

The Hon. H. K. WATSON: I refer the Minister to page 19 of the financial tables.

The Hon. F. J. S. Wise: Do you think there is any risk in any conditions where the Crown is guarantor? Of course there is not!

The Hon. H. K. WATSON: Let me answer the question this way: Take the expenditure.

The Hon. L. A. Logan: It is not a revenue-producing authority.

The Hon. H. K. WATSON: I am going to deal with other matters which are not revenue-producing.

The PRESIDENT: Order! I must ask the Minister to make his comments when answering the debate. That will allow proceedings to go on more smoothly.

The Hon. H. K. WATSON: I think the Minister was trying to be helpful.

The Hon. L. A. Logan: I was, really.

The Hon. H. K. WATSON: I am afraid the Minister has delayed the House a little longer now. Take return No. 11 on page 13 of the financial tables, in connection with the Estimates. We are expending £19,500,000 from loan funds; and of that amount, £4,000,000 is being spent on public buildings which do not bring in a three-penny bit.

So, when the Minister says in respect of the country hostel authority that the amount is only £100,000, I refer him to this table. The principle is the same; and it is the same with respect to the expenditure of that £4,000,000 on public buildings. Take the first item, "Railways, including land resumptions." The amount is £3,000,000. I feel that the members of the proposed authority are still searching for light. It is obvious that the picture is not clear to them as yet.

Then there is this further point, as mentioned by Mr. Davies the other night: The authority will lay down a scheme and then blandly say to the local authorities—the Perth City Council, the Fremantle City Council, and so on—"You go ahead and carry out that scheme. You widen the road and you pay the compensation for the widening of the road."

The Hon. L. A. Logan: Not necessarily.

The Hon. H. K. WATSON: That means the ratepayers of Fremantle or Perth, as the case may be, will be further penalised because the local authority will have to raise a loan to pay for that work; and when the local authority raises a loan it strikes a loan rate, and up go the rates to the property owner.

It is not as though property owners were not being taxed on their properties today. As I have already said, they are paying heavy land tax of up to 7d. in the pound; and that tax is producing £1,200,000 per year. In addition to that, they are paying

heavy municipal rates, which may be further increased by town planning. Furthermore—and I need hardly emphasise this fact—they are paying heavy water rates.

There is one more point: If this tax is going to be continued, even for three years, it ought to be rebated from one's ordinary land tax. If it cannot be repealed, then the regional tax which is paid by landowners ought to be rebated from the land tax which they pay. I can see no good reason for making the regional tax permanent, but that is no reason why this particular Bill should not be supported. I support the second reading.

On motion by the Hon. A. L. Loton, debate adjourned.

House adjourned at 5.58 p.m.

Legislative Assembly

Thursday, the 29th September, 1960

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The SPEAKER took the Chair at 3.15 p.m., and read prayers.

QUESTIONS ON NOTICE**RAIL CROSSING ACCIDENT***Tabling of File*

1. Mr. JAMIESON asked the Minister for Police:

Would he lay on the Table of the House for one week the police file dealing with the investigations into the accident involving Mr. A. Bush on the 5th June, 1959, at the William Street rail crossing, East Cannington?

Mr. PERKINS replied:

No; but I am prepared to allow the honourable member to peruse the file in my office.

BOGIE CASTINGS*Manufacture by Bradford Kendall*

2. Mr. JAMIESON asked the Minister for Railways:

- (1) Is he aware that the firm of Bradford Kendall has been packing the special moulding boxes used for bogie castings, for despatch to its factory in South Australia, for the carrying out of the contract recently let to it?
- (2) Is this policy of letting a contract to a firm which sends this work out of the State in the best interests of industrial development of this State?

Comparison of Contract Prices

- (3) What is the contract price to be paid in respect of each of these bogie castings now being made by Bradford Kendall?
- (4) What was the contract price paid to Hadfields W.A. Ltd. for the same type of castings when manufactured by them?

Mr. COURT replied:

- (1) This is not correct. My advice is that certain boxes in no way connected with railway bogies are being returned to the Eastern States after having been forwarded by the company to South Fremantle in error.
- (2) Government contracts are let after due consideration of local preference policy.
- (3) £325 per bogie.

- (4) £311 7s. 9d. per bogie, plus £4 5s. 0d. to £6 maximum caused by variation in marginal rates.

BUS DRIVERS*Interchange Between M.T.T. and Tourist Omnibus Services*

3. Mr. CURRAN asked the Minister for Transport:

- (1) Is there an agreement between the Metropolitan Transport Trust and the Tourist Omnibus Services in respect of the transfer of buses and drivers?
- (2) If so, are the drivers in T.O.S. on a six-day week, as compared with the M.T.T. five-day week?
- (3) Is it a fact that M.T.T. drivers are paid at double-time rates for the extra day worked when transferred to T.O.S. whilst T.O.S. drivers are paid time and one half?
- (4) Does T.O.S. pay the additional penalty rate involved where transfers of M.T.T. drivers are concerned?

Mr. PERKINS replied:

- (1) There is no agreement between the M.T.T. and Tourist Omnibus Services. However, it is the practice of the M.T.T. to make buses and drivers available during heavy tourist periods.
- (2) and (3) M.T.T. and T.O.S. drivers are both paid in accordance with their respective awards.
- (4) Yes.

4, and 5. *These questions were postponed.*

CARNARVON JUNIOR HIGH SCHOOL*Present and Anticipated Enrolments*

6. Mr. NORTON asked the Minister for Education:

- (1) What is the total enrolment at the Carnarvon Junior High School for—
 - (a) primary classes;
 - (b) secondary classes?
- (2) Has his department received the anticipated enrolment figures for 1961 for the Carnarvon Junior High School in respect of—
 - (a) primary classes;
 - (b) secondary classes?

Mr. WATTS replied:

- (1) (a) Primary—354.
- (a) Secondary—98.

- (2) Yes, herewith.
 (a) Primary—376.
 (b) Secondary—134.

LOCAL GOVERNMENT BILL

Copies for Local Authorities

7. Mr. TOMS asked the Minister representing the Minister for Local Government:

Has he, as yet, been able to ascertain the answer to my question without notice of the 15th September (*Hansard*, No. 8, p. 1177); namely: On what date were instructions issued to post to local authorities a copy of the Local Government Bill (1960)?

Mr. PERKINS replied:

The Minister for Local Government authorised the provision of copies of the Local Government Bill for local authorities on the 23rd August and instructed on the 13th September that one copy should be despatched to local authorities, these copies being despatched on the 15th September.

C.M.F. TRAINING

Paid Leave for State Public Servants

8. Mr. FLETCHER asked the Premier:
- (1) Has any decision yet been made regarding pay to Government employees whilst attending naval, military, or Air Force camps during employees' annual leave?
 - (2) If not, when is a decision or announcement likely?

Mr. BRAND replied:

A decision will be announced within the next few days.

GAS AND ELECTRICITY CHARGES

Rumoured Increases

9. Mr. W. HEGNEY asked the Minister for Electricity:

In view of a report being circulated in connection with charges for gas and electricity, will he give the House an assurance that no increased charges will be made during the current financial year?

Mr. WATTS replied:

No increased charges are anticipated this financial year and this position will be ensured if satisfactory fuel prices can be arranged.

FIRE BRIGADES BOARD

Contributions

10. Mr. HALL asked the Chief Secretary:

- (1) Have local government contributions to the Fire Brigades Board increased from £60,000 a year to more than £80,000 a year?
- (2) How much do insurance companies contribute per year, and how many contribute to the Fire Brigades Board?

Mr. ROSS HUTCHINSON replied:

- (1) Yes.
- (2) The insurance companies contribute 5/9ths of the annual cost of the W.A. Fire Brigades Board. For the year 1960 the contribution is £289,314 from 151 companies.

STIRLING HIGHWAY MEDIAN STRIP

Tabling of Papers

11. Mr. OLDFIELD asked the Minister for Works:

In view of the fact that he agreed to lay upon the Table of the House "all papers in connection with the decision to construct the Stirling Highway median strip, also the decision to cease operations, and in both cases the reasons therefor," and that an examination of the file discloses that the papers dealing with the decision, and reasons therefor, are not contained within the file, will he now lay upon the Table of the House all papers, the tabling of which was requested of, and agreed to by him?

Mr. WILD replied:

Work ceased on the 27th July as a result of verbal instructions.

12. *This question was postponed.*

QUESTION WITHOUT NOTICE

SWIMMING POOLS

Government Assistance for Construction

Mr. CORNELL asked the Premier: To what extent is Government assistance given in the construction of rural swimming pools? Does it cover ancillary works associated with the pools or is the assistance limited purely to the swimming pools proper?

Mr. BRAND replied:

In order to give exact information to the honourable member I will have to have a look at this question and provide him with an answer at the next sitting of the House.

Mr. Hawke: It is purely at the Treasurer's discretion.

Mr. BRAND: There is a limit, of course.

PAPER MILL AGREEMENT BILL

Second Reading

MR. COURT (Nedlands—Minister for Industrial Development) [3.23]: I move—

That the Bill be now read a second time.

As part of its policy to stimulate industrial expansion in this State, the Government is seeking, firstly, diversity of industry; and, secondly, a planned programme to avoid so far as possible booms and recessions.

The agreement submitted for ratification covers these two requirements because it not only provides for a substantial new industry which will bring new career opportunities, but it also ensures that the industry is established in accordance with a timetable. This agreement has an even greater significance. It represents a major step to achieve a fully integrated paper industry. It will be an important selling point in seeking the establishment of a paper pulp mill in the south-west with all the consequential benefits, including more economic use of our forest materials.

Considerable progress has been made during the last 12 months with industrial development. Employment levels have reached record heights; unemployment has shown a sharp drop; and there has been a steady flow of capital and new factories being established. However, most of the actual results achieved to date have been more in the field of the short-term activation of the economy, but concurrently the Government has been working on the long-term plans.

This agreement with Australian Paper Manufacturers Ltd. falls into the long-term-planning group. It is our objective to sign up contracts with reputable firms so that we will be able to formulate a programme of development which permits us to undertake basic State commitments such as housing, power, water, roads, schools, hospitals, transport, etc., on a timetable that will fit in logically with the establishment of industrial projects. One factor which will influence the assistance given to an industry is the diversity we are seeking.

