's Jetty. The provision this year is for improvements to the Midland Junction abattoirs. Last year's expenditure of £1,116 on the College of Agriculture was all for the erection of cottages for instructors. This year's provision is for completion of the manager's cottage and sundry small works. On the development of agriculture, lands, the expenditure last year amounted to £102,923 and was spent on reconditioning abandoned Agricultural Bank holdings, clearing at Wooroloo and Wokalup institutions. This year's provision of £38,000 is for work of a similar nature. There is a new item on the Estimates for the development of agriculture—North-West. Provision has been made for £3,000 to be spent on experimental work in connection with the proposed Ord River irrigation scheme.

The expenditure of £12,695 during last year under the heading "Assistance Settlers, Industries, etc.," was for assistance by way of advance to banana growers and pearlers and also to Albany Freezing Works. Assistance was also granted to two firms in order to assist secondary industries. An amount of £50,000 has been placed on the Estimates for the current year for similar assistance, most of which, however, is intended

for extension of secondary industries. I would like to point out that much of the assistance given to these new industries is by way of a guarantee of bank overdrafts. In the Auditor-General's report members will see the amounts we have guaranteed to different firms in this connection. In connection with forestry activities, last year's expenditure was £51,952, the work consisting of reforestation of karri, jarrah and mallet, afforestation and forestry regeneration. This year's estimate of £50,000 is for a continuance of such work.

Last year on roads, bridges and public buildings, the expenditure was £390,016, and this year's estimate is £132,791, a decrease of £257,225. Last year's expenditure included £262,954 recouped to loan suspense, having been spent during the previous year without sufficient authorisation. The actual cash expenditure was, therefore, £127,062 plus £59,291 carried forward to this year's loan suspense, a total of £186,353. This year's proposal is for a recoup to loan suspense of £59,291, plus £73,500 of cash expenditure provided for public buildings. On roads and bridges £41,733 was expended last year. This year no provision has been made for any expenditure under this head. If any urgent works are necessary on roads and bridges it can be carried out from the funds available to the Minister for Works from the petrol tax. I do not wish to dilate on what the Minister for Works discussed this afternoon, but in the last 10 or 11 years we have spent from £5,000,000 to £6,000,000 on roads and bridges, and considering that we do not get any return from the loan moneys so expended, I feel we should limit the amount spent in that direction to the sum available from traffic fees.

Mr. Cross: Something should be done about the Causeway.

The PREMIER: That work is done from traffic fees. Attention to the Causeway is a first charge on traffic fees collected in the metropolitan area. If the hon. member consults the Act he will find the Causeway specifically mentioned. On public buildings last year we spent £48,283. The principal works were Perth Technical College additions, Claremont and Point Heathcote Mental Hospitals new treatment blocks, additions to Northam, Bunbury and Eastern Goldfields high schools, Inglewood police station, Public Works Department new workshops,

and erection of and additions to schools and public buildings generally. The provision for this year is £73,500, and that is for buildings generally, including the balance required to complete works commenced during last year, notably the Fremantle Technical High School and Government Chemical Laboratory. New works contemplated this year comprise a number of school buildings including additions to the Kent-street central school.

Money spent under the heading of hospital buildings and equipment, etc., represents expenditure on the new Perth Hospital, the interest and sinking fund of which is found by the Lotteries Commission. The amount advanced last year was £100,000. The difference between this sum and the expenditure shown, namely, £300,000, represents the authority for the amount expended in 1939-40. On Pardelup Prison Farm there was no expenditure last year. This year's estimate of £1,000 includes erection of huts. Last year's expenditure of £5,000 on native cattle stations included £112 transferred to loan suspense. An amount of £2,112 also was spent which will be transferred from this year's expenditure to clear loan suspense of last year. This £2,112 forms part of the provision of £4,112 on this year's estimate. The expenditure is for improvements, etc., to native cattle stations, principally Moola Bulla.

Last year the expenditure of £9,000 on native settlements and hospitals included £1,955 transferred to loan suspense. This year's provision of £7,095 includes £5,095 transferred to loan suspense. Thus, the actual cash expenditure last year was £12,500 and that estimated for this year £2,000. This expenditure was on native settlements and hospitals (additions and improvements), principally Carrolup. On the State Implement Works last year the expenditure was £20,000, but £12,429 was carried forward to loan suspense to be recouped out of this year's provision. The expenditure was incurred in reconditioning the works, principally the moulding shop, to enable defence contracts to be carried out. This year's provision of £30,000, over and above the recoup to loan suspense, is for continuance of such work. In connection with State hotels and tourist resorts, last year's expenditure of £20,702, mostly for the Wongan Hills hotel, was nearly all for a recoup to loan suspense of the previous

year. This year provision is made for £1,000 for completion of a few small works. An amount of £1,630 was spent last year for the construction of a new boat for the State ferry service to South Perth. This year's provision of £4,000 is for the completion of the boat. Last year's expenditure of £3,613 on bulk handling at Bunbury and Fremantle included £2,541 recoup to loan suspense. No provision has been made on this year's estimates for any expenditure on these items. Those are the main items of expenditure; the details of the various works proposed can be discussed on the items by Ministers in charge of the departments concerned.

Though the whole of the loan money has been allocated, I wish to make it clear that it does not necessarily mean that all the works shown on the Estimates will be carried out. If conditions arise that make it desirable to expend loan moneys on projects which will intensify the war effort, the Government will have no hesitation in transferring a loan allocation to that desirable object. As I said earlier, the Government's main consideration in the preparation of the Loan Estimates has been to make the greatest contribution to the war effort. As members know, the Commonwealth Government has now intimated its acceptance in principle of the recommendations of the War Industries Committee and the personnel of the Expansion Committee—a committee recommended by the Western Australian War Industries Committee—was announced on Saturday in the Press. I am full of optimism that, as a result of the investigation which the Expansion Committee will undertake, Western Australia will make rapid and substantial progress towards the development of more secondary industries. Though the expenditure by the Commonwealth on defence works in this State has not been nearly as great as that in the Eastern States, we have had considerable sums expended. From a survey of the work done already in this State, it appears that approximately £3,500,000 to £4,000,000 has been spent in Western Australia by the Commonwealth since the outbreak of the war. This sum does not include, of course, payments to soldiers or militia men.

I am not in a position to give particulars of the composition of this expenditure but I can say that, though a large part of it

represents work on the preparation of camps and aerodromes, a fairly large proportion represents supplies to the Department of Munitions, the production of which has given a fair amount of work to the various engineering establishments in this State. In addition to the total sum already mentioned the State has spent approximately £70,000 on public works, which would not have been carried out but for the requirements of the Defence Department. Included in the figure of approximately £4,000,000 spent by the Commonwealth is an amount of over £600,000 representing work done by State departments and paid for by the Commonwealth. From information collected from the various Commonwealth Departments, I find that the work already done and the contracts let and in progress represent an expenditure of approximately £5,000,000. A fairly large proportion of the work still to be done represents contracts for munitions, and other war supplies which will be carried out at the Midland Junction Workshops and at the State Engineering Works, in addition to that carried out inside the metropolitan area and as far as Kalgoorlie.

Members can therefore realise the anxiety of the Government to see that in the expenditure of our loan money this year we equip ourselves efficiently so that further orders may be received, and greater experience may be gained by the artisans and technicians of this State. Though every consideration will be given to the war requirements, we hope to have sufficient funds available to carry out other useful and necessary work. I am well aware that the State could spend large sums of money for the provision of public buildings. I know that schools are wanted and that existing schools require to be enlarged. The various public offices throughout the State are crying out for additions and improvements, but it is obviously unwise for us to spend too large a proportion of our loan money on these objects. If our financial position was strong enough the cost of public buildings would be charged against revenue. We cannot add to the already very considerable burden of unproductive debt by spending too much money on public buildings that do not return revenue.

