

The **MINISTER FOR WORKS**: The Minister for Industrial Development has set up an organisation by which we hope to overcome the difficulty; but it must be borne in mind that this State does not enter largely into the field of secondary industries. Obviously, if men are to be found employment we will have to stimulate industry in such a way that they can be absorbed. However, this is not the time to enter into such a discussion. The question of country water supplies is an enthralling one, but it can be dealt with later. I am not dodging the issue. All that has been put forward by members will be carefully considered. I presume it is never too late to deal with the question of the Bunbury harbour; but I should say that is a matter that would come under the heading of Loan funds. I am sure the Treasurer cannot find money for such a gigantic proposition except by that means. When the Loan Estimates are introduced an opportunity will be given to discuss the subject.

Mr. Patrick: And Albany?

The **MINISTER FOR WORKS**: We might extend further south. The member for Sussex has ideas, too.

Mr. Doney: Busselton?

The **MINISTER FOR WORKS**: No, Flinders. With regard to schools, the Education Department supplies the Public Works Department with a list of works in order of priority. All that the Public Works Department can do is to carry out those works if the money is supplied by the Treasury, so even the Public Works Department has its limitations.

I desire to mention the matter of license fees motor car owners have to pay. If these have not been reviewed—I have an idea they were recently—they will be considered, particularly on account of the rising cost of petrol. A rather interesting suggestion was made by the member for Pilbara. He said that younger men now employed on land clearing should be put to prospecting. That certainly is something we would like to do. True, many of these men would not desire to engage in prospecting, but no doubt some of them would be glad to do so. The Minister for Mines will be prepared to negotiate on those lines. With regard to all the other questions raised, may I say they will be given attention? Many

important matters have been brought forward. I am extremely pleased with the reception of these Estimates.

Vote put and passed.

*Votes—Town Planning, £1,750; Unemployment Relief and State Labour Bureau, £68,950—agreed to.*

Progress reported.

*House adjourned at 10.58 p.m.*

## Legislative Council.

*Tuesday, 15th October, 1940.*

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

### ASSENT TO BILL.

Message from the Lieut.-Governor received and read notifying assent to the Income Tax (Rates for Deduction) Bill.

### THIRD PARTY INSURANCE SELECT COMMITTEE.

*Report Presented.*

Hon. A. Thomson brought up the report (including Hon. H. Seddon's minority report), of the Select Committee appointed to consider ways and means of amending the Traffic Act to provide at a minimum cost for third party personal risks arising out of the use of motor vehicles.

Report received and read and, on motion by Hon. A. Thomson, ordered: That the report be printed and forwarded, together with a copy of the evidence, to the Premier for consideration by the Government of the recommendations submitted therein.

## **BILL—ELECTORAL ACT AMENDMENT (No. 2).**

*Third Reading—Defeated.*

**HON. E. H. H. HALL** (Central) [4.57]: I move—

That the Bill be now read a third time.

**HON. H. S. W. PARKER** (Metropolitan-Suburban) [4.58]: I oppose the third reading of the Bill because I consider it should not become law in its present form. I had hoped that it would have been amended so that its provisions would apply only to Legislative Assembly elections, to which possibly it may be applicable. I regard as quite unreasonable that the Bill should be made applicable to Legislative Council elections. The principal ground we were given for the legislation was that persons whose names could not be found on the roll had been prevented from exercising the franchise, and that many such instances had occurred. If that be so, such matters can be rectified expeditiously in connection with Legislative Assembly elections by means of a declaration. All that is necessary to be established is the residential qualification and that a person is over 21 years of age. That is not the position with regard to the Legislative Council, in respect of which the only source from which a definite decision can be secured to determine whether a man is entitled to a vote and has made due and proper application for enrolment, is the Electoral Department in Perth. If a person makes a claim to vote for the Legislative Council, the box into which that person's ballot paper has been placed must remain sealed because it will be necessary to wait until it has been ascertained from the Electoral Office in Perth whether a person is entitled to vote. If it is found that he is entitled to record his vote, then and only then, can the ballot box be opened. Quite obviously that vote cannot be put into an empty ballot box. If that were done, the individual's vote would be known and there

