

more convinced—of the necessity of appointing some new management for the railway system when I read the remainder of the paper which the Minister sent to me on that occasion. It contained the Commissioner's observations to his Chief Traffic Manager—a subordinate officer—and included what I regard as the most disrespectful remarks concerning a Minister of the Crown that any departmental officer could make, remarks especially bad seeing that they were addressed to a subordinate officer in the service.

On the 14th March, some seven days after the earlier communication from the Minister, the Commissioner of Railways wrote to the Chief Traffic Manager in these terms—

After allowing for a certain extravagance in the language of the minute, and also for the known fact, born of long experience, that when our clients get alongside a Minister—especially an inexperienced one—without a responsible officer present to check or correct statements made, there is a spate of exaggeration, I feel that the complaints under the three headings of bad stowing, cleanliness, and water bags have justification.

Mr. Mann: Sack him straight away!

Mr. WATTS: That statement, which says the Minister is irresponsible, refers to a Minister that I know has never suffered from irresponsibility since he assumed office. The minute states "There is a spate of exaggeration; our clients get alongside a Minister—especially an inexperienced one." What state of affairs are we coming to if that is the sort of thing that is going to be done by an allegedly responsible officer of the railways service in this State?

Mr. Seward: No wonder we cannot get any improvement!

Mr. WATTS: If I did not believe before, when the member for Pingelly moved it, that the matter required considerable amendment and a new form of management, I do believe it now; but for reasons quite other than those I am mentioning now, I certainly believed in it a great deal before. I commend to the Government the immediate consideration of appointing someone to the management of that institution, an institution which is of tremendous value to the State and which I desire to see preserved and used in the best interests of the community. But we are not going to get that service if we have a management that is prepared to take up such a point of view, in reference to the Minister in particular.

It might be any Minister, but this particular Minister, whom most of us know, and with whom we may disagree violently on political points, we have considerable respect for personally and we do not wish that respect to be undermined by treatment of this nature.

On motion by Mr. Needham, debate adjourned.

House adjourned at 8.22 p.m.

Legislative Council.

Wednesday, 31st July, 1946.

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

MOTION—COMMITTEES FOR THE SESSION.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West) [4.33]: I desire to move without notice, in accordance with Standing Order No. 65—

That the following members be appointed to serve on the Standing Committees during the present session, namely:—

Hon. C. B. Williams: On a point of order—

The PRESIDENT: Order! The hon. member should wait until the Chief Secretary has finished.

Hon. C. B. Williams: Then the fat will be in the fire! He will have named the members.

The CHIEF SECRETARY: I move—

That the following members be appointed to serve on the Standing Committees during the present session, namely:—

Standing Orders.—The President, the Chairman of Committees, the Chief Secretary, Hon. C. F. Baxter and Hon. H. S. W. Parker.

Library.—The President, Hon. J. G. Hislop, and Hon. A. Thomson.

Printing.—The President, Hon. E. H. Gray, and Hon. W. J. Mann.

House.—The President, Hon. W. R. Hall, Hon. J. A. Dimmitt, Hon. G. B. Wood, and Hon. G. Fraser.

HON. C. B. WILLIAMS (South) [4.36]: It is with great reluctance that I have to oppose the motion in order to move an amendment so that the House shall elect its committees by ballot. It is a very grave reflection on the House Committee as now constituted that the members have never had a meeting.

The PRESIDENT: The House Committee?

Hon. C. B. WILLIAMS: I mean the Standing Orders Committee. The members of that committee have never had a meeting to alter the Standing Orders in conformity with the wishes of the majority of members last session. You will remember, Sir, that after three or four years of fighting with a view to ensuring that this House should elect its own committees, it was decided by a majority that that should be done; and it was done. Now once again the Chief Secretary—and this is not a personal matter between us—has named the proposed members of the committees. Hon. members do not like to vote against people who are named in that way. The members of the Standing Orders Committee have been very neglectful of their duty in not framing a Standing Order that would have obviated the amendment I have indicated.