Hon. C. G. Latham: Your maintenance costs are so high because you put up such shoddy buildings.

The PREMIER: On the contrary, my complaint is that the buildings we erect are not shoddy but so expensive that we can build only a few instead of being able to spread our funds over a larger area. The hon. member would not say that the East Perth girls' school is shoddy.

Hon. C. G. Latham: You have picked out one. Have a look at the Bruce Rock school!

The PREMIER: Consider the courthouse at Merredin, the laboratory at East Perth, and the improvements at Heathcote.

Mr. Raphael: And the Kent-street school.

The PREMIER: And the additions to the schools at Northam, Albany and other places.

Hon. C. G. Latham: You pay for architecture in connection with a lot of those places.

The PREMIER: I am afraid I must agree with the hon. member that we do. I do not think we can be successfully charged with doing shoddy work.

Hon. C. G. Latham: I am not thinking about the present Government but about past Governments.

The PREMIER: I do not think we can be accused of doing shoddy work now. We have set such a high standard that by the time we have erected a few buildings our money has gone, and we are not able to cater for the large area we would like to serve. If we were not so ambitious about the solidity of our buildings we might be able to carry out a more extensive programme. We are endeavouring this year to attend to a large number of schools but may not be able to find money for many other public buildings. Our courthouses need renovating. Many of them should be pulled down. The member for Katanning will remember that I visited his district last year. No doubt the courthouse there is a building of which no Government could be proud. It should be rebuilt.

Mr. Doney: I think you intend erecting a new courthouse at Narrogin, do you not?

The PREMIER: Yes. That is a much more practicable proposition because the land on which the present courthouse stands could, if it were sold, provide sufficient, or nearly sufficient, for the erection of a building in an area of much cheaper land.

Mr. Doney: I am glad you hold such a favourable view of that matter.

The PREMIER: I round off these remarks by appealing to members not to be too importunate in regard to public buildings.

Mr. Doney: We provide our own money for the job.

The PREMIER: I will let the hon. member off.

Hon. C. G. Latham: You spend £800,000 for a hospital in Perth, but country people must find a proportion of the cost of their hospitals.

The PREMIER: We shall not spend £800,000 but perhaps half of that during a programme of work extending over three or four years. The building has been in course of erection for 18 months.

Hon. C. G. Latham: That is the estimated cost.

The PREMIER: Not for this portion. There are three successive steps.

Mr. Mann: City people do not find money for hospitals as country folk do.

The PREMIER: No, they do not.

Hon. C. G. Latham: Why not make them pay up?

The PREMIER: The Minister for Health is enthusiastic about it.

Hon. C. G. Latham: He represents the city area.

The PREMIER: He has called meetings and discussed the matter with all sorts of people in an endeavour to arouse sufficient enthusiasm and a charitable outlook, and to persuade them to contribute on a fair basis in the way country people have to. But I think the city people are like the Pharisee that passed by on the other side. The Minister did not meet with much success although himself imbued with such tremendous enthusiasm. The local authorities did not look upon his efforts with favour, and the work is not undertaken here as it is in the country areas.

Mr. Doney: What if the people in the country areas acted similarly and refused to provide money for their hospitals?

The PREMIER: I do not intend to advise a sit-down strike.

Mr. Mann: The country people are much more broadminded than are those residing in the city.

The PREMIER: I certainly admire the attitude of the people in the country districts and am not enamoured of that of the residents of the metropolitan area.

The Minister for Health: Anyone can enter country hospitals, but that is not so in Perth.

The PREMIER: There is that about it.

Hon. C. G. Latham: What about the Northam hospital?

The PREMIER: I do not think we need ask what about this or what about that hospital which affects our respective constituents. I know that I endeavoured to get the Geraldton people to contribute on a certain basis but, when the Government has done certain things from time immemorial, it is difficult to get people to adopt a new frame of mind.

Hon. C. G. Latham: Some people have left you bequests for the hospitals.

The PREMIER: That was largely for comforts and so on, and I certainly admire that spirit.

Hon. C. G. Latham: They provided X-ray plants and so forth.

The PREMIER: As far as possible the Government is desirous of providing money for vital essentials. It is giving careful consideration to the problems that are sure to arise in the post-war period. When hostilities are concluded and our soldiers have to be repatriated, it will be necessary to find suitable employment for them pending their absorption into the economic life of the State. In addition, the return of such large numbers of men, many of whom were married just before they went oversea, will create a heavy demand for houses.

Mr. Cross: We want some more now. Never mind about after the war!

The PREMIER: That may be so, but the problem of employment after the war will be so great that many more homes will be required. Costs have already gone up at least 25 per cent.

Hon. C. G. Latham: What, already?

The PREMIER: Yes, since the war commenced. The Workers' Homes Board has found that so extensive are building operations generally, that in some instances it has not been able to secure any tenders. The board's experience has been that costs are from 25 to 30 per cent. above those operating in pre-war times. I do not know that the cost to the contractor has increased to that extent, but certainly prices have gone up. There are so many jobs to be done that contractors do not particularly desire to undertake the erection of small houses. If a dwelling would cost them £800 to erect,

they probably put in a tender for £950 and say to themselves, "If I get the contract, I will go on with it; but if I do not, it does not matter." In my opinion, there is some profiteering going on.

Mr. Raphael: Some tradesmen are getting 30s. a day.

The PREMIER: It is not merely wages that make up the cost.

Mr. Sampson: Sales tax increases it considerably.

The PREMIER: Yes, but the fact remains that a worker's home that could be erected for £550 or £600 now costs from £750 to £800. Under those circumstances the rent chargeable is too high for people in receipt of ordinary wages to pay. The Government is making extensive inquiries regarding the cost of building operations. When in Adelaide recently I was interested in what has been done there. Under the scheme in operation in that State the buildings erected are rather small and the ceilings are only 9ft. above the floor. They are of brick and contain four rooms. The rental for such duplex houses is 16s. a week. Perhaps we could improve upon that scheme, particularly with regard to the size of the rooms. Steps in that direction seem to be very desirable.

Mr. Sampson: It is safe to copy Adelaide.

The PREMIER: Yes.

Mr. Warner: The home of churches!

Mr. Raphael: But not to copy South Australia.

The PREMIER: According to the Commonwealth Statistician, the rental for houses there is higher by 1s. a week than is charged in Perth.

Hon. C. G. Latham: The rates may be higher.

The PREMIER: Yes, rates are levied there sufficient to provide for roads and so on.

Mr. Raphael: They have to pay to get their roads, footpaths and so forth fixed up there.

The PREMIER: And here much of that is done from the petrol tax and traffic fees, and there is a squeal if the allocations are not acceptable.

Hon. C. G. Latham: Do not spoil the introduction of your Loan Estimates by getting on to that topic!