Obviously, if we are going to bring in more population through migrants, as well as absorb our natural increase, it is important that we have the maximum diversity of careers for our young people. This can do much to retain their interest in our State if there is an assurance of interesting careers in a wide field of activity. Therefore, any new industry which involves new skills and knowledge in a different field is very welcome.

In a similar field, members will recall the establishment of the medical school here. One of the prime factors motivating the sponsors of that scheme was to provide a school of sufficient standard to attract the better brains to come back to Western Australia, and to give this State the benefit of their skill and knowledge. That was impossible unless they had the attraction of the specialised facilities that a medical school would offer. It is the same in industry. We must have diversity, and give an outlet for these special skills if we are going to retain the young people in the State.

The soundest method of channelling our industrial development along lines most beneficial in the long term is to concentrate on those basic industries which offer the best utilisation of our natural resources. The paper and pulp industry, and iron and steel and chemical industries in particular, are those which it is necessary to establish and develop if we are to take full advantage of our natural resources and assume a better position in the overall Australian industrial picture. These are the industries to which we must give full consideration and inducement if we are to acquire them before the normal economic justification for them. If we are to do this we must be prepared to meet their special needs.

We are working and planning for greatly accelerated industrial expansion in Western Australia. Viewed in the light of world developments as a whole, the paper industry is one of the great growth industries of modern times. Few industries can point to a more rapid growth in consumption or to better prospects for future demand. World consumption of paper and board has more than doubled during the past 20 years and the last officially published figure of 62,000,000 tons a year is confidently expected to double itself within another 15 years.

International trade in pulp and paper has increased to the extent that it now accounts for over 3 per cent. by value of total world trade, with which may be compared the figure of rather less than 5 per cent. for iron and steel.

There is a tendency to overlook the growth of the paper industry in the world today. I think the figures showing the relationship between iron and steel and

paper and board make the point that the paper industry is one of the great growth industries of modern times.

A feature of this phenomenal growth has been the expansion of a number of products available from the industry. This has been particularly marked in the field of modern packaging where paper and board are base materials for a continually widening range of cases, boxes, cartons, multi-wall sacks, fibre drums, bags, and specialty wrappers used today on a large scale. Pulp and paper manufacture in 1956 was ranked as the fifth largest industry in America. Papermaking in Britain is recognised as its sixth largest industry.

It has been questioned why we want to encourage so much the growth of the paper industry in Western Australia in view of the possible effect on the timber industry—I am referring particularly to packaging. The situation is that the growth in packaging throughout the world is so great that we need both facilities—both the products of paper and the normal timber products of our forests. But the stark facts are that if we do not go into this field of manufacture, we will find ourselves using more and more paper products for packaging, and that material will be imported into Western Australia.

We cannot stop the onward march of packaging techniques. Therefore it is important to have the advantage of the industry being established in our State; because when we get back to the pulp industry we are, in fact, getting back to a basic industry in Western Australia; and will be using the products of our own native forests.

Of all the nations producing pulp, Australia ranks in quantity of production 18th in a field of 53 on the 1958 figures. Of all the nations producing paper and paper-board, Australia ranks 19th in a field of 70. In the per capita paper consumption line-up we are in eighth place in a field of 97 countries, with 156 lb. per head in 1957-58 compared with 110 lb. per head in 1938-39. The 1959-60 figure is 176 lb. per person.

This is particularly significant for two reasons: Firstly, America leads the list with a consumption of 405.6 lb. It is the leading packaging country in the world, and our natural development should be along similar lines, which provide for greatly expanded usage of paper products in Australia. Secondly, in Africa and Asia there is an intense striving for self-sufficiency and an improved standard of living. Increased consumption of paper is strongly related to both these achievements.

The following figures should prove very interesting to members. When it is realised that the consumption per capita in Malaya is 12.5 lb., Ceylon 5 lb., Indonesia

3.5 lb., India 1.8 lb., and the majority of Asia and Africa 1 lb. or less, the prospects of increased usage in those areas close to Western Australia are too vast to measure.

We have to relate those figures of consumption in Australia of 176 lb. per person per annum, and 405.6 lb. per person per annum in America to the figures I have just read with those of other countries which are close to Western Australia.

The new mill will produce paper and paper board worth between £1,500,000 and £2,000,000 a year. This production converted to finished articles, such as cartons, bags, etc., could be valued upwards of £10,000,000. There is also the consequential effect on our already-established printing industry in this State, because the printing industry is very much involved in the processing of paper once it is produced by the mill.

An important aspect in this regard is that the availability of surplus production here will inspire Australian Paper Manufacturers Ltd., and allied industries, to stimulate the manufacture of articles utilising this production. Already, in anticipation of the establishment of the mill, we have successfully negotiated and seen the establishment of the firm of A. & G. Anson at O'Connor. This is a very progressive firm engaged in the conversion of paper to paper products. It has a reputation for sound expansion, and is potentially a large user of products of the type that will be produced at the Spearwood paper mill.

Other local manufacturers are also showing interest in expansion in this field, and recently yet another firm announced its interest in acquiring a Perth firm which is directly interested in the conversion of paper products. The advent of such companies will do much to encourage A.P.M. to speed up the establishment of the Spearwood mill. We hope that it will also encourage the company to design and construct to a capacity in excess of that provided for in the contract.

It is significant that on the day its factory opened the firm of A. & G. Anson was able to announce that it had sufficient confidence in the Western Australian venture to acquire a further two acres of land alongside its existing factory. The Fremantle members in particular will know that that firm has established a very fine factory. I must admit it is on a bigger scale than we anticipated when we first negotiated with it to establish in Western Australia; but it has already successfully negotiated for an additional two acres to supplement the site it originally acquired.

This augurs well because it is a big user of the type of products that this mill will produce, and the more it processes in Western Australia the more it will encourage

Australian Paper Manufacturers Ltd. to speed up the establishment of that factory, and provide a mill on a scale which will enable the firm to produce more than the contracted amount of paper.

To build the mill, 300 men will be required over a four-year period; and between 150 and 200 men will be needed to operate it initially. That, of course, is not the end of the story, because we are treating the paper mill as the keystone, as it were, in the programme of integrating our paper industry in this State; and the consequential employment that will come from the paper products themselves is of even greater interest to us.

One of the most notable aspects of the industry's recent history has been the degree of scientific and technological control now extended over what was once almost wholly a craft industry. The skill requirements of labour employed are relatively high. Labour requirements centre on operators of large and highly-complicated machinery, and highly-skilled maintenance men. Technically-trained men are in demand; and as research is playing a vital part in developmental plans, there is a continuing and increasing demand for scientists, engineers, etc.

Of the various Australian companies in the paper, pulp, and board industry, Australian Paper Manufacturers Ltd. is the largest and most successful. Furthermore, it was the only firm we approached which showed any interest in establishing within a reasonable period. Also, it is a logical user of the type of pulp our forests can produce. Experience has shown that wherever the company has established expansion has inevitably followed.

Western Australia possesses one of the finest and most compact areas of hardwood forests in Australia, which will meet the needs of a substantial pulp industry without interfering with the present or future needs of any existing plant or industry. The establishment of a pulp mill will complete the economic usage of forest products. It will also benefit forestry through the thinning process it will make possible. The material to be used for pulping includes—

Mill offcuts.

Cordage ex pole stands.

Cordage ex bush waste.

Varieties not acceptable for milling.

Trees which are unusable for merchantable timbers.

This means that about 50 per cent. of the growth in the forest areas which is at present not being used will be utilised in pulp production.

I should now like to quote a few facts regarding the history of the manufacture of paper and pulping in Western Australia which will be of interest to members.

The first experimental pulping of eucalypts was carried out in Western Australia over 30 years ago by I. H. Boas, who later became Chief of the Division of Forest Products, C.S.I.R.O. It was then demonstrated that it was possible to produce a type of paper from karri and jarrah.

Subsequent research in Australia culminated in the first commercial pulping of hardwoods and the establishment of paper and board industries in Victoria and Tasmania. The Division of Forest Products has recently produced satisfactory papers from marri and karri, with an addition of softwood pulp. Both marri and karri have a satisfactory fibre length.

Departmental files reveal that since pre-war days interest had been evinced in the establishment of the industry here, but nothing concrete eventuated. The present Conservator of Forests (Mr. Harris) and his department have been actively engaged in a study of the industry and have made many endeavours over the past six to seven years to get a paper pulp mill established here.

While in Melbourne last year the Chairman of the Industries Advisory Committee (Mr. Brisbane), at the request of the Government, made an approach to Australian Paper Manufacturers Ltd. and indicated that the Western Australian Government would be interested in discussing a proposition for establishment in Western Australia on a definite basis. In October, 1959, Mr. J. G. Wilson, Managing Director of A.P.M., was interviewed in Perth by the advisory committee and myself on his way to and back from South Africa. At first the company was indifferent to the proposal and did not want to be committed to specific dates and contractual obligations to establish.

With characteristic foresight, it had already taken the precaution of acquiring land and was prepared to sit and wait while the economy of Western Australia developed. The company was sounded out as to the conditions, financial and otherwise, which would accelerate its programme to establish the industry here and place it on a firm contractual basis.

It was evident after further discussions that the major inducement would be substantial financial assistance by way of loans to enable establishment to take place with the minimum of normal share capital committed during the establishment and early periods expected to be uneconomic.

I would like to say a few words regarding the loan from the Government. First of all I would point out that we are not

giving money to A.P.M. We are lending it at 5 per cent. interest and fully secured by mortgage. The rate of advance is limited to £300,000 a year unless it suits the Government to advance at a higher rate under circumstances where the company establishes at a rate greater than £450,000 in any one year. I would like to explain the relationship between the £300,000 that we are committed to advance and the £450,000 that I mentioned as the estimated rate of development.

Mr. Fletcher: You're supposed to be short of money.

Mr. COURT: The honourable member needs to be careful on that one, because a little later on I have something to say on that matter. I would counsel the honourable member to be patient and not pursue that course. The relationship between the amounts I have mentioned is that we are committed to advance two-thirds, up to a maximum of £2,500,000; but at no time are we committed to advance it at a faster rate than £300,000 per annum.