The PRESIDENT: I advised the Chief Secretary to adopt this course. I have consulted the Standing Orders and I find that there are two references to this matter—one dealing with Select Committees and the other with managers appointed to conferences. Under one of those Standing Orders it is incumbent on whoever moves for a Select Committee to nominate the members he desires to serve on that committee. The same applies to the member moving for a conference of managers. In each instance it is within the province of any other hon. member to ask for a ballot. If Mr. Williams requires a ballot, I am prepared to accept his suggestion, conditionally on his nominating which Standing Committee he desires to have

elected by ballot. As a matter of fact, there is only one alteration in the committees that sat last year; that is, Mr. Fraser has been nominated in my stead for the House Committee. I understand that the Chief Secretary has selected the other members, and that they are prepared to act, but if Mr. Williams desires a ballot he can have it.

Hon. C. B. WILLIAMS: I want a ballot on every committee in order to uphold our undoubted rights and privileges to elect whom we like to the committees. I desire a ballot on each of the committees.

The PRESIDENT: We will take a ballot on the Standing Orders Committee. Those nominated are the Chief Secretary, Mr. Baxter and Mr. Parker.

Hon. C. B. WILLIAMS: In my opinion they should be the whole of the members of this House, with the exception of those who are on the committees per medium of the Standing Orders. I hope that the new committees, when elected, will sit.

Results of Ballots.

Ballots taken and committees appointed as follows:—

Standing Orders—The President, the Chairman of Committees, the Chief Secretary, Hon. C. F. Baxter and Hon. H. S. W. Parker.

Library—The President, Hon. J. G. Hislop and Hon. A. Thomson.

Printing—The President, Hon. E. H. Gray and Hon. W. J. Mann.

House—The President, Hon. W. R. Hall, Hon. J. A. Dimmitt, Hon. G. B. Wood, and Hon. C. B. Williams.

BILL—SUPPLY (No. 1), £2,700,000.

Standing Orders Suspension.

On motion by the Chief Secretary, resolved—

That so much of the Standing Orders be suspended as is necessary to enable the Supply Bill to pass through its remaining stages at the one sitting.

Second Reading.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West) [5.19] in moving the second reading said: This is the customary Bill by which supply is sought to carry on the ser-

vices of the State until such time as the Estimates are passed by Parliament. The Estimates are being prepared and will be submitted as early as possible. The amount required under the Bill is £2,700,000, a sum identical with that approved by Parliament in the past two sessions. It comprises—

Consolidated Revenue ..	£2,200,000
General Loan Fund ..	200,000
Treasurer's Advance ..	300,000
	<hr/>
	£2,700,000

For the first three months of the last financial year the expenditure from the Consolidated Revenue Fund, exclusive of Special Acts, was £2,300,000. The provision of £2,200,000 for this year would therefore be sufficient for approximately three months' supply. Interest and Sinking Fund payments are included under Special Acts and therefore do not require authority under the Bill. The Advance to Treasurer is to provide for special payments that cannot, for the time being, be charged to votes or accounts.

It was anticipated last year that a deficit of £207,900 would occur. Actually, however, the deficit amounted to £912,559. The year's revenue totalled £13,494,498, as against the estimate of £13,498,904—an over estimate of £3,906, which was caused as follows:—

Territorial	£18,040
Business Undertakings ..	78,384
Other Revenue	45,574
	<hr/>
	141,998
Less increase in Taxation ..	138,092
	<hr/>
	£3,906

Expenditure during the year amounted to £14,407,557, which was £701,563 in excess of the estimate of £13,705,994. The increase was accounted for by—

	Increase £	Decrease £
Interest	44,365	
Sinking Fund		268
Exchange	10,977	
Social Expenditure ..	71,692	
Pensions		11,621
Other Public Works ..	46,790	
Business Undertakings ..	312,121	
Other Expenditure ..	227,507	
	<hr/>	
	713,452	£11,889
Less Decreases	11,889	
	<hr/>	
Net Increase	£701,563	

This increase is attributable mainly to the sudden end of the Pacific War, which involved the Government in considerable unforeseen expenditure relating mostly to re-establishment and rehabilitation activities.