The PREMIER: No, I will leave that subject there. I was dealing with the task of solving post-war problems. The appointment of the War Industries Expansion Committee will assist in the provision of facilities for the equipment of factories and workshops. The efforts of this committee, combined with the activities of the Department of Industrial Development in rendering assistance to secondary industries, should ensure that in the post-war period Western Australia will be ready to play an important part in providing employment for our returned soldiers in the manufacturing industries. An investigation is now being made regarding the economic use of land for settlement after the war. Experimental work has already been commenced in the Kimberley districts where there appears to be scope for large scale settlements. Inquiries will also be made as to the need and possible success of irrigation and drainage schemes and the provision of water supplies in other parts of the State. It is felt that as the result of these investigations, and of others that are to be put in hand, the State will be well equipped to deal with the problem of repatriation when the time arrives to cope with that phase. We should then be in a position to build our economy on a well-balanced basis, having due regard to the possibilities of both primary and secondary production. As I have already mentioned, the Government is also having inquiries made regarding the provision of a suitable housing scheme capable of meeting the urgent needs of our people when the war is over, and we have to meet the double requirements of providing homes and furnishing employment.

The obligation to solve post-war problems rests, to a large extent, upon the Federal Government, but that Government will, of necessity, have to rely on the States to provide the avenues through which the re-employment of our soldiers can be effected. For this reason we are having inquiries made with a view to arriving at definite schemes calculated to have the effect of expanding the productive capacity of the States. The object of this is that on the return of our soldiers from overseas, we shall be in a position to say to the Commonwealth Government, "We can do this and we can do that and these activities will employ 5,000 men or 10,000 men. The work undertaken will add to the productive capacity of the State. We

want you to provide the finance in order that we can carry out the schemes we have prepared so that we are ready to go ahead with the work." The State that will be in a position to say that to the Commonwealth Government will be in an advantageous position. We hope that Western Australia will be in that position; and if so we should be able to get the money and proceed with the work. In those circumstances no doubt finance for the schemes will be readily provided by the Commonwealth Government.

It is imperative that we shall have such schemes ready so that there shall be no hitch, and that the process of absorbing our returned men may be carried out with the least friction in our economic life. Members can rest assured that the Government will pursue with the utmost vigour inquiries to determine the best possible repatriation schemes and will implement suitable ones where it is deemed desirable to do so. Not only will primary industry be diversified to the greatest possible extent in the agricultural field and our great timber resources utilised in many varying directions, but our potential resources in minerals will be further investigated in order to bring about the expansion of industrial development so necessary for our progress. In attaining that objective we shall really have carried out a stocktaking that should be of great advantage to the State and to the Commonwealth.

The wise expenditure of our capital during the next few years will have a very important effect on the rate of our progress and the Government will welcome constructive criticism in that respect. Now that the employment problem has been largely solved, we can embark upon various schemes. I do not claim for the Government that its officers, engineers and administrative heads of departments possess all the ideas that are possible of conception in connection with such matters. Therefore, the Government will welcome constructive criticism of any projects that may be advanced in order to promote the development of the State. Although all our efforts must be concentrated upon bringing the war to a successful conclusion, the Government has the greatest confidence that the Australian people will, under the British flag, remain in possession of our great continent. The responsibility



devolves upon us all to develop the State to the greatest possible extent so that we can take our part in rehabilitating a war-impooverished world. We must not evolve our plans in the future but must deal with that phase now. It is in this spirit that I submit the Loan Estimates to the Committee for consideration.

*Progress reported.*

## **ANNUAL ESTIMATES, 1941-42.**

*In Committee of Supply.*

Resumed from the 29th October; Mr. Withers in the Chair.

*Vote—Labour, £1,600:*

**THE MINISTER FOR LABOUR AND INDUSTRIAL DEVELOPMENT** (Hon. A. R. G. Hawke—Northam) [8.29]: The activities of the Labour Department have been carried on during the year in the same satisfactory way as in most if not all the years before. The department is one that does not come very prominently before the public in the work it does, but its officers every day achieve a good deal in respect to the relationship of the Government to its employees. The Labour Department, in a quiet way, does much to preserve industrial peace in the field of industrial relationships in which it works.

The business awaiting the attention of the Arbitration Court is now much less in volume than was the case two or three years ago. Members will recall that then there was a fair amount of congestion in the court due to the accumulation of a considerable number of claims. Since the outbreak of war the employers and the unions in this State have very largely adopted a policy which avoids long drawn-out proceedings in the court. Officers of the court play an important part in maintaining industrial peace and in settling industrial disputes that occur, as they do from time to time. That remark is particularly applicable to the waterfront at Fremantle. Disputes occasionally occur regarding the loading and unloading of vessels at the port of Fremantle. The usual procedure adopted is to establish a board of reference to which the points in dispute are remitted. An officer of the court in the person of the Industrial Registrar is the permanent chairman of such boards, and he has

always succeeded in bringing these disputes to a fairly rapid and successful settlement.

The affairs of the State Government Insurance Office have been carried on, and the business increases as the weeks go by. The office handles several classes of insurance, but the greater proportion of business handled is in connection with the insurance of workers against accident. The medical officer attached to the staff now visits regularly the main centres on the goldfields to ensure that the best possible treatment is being made available in those centres to men who have received serious injuries. It is considered that such visits have been highly beneficial to the men concerned and, because of that, have been of advantage to the industry and to the State generally.

The ordinary activities of the Factories and Shops Department have been carried out very well by virtue of the fact that officers have given the closest possible attention to the matters that come before them, particularly in connection with the administration of the Factories and Shops Act, but also a number of other Acts of Parliament which are administered by them. I may make particular reference to the policing of the compulsory provisions of the Workers' Compensation Act. Members know that it is only within the last 18 months that power has existed to enforce the compulsory provisions of the Act, notwithstanding that those provisions have been in the Act for many years. The officers of the Factories and Shops Department, under the provisions of the Act that permit of the successful policing of the compulsory insurance of employees against accident, are continually checking returns from insurance companies and carrying out inspections in the metropolitan area and in country districts for the purpose of ascertaining whether every employer has covered his workers by a policy under the Workers' Compensation Act. Within the last 12 months there have been some 15 prosecutions against employers for having failed to insure their workers against accident. Most of those prosecutions have been successful, and the publicity given to the court proceedings has had the effect of impressing other employers with the necessity of insuring their workmen against accident. This particular activity of the Factories and Shops Department has been very beneficial, and it will not only be carried

on as previously but will also be increased to the utmost possible extent.

I propose briefly to refer to the activities of the Child Welfare Department, which is another department that carries on quietly but nevertheless effectively in its work of trying to make things a little easier for the women and children who find themselves in need of State assistance. On the 1st July of this year relief was being given to 903 women upon whom children were dependent. In addition, there were 130 cases of outdoor relief, consisting of widows, deserted wives, incapacitated husbands, sick single persons, wives whose husbands are in mental hospitals, wives whose husbands were in prison, dependants of internees and others of that description. The expenditure of the department has decreased during the period of the war. The main reason for this, I think, is that a number of married men who were not previously maintaining their wives and children enlisted, and upon enlistment were able to make allotments in favour of their wives and children through the military department, with the result that those women and children no longer remain dependent upon the Child Welfare Department.

The number of cases of that nature has been surprisingly high, and I suppose it is desirable from every point of view that husbands should, in a direct way, make provision for the maintenance of their wives and children, as against neglecting that duty by allowing their dependants to be looked after by the State in the best way that the finances of the State will allow. On the 30th June last assistance was being rendered to 1,033 families, 412 incapacitated husbands, and 2,138 children not including the wards of the State. Those figures disclose a decrease during the 12 months of 196 cases and a decrease of 840 persons. It will be seen, therefore, that the decrease has been quite considerable. This is accounted for, as I have said, mainly by the fact that married men not previously maintaining their wives and children have enlisted and are now making the necessary provision for their dependants.