The total loan contribution by the State to the company is not to exceed £2,500,000. This is based on two-thirds of the cost of a mill, totalling £3,750,000. Beyond that the financial responsibility is entirely with the company.

Mr. W. Hegney: Does the money come from loan funds?

Mr. COURT: I will deal with that in a moment; I know the honourable member is all agog to hear this. Until plans are completed, an accurate estimate of mill costs cannot be made, but the company has advised that it will be in excess of £2,500,000. At present it appears that no moneys will be advanced in 1961 or 1962. Certain repayments of loan borrowings—for example, from Cockburn Cement and Albany Fertilisers—will become available during the period of the construction of the mill, and it is expected that these, together with loans from other sources, will provide the necessary moneys to finance the project without prejudicing the normal loan funds programme for schools, hospitals, water supply, etc.

Mr. Kelly: That's a beauty!

Mr. COURT: I thought the honourable member would be interested to know that.

Mr. Rowberry: What are the sources?

Mr. COURT: We are not without some imagination and resourcefulness in this matter. There are other avenues available to the Government outside of ordinary loan funds to assist it in ventures of this kind.

Mr. Fletcher: We will be the Government that will inherit it, probably to our disadvantage.

Mr. COURT: A Government which the honourable member supported would be very happy to inherit this.

Mr. Mann: Put him out!

Mr. Hawke: The way you are grizzling, one would imagine Beverley lost the grand final.

Mr. COURT: If construction is at a greater rate than £450,000 in one year—of which amount of £450,000 the State would advance two-thirds; namely, £300,000—the State will be liable to temporary interest commitments if it does not desire to match the higher rate of progress by an increase of the annual rate of loan-money advances. Legal liability of the Government to make advances by way of loan was restricted to £300,000 per annum until the final total—not exceeding £2,500,000—is reached.

To encourage the company to establish more quickly, but without accepting a legal liability for a faster rate of advances by loans, the Government will subsidise the interest on the amount by which the project proceeds in excess of £450,000 in any financial year. The amount of interest subsidy involved will be relatively small. It will represent the amount, if any, by which the company's bank overdraft interest rate exceeds 5 per cent. per annum. This commitment ceases when the advances by the Government equal £2,500,000 or two-thirds of the amount expended by the company, whichever is the lesser amount.

At all times during the discussions and the drawing up of the agreement, the various departments and authorities were consulted and kept informed on those items which affected their spheres of activity. Included amongst the departments were the Forests Department, the Metropolitan Water Supply, Sewerage and Drainage Department, the Railways Department, the State Electricity Commission, the Town Planning Department, the Treasury Department, and the Fremantle Harbour Trust.

Although the company started preliminary negotiations for land in Western Australia back in 1958, it had no firm intention about a starting date. As late as July, 1959, it would go no further than to say that the purchase of land was part of its thinking-ahead process to buy land for future expansion.

In early approaches by this Government the indication in the case of Australian Paper Manufacturers Ltd. was for 10 years hence. Another large paper interest said it would not regard the project as economic or attractive to it under 15 years. As a result of the negotiations culminating in the A.P.M. agreement, we have something bigger than originally envisaged by

the company. We have it quicker, and we have it on a definite fixed contract basis. It fits neatly into our major projects pattern and programme.

I would now enumerate a few items regarding the clauses in the agreement. I have selected those which I think will be of most interest to members; and, if on their examination of the Bill they consider there are others, they can be enlarged upon by me when replying to the debate. The amount of water required by the company is not excessive, and the Metropolitan Water Supply Department anticipates no trouble in supplying it. The major supply of water will be from underground sources on the company's own property.

The company's drills or wells must not exceed 500 ft. in depth, thus protecting the metropolitan area's artesian supplies. The company will pay for all water supplied—other than water obtained by the company from its own wells or bores sunk into the subsoil of the millsite and used for purposes of the mill—at the rate ruling from time to time for excess water for industrial purposes, under the terms of the Metropolitan Water Supply, Sewerage and Drainage Act. As far as it is practicable, the company will recirculate on the mill-site the water used for cooling purposes thereon.

The company will pay for all costs of effluent disposal. In the case of effluent referred to as "excess effluent" the total charges shall not exceed—in the case of paper mill excess effluent—half the price of water; and—in the case of pulp mill excess effluent—the full price for water supplied under the agreement. This is considered fair and reasonable; and, it is estimated, will more than cover the cost.

Mr. Rowberry: Where will this effluent be discharging?

Mr. COURT: I shall come to that in a moment as I proceed in logical sequence. The effluent from a paper mill is not hygienically troublesome like normal sewerage. The Government had two technical officers from the Metropolitan Water Supply Department visit the Eastern States to specially investigate this aspect. Every precaution will be taken to see that the disposal on the company's land by irrigation will not create a nuisance, and investigations have indicated that this can be achieved.

If the paper mill expands and the effluent becomes too much for the 400 acres, a safeguard exists in the agreement for disposal of the excess effluent by the Metropolitan Water Supply Department.

Government planning provides—and this answers the question asked by the member for Warren—for the provision of a sewage

treatment works east of Woodman's Point, with an outfall discharge extending into a deep water well off that point. This fits in admirably with the discharge of any excess effluent from the Australian Paper Mills, works under the terms of the agreement. The Minister for Works announced recently a proposal in relation to sewage south of the river, and the point of treatment and discharge.

Mr. Fletcher: Do I understand the effluent from the plant will be fed into the sewerage system discharging at Woodman's Point?

Mr. COURT: It is not expected there will be any effluent problem in respect of the paper mill; but if there is an excess effluent problem, because the plant becomes so big that it cannot be coped with on 400 acres of land, then it may be necessary to feed that into the sewerage system. I understand there is no technical problem in feeding the excess effluent of the paper mill into the ordinary sewage treatment works.

When the small pulp mill is established, there will be a different problem. The effluent from it will have to by-pass the sewage treatment works. The intention is still to feed it into the outlet pipe that will eventually carry the sewage. As I understand the position, the paper mill effluent . . . as distinct from the pulp mill . . . could, if desired, go through the treatment plant without causing any technical problem.

It may be desirable to establish a small pulp mill at Spearwood. This will not prejudice the prospects of a pulp mill in the south-west. The size of the Spearwood pulp mill and the effluent therefrom is limited by the agreement. It will be a relatively small pulp mill and is not likely to be erected for some little time after completion of the paper mill. The reason for this will be apparent to members when I make the next statement.

A pulp mill on the Spearwood site would deal with the thinnings, mill ends, off-cuts and forest waste from areas within economic range, but would not utilise marketable timber. It will be appreciated we are already experiencing a problem in the metropolitan area in the use of forest waste within a very tight perimeter of the metropolitan area.

For instance, at the new case-making factory that will be opened soon—this is a modern case-making venture brought about by the amalgamation of several interests—there will be a waste problem, because the type of waste from this factory is not popular for use in furnaces and things of that type. Therefore, there will be a limited amount of forest waste within close proximity of this mill which can be economically treated at a small pulp mill.

I want to make the point that in our discussions with the company the size of this mill is to be limited for two reasons. Firstly, we want it to be limited in the metropolitan area. Secondly, there is only a limited tonnage of forest waste materials within a reasonable economic area of this mill site. The future major pulp mills of this State are destined for the south-west.

Mr. Hall: Does the one at Bassendean process this waste?

Mr. COURT: That is a very small undertaking which will not continue to function once the new paper mill is established. The Government looks forward to the erection at a later date of a major pulp project in the forest areas in the south-west.

The output of the mill is likely to be in excess of the local demand. The agreement provides for 15,000 tons per annum. It is provided in the agreement that the plant must be built in such a way that it can be extended. The company is providing in its plans for expansion from time to time and has acquired sufficient land for this to be done. It is now preparing the design and plans for construction of the mill.

In consultation with the company, I find it is a very long-term project to provide the machines for a mill of this type. Already the negotiations on designing and planning are taking place, both in respect of the mill and the specialised plant that will be incorporated in the mill. Naturally when a company like this builds a new mill it likes to construct the most modern mill ever built, and the latest mill should be the best. We have been assured that this mill will be a very modern plant specially designed for the particular conditions that exist in this State.

Until the designs and plans are completed, an accurate estimate of total cost cannot be made, but the company has advised that it will be in excess of £2,500,000. It is probable that assuming advances on the loan commence in 1963, the Government will not make its final loan contribution to the company until 1971.

The company indicates that there will be a loss on production during the early years after the mill commences operations. The commencement of repayment of long-term debentures about ten years after the Government has completed its loan advances is not unusual in similar cases. I mention this because reference has been made to the repayment date of 1980.

The Government could have had an earlier date had that been the wish of the Government, provided it was prepared to advance the money at a quicker rate. It suited us to advance the money at a slower rate; therefore we negotiated for the repayment date to commence approximately

—although not quite—ten years after the final payments are advanced by the Government.

Viewed in that light an entirely different concept is placed on the period of the loan. It is expected that repayments will commence about nine years, in fact, after the last advance has been made. Annual loan repayments, not including interest, would be at the rate of approximately £150,000 per annum—according to the total loan—for 15 years commencing on the 31st December, 1980.

The State Electricity Commission anticipates no difficulty in providing the necessary power. A provision in the agreement reads as follows:—

The costs of electric power supplied by the State shall be in accordance with the industrial schedule rates of the State Electricity Commission of Western Australia from time to time prevailing in the metropolitan area of the said State or at such special rates as may be negotiated from time to time by the company with the Commission.

The provision for special rates has been included because of the possibility of the company feeding surplus power back into the State Electricity Commission system.

This, I understand, is the first time in this State that a major industry generating electricity from its surplus steam will have surplus power available. The State will purchase this at an agreed price. This position is common in other parts of the world and other parts of Australia, and we must expect it to recur here as our industrialisation increases and this type of industry becomes more common.

When we have rapid industrial expansion it takes the burden off the Government of producing some of the power required by such industrial expansion, if industries have the capacity to feed back surplus power.

I ask the House to approach this Bill with a full appreciation of the significance of this industry to Western Australia and a full appreciation of what the agreement achieves. There is a tendency in this State to snipe at anything that is attempted; and while this might not be important with many things it is very important with industrial development.

Behind the objective of industrial development at all times is the paramount thought of creating diversified careers for young men and women as well as the mere creation of jobs. Any industry which brings new technical and scientific demands is broadening the career opportunities for our local people—particularly the young people.