So far as the deficit is concerned, the Government has availed itself of its right under the State Grants (Income Tax Reimbursement) Act and has applied to the Commonwealth Treasurer for an additional grant to cover the whole of the deficit. This method of approach under the uniform tax scheme is some measure of compensation for the State's loss of its right to impose income tax. I move—

That the Bill be now read a second time.

HON. H. SEDDON (North-East) [5.25]: As this is the first opportunity I have had of speaking this session, I desire to extend to you, Sir, my congratulations upon your attaining the position of President. I also welcome the new members who were returned at the last election and, at the same time, express my sympathy with those who fell by the wayside. I thank the Chief Secretary for having given more explicit details regarding the way in which the deficit is made up than I have been able to obtain from the statements published in the Press. I want, once again, to remark upon the way in which the Chief Secretary makes available to us the figures in connection with the Bills introduced from time to time. It shows the trouble he takes to give us the information that we are seeking. I was somewhat puzzled to make out how the increased deficit had been arrived at, particularly in view of the fact that a deficit of £207,000 had already been budgeted for. But it is quite evident from the items referred to by the Chief Secretary that there were certain expenditures which obviously were a long way out when compared with the Estimates.

That brings me to this most important point: The experience that we had during the depression was that while the Treasurer endeavoured to make an estimate of his receipts from taxation and other items of revenue, and also of his expenditure, it was found at that time that the revenue fell away rapidly while, on the other hand, with every effort made to reduce expenditure, it was very difficult to bring it down. The present deficit has attained, more or less, the magnitude of a depression deficit. As

was pointed out yesterday by Mr. Baxter, and as the Chief Secretary stated, the items that were responsible for the increase were largely covered by additional expenditure on public works. I notice that whereas the Treasurer anticipated in the Estimates last session there would be a reduction in the expenditure on public works, the expenditure has gone up by some £146,000. The largest increase is in the item "Utilities" which, of course, includes State trading concerns. The amount given by the Chief Secretary is, I think, £312,000, and other items of increased expenditure amount to £227,000.

The first question that occurs to me is this: How is it that there is such a tremendous difference between the Estimates and the results achieved? I notice that the Premier, in his statement dealing with the deficit, which was published in the Press, referred to the fact that one of the items that had caused increased expenditure was that associated with rehabilitation of those Government servants who had been away on Active Service. But he also made use of the following statement—

During the war the State had honoured an undertaking given to the Prime Minister that every effort would be made to live within our financial resources. The end of the war released us from that obligation so that it became possible to incur expenditure which could not be undertaken during wartime, and which is now deemed by the Government to be of greater consequence than rigid adherence to the strict principles of a balanced budget.

So there would seem to be indicated a certain slackening in the control of expenditure, and today we find ourselves confronted with a deficit not far short of £1,000,000! I notice in the report placed on the Table yesterday, a reference to the fact that the loss incurred by our State trading concerns is quite a considerable item. In the list shown on page 18 of the report of the Auditor General, which was tabled in the House yesterday, there appears the amount of £122,665, so I take it that that item must be included in the £312,000 referred to by the Chief Secretary.

It is interesting to note in that respect that the accumulated losses with regard to the State trading concerns to the end of 1945 was £2,500,000. In view of the public opinion, which seems to have set in, that Governments may be entrusted with the management of business concerns, it appears that there is a certain amount of food

for thought for the general public before they embark upon these grandiose schemes that are so frequently associated with Government programmes. It is important that we should be furnished with information as to how it is proposed to meet the deficit. The Chief Secretary told us that it was the intention of the Premier to approach the Commonwealth Government to meet the deficit out of the increased taxation it has collected, by appealing under the appropriate section in the State Grants (Income Tax Reimbursement) Act, which we passed when the uniform tax was instituted.