I come now to a consideration of the activities of the Department of Industrial Development. Probably the most important work carried out by this department during the year was the preparation of a case for presentation to the Western Australian

War Industries Committee. When the department was notified of the Commonwealth Government's intention to appoint this committee for the purpose of inquiring specifically into the question of the industries of Western Australia, the department set to work to prepare a case that would in the clearest manner possible place before the members of the committee a true picture of the progress of our secondary industries in the past, and of the steps which we considered should be taken to strengthen the structure of those industries and also to enable Western Australia to establish new secondary industries within its borders.

Hon. N. Keenan: Is that in the form of a report?

The MINISTER FOR LABOUR: The statement we prepared was not actually in the form of a report, but was in type-written form and covered many foolscap pages. That statement became the evidence which was tendered to the committee by myself and the officers of the department. It became the basis of the case for Western Australia so far as the presentation of this State's case in connection with secondary industries was concerned.

Hon. N. Keenan: Was it included in the committee's report?

The MINISTER FOR LABOUR: Yes, although the evidence is not printed in detail in the committee's report. The report makes reference to the evidence which was submitted by our department, and also alludes to the particular subjects dealt with in the evidence from the Department of Industrial Development.

The main items upon which evidence was tendered to the committee by the department were—1, The establishment of a complete self-contained munitions plant; 2, The provision of two large forging presses, one of 1,000 to 1,500 tons' capacity and one of 400 tons' capacity; 3, Increased manufacture in Western Australia of precision instruments; 4, Greater employment of unused capacity of our engineering establishments; 5, More sympathetic consideration of Western Australia's circumstances in regard to defence contracts generally; 6, Heavier calls to be made on Western Australia's secondary industries for war requirements; 7, Allocation of additional shipping space to Western Australia, particularly in regard to shipment of Western Australian produced

and manufactured goods to countries in the Near East, and also in connection with shipment of locally produced and manufactured goods to Darwin; 8, Prompt action by the Commonwealth Government to provide a fishing research vessel and a marine biological laboratory (in this regard news of a quite pleasing nature has come through from the Commonwealth Government concerning which the Premier will be making a statement in the very near future); 9, Establishment in Western Australia of a basic industry to produce high-grade iron, using Western Australian hardwood charcoal; 10, Establishment of a steel shipbuilding industry for vessels of 2,000 tons' deadweight capacity, including the immediate construction of two ship slipways; 11, Revival and extension of wooden-shipbuilding for craft of 500 up to 1,000 tons' deadweight capacity; 12, Development of the alunite deposits at Lake Campion; 13, Financial assistance to permit of further research into technical and economical problems of treating alunite or aluminium by extraction; 14, Provision of £100,000 per annum for five years to assist industrial expansion in Western Australia, the administration of such funds to be a joint responsibility of the Commonwealth and State Governments.

Members will have no difficulty in realising that the matters dealt with are all highly important to the industrial development of Western Australia, and that some of the subjects referred to are absolutely vital if this State is to make industrial expansion on any really large scale. In the evidence we gave to the committee we concentrated mainly on the proposal to develop the alunite deposits at Lake Campion and on the question of establishing in Western Australia an iron and steel industry, using our local hardwoods as a basis for the production of charcoal, which in turn would be used for the purpose of smelting iron ore obtained from deposits in this State.

Hon. N. Keenan: Do you propose to put up experimental smelting works?

The MINISTER FOR LABOUR: That is the idea we have in mind, to tackle the problem of establishing an iron and steel industry in this State in a careful, scientific way, so that every step taken will be a safe step, and in order that we shall not rush in hurriedly and make blunders that would be irreparable in their effect upon the future of this proposed industry.

Mr. Sampson: The B.H.P. is doing wonders in South Australia.

The MINISTER FOR LABOUR: In brief, Mr. Chairman, we propose to follow to a large extent the course that has been followed with regard to the proposal to establish an industry at Lake Campion for the treatment of the alunite deposits. Many tests and experiments were carried out which established the idea that potash can be extracted successfully from those alunite deposits. Those associated with the proposal, however, were anxious that nothing should be left to chance. They desired that every phase should be removed from the possibility of doubt; and so the Government was approached for the purpose of having a pilot plant constructed and operated in order that the deposits might be tested out to the last degree. The pilot plant was constructed in Western Australia and installed at the University. For many months tests were made under the control and careful guidance of scientific experts, and the final result established, beyond any possible doubt, that potash could not only be successfully extracted from the alunite, but could be extracted on a commercial basis. With much justification, it is now hoped that steps will shortly be taken to establish the industry at Lake Campion for the purpose of supplying the whole of Australia's potash requirements. Members are probably aware that the importation of potash is now a matter of extreme difficulty, if it is not altogether impossible. The development of the industry at Lake Campion has, therefore, become an urgent matter and is being viewed by all concerned from that angle.

Members will know that the Western Australian War Industries Committee made recommendations with respect to all the items to which I have referred. Members will also know that Ministers and officers of other Government departments submitted evidence to the committee dealing with questions concerning those other departments. Employers' organisations and the trade union movement also prepared and submitted evidence to the committee when it was in Western Australia. It can be fairly said that in this State there was, in the preparation and submission of evidence to the committee, a greater measure of co-operation exhibited than we have yet seen exhibited

in the State. Because the people of this State were united in the matter, because all sections of the community did co-operate in the preparation and presentation of evidence, the committee could not have been otherwise than deeply impressed by the complete case that was put before it. Therefore, it is not surprising that the recommendations of the committee are as favourable as we find them to be. Members are aware that the committee recommended the establishment of a permanent Industries Expansion Commission for this State, to consist of Commonwealth and State representatives. This Commission, which has been set up, is in fact a Commonwealth Commission, but the State Government has been given two representatives upon it.

The Commission will deal with questions associated with the maintenance and expansion of our industries. It will not be entirely restricted to a consideration of questions related to our secondary industries, but will have power, when necessary, also to give consideration to the maintenance of our primary industries and to the development of new branches of primary production. It will make inquiries and submit recommendations to the Commonwealth Government with respect to the measure of financial assistance which the Commonwealth Government should render for the maintenance of our industries and their development, whenever it is considered that such industries should be expanded or new ones established. It may fairly be said that this Commission represents the greatest step forward in the programme of developing the secondary industries of our State that has been made in all the State's history. It is right to say, too, that the people of the State are now becoming secondary-industries conscious, which in itself is a major achievement. Members do not have to cast their minds back many years to recall that the majority of our people did not consider for a moment there was any future for secondary industries in Western Australia.

Hon. N. Keenan: How long ago was that?

The MINISTER FOR LABOUR: The hon. member need not go back more than 12 years.

Hon. N. Keenan: Oh!

The MINISTER FOR LABOUR: If the hon. member cares to go back 12 years, he will find that 99 per cent. of our people

believed that the State was destined, by some mysterious Providence, to remain a primary-producing State for all time. Force of circumstances, however, achieved a sort of mental revolution, with the result that the majority of our people today earnestly believe there must be a balancing-up of secondary industries with primary industries, if the State is to make that steady solid progress in the future which we all desire it should make.

I do not intend tonight to go deeply into statistics. I desire to tell members, however, that since the commencement of the war, a substantial increase has occurred in employment in our factories. That increase does not compare with the sensational increases that have taken place in New South Wales, Victoria and South Australia, but it will become more rapid from now on. If we go back to the year 1933, we shall find there were 15,000 people employed in our factories. In 1936 the number was 21,000; in 1940, 23,000; and in 1941, slightly over 25,000. That increase is particularly satisfactory because it has not been brought about by the establishment of war industries alone, but mainly by the expansion of industries that have been established in the State for some years.