From time to time the Government will have to bid higher for some industries than for others. The whole complex structure of industrial development must be viewed in its proper perspective. For instance, it has not been necessary for the Government to make any financial contribution in respect of the new B.P. lubricating oil refinery. There are other industries under discussion of great importance to the State where the Government is able to bargain without the need to commit substantial sums either by way of gift or loan.

It is logical to assume that after we have laid the foundation for greater diversity in basic industry, the flow of industries will increase, and with it the need to enter into financial commitments and special inducements will reduce. Initially, the pump has to be primed; and that is the phase that we are going through in this State at present.

However, in the efforts to continually build up our economy there will always be certain industries in regard to which the Government of the day will have to enter into special arrangements if those industries are to be attracted ahead of their normal economic expectancy. For instance, we have seen that in the highly industrialised State of New South Wales in the last few days special inducements have had to be offered to a very wealthy, well-established clothing firm to get it established in the Cessnock-Maitland area.

That State is a highly-industrialised State which has industry seeking to establish itself there; but the fact remains that there are special circumstances in special areas, and the Government has had to give considerable inducement to get that very successful company to establish some of its industry in the Cessnock-Maitland area to meet the situation.

It is just the same principle that we are having to follow as a State to attract industry to Western Australia. New South Wales is having to follow it as part of its decentralisation programme within their State.

Criticism has been made of the fact that the Government is advancing money to what has been termed a "wealthy" company. Great emphasis has been placed on this company being a wealthy one. If all the circumstances are considered fairly, it will be appreciated that if the advances were not undertaken Western Australia would continue to wait for an indefinite period and possibly ten years before we achieved a paper mill.

The biggest of companies have not a bottomless pit from which they can take moneys for major developmental projects. Naturally they work to scientifically

and carefully-prepared programmes. Obviously, they undertake their developments in what is considered to be a normal economic sequence so that they are not committing share capital for lengthy periods ahead of an economic return.

One of the problems with development in any large concern is the proportion of money tied up in projects which are being developed and which will not service their capital for a period of years. It is in respect of this particular test that Western Australia usually suffers its severest setback in negotiations.

I have found, as did my predecessors, that when I approached these companies to get them established here—be it a big company or a small one—this State suffered badly by comparison with other States when the companies imposed the normal, simple, economic tests. It is to try to overcome the adverse results of those economic tests that we have to use unusual methods. In fact, they are not so unusual today because most of the countries which are trying to catch up in this race for industry are employing even more generous methods than we have ever adopted.

Mr. W. Hegney: That is not the reason you gave when you were on this side of the House.

Mr. COURT: There was another reason holding this State back then, but I do not want to go into that now. We will deal with it later on in the debate if the honourable member so desires, and to good effect.

One way of overcoming this disability we suffer is to provide capital at a low rate of interest which will relieve the company concerned of committing its ordinary share capital for lengthy periods ahead of an economic return.

From some of the comments that have been made during this session, one would be entitled to assume that had these proposals been made to some struggling, weaker concern, they would have been accepted by the members of the Opposition. The general impression seems to be that because this particular firm happens to be a stable, solid one, it does not merit this encouragement to come to our State.

On reflection it must be appreciated that it is much better to attract one of the leaders in a particular field with strong technical knowledge, considerable experience in production and marketing, and financial stability. Obviously the State's money is going to be better protected if lent to a firm which has a good, sound technical background, a successful history, and good financial stability.

While one might have a degree of admiration for the pioneer in any particular industry, Western Australia is at the stage when it badly needs to attract as many leaders in industry as possible so that we do not have to go through the normal growing pains and trial-and-error methods. We have had too much of this in Western Australia already, and at great cost to the State. I emphasise that the State has not given A.P.M. anything. The State has loaned it money at an interest, and fully secured.

I was hoping that this Bill could be introduced into the House without any contentious notes; but in view of the Address-in-Reply debate and the comments made on other matters before the House, I think it is only fair that I should make some explanation and some defence of what the Government has done, because I think it has acted sensibly and responsibly in connection with this matter.

The Government's approach has been to assist industry which is considered basic to the development of the industrial programme of Western Australia. It will be recalled that our predecessors in office had a formula of financial assistance towards the end of their term of office; and that formula was, roughly, on this basis: Free land; a gift of 20 per cent of establishment costs; and free-of-interest loans for a period of ten years.

Originally that proposition, as I understand it to have been promulgated in the Press, was based on free land; 20 per cent. of establishment costs up to an agreed amount; and a further grant of 20 per cent. of interest-free loans for a period of ten years. But subsequently the then Government made propositions based on 20 per cent. of establishment costs as a gift without limit and interest-free loans without the 20 per cent. stipulation.

One could imagine just what limits those amounts could have reached. I am assuming that the Government realised the commitment that it would have been accepting had some of these people said, "Right. We will accept your proposition and come to Western Australia".

One of the first things we did as a Government was to withdraw this formula and announce that we would negotiate each particular industry on its merits. We feel that gives us more scope for attracting the industries that should be attracted rather than have a blanket formula publicised throughout the world which could bring some embarrassment if an industry which was not particularly important in the development of our State, arrived on the scene and sought this very generous treatment.

There are some cases where we would make industry welcome to come here but would offer no financial help whatever because it would not be so vital as, for instance, an iron and steel industry, a paper industry, a chemical industry, and the like.

It is significant that our predecessors did not lay down any stipulation regarding the financial position of prospective investors. On the contrary, they made this formula offer to companies far wealthier than A.P.M.

In fact, in one case our predecessors offered a wonderful proposition to one of the wealthiest companies in the world. It has an "A.A.A.A." rating on the New York stock exchange—the highest rating a company can get. The Government of the day made an offer in writing to this company based on the following:—

Free land; a gift of 20 per cent. of establishment costs; interest-free loan for 10 years; and a Government guarantee for any prospective lender that money lent would be repaid.

It would perhaps be better if I read the then Government's proposal. It is as follows:—

The Government is prepared to provide a site with an ocean frontage adjacent to the refinery so that the raw materials would be readily accessible. This site without restriction as to acreage would be made available free of cost. In addition, the Western Australian Government is prepared to make a free grant of 20 per cent. of the establishment costs of a new industry and if further financial assistance is desired, it will give a free of interest loan for 10 years and a Government guarantee for any prospective lender that money loaned would be repaid.

And so the proposition goes on. As to the size of the industry under discussion, one can only hazard a guess. Suffice to say that very big figures were mentioned in the Press at the time.

The people concerned subsequently went to the Eastern States. It was at a time when there was competition between South Australia, Western Australia, and Victoria in connection with this particular company. It is reasonable to assume that the capital involvement of this particular industry would not have been anything less than £5,000,000, although figures in excess of £20,000,000 were freely stated in the Press at the time.

If we take the lower figure of £5,000,000; and if we retain the original announcement of the Government of a 20 per cent. gift, and 20 per cent. free-of-interest loan, the Government would have been committed to free land and £1,000,000 from free

gifts, no interest, no repayment, no security, and a £1,000,000 interest-free loan for 10 years. In fact, there was no limit put on the interest-free loan whatever in the proposition submitted.

Had the industry been a £10,000,000 project, the commitment would have been a £2,000,000 gift, and a £2,000,000 interest-free loan for 10 years—assuming, of course, that the 20 per cent. provision had been negotiated instead of a limitless interest-free loan. And so one could conjecture at higher levels than £10,000,000.

I think from announcements made in connection with this particular matter, it is doubtful whether the capital involvement was in excess of £10,000,000, but would have been somewhere between £5,000,000 and £10,000,000, just hazarding a guess. It is significant that we still have before us an unfinalised offer by the previous Government involving us in a free gift of 20 per cent. up to an amount of £250,000, in addition to an interest-free loan up to £250,000.

I am not criticising the efforts that were made to attract the "A.A.A.A." company that I referred to. It would have been a very desirable company to come to this State; and had I then been in my present position I think I would have bid equally as high, if the Government of the day had let me. I am not criticising what was done then, because the industry was a most desirable, basic one to get for this State; and the Government of the day did the right thing in going after it.

I wanted to make that explanation in order to keep the consideration of this Bill in its proper perspective, because if we are going to snipe at these transactions every time they are raised in Western Australia, the job of industrial development will become almost impossible; since with modern means of communication, what is said here today is known almost throughout the world in a matter of seconds.

Industrial intelligence today is a highly developed mechanism. Members can see this from the American industrial journals which contain intelligence information. When the present Deputy Leader of the Opposition was in America, what he said here and there was reported in those journals. When I was in America, at times I was amazed at what occurred within a short time after making a statement; and that goes on throughout the length and breadth of the world.

Mr. Rowberry: You criticised the Unfair Trading Act.

Mr. COURT: Of course we criticised that. Do not let us get involved in that one at the moment. The point is that if we adopt this attitude towards the attracting of these big companies to Western Australia, we must accept the consequences;

because these concerns have something else to do rather than come here and defend themselves against a little bit of sniping in this State. There are many places in the world—and in Australia for that matter—that want these concerns.

Just as the previous Government saw fit to go out and attract industry at one stage with rather generous propositions on a formula basis, we have seen fit to go out and attract industry on another basis; and we think ours is a more realistic basis. The offers made by the previous Government were very much in line with the offers made by some other countries which have the additional ability to offer a tax inducement. But we, as a State, cannot offer such an inducement because of the national taxing system in Australia.

One of the popular means abroad of attracting industry is to offer free gifts, free land, interest-free loans, and a tax holiday for a period of five to 10 years. In Malaya, if one seeks to establish what is termed a developmental industry, one can get tax relief for five years, which is very attractive to an overseas company establishing itself in a new country.

In conclusion, I feel that in offering this inducement to A.P.M. we will gain something bigger than we would have had otherwise; we will have it quicker than usual; and we will have it on a contracted date. We know how we can fit it into our industrial programme. It fits in with our ideas of trying to get as many of these contracts signed as we can, so that the Government of the day, no matter what Government it is, will not have tremendous "Kwinana booms," and then a falling off. Under this system the Government will be able to carry on with its planned development and provide schools, hospitals, water, and power, etc. in logical sequence.