We find from His Excellency's Speech that the Government expects to receive £740,000 from the Commonwealth Government for the year 1946-47 by way of increased returns from taxation, and associated with that proposal is the undertaking that the State will continue to benefit from two other items. The first is that the State will get an increased amount as its population increases and the second is that the State will receive an increase as the national income increases. That indicates, if it indicates anything at all, that it is in the mind of the Commonwealth Government that we shall get back to the old per capita system of reimbursements to the States, which system was in operation for so many years. We are, however, still entitled to ask whether it is expected that we shall experience deficits of this magnitude for a number of years to come and if so, what steps are to be taken by the Government to meet that position?

Are we going to do like the college boy, incur these deficits in the hope that the old man—represented in this instance by the Commonwealth Government—will meet the bills, or are we to follow our old procedure and meet deficits out of loans and thus allow posterity to carry the burden of our expenditure? In other words are we to leave it to future generations to pay for the debts that we incur? Neither of these methods commends itself to me and I consider the time is long overdue when we should make an effort, supported by the other States, to have not only the problem of uniform taxation but the question of finance generally and the field of finance, defined and strictly observed in order that the Commonwealth and the State Governments may draw their revenues from certain fields and not encroach upon

the revenues of each other. It is only by some such method that we can hope to restore the sovereignty that the State Governments are continually talking about but which has undoubtedly been taken from them as the result of the passing of legislation dealing with the uniform tax. It appears to me that once more we shall have to open up the vexed question of the financial relationship between the Commonwealth and the States.

With regard to the request of the Premier that the deficit be met by the Commonwealth Government, there is certainly a good deal to be said in favour of that course. We have been told that the Commonwealth has some £50,000,000 in the form of taxation not yet collected, although imposed last year. In these circumstances the Commonwealth Government could not be accused of excessive generosity if it did consent to meet the deficit out of that fund, seeing that it has such a large amount at its disposal. Naturally the objection is that it would create a rather bad precedent because obviously if State Treasurers get the idea that all they need do is to incur a deficit and then expect the Commonwealth Government to meet it, that course would simply serve to emphasise still more the unsatisfactory relationship that exists at the present time between the Commonwealth and the States.

Apart from the evidence of Federal encroachment in the field of finance, there are many aspects of the relationship between the Commonwealth and the States that require revision and the time is long overdue for a united effort to be made by all the States to secure a convention or a conference between representatives of the Commonwealth and State Parliaments to deal with this important and vexed question. When we realise that the constitution of Australia still comprises the six original States, with great disparities in population and area, together with the fact that the Commonwealth Government is now administering many territories under mandates or by direct government, we must appreciate that there is very strong need for a revision of the boundaries of the States and of the whole position of government under the Federal system.

The rigidity of the Commonwealth Constitution is in marked contrast to the elasticity of the Constitution of the United

States of America. While the United States started off with 13 States and many territories, that country now comprises 48 States and still has territories to administer. Thus the American Constitution and system provide that as a section of the country develops it shall have the right to apply for admission to the union and be constituted as a State, with the advantage of State sovereignty. There is no such provision in the Australian Constitution nor has any such aspect been discussed between the Commonwealth and State Governments with a view to adopting a similar system in this country. When we realise that the accusation against Canberra respecting the evils of remote control can equally be levelled against the State Government located in Perth, we must also appreciate that in Western Australia, which comprises one-third of the continent, there is room for more than one State within our boundaries and that there would be a great incentive for other parts of the State to develop if they were placed on a different basis. To many people in Western Australia this State is represented almost entirely by the South-West Land Division and outside of that division one is forced to the conclusion that administration on a territorial basis would be of great advantage and tend to promote development in that particular area.

Returning to the question of Government finance and the problem of whether the Government intends to follow the old-time policy that has characterised our financial administration for the last quarter of a century under which deficits are funded and thus increase the amount of the public debt for which there is no asset, one would think that the Treasurer would be warned by certain conditions that apply today and which must operate adversely against the continuation of that policy. Incidentally, I would like to remind the Treasurer of the important undertaking given during the last depression period when Governments, repenting in sackcloth and ashes for their extravagance in previous years, made a solemn promise that in future they would endeavour to live within their income. That promise, I am afraid, has been honoured more in the breach than in the observance.