Mr. Doney: Twenty-three thousand to 25,000 over how many years?

The MINISTER FOR LABOUR: One.

Hon. C. G. Latham: You know that most of those have been employed in the factories because of war contracts.

The MINISTER FOR LABOUR: The increase from 1933 to 1941 was 10,000; the increase from 1940 to 1941 was approximately 2,500. It is quite true, as the Leader of the Opposition suggests, that a considerable amount of additional employment has been provided in those of our factories engaged in the production of foodstuffs and clothing by virtue of the fact that those industrial establishments have received substantial orders from the Defence Department. The fact remains, however, that the demand upon those factories for the goods they produce indicates that the quality of the goods being produced is sufficient to meet the demands of the Defence Department, and those demands in respect of quality are very stiff indeed. So it is proved beyond doubt that the quality of the goods produced in our factories is equal to that of

goods produced in factories in eastern Australia, and if we continue to impress that fact upon our people and obtain from them the response we desire, a good deal will have been achieved in connection with that particular point.

Mr. J. Hegney: A good deal of prejudice still exists against locally manufactured goods.

The MINISTER FOR LABOUR: I could give hundreds of instances of blind, stupid prejudice that still exists in this State in the minds of some people in respect of goods manufactured in local factories and workshops.

Mr. J. Hegney: Even where local goods are superior in quality.

The MINISTER FOR LABOUR: I propose to give a brief outline of the industrial development that has taken place in this State since the war began. There has been established a flax-growing industry. Approximately 7,000 acres of flax are under cultivation in the South-West. One processing factory is already operating at Yarloop. A further factory is to be erected at Donnybrook in time to process this season's crop in that district, and a third factory is to be established at Boyup Brook for the purpose of processing crops to be grown in that area. That is a major development in the field of secondary industry, and it is—

Hon. C. G. Latham: And of primary industry, I should think.

The MINISTER FOR LABOUR: —an important development in the field of primary industry.

Hon. C. G. Latham: I thought you might have reversed it—primary first and then secondary.

The MINISTER FOR LABOUR: There is some doubt whether this industry will survive after the war. Every effort is being made to have the crops grown on the most economic basis possible, and to have the processing of the crops carried out as economically as possible, the idea being that if we can establish on an economical basis the growing and processing of the crops, we may be able to save the whole industry, or at least a portion of it, for this State after the war, so that it will remain with us as a peacetime activity instead of being a wartime activity that will go to pieces soon after the war is over. We have established

in the Avon Valley district the linseed industry which is, of course, a close relation of the flax-growing industry established in the South-West. The crops of linseed growing in the Avon Valley district are being produced for processing into linseed oil and linseed meal products.

Hon. C. G. Latham: Is it not the seed of the same plant?

The MINISTER FOR LABOUR: No, it is a different variety of seed. It is of the same family but one class of seed, when planted and developed into crops, is far more suitable for seed than the other.

Mr. Doney: They are both described in the booklets issued by the Agricultural Department as flax.

The MINISTER FOR LABOUR: That may be so, but the seed of the plant growing in the South-West does not contain a high percentage of linseed oil. On the other hand, crops grown in the Avon Valley district would not be much good for processing into flax, as is the case in the South-West. This is the first time that linseed crops for the processing of the seed into linseed oil and meal have been grown in Australia on a commercial scale. In past years some experiments on a very restricted scale were carried out in one or two of the Eastern States—

Hon. C. G. Latham: Madam McCracken tried it out here years ago.

The MINISTER FOR LABOUR: —but sufficient success did not attend those experiments to justify the expansion of the industry. The crops at present grown in the Avon Valley district have developed remarkably well, and the seed is almost ready for gathering. Plans have been developed for the establishment of a factory in the metropolitan area, and in that factory seed will be processed into the various products I have mentioned. The total cost of building a factory and purchasing and installing the necessary plant will be approximately £15,000. The question of the establishment of that factory in the Avon Valley district was given the closest possible attention. I had an idea that Northam would be an ideal site, and that if it were found not to be, Spencer's Brook would probably be a very good site, and in close preference following Spencer's Brook were York and Beverley. But those who are to undertake the secondary industry side of this activity found that

there were several factors that would be greatly to the disadvantage of the factory if it were established in the Avon Valley district.

Mr. Doney: What were the principal factors?

The MINISTER FOR LABOUR: So it is to be established in the metropolitan area, and it may be some satisfaction to the member for Subiaco to know that the factory will probably be established in her electorate.

Mr. Abbott: What area of linseed was planted?

The MINISTER FOR LABOUR: Two thousand acres of linseed are under cultivation in the Avon Valley district.

Mrs. Cardell-Oliver: They are not going to take up workers' homes land for the establishment of the factory, are they?

The MINISTER FOR LABOUR: I could not say. The production of hops in the South-West has been considerably increased, and crops are now being grown with the aid of irrigation. This may not appear to be a very important matter, but the Department of Industrial Development has given a good deal of valuable advice and technical assistance to those growers who are expanding their production of hops down there, and it is estimated that within a year or two sufficient hops will be grown in this State to provide the whole of local requirements. Two new factories have been established for the purpose of processing tomatoes. One factory is processing 700 tons of tomatoes for the production of special pulp, and canned tomatoes. The other is producing tomato sauce and pickles.

Hon. C. G. Latham: Are they new factories?

The MINISTER FOR LABOUR: Yes, they are both new.

Mr. Doney: And privately owned?

The MINISTER FOR LABOUR: Yes.

Hon. C. G. Latham: I did not think the Geraldton one was new.

The MINISTER FOR LABOUR: It is.

Hon. C. G. Latham: It started there years ago.

The MINISTER FOR LABOUR: No. Was that for the purpose of processing tomatoes into pulp?

Hon. C. G. Latham: Yes, into puree.

The MINISTER FOR LABOUR: They may have made a half-hearted attempt, but did not get very far. It might interest members to know that there is a great demand now for tomato pulp, not only from within Australia but from several countries outside. This particular measure of industrial development has taken place at the right time, and as a result the industry is getting what might be described as a good kick along, and is being given an opportunity to establish itself on a very solid basis, so that it ought to be in a good position to meet any repercussions which may come at the end of the war.

A new factory has been established for the production of jams and preserved fruits. The output of all jam-making factories in this State has been trebled since the war began. Two new factories have been erected for the canning of fish. One is canning crayfish and the other Perth herrings. The former factory is at Geraldton and the latter in the metropolitan area. Some members will know that the Geraldton fish canning factory is not a new one. It was established several years ago. Crayfish were canned and sold within Australia. Some quantities were sent oversea, but for reasons which I need not discuss the enterprise failed and failed badly. The factory building, which was a modern one in every sense of the term, was closed down, and remained closed for several years.

Mr. Doney: Two or three attempts have been made to start factories at Geraldton, and on the islands.

Hon. W. D. Johnson: There was a very successful factory at Shark Bay operating for some time.

Mr. Doney: It could not have paid or it would not have closed down.

The MINISTER FOR LABOUR: A very solid attempt was commenced some two years ago to get this factory going again at Geraldton. Today it is producing at a very rapid rate, but is not able to meet one-tenth of the demand made upon it.

Hon. W. D. Johnson: That is because of war conditions.

The MINISTER FOR LABOUR: Orders of a sensational magnitude are pouring in from all over Australia. It would be possible if the factory were much bigger and turning out one hundred times its present production, to dispose easily of great quantities of its

products to oversea countries. Every opportunity will be taken further to develop this work, and to establish the fish canning industry at Geraldton on the biggest possible basis. A meatworks capable of treating up to 5,000 head per annum has been established at Broome.