That is the whole framework of the Government's negotiations at the present time, not only with respect to this industry, to La Porte, and to others, but with respect to trying to build up a pattern of contractual commitments with reputable stable companies with a good technical background to induce them to come to Western Australia at a time when we can fit their establishment here into our programme.

I have endeavoured to cover the main points; but I may have missed some that members consider to be important to them. If that is so, no doubt during the second reading debate they will not be backward in letting me know, and I shall answer them when I reply; because I have endeavoured to do a lot of research into this industry, as it is a basic industry and very important to the development of

Western Australia. It is a necessary stepping-stone if we are to get a full pulp-imp industry in the south-west of the State.

On motion by Mr. Hawke, debate adjourned.

Message: Appropriation

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

COUNTRY HIGH SCHOOL HOSTELS AUTHORITY BILL

Returned

Bill returned from the Council with amendments and an amendment to the title.

BILLS (2)—FIRST READING

1. Dog Act Amendment Bill.
2. Motor Vehicle (Third Party Insurance) Act Amendment Bill.

Bills received from the Council; and, on motions by Mr. Perkins (Minister for Transport) read a first time.

HEALTH ACT AMENDMENT BILL

Returned

Bill returned from the Council without amendment.

ANNUAL ESTIMATES, 1960-61

In Committee of Supply

Debate resumed from the 22nd September on the Treasurer's Financial Statement and on the Annual Estimates; the Chairman of Committees (Mr. Roberts) in the Chair.

Vote—Legislative Council, £11,778:

MR. HAWKE (Northam) [4.25]: In the Estimates presented to us by the Treasurer, expenditure for the current financial year is shown at a grand total of £69,800,000 and revenue at £69,040,000, with a resultant estimated deficit of £760,000.

When one looks through the main heads of anticipated revenue as set out in the printed document which has been supplied to us, three items stand out in importance. The first is "Governmental" which covers

revenue obtained by the State from its own taxation efforts in the main; and also, of course, the revenue earned by the departments—the Water Supply Department in particular—which bring in substantial revenue. Under this heading, the total anticipated revenue for the year is somewhat over £16,000,000.

Under the next main heading—"Commonwealth Government"—the amount shown is £32,700,000; and from public utilities, including of course the Railway Department, it is almost £20,000,000. The anticipated revenue from Commonwealth sources this financial year, as compared with last year, shows an increase of over £3,000,000. When we consider the total amount of revenue expected from Commonwealth sources we see, I think, even more clearly than ever before, the extreme difficulty which would be certain to be encountered should the States receive back their own taxing powers, particularly the taxing powers in relation to the imposition of tax upon incomes.

The question of uniform taxation seems to have become a far less important issue now than it was five, six, or seven years ago, because at that time there was quite a demand by some of the States—particularly Victoria—for the return by the Commonwealth Parliament of the income-taxing powers to the States.

I think all leaders of State Governments, with the possible exception of the leader of the Victorian Government, are now convinced that uniform taxation is more or less a permanent feature of the Australian financial set-up as between the Commonwealth Government and the State Governments. It could be that many years from now, all States will be sufficiently developed and self-reliant, financially, for the uniform taxation system to be abandoned and for the pre-war situation to be re-established; although I, personally, doubt very much whether the time will ever come when uniform taxation, as we know it today in Australia, will be abandoned.

Mr. Brand: I agree.

MR. HAWKE: That is not to say that disbursements by the Commonwealth Government to all the States of moneys received from the uniform tax system are fair and adequate. In my view, the Commonwealth authorities still hold and use for their own purposes far more of that money than they should. The Commonwealth Government, of course, is in the happy position of holding the whip hand and being able to say and to decide absolutely how much of the total proceeds would be made available in each financial year to each State Government.

On a quick look at the total amount of taxation received by the Government in this State under the main headings of

taxation which are State-imposed, we find that some reductions are anticipated to take place this financial year, as well as some anticipated increases. The main reductions are in connection with land tax and entertainments tax. I think members are fully aware of the reasons why there will be reduced amounts obtained by the State Treasury this year under those two headings. The main increases in tax collections by the State come under the headings of stamp duty, £183,000; probate duty, £46,000; turnover tax and bookmakers' licenses, £85,000; and the investment tax, £45,000.

I am sorry the member for Murray is not present in the Chamber. He has always criticised very severely the imposition of probate duties. I think his criticism has been based partly upon his present views, but perhaps more so upon a look into the distant future when those who will benefit under the terms of his will will have to meet very heavy probate duties upon his estate.

Mr. Mann: Why should he worry?

Mr. HAWKE: The estimates of expenditure and revenue for the Railways Department are extremely interesting and not only deserve, but also require, some close attention from members. The estimated revenue of the department is shown as £942,000 up on the actual revenue received last year. The estimated expenditure is shown as almost exactly the same for this financial year as the actual expenditure last year.

No doubt there is justification for the estimate of a heavy increase in railway revenue. In the first place there is the very substantial increase in railway freights placed upon railway users recently by the Government; and, in the second place, there is the amazing season which Western Australia is now enjoying, and which will, when the harvest has been gathered, provide a great amount of work for the Railways Department in the transport, particularly, of wheat.

However, it is not easy to believe that the Railways Department can earn additional revenue of £1,000,000 this financial year without incurring expenditure above the total actual expenditure of last year. In this regard I would point out that these Estimates do not make provision for any increase in wages and salaries which might occur during the balance of this financial year.

I think members of the Committee will know that cost-of-living adjustments to wages and salaries are certain to take place. There was quite a substantial adjustment of that type as from the 1st July this year, amounting in all, as far as

expenditure from the Consolidated Revenue Fund was concerned, to a figure of nearly £500,000. That figure, of course, is covered in these Estimates.

Sir Ross McLarty: And, as you say, there is every indication of that continuing.

Mr. HAWKE: However, there is no provision in the Estimates for any further cost-of-living adjustments to wages and salaries which might take place between now and June, 1961.

Mr. Lewis: Are they not normally provided for?

Mr. HAWKE: Yes; I think so. In any event, whether they are normally provided for or not, it is essential, I think, that the subject be mentioned—

Sir Ross McLarty: Has it not always been the custom?

Mr. HAWKE: —in order that these Estimates might not be responsible for easily misleading members of the Committee and members of the general public into a belief and state of mind for which there is no real justification.

Mr. Court: You never allowed for prospective basic-wage adjustments in your Estimates.

Mr. HAWKE: I have a clear recollection that we did in some years.

Mr. Court: You might have done so in some years. But one year I asked you about them, and you said they could not be accurately forecasted.

Mr. Brand: That was in answer to a query that I asked in this matter.

Mr. HAWKE: That might be so. I am simply saying that any Estimates which, in the consideration of them, are not regarded as being likely to be exceeded because of a situation which is almost sure to develop, have to be taken on their face value and not accepted as being completely reliable.

Mr. Fletcher: We kept prices down.

Mr. Brand: You what? Where? Down on the Fremantle wharves?

Mr. HAWKE: I do not think there is one member of the Committee, not even the Premier, who would say no increases in wages and salaries will take place or are likely to take place between now and June of next year. As the member for Fremantle has said, it is true that prices are rising. Consequently, when members of the State Arbitration Court have cost-of-living figures for the current quarter put before them at the appropriate time,

the possibility—to say the least of it—of an upward adjustment being made to wages and salaries in Western Australia is there to be considered.

In view of that, I would say the estimated total expenditure for the Railways Department for this financial year, at almost exactly the same actual total expenditure of last year, is risky, if not reckless, budgeting; and I will be very surprised indeed if the total expenditure of the Railways Department, at the end of the financial year, is not shown to be greatly in excess of the estimate in this printed document.

Mr. Court: You said we could not keep up our performance last year and we did.

Mr. HAWKE: Only on the basis of commercial accounting.

Mr. Court: No fear! But would you like to have a look at the commercial accounting figures? They are much better than I thought they would be.

Mr. HAWKE: Of course they are, after the Minister for Railways has had a few more weeks to manhandle them!

Mr. Court: Not me, but the railways accounting staff. You will be very pleased and surprised when you see them.

Mr. HAWKE: I certainly hope so. I was very interested, on reading the Budget speech of the Treasurer, to find, in relation to railway expenditure, a statement which indicated a tightening of efficiency in the Railways Department. He told us the stores stock balances had been reduced from £3,321,000 in 1958 to £2,021,000 in 1960.

That is a reduction of considerable magnitude and is, I think, worthy of a little more thought and a little more explanation than was given to it by the Treasurer. If I remember correctly, the Railways Royal Commissioner (Magistrate A. G. Smith) thoroughly investigated this section of Railways Department activities and made major recommendations in regard to the matter.

Doubtless, those investigations and recommendations are the basis upon which these substantial reductions in stores stock balances have been made, and I think it would have been appropriate had the Treasurer made some reference to the part which Royal Commissioner Smith played in the matter.

I was particularly interested in the information set out on pages 18 and 19 of the printed Estimates. Those pages, I think, will be of considerable interest to the member for Murray. The information covers the amount of indebtedness of the State and the amount of interest the State

has to pay on its indebtedness. It is set out in considerable detail and deals separately with loans raised overseas for which the State is responsible, as well as loans raised within Australia.

A part of this information which impressed me most, and also impressed me most unfavourably, was in relation to the total amount of loan moneys raised by the State of Western Australia since the 30th June, 1927, that amount being £203,000,000. It will be seen that in that period the State has certainly gone head over heels into debt. Successive Governments, irrespective of political colour, have been, of course, responsible for this huge expenditure.

I am not even going to argue or try to argue that the whole of this borrowing was not essential and justified in the interests of the greater development of our resources. I would not even try to argue that the results—practical and otherwise—which have arisen from this huge expenditure, have not been worth while, because I think they have been worth while. The point I wish to raise—and I will deal with it further, probably at a later stage of this speech—is that all of this money had to be raised at substantial rates of interest.

This interest burden is a very heavy item in the State Budget each year. It is an increasing item; and one, of course, which has a very great priority in regard to being met from the revenue which the State receives from various sources. If this total State debt and the large annual interest bill which is associated with it were together the only debt and interest burden upon our community, then the situation might be faced calmly and without any worry or concern at all about the future.