The signs of the times today indicate the need for caution with regard to future finance. First of all there is the very im-

portant fact—and it is a fact—that under the system of uniform taxation, the Commonwealth Government has the first cut and the States get what is left. While there is a formula laid down for the distribution of the taxation according to the finances of the various States, provision is also made for revision and while the Treasurer intends to apply the conditions of the revising authority by asking for an increased grant to the State, it is quite possible that if ever the time arrives when taxation revenue falls considerably, the Commonwealth may turn round and ask the revising authority to scale down the amount available to the States. The State Treasurer who budgeted for a deficit under those conditions might find himself in a very difficult position. A second factor we must take into account is that Commonwealth loans, which are the source upon which the financing of State loan works depends, are becoming more critically regarded by those who subscribe to them.

The Commonwealth public works proposals do not inspire confidence; they do not even pretend to meet the capital charges associated with them. A government policy of that description might be necessary during the time of war, but in times of peace it is not one that will inspire confidence in investors, whose funds are placed at the disposal of the State. There is an indication, too, that there will be requirements in the field of capital acquisition on the part of many concerns that are endeavouring to establish themselves and to re-establish production which was so greatly retarded during the war period. In these circumstances it behoves the Government to endeavour to honour the promise made during the depression and try to live within its budgetary possibilities. There is, of course, the very important fact that so much of our public indebtedness can only be regarded as unproductive. Some was incurred during the war period and was inescapable, but it also applies in respect of Government loan works and other Government activities that have been failures.

Another factor that is operating concerns government capital controls. I was pleased to notice in this morning's issue of "The West Australian" reference to the adverse effect of the low interest regu-

lation that is enforced, pointing out that there is another side to the question of control and keeping interest low. That policy has very adverse effects in other directions and I hope another explanation will be made to the public regarding that objection, irrespective of the necessity for vigorous controls. We find, for example, that so far as insurance companies are concerned, these are definitely restricted to investing a very large proportion of their revenue in Government securities, with the result that they are all complaining and are explaining to their policy holders that they cannot expect to receive the bonuses associated with their policies that they obtained during the years prior to the war. The controls over export of capital are working in a way which would be comical were it not that they are detrimental to the earning capacity of many of our citizens.

As members know, there are restrictions upon the export of capital from Australia. For example, if a person had a very high opinion of certain goldmining discoveries made in this country and desired to buy shares in the companies which were domiciled in London, in order to take advantage of the expected rise in the value of the shares, he might find out—as did actually occur in some instances—that the price of a share in Australia would be 6s., while the price of the same share in London might be 26s. That is an instance which actually occurred very recently. Yet that person would not be allowed to transfer his shares to London and sell them there at the higher figure unless he gave an undertaking to the Commonwealth Government that he would bring into Australia the amount of money which he had invested and the profit which he had made.

Obviously, these interferences with the freedom of trade, while they might have been more or less justified during the war period, cannot be justified so far as their continuance is concerned 12 months or more after the war. Although the argument for the retention of this control may be that the Commonwealth Government is trying to prevent inflation, the fact remains that the biggest culprit, so far as inflation is concerned, is the Commonwealth Government itself. Members may have noticed in the Press a comparison of the note issue in the year 1942, when the present Commonwealth

Government assumed office, with the note issue at the present time. It was pointed out that the note issue is double the amount it was in 1942. But that is not the whole story. As a matter of fact, when one considers the increase in the note issue, one arrives at this very important fact, namely, that the note issue in October, 1941, was £56,000,000, while at the end of June, 1942, it was £86,000,000, and in 1946 it is £198,000,000.