Hon. C. G. Latham: Is that Government or privately controlled?

The MINISTER FOR LABOUR: The Government has assisted in the establishment of that industry, and it has assisted in the establishment of many of the other activities to which I have referred. This company at Broome is engaged in the canning of sheep's tongues and in producing small goods and other meat products. One new factory, about which members of this House may have heard and about which members of the Legislative Council have certainly heard something, has been established to produce special fruit and vegetable juices. The output of the two existing factories producing condensed milk has been increased by 30 per cent. Plans are in hand for the further expansion of Nestle's condensed milk factory at Waroona. It is anticipated that considerable expansion will take place in that factory early in the new year. We have had an assurance from the general manager of Nestle's, Sydney, that he and his directors are anxious to expand their activities at Waroona to the utmost possible limit. They have assured us that they have been particularly gratified with the assistance rendered to them by the dairy farmers of the Waroona district, and also with the very valuable assistance rendered to the industry by the appropriate officers of the Department of Agriculture. A new factory for the production of stock foods has been practically completed at Welshpool. The Government has not made any financial assistance available to the company interested in the establishment of this factory.

Hon. W. D. Johnson: I suppose it is one of the most substantial in the State.

The MINISTER FOR LABOUR: Yes. I had a look at the building the other day and it is a very fine factory. I am sure the activities to be carried on within that building will be of considerable benefit to the primary producers of this State. Arrangements are in hand for the local manufacture of implement handles and insulator

pegs from local timber. Low-grade paper is being manufactured from newspapers, and arrangements are in hand for the manufacture of brown paper from straw, by the use of an Italian process. A factory has been established for the manufacture of several classes of medical instruments and chemical equipment. Practically the whole of the State's requirements for fire extinguishers is now being turned out locally. Prior to the war these extinguishers were all imported from Eastern Australia. Two firms are now engaged on the manufacture of electric motors, and an excellent range of electric motors between 1-8th of 1 h.p., and 15 h.p. is now being produced in this State. Spares for rock drills are now manufactured in Western Australia. Two firms are engaged in the production of optical instruments for the Defence Department. It is probable that the whole of the clinometers required by Australia will be made in Western Australia. I will have something to say later in connection with that particular matter.

Australia's entire requirements in tool-holders is now being manufactured in Australia, and a factory is being erected in Western Australia in connection with this industry. A local company is now manufacturing all the boot heel-tip requirements of Australia and is exporting to India. The same company is successfully manufacturing sea markers for the Defence Department at a price lower than that tendered by any other Australian tenderer. When this manufacturer tendered his price the Commonwealth authorities, after comparing it with the price tendered by firms in the Eastern States, were very doubtful about his capacity to produce the sea markers at the price tendered. They communicated with the State Government and wanted this man's bona fides checked in every possible way. They said they felt he had made a mistake in his tender, and were very diffident about making any contract available to him. The matter was checked from A to Z by special technical officers of the Department of Industrial Development, and by other officers, and it was considered that this man, by virtue of his knowledge and the manner in which he had organised the plant within his factory, and because of the mass production methods he proposed to use, could in fact produce these sea markers at the price he tendered. The information was sent to the Commonwealth Government and

a contract was then let to the firm, which has been successfully carrying on the production of the articles in question.

Mr. Cross: How many of those factories employ more than 10 people?

The MINISTER FOR LABOUR: There are some in the hon. member's district that employ many times 10 people, and I hope he will tell us something about them when he has an opportunity to speak on these Estimates. Complete steam engines up to 1,000 h.p. are being manufactured at the Midland Junction Workshops for the navy. The State Engineering Works will shortly be producing malleable cast iron, Bren-carrier track links, and special articles for the Commonwealth shipbuilding programme. A number of steam winches required under the Commonwealth shipbuilding programme is being manufactured in this State. Large 1,000-ton toggle presses, lathes, milling machines, rolling mills, shell-banding presses, concrete mixers and electric winches have been and are being produced here.

One new woollen mill has been established in a country district for the production of knitted woollen and cotton goods, the centre being Bunbury. The output of the Albany Woollen Mills has been doubled. Every member is aware that succeeding Governments have been responsible for keeping the Albany Woollen Mills in existence. It is a great thing for Western Australia, and for Australia, too, that these mills were kept in operation, because they have rendered great service since the war began and will render an even greater service so long as the war continues.

Hon. C. G. Latham: Some private money has been invested in those mills.

The MINISTER FOR LABOUR: A good deal of private money has been invested in them, but the Leader of the Opposition knows that the Government had to go to the assistance of those mills from time to time in a very substantial way. Each Government has stood up to its responsibilities in that regard. It is a pity that in years of peace the general public did not stand up to its responsibilities to the mills in the way the various Governments have done. The fact that the Albany Woollen Mills have been able to meet all the quality requirements of the Defence Department in the supply of clothing for the defence forces is a very high recommendation for the products of the mill. Seven clothing factories

are working at full pressure on defence orders. A new hosiery mill was established and is now working at full capacity producing socks in fulfilment of defence orders.

Mr. Doney: Where is that factory?

The MINISTER FOR LABOUR: In the metropolitan area. Three boot manufacturers are working at full capacity on army contracts. A factory that was producing waterproof clothing was reopened some time ago and is now supplying this State's requirements and exporting waterproof goods to South Australia in competition with Eastern States firms.

Markets for blue asbestos from the Hamersley Range have been exploited. The company is now prepared to export 100 tons per month to America. The production and processing of vermiculite have been developed. The Commonwealth Government was induced to prohibit the importation of vermiculite into Australia and there are now good prospects for the development of this promising industry. A factory has been established for the fine grinding of felspar for export to the Eastern States. A number of new refractories have been developed, particularly crucibles and vermiculite insulation bricks. A factory for the fine grinding of silica, lime sands, iron oxide, etc., has been established. I have already referred to the endeavour of the Government to establish an industry at Lake Champion for the production of alunite. That industry, when developed, will be one of major importance to the State. In addition to producing potash, it will turn out a number of by-products which will be in great demand throughout Australia and even in other countries of the world. That statement briefly sums up some of the industrial developments that have taken place in the State since the war began.

Mr. Cross: There is room for plenty more industries.

The MINISTER FOR LABOUR: The Department of Industrial Development, in addition to trying to develop new industries and to maintain existing industries at least at the previous level of production, gives a great deal of technical advice to firms and individuals engaged in various industrial operations. I propose to quote from a list covering activities in connection with which technical advice has been made available by the department to the advantage



of those concerned. Such information has been made available in connection with local galvanising operations, plant and layout of factories, suggestions for the alteration of layout of existing plant and factories for the change-over of power plants from imported fuel to various types of locally-produced fuel. A great deal of information has been made available to the charcoal producer gas industry. There are many items on which advice has been given from time to time to the firms and individuals concerned. If members care to make contact with local manufacturers, they will find that those who have been so assisted are very appreciative of what has been done.

I wish now to give some information covering the financial assistance granted by the Government to various firms and the activities which they carry on. I do not propose to mention the names of the firms or individuals because, for obvious reasons, it is not desirable that such information should be given, but if any member desires at any time to look at the papers dealing with any firm that has received financial or other assistance from the Government, there will be no objection whatever to making them available without delay.

Hon. W. D. Johnson: The details are given in the Government reports.

**THE MINISTER FOR LABOUR:** The details are given in the papers referred to, but if members are not satisfied with that information, there is no objection to their perusing the file in any particular case and obtaining such additional information as may be desired. Financial assistance to the extent of £500 was made available for the purpose of establishing here the waterproof-coat industry. Financial assistance to the extent of £750 was granted for the production of military greatcoats, military uniforms, military badges and the like.