However, there has arisen, as I think we all know, in recent years a system of selling goods to individuals which has been responsible for placing very great debt and interest burdens upon almost every individual within the State—every family man at any rate. I refer to the hire-purchase system and other systems of selling goods on credit to people who wish to take advantage of credit buying.

This system has grown with amazing rapidity, and has not only become a widespread feature of community activity, but is today almost essential to the continued maintenance of the standard of living to which the people have become accustomed.

I know that arguments can be put forward in favour of and against this system. For instance, some people argue the existence of the system encourages many people to live far beyond their means and to mortgage their future income without any certainty that the future income will continue to become available year after year to enable them to meet the heavy

commitments of repayment, interest, and accommodation rates which they have put upon their shoulders.

A related argument to that one is that the development of this attitude and system in the community reduces the degree of personal responsibility, if not the degree of personal stability, of each citizen and so undermines what was in former years a very solid basis of personal solvency.

Arguments in the other direction are centred mainly, I think, under two headings. The first is that people who under the old system of cash payment, would never have any hope of enjoying the standard of living they now enjoy, are given the opportunity of enjoying a fuller life, of enjoying a higher standard of living, and consequently of living and enjoying a better life than would have ever been possible for them under the old arrangements.

It has also been asked in that regard, "If it was good enough for our fathers and our grandfathers to buy a house on time payment, why is it not also good enough for the present generation to buy refrigerators, washing machines, radio sets, television sets, and motor vehicles under the same arrangement?"

Another argument in favour of this change, and therefore in favour of the existing liberal credit-selling policies, is that these policies in operation have built up a very great and continuing demand for goods and therefore intensified substantial activity in factories, warehouses, retail shops, transport industries, and in almost every other possible direction. Consequently, they have been responsible for creating a considerable number of employment opportunities which otherwise would not have been available.

It might very well be that at some later stage in the session a debate on this particular subject might come to pass, when all members will be able to take advantage of the opportunity to express their views; and then, on the views expressed, some clear-cut conclusion might be possible.

Nevertheless, I doubt that, because the arguments for and against seem to be fairly equally balanced, which causes a situation to be reached where we are not able to say, with any degree of certainty, whether the new development and the new system of credit selling on a large-scale basis is beneficial or detrimental.

I think that if it were subject to the closest and most expert analysis, possibly it would be found there is a lot of good in it, and some bad in it as well. Therefore I think we might finish up by saying it is a very human system—very good in many directions and not so good in some other directions.

Mr. Nulsen: It is very good except for extortionate interest rates.

Mr. HAWKE: Yes. The Treasurer, when he introduced the Budget, used nearly all of the colours in the rainbow to indicate to us that Western Australia is going ahead with giant strides.

Mr. Brand: I am sure that is so.

Mr. HAWKE: He did not say, "Congratulate me, fellows, upon this wonderful result" but left that, I think, as an implied suggestion in what he had to say.

Mr. Brand: I am sure I did not do that.

Mr. HAWKE: He talked about the economic health of the State, the employment situation, the volume of skilled labour, the position in the retail trade, hire purchase, interstate and overseas trade results, and so on.

Mr. Brand: I was quoting figures from the statistician.

Mr. HAWKE: Mr. Chairman, you may not have heard the Treasurer interject softly and say that he quoted figures.

Mr. Brand: I did not like to interrupt you.

Mr. HAWKE: He did quote figures; and anyone who cares carefully to study the figures will easily see the point they emphasise most is that things were improving quite substantially in 1958-59, and particularly in 1959-60. So the movement of improvement was under way; and I am sure we all rejoice with the Treasurer in the fact that the improvement is continuing.

I was very interested in what the Treasurer had to say about increased charges. In that section of his Budget speech he told us of increases put upon the people by this Government covering railway freights and railway fares, Metropolitan Transport Trust fares, and metropolitan water supply charges—and he stopped there. He did not tell us about the attempt of this Government to put increased water supply charges on people in country towns. He did not tell us anything about increased charges imposed by the Government on motor-vehicle owners, and in a dozen and one other directions. Among other things, he said this:—

Whilst realising that any measure which increases production costs presses on some sections of the community, the Government considered it was essential to remove the heavy burden imposed on the State's financial resources through a relatively low level of railway charges.

My mind goes back, after reading that extract, to the policy speech of the Treasurer. In that speech, in his endeavour

unjustly to criticise the then Government, he told the people in no unqualified way that charges and taxes had been pressed to the breaking point by the then Government. In other words, taxation and charges as put upon the people of the State by the State Government had been raised so high by the previous Government that we were at the breaking point—not one penny additional increase of any charge, rate, or tax could be shouldered by the people or industry in this State.

Yet here we have the Treasurer, a few months after his Government took office, loading terrifically increased taxes and charges upon the people—over £1,000,000 a year increase in railway freights alone. Therefore, if he was telling the truth during the last election campaign, when he said that State taxation and State charges were at the breaking point, he and his colleagues have been guilty, during their 18 months of office, of forcing those charges well beyond breaking point; and therefore of endangering the future stability and prosperity of those industries upon which this State exists very largely for its economic future.

The Treasurer also had something to say about the decentralisation of industry. He said that the decentralisation of industry was a term which had been used in this House on many occasions over a great number of years. During another part of his speech, he said as follows:—

A decentralisation section of the department—

That is, the Department of Industrial Development.

—has been formed, and two experienced departmental officers assigned to co-operate with industrial development committees formed in many country districts. The enthusiastic response to our suggestion that these committees should be formed has been somewhat overwhelming . . .

The committees had, in most instances, no sooner been formed than the Government shot railway freights up over £1,000,000 a year. I should think that action was overwhelming in its effect upon the committees which had been formed up to that time. If there is one thing which bears more heavily than another upon industry in the country, it is the burden of railway freights.

Mr. Brand: Didn't it bear heavily when you put it up?

Mr. HAWKE: Yes.

Mr. Brand: What is different about it now?

Mr. HAWKE: No difference.

Mr. Brand: You promised not to.

Mr. HAWKE: The Premier, when he was Leader of the Opposition, during the election campaign said that the taxes and charges, and freights and rates, which our Government had put upon the people and upon the industries were at breaking point.

Mr. I. W. Manning: We got rid of one—the agricultural land tax; and that was a good move, too.

Mr. HAWKE: I come back to the effect of railway freights upon industry in the country. I say that one of the greatest deterrents to the decentralisation of industry in any State, particularly in Western Australia, is high railway freights. Therefore, the Government, on the one hand, sets up these local committees throughout the country areas in order to establish manufacturing industries in the various country towns; and before the committees set to work, the Government knocks them cold by hitting them over the head, as it were, with an increase in railway freights estimated to bring in over £1,000,000 a year.

So I am very much afraid that this boasted move of the Government will produce very little practical result. The member for Harvey says that the Government reduced the land tax.

Mr. I. W. Manning: On agricultural land.

Mr. HAWKE: On improved agricultural land.

Mr. Brand: We are talking about the original agricultural land tax.

Mr. HAWKE: On improved agricultural land; which is quite true. The member for Harvey was a farmer, and he may still be a farmer. I will say this to him: The increase in railway freights will cost each farmer in his electorate ever so much more in a year than the reduction in land tax will save him.

Mr. I. W. Manning: When you say that, you are not aware of the unimproved capital value of the land being rated.

Mr. HAWKE: I do not have to be aware of that, or anything else. I simply say that the increase in railway freights

put upon farmers will cost each one of them ever so much more in a year than the reduction in land tax will save them.

Mr. Lewis: It would be worse still if he had to carry both of them.

Mr. HAWKE: The member for Moore gives an opinion with which we all agree without any argument.

Mr. Lewis: There is no guarantee that your Government would not have put up railway freights and retained the land tax.

Mr. HAWKE: Is the member for Moore not willing to debate the situation as it is, rather than run away from the real situation and indulge in fancy and speculation? Why do that? That is what the Minister for Works did in this House last night, in the miserable subterfuge which he tried to put across us.

Mr. Wild: It penetrated you, anyway.

Mr. HAWKE: Let us face up to the reality of the situation. The attitude of the member for Harvey is good Liberal Party thinking—no realism in it. He gets a reduction in the land tax and thinks, "My word, this is a mighty Government!" A reduction in the land tax pays him £10 a year; and he gets an increase in railway freights—which, of course, is an indirect form of taxation—and that, in a year, costs him £100 more. But he still cheers the Government.

Mr. I. W. Manning: I was trying to correct an error on your part when you said the Government was putting up everything. I was illustrating that it had taken something off.

Mr. Tonkin: When did the Government take something off?

Mr. HAWKE: I would not expect the member for Harvey to comprehend what I have been saying during my speech. But I do emphasise for the benefit of other members—and they will all remember it—that earlier in my speech I quoted, from the printed Budget papers, the reductions in taxation which the Government had given, and specifically mentioned land tax and entertainments tax. The member for Harvey heard that, but he did not comprehend it. Probably by this time next year he will realise what I have said and will be able to understand it.

Concerning this latest land-tax reduction promised by the Government, I notice that even *The West Australian* was not able to swallow that one, except with a

very great gulp; and the gulp was in the word "token"—a token reduction! This is a 10 per cent. reduction of land tax where it still applies in relation to improved land. For most people it is a token reduction, and only a token reduction. It will amount, in some instances, to 2s. a year; and in other cases to 5s. a year, £1 a year, £2 a year, and so on. But in some instances it will be more worth while.

It will not be worthwhile to any property owner on the basic wage, or to any pensioner who owns property; it will only be worth while as a tax reduction to those people who happen to own valuable land in this city. To them it will be of very great value.

Mr. Brand: Do you think we should have differentiated?

Mr. HAWKE: Undoubtedly. What would have prevented the Premier bringing in some graduated reduction which would have given a small and more deserving taxpayer a bigger reduction, and the bigger taxpayer a smaller percentage reduction? There is nothing in the law to prevent the Treasurer from doing something along those lines.

Mr. Brand: It goes up in steps now; the bigger landowner receives a smaller percentage reduction.

Mr. HAWKE: That only emphasises the complaint I am making.

Mr. Brand: No it doesn't!

Mr. HAWKE: Yes it does; because those who are paying huge amounts in land tax will receive huge amounts, or comparatively large amounts, back in the 10 per cent. reduction; whereas the Premier and myself—

Mr. Brand: Hear, hear!