would be no secrecy about it. The position would then be that the counting of the votes in the ballot box would have to wait until the matter had been tested, and that would hang up the declaration of the poll for some time. An election will take place on a Saturday and the Chief Electoral Officer cannot on that day be expected to look up the qualifications of the particular elector whose name did not happen to be on the roll; he will wait until Monday to do so. I venture to say that in the majority of cases the individual's claim would not be allowed. If a person's name is spelt in a particular way and it cannot be located on the roll, if he has not sufficient zeal to look carefully through the roll, he can hardly expect the electoral officers to do it for him without his giving the correct spelling. It is perfectly clear that if the Bill is carried, every election will be held up, and, because of the delay, to say nothing of the confusion, that will follow, I intend to vote against the third reading.

**HON. J. CORNELL** (South) [5.4]: Since the second reading stage—I was unable to be present during the Committee proceedings—I have gone further into this matter. Mention was made that the Bill should be passed because the provision it contains is to be found in the Commonwealth Electoral Act. The point that has been overlooked, however, is that there is a fundamental difference between the Court of Disputed Returns as it is constituted under our Act and that court under the Federal Act. If hon. members will turn to the Electoral Act of our State, they will find that Section 161, Subsection (2), sets out—

The qualification of any person enrolled shall not be questioned; and no election shall be declared void on the ground that any person whose name appears on the roll for a province or district, and who has voted as an elector for such province or district, was not qualified to be enrolled or to continue enrolled as an elector for such province or district.

That is to say that whether a person is qualified or not for enrolment for a province or district, if he is on the roll, the qualification cannot be questioned. Now it is proposed to allow a person to vote if his name is not on the roll. If we allow a person to vote if he is not enrolled, where will we stand in the case of a disputed election? If we pass the Bill, any vote so admitted by the Chief Electoral Officer should be such that

it could not be tested in the Court of Disputed Returns. I do not know whether a difficulty has arisen where elections have been very close; I know that many elections would have been questioned but for the section I have just quoted, that a man's name on the roll could not be questioned. We know that in the old days if it was shown that a number of electors sufficient to alter the result of the poll who were not qualified to vote did vote, the election was upset. I think it is too late at this stage to qualify an elector not on a roll who is permitted to vote and to safeguard him in the event of a dispute and the matter being referred to the court. I feel inclined to vote against the third reading.

**HON. E. H. H. HALL** (Central—in reply) [5.7]: The remarks offered by Mr. Parker were a repetition of what he said on the second reading and in Committee. It is not a question of admitting votes of people who are not qualified to exercise their franchise. The hon. member knows more about the law than many laymen in this Chamber, and it would not do for me to say that he was deliberately—no, I will not say it.

The **PRESIDENT**: I hope the hon. member will not reflect on any other hon. member.

**HON. E. H. H. HALL**: No, Mr. President; the thought came to me but I brushed it aside. It is not a question of qualification at all; it is a question of depriving an elector of a vote, an elector who has already satisfied the Chief Electoral Officer that he is entitled to have his name on the roll. That is all I wish hon. members to bear in mind. There is no intention of permitting someone to come in after the roll has been closed. That is not the intention. My one desire, as I said on the second reading, is that a person who is entitled to record his vote either for Legislative Council or Legislative Assembly elections, and whose name may have been omitted from the roll shall not be deprived of his right to do so, because perhaps of an omission on the part of the Electoral Department.

Question put.

The **PRESIDENT**: It will be necessary for the Bill to pass its third reading stage by an absolute majority, and therefore I shall divide the House.

Division resulted as follows:—

Ayes	..	..	..	..	15
Noes	..	..	..	..	11

Hon. C. F. Baxter  
Hon. L. B. Bolton  
Hon. L. Craig  
Hon. J. M. Drew  
Hon. G. Fraser  
Hon. E. H. Gray  
Hon. E. H. H. Hall  
Hon. W. R. Hall

**AYES.**

Hon. W. H. Kilson  
Hon. H. L. Roche  
Hon. A. Thomson  
Hon. H. Tuckey  
Hon. F. R. Welsh  
Hon. G. B. Wood  
Hon. H. V. Plesse  
(Teller.)