Mr. McDonald: Does that mean loans?

**THE MINISTER FOR LABOUR:** In the majority of instances this financial assistance has been made available by way of guarantees to the banks with which the particular firms have been dealing. For my own part I would like to see considerable reform brought about in this respect also.

Mr. McDonald: There is some difficulty.

**THE MINISTER FOR LABOUR:** It is a question of time, and the new Federal Government may find a way of assisting in that

regard. I think the Commonwealth Bank could play a much greater part in this matter if it were permitted to do so, or if those responsible for its administration would allow it to do so. We have had some complications in connection with the Commonwealth Bank, which could have made financial accommodation available at a much lower rate of interest than the private banks would have done.

Hon. C. G. Latham: One per cent. lower.

**THE MINISTER FOR LABOUR:** In some instances more than one per cent., and more than two per cent.; but when the proposals were submitted for decision to the Commonwealth Bank Board in Melbourne, the members of that board in Melbourne sent back a polite "No" in every case. So whilst we hope for radical alterations in that regard, we ourselves have not very much power to effect them.

Hon. N. Keenan: But that would not alter the Commonwealth Constitution. That Constitution prohibits the granting—

**THE MINISTER FOR LABOUR:** The Federal Constitution does not prohibit the Commonwealth Bank from granting an advance to a firm for the production of jam, for instance.

Hon. N. Keenan: I say the State cannot lend money except for the purpose of assisting mining. That is the single exception—

**THE MINISTER FOR LABOUR:** I am very doubtful about the hon. member's opinion on that point. Financial assistance to the extent of £500 has been made available for the production of cotton and woolen underwear in this State. An amount of £300 has been made available to increase the production of pickles and sauces, £1,250 for the pulping and canning of tomatoes, £6,000 for the production of chilled beef and frozen offcuts, £1,700 for the production of fruit and vegetable juices, £1,100 for the canning of crayfish and the freezing of crayfish, £600 in connection with the canning of tongues and meats, £600 in connection with the canning of fish other than crayfish, £500 in connection with the production of gun clinometers and scientific instruments required by the Defence Department, £300 in connection with the production of scientific instruments, shaped wire clips and buckles and gun sights, £200 in connection with the local production of fire extinguishers, £500 covering the production in Western Aus-

italia of electric motors, electric welders, and general electric equipment, £100 for the production of fractional horsepower electric motors, £3,000 for the production of boot heel clips, sea markers, windmills, and steel pressings, £1,280 in connection with the production of general munitions requirements, £2,300 for the production of tool holders, rock drill parts, mincers and munitions.

Mr. Mann: What is a sea marker?

The MINISTER FOR LABOUR: I knew someone would ask that question before I had finished. A sea marker is an instrument that is used for the purpose of marking out operations carried on by the Navy Department in connection with its activities. That is as clear as the matter should be made, I think. We cannot be absolutely specific and give the utmost details in connection with many of these items, because we are to some extent bound to treat the matters as confidentially as possible. But if the member for Beverley is still interested, we could perhaps have a private meeting and discuss the matter further. There is £4,000 for the production of gas-producing units. This item is one in connection with which we would not normally have made any financial assistance available at all, because we considered there were sufficient firms engaged in the production of gas-producing units as not to warrant our financially assisting any one of them. We knew that there was available sufficient private capital to develop this industry.

The reason why financial assistance was made available to two firms is to be found in the fact that these two firms obtained large contracts from the Commonwealth Government for the production in this State, of gas-producing units. The two firms were guaranteed a sale for the units they produced under their contracts. In other words, the Commonwealth Government said to these manufacturers, "We will give you contracts to manufacture so many gas producers, and we will purchase from you all the units you have not sold to the public at the end of a specific period." Therefore the contracts were absolutely safe to the manufacturers concerned, but it was necessary for them to be financially assisted in order that they might rapidly increase their plant and thus place themselves in a position to be able

swiftly to increase their production of gas producer units. Accordingly financial assistance was made available to those two firms only because of the fact that they were given large contracts for gas producers by the Commonwealth Government.

Hon. C. G. Latham: They were granted bank guarantees?

The MINISTER FOR LABOUR: Yes. Then £300 was made available for the production of magnesite cement tiles and flooring, £609 for the production of potash and by-products by the pilot plant to which I referred previously.

Hon. C. G. Latham: Was that amount expended at the University?

The MINISTER FOR LABOUR: Yes. There was £100 for fish fertiliser, and £1,200 for the establishment of the linseed-growing industry in the Avon Valley district, and for the establishment of a factory to treat the seed when available, and £500 in connection with iron oxide, fillers' lime and magnesite.

Financial assistance to the extent of £6,000 was made available for the purpose of establishing here an industry for the production of charcoal in briquetted form. It is considered that charcoal in briquetted form will continue saleable after the war, because charcoal in that form is particularly economical, and it is clean to handle, having none of the disadvantages which do apply to the ordinary type of charcoal. Therefore it is considered perfectly safe to go ahead with the production of charcoal in briquetted form, and for the Government financially to assist that proposed industry. The briquetted charcoal will be produced from sawdust, and it is proposed to establish the industry somewhere between Pinjarra and Dwellingup. Altogether the Government has by way of financial assistance to secondary industries made available a total sum of £35,000 during the last two years.

Mr. Cross: Has any attempt been made to manufacture sulphuric acid from either pyritic ore or gypsum?

The MINISTER FOR LABOUR: Yes. The Minister for Mines will probably be able to tell the member for Canning a great deal about that matter. In addition, the Minister for Mines will be able to give much information about some items upon which I have touched in the briefest way possible.

I shall now refer to the proposed iron and steel industry and to the proposal to produce potash from alunite. The Government set up a panel of experts to investigate the possibility of establishing an iron and steel industry in this State. The panel examined available sources of raw materials, particularly iron at Koolan Island and Koolyanobing, limestone and lime sands in the Margaret River district and charcoal from large-scale wood distillation operations. Consideration has been given to three smelting processes: 1, the charcoal blast furnace process as operated in India; 2, the Duffield briquetted smelting process as operated on a small scale in London; and 3, the electric smelting processes as operated in Sweden and Norway. A study of the economics of the industry indicates that a high grade charcoal iron can profitably be produced from available local raw materials. Full particulars of the proposal have been supplied to two British financial groups and there is evidence that they are interested in the establishment of the iron and steel industry in Western Australia. The panel that has been operating in this State intends to carry out certain investigations in order to determine the yields from the distillation of local hardwoods growing in the South-West.

Two years ago the Department of Industrial Development, assisted by the Mines Department, endeavoured to arouse interest in the potentialities of the Lake Champion alunite deposits. A local syndicate acquired the leases and provided funds for the initial investigations. The State Government helped by purchasing a pilot plant and erecting at the University a special rotary furnace. Following on this, the Council of Industrial and Scientific Research made two of its research chemists available, so that their knowledge and skill could be used at the University in connection with these researches. Two years of intensive research have proved beyond doubt that potash can profitably be extracted from the deposits, which contain sufficient potash to supply the whole of Australia's requirements for the next hundred years. The research work undertaken indicates that a number of valuable by-products can be obtained, and there are excellent prospects for the development of a large chemical industry based upon the production of potash. The by-products will greatly assist in the establishment of allied industries in West-

ern Australia. The by-products number approximately twenty and many of them are extremely valuable.