Mr. HAWKE: — who own only small pieces of land, will get a refund which will be hardly worth while collecting. But this is all in line with the policy of the Government. It is the same old story, and therefore the few remaining supporters of the Government in Western Australia will no doubt be happy about what the Government is doing in the matter.

I was disappointed—although I did not blame him—that the Treasurer, in his Budget speech, made no reference at all to the problem of inflation in Australia.

Sir Ross McLarty: Now you are becoming really interesting.

Mr. HAWKE: The Treasurer may have thought, and may still think, this an Australia-wide problem. Unfortunately, it is. However, Western Australia is part of Australia, and therefore the problem of inflation is as serious and as dangerous to our citizens, and to our industries—and maybe more so—as it is to citizens and industries in the other States.

Mr. Fletcher: Where wages chase prices.

Mr. HAWKE: I know there is a tendency in some directions for criticism to be launched against anyone who tries to take a realistic view of a situation, when his view, quite conscientiously arrived at and held, indicates that the economic position and situation of Australia is dangerous.

If one studies this problem and comes to that conclusion, and voices it, there will be some people in the community who will accuse one of being an apostle of gloom, and say that one is trying to develop and spread pessimism. They will say that one must be confident and optimistic. Well, I do not say that one should be either. I think that one should try to find the truth; and if one cannot find the whole truth and nothing but the truth, then one should find as much of it as one can. One should consider and study the situation and say what one thinks, irrespective of the criticism that might come upon one as a result.

I have no doubt that if I had said what I intended to say before I read a certain publication, from which I will quote in a moment, there would have been some criticism of that kind heaped upon me from some isolated directions—politically-inspired ones, of course.

However, this week there came into my hands the July-September issue of *The I.P.A. Review*. This booklet is published every two months, apparently, by the Institute of Public Affairs, in Victoria.

Mr. J. Hegney: I do not think it is a Labor journal.

Mr. HAWKE: I would not think so. For instance, Sir Arthur Warner, M.L.C. is on the council of the institute; and if anyone here can name a greater tory in Australia than Sir Arthur Warner, I would be pleased to hear about it.

On page 75 of this publication an article commences which is headed "To Stop Inflation!" I propose to read some extracts from this publication because I think they are very valuable—not that I agree with

all of the views set out in the article. However, I think their incorporation in our *Hansard* would be of advantage. I quote—

The new decade has made a bad start. Prices in 1960 seem likely to rise by not less than 6 per cent. This represents a sharp acceleration compared with the closing years of the 1950's when prices increased, on average, by 2 to 3 per cent. a year.

Moreover, the prospect for 1961 is not promising. Once the price lift has gained a rapid momentum, it is unlikely to be slowed down other than gradually.

Another extract—

The immediate danger stems from the wage position. It hardly needs to be said that the large rise in the cost of living in the current year will greatly increase the pressure for an upward adjustment of the wage structure in 1961.

The next quotation is really a gem—

The political dangers in the Commonwealth Government repeating its 1960 policy of opposing wage increases, in the face of fast-rising living costs in an election year, require no emphasis. In any case, wages in some States will continue to rise automatically with the further cost-of-living increases in prospect.

The short-term prospect is therefore anything but hopeful so far as an actual halt to inflation is concerned. What of the longer term picture? The 1950's was a decade of great inflation; at the end of the decade the Australian £ was worth in purchasing power only about 10s. compared with its value at the beginning.

I break off there to emphasise that this was not a 50 per cent. reduction in the purchasing power of the Australian pound compared with its pre-war value. It was a 50 per cent. reduction in the purchasing power of the Australian pound in a period of 10 years from 1950 to 1960. I am not quite sure what the relative value of the purchasing power of the Australian pound is today as compared with 1939.

Mr. J. Hegney: About six shillings.

Mr. HAWKE: I think it would be under six shillings; and when we consider that in the 10 years from 1950 to 1960 it went

down by 50 per cent., we do not have to think very far ahead to realise that in 1970, or even by 1965, unless something radical is done about the situation, the purchasing power of the Australian pound will be down around 2s. 9d. I now quote again from the article—

... there must be real doubts whether the Australian economy can stand very much more of the dangerously exciting drug of inflation.

Another quotation—

In the early years of the 1950's there was a comfortable gap—comfortable indeed—between the prices Australia's major exports were bringing on world markets and the cost of producing those exports. This meant large, and in some cases staggering, profits for the producers.

I point out that we have already had put forward in this article two villains in the piece; namely, the workers of Australia and the primary producers of Australia. According to the I.P.A. of Victoria, they are the villains of the piece—that is, according to Sir Arthur Warner and his colleagues, political and commercial.

They say that the wage-earners and the primary producers are largely responsible, if not deliberately responsible, for creating the dangerous inflationary situation which has developed in Australia, particularly since 1949, and which is certainly with us in more dangerous form today than ever before. Another quotation—

In 1950, wheat cost 7s. a bushel to produce and sold abroad for 17s.; today costs of production average 15s., and on export markets wheat is bringing only 13s.

In 1949-50, the wool clip averaged 63d. a lb. and cost a little over 30d. a lb. to produce; in 1959-60 average selling price was 58d. a lb. and average costs of production were probably not much less. (The 1960-61 selling season has opened with prices under 50d.)

A further quotation—

Many people foresaw indeed a declining role for exports in the whole context of the economy, based on the delusion that the new manufacturing developments would render us less dependent on imports. Today those ideas have gone by the board. The emphasis is now all the other way. Exports, it is held, must expand, and expand rapidly

So here again the producers and the workers have to put their shoulders to the wheel more so than in the past. Quoting again—

Moreover, mere expansion of the traditional exports will not be sufficient. We must look now to the manufacturing industries to make a steadily growing contribution to export income.

A further quotation—

All this suggests that, whatever the situation was in the 1950 decade—and we did, on the record, manage to combine remarkable development and progress with rapid inflation—inflation is no longer a tenable policy; that today the prime purpose of policy must, on the contrary, be to beat down and conquer inflation. Whatever it was to development in the 1950's—and some claim that it acted as a strong stimulant—inflation has become the arch enemy of development in the 1960's. Today it has become a case of "beat inflation or else."

Later on in the article, what are described as the normal direct controls for the prevention of inflation—such as price control, income pegging, investment control, and so on—are all wiped away as being impracticable because of human nature being what it is. It is claimed here, quite falsely I think, that people in Australia would not stand any of this sort of policy in these days.

My own view on that point is that the primary producers and people on small incomes in Australia are so worried and concerned today that they would stand anything, provided they had a reasonable assurance that the policy to be put into operation would safeguard them from the continued losses of purchasing power which inflationary policies now in operation are inflicting upon them. Then the article gets on to what it describes as the solution, and it states this—

... we say that inflation is brought about from an expansion of money supplies to support an excess of demand which boosts prices by causing competitive bidding for goods and productive resources.

I must admit that I was frankly surprised when I read that. I was not aware that there was any under-production in Australia; I was not aware that the shops in Perth, for instance, could not supply

one with all the goods one wanted, provided one was prepared to pay the price asked.

As I understand it, the availability of goods in Australia is very great; and our productive resources in primary and secondary industry are very great, and are increasing all the time. I have no doubt there is still in the primary and secondary industries a great deal of unused capacity which could be used if the demand for goods were greater. Therefore, how does it come about that this demand for goods is causing prices to rise?

One would think that if the supply of goods were reasonably adequate, and the demand for them sufficient to build up turnover without creating shortages of goods, the final result with regard to prices would be for them to fall. I was always given to understand that rapidity of turnover was the thing in business to bring about reductions in prices; and whereas that would apply in the retail shops, I should think it would also apply with equal logic in the warehouses and factories.

Yet we have this I.P.A. (Victoria) publication telling us that the excess demand for goods has been boosting prices by causing competitive bidding for the goods and for productive resources. I do not believe it; except those who produce the goods, and those who handle them, feel that this is a golden age so far as they are concerned, and they are going to make as much profit as they possibly can whilst the going is good.

I am inclined to think that might be the answer, after reading the financial pages of various newspapers, and other publications in which one sees with monotonous regularity that every company quoted has made record profits over the previous year; or a record over the year before that; or that the next year is expected to be a record. There seems to be no limit to the huge amounts of profits which can be taken from the community.

I have yet to be convinced that profits do not find a place in prices. It could very well be, as I think it is, that prices in Australia today, for many classes of goods, are as high as they are because of this welter of profit-making which has been going on for several years, and which is getting worse from year to year.

Mr. Nulsen: The greater the turnover, the greater the profit. I do not think any company at any time in its history has made more profit than it has today.

Mr. HAWKE: I think the member for Eyre is correct.

Mr. O'Connor: Were not wages at a record level for last year?

Mr. HAWKE: Certainly! Does the honourable member think they should not have been?

Mr. O'Connor: I did not say that.

Mr. HAWKE: I should say the honourable member would not say that! Obviously, when companies are making record profits, and putting prices up to make those profits, the wage-earner is entitled to get some increase in his wage packet each week, to enable him to buy—not as much as he was able to buy before—somewhere near as much as he was able to buy before.

Mr. O'Connor: Aren't you aware that a number of these firms pass a portion of their profits to the wage-earners each year?

Mr. HAWKE: Quite a lot of them do not. But whether they do, or whether they do not, does not matter in regard to the total problem we are considering, which is the total problem of inflation, and the dangers which this problem is forcing upon Australian industry; and has been forcing upon it for some years. Those who are associated managerially and in positions of directorships with the bigger companies do not set out deliberately—and never have done—to create inflation or to make it worse. However, the policy which they pursue automatically, and inevitably, produces that result.

I suppose the badge of greatest priority in the business world, and the one most sought after by those who go into it managerially or in positions of directorships, or of ownerships, is the badge of success. That is not to be criticised or condemned; because it is a worth while ambition, and one which, reasonably restrained in operation, does the country a great deal of benefit. But as success becomes more and more the overriding ambition of these men, so, I suppose, the greater the amount of success they achieve in profit-making, the greater their prestige and reputation in the business world; which, after all is said and done, is their entire world for all practical purposes, because they know no other world.

Therefore, each year apparently they go after record profits, because to go backwards and earn less profits than they did in the previous year would be an indication of partial failure, of retrogression—indeed of complete failure. Therefore, if my line of reasoning is sound—and I think it is—this is the most dangerous element of all in the inflationary situation: this element which has been largely responsible for creating, and intensifying, inflation as we know it in Australia.