**NOES.**

Hon. Sir Hal Colebatch  
Hon. J. Cornell  
Hon. J. A. Dimmitt  
Hon. E. M. Heenan  
Hon. J. J. Holmes  
Hon. W. J. Mann  
Hon. G. W. Miles  
Hon. J. Nicholson  
Hon. H. S. W. Parker  
Hon. H. Seddon  
Hon. V. Hamersley  
(Teller.)

The **PRESIDENT**: As the Bill has not been agreed to on the third reading by an absolute majority of the House, the measure is lost.

Bill thus defeated.

## **BILL—INCOME TAX ASSESSMENT ACT AMENDMENT.**

*Recommittal.*

On motion by Hon. H. Seddon, Bill recommitted for the further consideration of Clause 11.

*In Committee.*

Hon. J. Cornell in the Chair; the Chief Secretary in charge of the Bill.

Clause 11—Amendment of Section 79:

Hon. H. SEDDON: I move an amendment—

That the following subclause be inserted:—

(2) Section seventy-nine of the principal Act is amended by inserting a new paragraph (g) as follows:—

(g) The sum of fifty pounds in respect of the spouse of the taxpayer, or, where the taxpayer is a widower, in respect of a female relative having the care of any of his children who are under sixteen years of age, if the spouse or relative is a resident and is wholly maintained by the taxpayer. For the purpose of this paragraph, the spouse or relative shall be deemed to be wholly maintained by the taxpayer if the separate net income derived from all sources by the spouse or relative in the year of income does not exceed fifty pounds and the taxpayer contributes to the maintenance of the spouse or relative, and not otherwise;

Provided that, if that spouse or relative is wholly maintained by the taxpayer during part only of the year of income, the deduction allowable shall be such part of the sum of fifty pounds as, in the opinion of the Commissioner, is reasonable in the circumstances.

The Minister, in replying to the second reading debate, said the amendment would result in a loss of £100,000 to the revenue. That might be considered a tangible argument for rejecting the amendment, but the whole policy of the Government has been to raise the exemption for taxpayers and the sum of £100,000 is negligible as compared with the hundreds of thousands of pounds the Government has thrown away through its own policy. Under the Bill an injustice will be perpetrated in that a married man without children will be placed on exactly the same footing as the single man. Some people argue that two persons can be kept as cheaply as one, but I cannot imagine any married man accepting that statement. The Government should concede the same exemption to the married man as is given under the Commonwealth Act.

The CHIEF SECRETARY: If the Treasurer lost £100,000 through the passing of the amendment, he would have to recast the whole incidence of taxation, and this would necessitate an increase of 10 per cent. on the income tax rates payable by every income taxpayer. In addition, a reduction of the statutory exemption would probably be necessary. I cannot agree that it would be reasonable to increase the rate by 10 per cent. in order to provide for a deduction of £50 on account of the spouse.

Hon. H. S. W. Parker: Give a reduction one way and an increase the other way?

The CHIEF SECRETARY: Yes. The Committee should hesitate before accepting the amendment, which asks for something that has never been granted under any State law, although it has been allowed by the Commonwealth for some years. The Government of this State is not in a position to contemplate a loss of anything like £100,000 by giving a deduction of this sort.

Hon. H. V. PIESSE: During the week end I received a letter from a taxpayer who said he paid £35 in taxation last year and, under the new system, would be charged about £51.

Hon. A. Thomson: On the tables submitted, he should pay less.

Hon. L. Craig: He must be earning more money.

Hon. H. V. PIESSE: No, he is on a salary. The letter states—

Whereas I paid £35 19s. 6d. last year, I will pay £51 under the new system, representing a 43 per cent. increase. I would be inter-

ested to know the reason for the increase because one would gather from what has been published that, though an increase in Federal taxation could be expected and would be justified, the States would be somewhat likely to score by reason of infiltration of Federal money for such as defence works, etc.

This taxpayer is a married man with a family, and I was wondering whether his statement was correct.

Hon. V. HAMERSLEY: I support the amendment, which would be a definite incentive to people to marry.

Hon. G. Fraser: Do you think the £50 would encourage people to have children?

Hon. V. HAMERSLEY: I should expect children to follow marriage, and there is a deduction for each child. The Government should adopt the amendment as part of its policy.

The CHIEF SECRETARY: I am not in a position to say what the tax liability of Mr. Piesse's correspondent would be, because I do not know the actual facts.