The syndicate formed to work the Lake Champion deposits has applied to the Commonwealth Government for permission to form a company and to raise the capital necessary for the establishment of the industry. The syndicate has also applied to both the State and the Commonwealth Governments for financial assistance. As soon as the syndicate, through the company, obtains permission from the Commonwealth Government to raise the necessary capital, it intends to proceed without delay to erect the necessary buildings and purchase the necessary plant. I could say a great deal about the work of the department and the Government with regard to manpower problems that have arisen in our factories and workshops, but time will not permit of even a brief explanation of what has been done. Suffice it to say that the department has been able to assist many manufacturers in their manpower problems, which have been numerous and exceedingly worrying. I am glad to say the position has improved considerably. As a result of new arrangements made between the State and the Commonwealth Governments, it is believed the position will improve even more in the near future.

I desire to refer to the production of munitions and other war requirements in Western Australia. In this respect, I draw the attention of members to a statement which appeared in the "Daily News" of Saturday last by Mr. E. L. Burke, the Information Officer of the Department of Munitions. Some members no doubt have already perused the article. Those who have not will find in it a detailed explanation of what is being done in this State in the production of munitions and other war requirements. They will also find the names of the factories and workshops in which most of these articles are being made. Twelve months ago practically no defence work was being carried out in the engineering workshops of Western Australia. In an endeavour to secure for local workshops and factories some of that work which was within their capacity and ability, the Government in May last set up two War Production Committees, one to deal with production problems in Government workshops, and the

other to deal with similar problems in private workshops and factories. The War Production Committee has aided the efforts of the local Board of Area Management, which is a Commonwealth committee formed for the purpose of ensuring that contracts let in Western Australia will be carried out with the utmost possible expedition and success. As I said, 12 months ago it was difficult to obtain contracts for munitions for our local workshops and factories. Since then an appreciable number of contracts has been placed in this State.

Remarkably good work is being done, as members probably know, at the Midland Junction Railway Workshops and the State Engineering Works. Private firms also are doing some very fine work. Ten large toggle presses, weighing 60 tons each and worth about £7,000, are being made in a private shop. Two large rolling mills, weighing 45 tons and worth £6,000 each, are in production; and 12 very complex machine tools are also being made in a private workshop, which is also making winches for slipways and boom defence and marine engines up to 1,000 horse power. Another firm is engaged in carrying out an order for 24 plain milling machines. This is a very big order. The machines are urgently required for defence purposes. Still another firm has secured contracts in the open market for 50 cordite presses worth about £32,000, and is making a certain type of practice shot each week. Another firm is engaged in the manufacture of explosive presses, and naval winches and also subcontracting for numerous other defence orders.

I have already referred to the firm which is engaged in the manufacture of boot heel-tips for the whole of the Australian forces. This firm has already made 1,000,000 pairs of these heel-tips and is now manufacturing orders worth nearly £50,000 for Australian and Indian requirements at the rate of 90,000 pairs per week. This is also the company that has secured an order for 30,000 sca-markers, valued at about £23,000. Another firm is about to engage in manufacturing primer caps for shells at the rate of 10,000 per week. Two firms of instrument makers are engaged on defence work of a highly technical nature. One firm in particular has already earned a high reputation for its workmanship in the manufacture of clinometers for trench mortars and 25 pounder guns. Defence officers who

have visited this State and have had an opportunity to see the work turned out by those two firms have been amazed to think that in Western Australia work of this kind could be done. It is indeed a compliment to the initiative, courage and skill of the members of the local firms concerned that they have been able to establish themselves in a position to turn out these special instruments in which the degree of accuracy has to be perfect, and to have their products accepted by the defence authorities of Australia.

Mr. Sampson: It is an inspiring story.

The MINISTER FOR LABOUR: The order which a firm manufacturing clinometers has is for 27,000, and the value of each clinometer to the firm is approximately £1. It will, therefore, be seen that the contract held by this firm for the manufacture of clinometers approximates £27,000. Forty-two hangers worth £62,000 have been manufactured in the State and army bridging worth £60,000 is now being manufactured. In this regard there is what is known as a major contractor and a number of subcontractors, the total number of private firms and Government undertakings concerned in this huge contract being seven.

Hon. C. G. Latham: There is only one Government undertaking.

The MINISTER FOR LABOUR: The number of private firms is five and the number of Government workshops concerned is two. There are seven separate workshops engaged on the manufacture of this £60,000 worth of bridging material. A local motor body building firm has undertaken the construction of 294 pontoons valued at about £75,000. This contract will employ 100 men for approximately seven months. Another motor body building firm will enter into production early in the new year on defence orders, and will employ over a hundred men for a long period in the carrying out of the contract which it has already been given. I need not tell members very much about the small arms munitions factory at Welshpool, as a good deal has already been said and published in connection with that.

Mr. Cross: Give us an idea when it will start work.

The MINISTER FOR LABOUR: The latest advice I had from the Commonwealth officer who visited Western Australia a few

weeks ago was that the factory would probably commence operations in late January. I think we can probably add a month or six weeks to that.

Hon. C. G. Latham: The 14th March is the correct date.

Mr. J. Hegney: Why not the 17th?

The MINISTER FOR LABOUR: It may be! In any event, it will be a very important day for Western Australia when operations are commenced at that factory, which will cost approximately £250,000 and will employ 1,250 persons.

Hon. N. Keenan: Will the machinery be of any use after peace has been declared?

The MINISTER FOR LABOUR: We are carefully investigating that problem not only in regard to the proposed factory at Welshpool, but also in respect to every factory and workshop that is engaged to any extent in the production of war munitions or other war materials. If it is at all possible we want to develop a plan that will enable the factory at Welshpool and any other factory engaged in the production of munitions or war materials to be able to change over within a reasonably short period to the production of civil requirements following the conclusion of the war. Every effort will be made to arrange matters in such a way as to enable that change-over to be made with the least possible delay and the least possible dislocation. I am sure the Commonwealth authorities will co-operate fully with us in that regard.

Mr. Cross: We shall want some munitions factories all the time.

The MINISTER FOR LABOUR: I am not suggesting that the Welshpool munitions factory will close down as soon as the war ends or that it will close down within 12 months or two years of the cessation of hostilities, but there may come a time when it will cease producing small arms ammunition. I think we should be ready with a plan so that when that time arrives the whole building will not become a useless derelict factory, but will be capable of being taken over and used for the production of necessary civil requirements for the people of Western Australia. I regard that as an urgent and important problem not only in respect of the factory at Welshpool but also in respect of every other factory and work-

shop in this State, whose production has been greatly increased as a result of the demands made upon it because of war conditions. That plan will be developed in connection with our secondary industries, and I think it will be found that before very long efforts will be made to develop a plan to deal in much the same way, or at least on the same principles, with our primary industries so that we may have a complete scheme ready to meet the pressing problems that will quickly develop when the war ends, and which will of course be the problems of the post-war reconstruction period.

I think no member of this House and no member of the public would desire that we should trust to luck in this matter. If we do, there is no doubt that when the war ends we will see developed in Western Australia a state of confusion that will be sufficient to overwhelm any Government that may be in office at the time. If the post-war reconstruction difficulties are to be met adequately, if they are to be met at all satisfactorily, we must plan now to meet them and plan in detail from now on so that when those problems do come we shall be ready to face them. Better still we should provide that the plans for the reconstruction period are so well developed when the war ends as to prevent those problems from arising at all. I have much pleasure in commending to members of the Committee a study of the estimates of the departments under my control.

Progress reported.

*House adjourned at 10.1 p.m.*