To the Liberal Party members of this Government profits are sacred; the bigger the profits, the more sacred they are. Accordingly, it is not to be wondered at that the Treasurer had nothing to say about this problem; he just had no answer to it. The only answer he has is to make it worse; because he applauds the bigger concerns in the business world which each year create record profits, even when they create them after making all sorts of provisions for all sorts of contingencies, and all sorts of reserves, and after issuing bonus shares and so on.

I emphasise the point that all these profits come out of prices; out of all the prices paid by the people of this State—the primary producers, the workers, the pensioners, and the rest of us. Every penny put into prices which people have to pay, and which is not justified in being put there, is a deliberate aggravation of the inflationary situation; even though those who increase the prices have not the slightest intention of aggravating inflation, but have only the overriding anxiety to finish up the current year with a profit which constitutes a record over all years in the past.

Towards the end of this article, a solution, or a semi-solution, is offered. However, there is no suggestion that big business concerns should help to reduce prices by taking less profits. The suggestion is, and I quote—

While wage tribunals persist in using the abstraction of the basic wage as the primary standard for wage adjustments, the danger of inflationary wage decisions will continue. The Commonwealth industrial authority should make it clear—and if this is not possible under present legislation the Commonwealth Government should make it possible—that in future there will be no separate hearing for margins and the basic wage, that the whole wage will be considered as one wage and adjusted accordingly. If on top of this the Arbitration Commission reviewed its whole approach to long-term productivity improvements as a guide to wage revisions, the emergence of a non-inflationary wage policy would be in prospect.

So we find that according to the I.P.A. booklet of Victoria, the people in Australia who should be called upon to bear all the burden necessary to slow down, or halt inflation, should be the wage and salary earners.

One other point I would like to mention is that while we know the economic position of primary industries in Western Australia is not as good as it was, say,

three, five, six or seven years ago—even though seasonal conditions this year in all States except Queensland are, I understand, very good—nevertheless we read from time to time of almost frantic appeals being made to primary producers to increase production; to help step up the total volume of exports from Australia, in order that we might basically keep the balance of payments in relation to exports from, and imports into, Australia on a good foundation.

More recently we have seen the Commonwealth Government of this country remove totally, or almost totally, import restrictions which were previously operating. Without debating at this time the arguments for and against that policy, one must know, and say, that the putting into operation of the policy will aggravate the situation in regard to maintaining favourable overseas balances for Australia. Therefore, I think it is inevitable that primary producers will be increasingly called upon to produce more, in order that this increasing volume of imports might be paid for by an increasing volume of exports.

It seems to me that the national policy in Australia is getting somewhere near to the crazy point, if it has not already reached that point. Here we have a national policy which allows inflation to run more or less riot, thereby forcing production costs up and up year after year; and then we have this total, or almost total, removal of restrictions of imports into Australia from other countries, and increasing appeals to primary producers to produce more from their farms and holdings, so that our increasing bill for imports might be adequately met by our increasing income from a greater volume of exports.

It does not make sense. I say it is not possible to keep loading increased costs of production upon industries, and then go on expecting those industries to expand and develop, to bring about a greater volume of production which would be necessary to finance the additional imports.

I would like to hear as many members as possible take part in this Budget debate, particularly those who represent rural electorates, because from the producing point of view they know what the situation is. Their views and advice will be helpful to us in the deliberation of the total problem.

Without any apology I think this inflationary problem in Australia is not only serious and severe, but absolutely dangerous. So any deliberative assembly of men who represent the people and who have been elected by the people is not only justified in discussing these matters, but has on its shoulders a duty to discuss them.

It is one it should not try to avoid, even if it feels the problem is so great, and perhaps so complicated, as to be beyond its resources adequately to discuss it.

Progress reported, and leave granted to sit again.

PREVENTION OF POLLUTION OF WATERS BY OIL BILL

Message: Appropriation

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

Second Reading

MR. WILD (Dale—Minister for Works) [5.50]: I move—

That the Bill be now read a second time.

As a result of a conference held in London in April, 1954, representatives of the 41 countries attending the conference sought international agreement upon the avoidance of deposition in the sea of oily waste and sludges containing persistent oils.

The Commonwealth Government was invited by the British Minister of Transport to be represented at a conference and appointed the chairman of the Australian Port Authorities' Association and a Commonwealth departmental officer to represent it.

It was considered by the Governments represented at the conference that the best method of preventing the pollution of the sea by oil was by means of a convention which would become operative 12 months after the date on which not less than 10 countries had ratified it, including five countries each with not less than 500,000 gross tons of tanker tonnage.

The discharge of oil into the sea by ships is a serious and world-wide problem and has increased in magnitude with the change from coal to oil as a fuel for ships and by the increasing oil-tanker trade.

The countries which are bounded by the sea suffer from oil pollution to a greater or lesser degree including the pollution of beaches, widespread destruction of sea birds and the fouling of fishing gear. There have been specific cases in Australia recently which confirm the need for controls.

The principal difficulty in the way of dealing adequately with the problem arises from the fact that while countries can legislate for the control of shipping within their territorial waters, they cannot legislate to prohibit or control the discharge of oil by foreign ships in waters outside their territorial waters.

The object of the convention is to overcome this difficulty by providing that countries signatory to it prohibit the discharge of oil by ships flying their flags in specified zones adjacent to the coasts of the various countries. It follows that the very desirable objectives which the convention was intended to achieve will only be fully accomplished when all maritime countries ratify it, and it is important, therefore, that Australia should take the necessary steps for ratification.

The convention has been ratified by the United Kingdom, Mexico, West Germany, Sweden, Denmark, Canada, Norway, Irish Republic, Belgium, France, the Netherlands and Finland; and regulations have been issued by the British Government under the Oil in Navigable Waters Act, 1955, to apply the convention to British ships. The Commonwealth Government has signed the convention but has not yet ratified it, although all States, including Western Australia, signified agreement with the proposed ratification by Australia of the international convention.

Ratification of the convention in Australia is not a simple matter as ratification by each separate State Government as well as the Commonwealth Government becomes necessary. Also, coastal, territorial, and extra-territorial waters would require clear demarcation so that proper legislation could be enacted not only by the Commonwealth and State Governments but also by other local authorities such as port authorities.

In order to demarcate and cover all coastal water areas of Australia and to achieve unity in legislation, a committee was set up under the auspices of the Australian Port Authorities' Association representing the Governments of all States and the Commonwealth for the purpose of advising their respective Governments on suitable legislation.

In order therefore to give effect to the convention, the Commonwealth has now passed the Pollution of the Sea by Oil Act, 1960 (No. 11 of 1960) which was assented to on the 13th May, 1960, the terms of which were examined and approved by the Australian Port Authorities' Association prior to being submitted to Parliament. This Act will not be proclaimed until complementary State legislation is enacted.

Before being presented to Parliament, the Commonwealth Bill was also examined by the Government of this State, which advised the Commonwealth that the State had no objections to the Bill, which it understood did not encroach on State rights, and that necessary action would be taken to introduce complementary legislation to give effect to the convention within the territorial waters of this State.

It is apparent that the convention can be effective only if all maritime countries ratify and observe it. Before the convention can be ratified by Australia, each State must pass the necessary legislation complementary to the Commonwealth Act, and port authorities in the different States are assisting as far as possible in achieving this desirable result by sponsoring the drafting of suitable Bills.

This Bill is for the purpose of achieving that result so far as Western Australia is concerned, as the Commonwealth legislation applies only in respect of waters outside the State's territorial limits.

On motion by Mr. Tonkin, debate adjourned.

LOCAL AUTHORITIES, BRITISH EMPIRE AND COMMONWEALTH GAMES CONTRIBUTIONS AUTHORISATION BILL

Second Reading

MR. WATTS (Stirling—Attorney-General) [5.57]: I move—

That the Bill be now read a second time.

This Bill, which has already been passed in another place, is brought before Parliament for the purpose of enabling local authorities—that is to say, road boards and municipalities as at present constituted—to contribute to the funds connected with the Empire Games which are to be held in Western Australia in 1962.

Most members are fairly well acquainted with the provisions of the existing local government laws in relation to these matters. The provisions in regard to expenditure, other than that which comes directly under the heading of expenditure authorised by the Acts, are limited to three per cent. in general terms for the credit of the district.

I am advised that a number of local authorities expressed the view that they should be able to make a contribution towards the funds for the carrying out of the Empire Games; but that if they had

to do so from the three per cent. account, which already has various other calls upon it, they would find it extremely difficult.

The suggestion has therefore been made—and this Bill proposes to carry out that suggestion—that, with the approval of the Minister, local authorities—both road boards and municipalities—should be authorised to expend from their ordinary revenue such sums as they think fit and which, of course, the Minister approves, for the purposes I have mentioned.

As is well known, the three per cent. account is not used—as is the opinion held by some people—purely for the entertainment of the members of municipalities or road boards. It is used for any purpose that is not expressly provided in the powers conferred on local authorities by the respective statutes.

For instance, it is used by them to make contributions to charities; to assist many deserving causes; for the entertainment of distinguished visitors who are frequently imposed upon them at the request of the Government and the authorities; and for many other purposes associated therewith, as the member for Maylands well knows.

Consequently, any idea that this three per cent. account is used solely for the entertainment of members is grossly wrong. In many instances it is used for purposes which reflect great credit upon the board concerned and does a great deal towards ameliorating the conditions of people who in other circumstances would not be well placed.

Mr. J. Hegney: Did the Perth City Council make this request?

Mr. WATTS: No; I do not think so. This Bill is in connection with other local authorities. In the circumstances to which I have referred, it seems reasonable that the local authorities should have this power provided that the Minister for Local Government gives his approval—and that is the system that has been followed in other cases in the past; and provided also that it is a reasonable contribution, which, of course, it would be as ministerial approval has to be obtained. After all, this money is necessary for the carrying out of these games which will, of course, be of great importance to Western Australia, and for which substantial funds—as is quite apparent to everyone—will have to be raised and expended in order to do the job properly and to do credit to the State.

On motion by Mr. Toms, debate adjourned.

House adjourned at 6.2 p.m.