I stress the fact that we are not receiving anything like the information with regard to the country's finances that should be at our disposal. Whereas at one time it was comparatively easy to ascertain exactly what was behind the note issue, little information is made available today as to what reserve exists behind the note issue and in what form that reserve exists. There have been references to the fact that a considerable quantity of gold has been exported from Australia; but reference has also been made to the fact that the Commonwealth Government has been storing up gold. One is entitled to ask what is the objective and what is the idea of the Federal Government in doing so. One is also entitled to ask why returns which formerly were available to a person studying the finances of Australia are not now available. Previously they were made public from month to month by the Commonwealth Bank. Now that the Commonwealth Bank has been put on its present basis as the result of legislation, one cannot help thinking that this policy of concealment is not in the best interests of the people of Australia. When one realises the extent to which the Commonwealth Government has taken charge of the funds that are associated with our primary industries and the increasing control which it exercises over those funds through the adoption of marketing schemes, one again has cause for considerable uneasiness.

If the people of Australia are wise they will criticise much more loudly the finances of the Government than they were allowed to do during the period when Australia was at war. We have no guarantee that the Commonwealth Government will not again, in times of stress, resort to further inflation by use of the printing press. These warnings should be made clear to the people in order that they may realise what is confronting them. There are other ways in

which the Government is exercising its domination over the possessions of the individual citizen. We notice how the Commonwealth Government through its national marketing schemes has taken control of and is handling the funds arising from the sale of wool, wheat, meat and gold. On a previous occasion I drew the attention of the House to the fact that the price which was being obtained for gold overseas was considerably in excess of the amount paid to the gold producer, and that there had never been a satisfactory explanation of the difference between those two prices. At any rate, at present one is justified in saying that the handling by the Commonwealth Government of funds associated with the export industries is such as to cause us to understand, with sorrowful truth, that when the Commonwealth Government gets its hand on money it is very hard to get it back.

Therefore, when we are considering all these schemes and are told that they are being introduced to effect stabilisation, we should be critical and look at the other side of the question. We should say, "Well, that may be so or it may not be so, but we are entitled to ask whether those funds will be available to effect stabilisation when the time comes for a greater demand on them than is being made at the present time." Members are aware that the Commonwealth Bank controls exchange. It is also maintaining large and unexplained balances overseas, the amount of which was quoted the other day in the Press as being in the vicinity of £205,000,000. One is entitled to ask why that £205,000,000 is being retained overseas. We know, for example, that there is a very large accumulated balance in connection with import trade which is bound up with the restrictions imposed during the war. Is it the intention of the Commonwealth Government to make use of this accumulated balance in order to facilitate imports? On the other hand, we know that one of the conditions associated with the establishment of an international bank is that a country shall fix the exchange value of its currency and that that value shall be guaranteed by the deposit with the international bank of certain securities. Is this large balance that has been accumulated in London to be used for that purpose, or is it being retained for some other purpose?

Those are questions which should be asked and which should be answered in the interests of the people of Australia, in order that they may know, first, what the Government's policy really is, and, secondly, in order that they may know what their position is and what is the real value of the Australian pound. While the object of price control is to endeavour to prevent inflation, the method that is being adopted and carried out today is one which does not inspire confidence in the maintained exchange value of the Australian pound. When one realises that prices today are being maintained largely by secret subsidies—and it would take a very clever man indeed to explore all the ramifications of the various branches of trade in order to determine what amount of contribution was being made by the Commonwealth Government in the way of secret subsidies—one is entitled to ask what exactly is the real value of the Australian pound.

Various figures have been suggested; the very fact of the security being there is disquieting and does not make for confidence in a policy so marked by obscurity. One is inclined to ask in view of the fact that all these controls are being retained and only certain of them released, whether the real object of the Government is to maintain its domination of the individual and of his resources that was established during the war and that has been retained so rigorously and so jealously by the Government since.

Hon. A. Thomson: It looks very much like it.