Hon. H. V. Piesse: His salary is £550 to £600.

The CHIEF SECRETARY: According to the tables of comparative taxation, the statement of his correspondent can hardly be correct. A married man, with no children, receiving £600 net from personal exertion would have paid £34 10s. 3d. in 1939, and under this measure will pay £37 10s. If the taxpayer considers that he will be taxed at a higher rate, there must be some circumstances attached to his position of which we know nothing.

Hon. H. V. Piesse: He is a married man with children.

The CHIEF SECRETARY: That being so, under the Bill if his net income is £600 his tax will be £37 10s. I suggest to the hon. member that he consult with the Commissioner of Taxation regarding the case. All I can say to Mr. Hamersley is what I have said before, that this is something which has never been allowed under State taxation, and that I feel sure the hon. member would be one of the first to complain if we said to taxpayers in his position, "You shall pay 10 per cent. more tax on your income because we are making married taxpayers a special allowance." My original statement still stands, that the Treasurer cannot afford to lose anything like £100,000 in this or any other way.

Hon. H. SEDDON: Apart from increasing the rate of income tax in the event of my amendment being carried, there are other adjustments which the Government could easily make when trying to help the married man. Last year our social services cost £4 5s. per head, and I contend that the single taxpayer can easily bear a greater proportion of the load represented by social services than he will be called upon to bear under the Government's proposals. We have also to take into consideration that the Government has abolished the rebate on account of financial emergency tax, even on the lower incomes. It would be interesting to have an indication of what the Government expects to obtain from the abolition of the rebate. Probably it is a considerable amount. I speak on behalf of the taxpayers generally, and especially on behalf of the married taxpayer, the man whom we want to encourage in this State.

The CHIEF SECRETARY: I admire the hon. member's persistency in endeavouring to ensure that everyone shall pay some taxation. I am sorry Mr. Seddon was not present during the previous consideration of this Bill; then he would not have made the statements he now makes. He repeats the assertion that this taxation is ten times as steep as previous taxation. That is a huge mistake. The proposed taxation is not nearly ten times as steep; in fact, not 50 per cent. more steep. Under the Bill rates rise .01d. per £1. The old rates rose .007d. per £1. I have previously pointed out that what the hon. member has just stated will not apply this year, but that allowance will not have to be made for financial emergency tax when the Bill comes into operation. The position will be different next financial year. The hon. member's arguments are not valid now. They will apply when taxation Bills are brought down next session.

Hon. H. V. PIESSE: Previously a taxable income ran from £200 to £300. There is a deduction for incomes up to £200. If Mr. Seddon's amendment is carried, I am prepared to move a further proviso, which may assist the Government, to this effect: provided also that if the taxable income after allowing all other deductions under this Act with the exception of that under this paragraph is less than £350, the de-

duction to be allowed under this paragraph shall not exceed the excess of the taxable income of £300. Then tax on an income of £200 would remain nil, but at £210 the taxable income would be £30, and at £220 it would be £60—

The CHAIRMAN: What has all that to do with the clause?

Hon. H. V. PIESSE: The Chief Secretary said the loss to the Government would be £100,000.

The CHAIRMAN: The hon. member brought that on himself by getting away from the amendment.

Hon. H. V. PIESSE: Why not spread the taxation and put a little more on the smaller incomes, thus relieving the Government of loss?

Hon. H. SEDDON: What will the Government gain from the abolition of the deduction for emergency tax? We might consider the incidence of taxation on the married man and endeavour to obtain something of that uniformity which was stressed when the amending Bill was under consideration. Once this assessment measure goes on the statute book, it will not be amended unless the Government so desires. If the Bill is passed in its present form, obviously there will be no chance of getting any deduction next financial year.

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

Ayes .. .. .	9
Noes .. .. .	16
Majority against .. .. .	7

#### AYES.

Hon. Sir Hal Colebatch	Hon. H. V. Piesse
Hon. E. H. H. Hall	Hon. H. Seddon
Hon. V. Hamersley	Hon. A. Thomson
Hon. W. J. Mann	Hon. H. L. Roche
Hon. J. Nicholson	(Teller.)