Hon. H. SEDDON: It does. The Australian citizen will be very flattered to know that if that is the real objective of the Commonwealth Government, it is acting as a paternal Government which will tend to become autocratic and a very strict stepfather. In other words, we have in Australia today—in this Australia which we boast of as being so free—a state of affairs in which the original six States, which enjoyed sovereignty before they established the Commonwealth Government, now occupy the position of mendicant States. We have the spectacle, too, of the citizens of this State being unable any longer to regard themselves as free to make use of their own resources and of the products of their industry as they think fit. They will all the time be controlled,

watched over and regimented by a Government which thinks it desirable to determine what they shall receive for all the money they spend.

The time has now arrived for the State Governments, as a body, to endeavour to get that sovereignty restored to them. They should make a united stand to force the hands of the Commonwealth Government. I would like to remind the Premiers of the various States that the door to the Privy Council is still open. I would like to remind them also that they should present a united front to the Commonwealth Government in order to compel it to restrict its finances and give due consideration to the needs of the States. That can be accomplished because there are means available to the States, even within the Constitution, that would put the Commonwealth Government in a very embarrassing position if a united front were presented to it. But above everything else there is necessity for the State Governments to put up a very strong light for the primary producers of Australia in order to ensure that while their funds remain in the hands of the Commonwealth Government they themselves shall have more than a small say in the control of such funds and their administration and as to the manner in which they should be distributed.

We should look to our Government to institute a far more vigorous policy than it has followed in the past, in order to convince the people that the sovereignty of the State, of which we were so proud, may be restored and is in competent hands and also to ensure that the welfare of our citizens is not left in the hands of the Government which is centred upon the Eastern States and which we only too often criticise as a Government that, owing to remote control, is not seized with the best interests of the outlying States. I think the time has long passed when we should press for a convention to revise the whole relationship between the Commonwealth Government and the States, to revise the Constitution, not by a piecemeal referendum which is open to the imputation of an attempt to get more power but in an endeavour to place this country on a basis and devise a constitution which will be more flexible and allow for the development of those sparsely populated, outlying parts of the State,

which regard themselves as too frequently neglected through the concentration of expenditure in those centres where population is greater.

Hon. A. Thomson: And to prevent the Commonwealth Government going back on its word.

Hon. H. SEDDON: And to restore the ideal of federation under which the Constitution was drawn up in its original conception. I have pleasure in supporting the Bill. I have made these remarks because I think the time has arrived when topics of this description should become matters of public concern in the best interests of the citizens of Australia.

Question put and passed.

Bill read a second time.

In Committee, etc.

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

Bill read a third time and *passed*.

House adjourned at 6.4 p.m.

Legislative Assembly.

Wednesday, 31st July, 1946.

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

QUESTIONS.

RURAL RELIEF FUND ACT.

As to Repayment of Advances.

Mr. SEWARD asked the Minister for Lands:

1, Has the Government concluded the consideration it stated it was giving last year to what action it intended to take regarding the repayment of moneys advanced to farmers under the Rural Relief Fund Act?

2, If so, can he state what the decision is?

The MINISTER replied:

1, and 2, The State Government has reached conclusions as to action desirable regarding repayment of moneys advanced to farmers under the Rural Relief Fund Act.

The legal position was examined as to what action would be required to cancel the mortgages and whether Commonwealth approval or legislation would be required to refund the payments made to farmers.

Before the Fund can be disposed of, there must be Commonwealth Parliamentary authority for such proposal, because without the authority of Commonwealth legislation, if the State releases recoverable debts or disburses the money in hand, the Commonwealth will be in the position to compel repayment.

Our case has been stated, therefore, to the Commonwealth Government, requesting that it introduces the appropriate legislation and asking that it finds no objection to the State Government also introducing the required legislation.

NEW ZEALAND RAIL CARS.

As to Suggested Use in Western Australia.

Mr. SEWARD asked the Minister for Railways:

1, Was the Commissioner of Railways given in 1937 or 1938 photos., blueprints, and detailed information regarding rail cars in use in New Zealand, which rail cars would enable the journey from Perth to Kalgoorlie to be done in 8 to 9 hours?