#### NOES.

Hon. C. F. Baxter	Hon. J. J. Holmes
Hon. L. B. Bolton	Hon. W. H. Kilsen
Hon. L. Craig	Hon. G. W. Miles
Hon. J. A. Dimmitt	Hon. H. S. W. Parker
Hon. J. M. Drew	Hon. H. Tuckey
Hon. G. Fraser	Hon. G. R. Wood
Hon. E. H. Gray	Hon. F. R. Welsh
Hon. W. R. Hall	(Teller.)
Hon. E. M. Heenan	

Amendment thus negatived.

Hon. V. HAMERSLEY: I have given notice of an amendment which, had it been passed, would have been a proviso to Mr. Seddon's amendment. My amendment was to the effect that if an order of the court were made against a respondent for ali-

mony, the alimony so awarded should be deductible from the taxpayer's income. As Mr. Seddon's amendment has been defeated, however, I do not propose to move mine.

Bill reported without further amendment and the report adopted.

## **BILL—INCOME TAX.**

### *In Committee.*

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

## **BILL—TRAFFIC ACT AMENDMENT.**

### *Second Reading.*

**THE CHIEF SECRETARY** (Hon. W. H. Kitson—West) [5.52] in moving the second reading said: Members are no doubt aware that this Bill was foreshadowed by the Treasurer in his Budget speech when he was dealing with motor car license fees. The Premier then said that last year the various State Premiers had undertaken, as a first contribution towards the war effort, to balance their budgets as far as it was possible to do so. An endeavour was made in this State to live up to that undertaking. Unfortunately, however, Parliament would not assent to legislation dealing with motor car license fees by which it was hoped to increase our revenue. This contributed to the failure of the Treasurer to attain the objective he had in mind, namely, a balanced budget. When members have had explained to them the necessity for this measure and realise the difference between it and the Bill introduced last year, it is hoped that they will be satisfied that this legislation is in the best interests of the State.

In the course of my remarks I shall refer repeatedly to two separate and distinct funds, namely, the Federal Aid Roads Fund, which consists of the State's share of the petrol tax collected by the Federal Government, and the Metropolitan Traffic Trust Fund, which consists of the vehicular license fees collected in the metropolitan traffic area. This Bill is different in two important respects from the pro-

posals put forward last year, because it definitely limits its operations to the term of the Federal Aid Roads Agreement, and proposes that 25 per cent. of the traffic fees which are now being paid to local authorities shall continue to be paid direct from the Traffic Pool and can thus be taken into their general revenue; the balance, 75 per cent., shall be paid into consolidated revenue. Last year the proposal was that all the fees should be paid into Consolidated Revenue. In a complementary measure which I propose to deal with later, provision is made to pay back to local authorities an amount equivalent to that which it is proposed to divert to consolidated revenue. Thus it will be observed that the Government is endeavouring to meet the grievances voiced against last year's proposed legislation.

I desire particularly to point out that the proposals in this Bill do not affect local authorities outside the metropolitan area. The only provision of the Traffic Act which will be affected is Section 13, Subsection 2 (e). This provides that certain fees shall be annually paid to and divided amongst the local authorities of the districts and sub-districts of the metropolitan area in such shares and proportions as the Minister may determine. The King's Park Board comes within this provision. The proposals will not have the effect of amending the Traffic Act, but will, if the Bill becomes law, over-ride the section to which I have referred in the manner set out in Clause 3 of the Bill.

Members are aware that the Metropolitan Traffic Trust Account was created in 1919 for the purpose of pooling funds for the reconstruction and repair of roads, more particularly main roads in those metropolitan districts whose roads were bearing the brunt of the heavy traffic from Perth and Fremantle. The idea was that the more advanced and populated districts should assist their fellow local governing authorities to maintain their roads which were being used by traffic from other districts. Section 13 of the Traffic Act provides that all moneys collected on account of metropolitan traffic license fees shall be paid into a trust account. From this account a deduction of 10 per cent. is made for the cost of collection. Following on this, 22½ per cent. of the remainder is deducted for defraying the cost of construction, reconstruction, etc.,

on main roads and bridges within the metropolitan traffic area, the amount expended in this respect to the 30th June, 1940, being £311,752. Whatever is left is the net balance, and one-half of this must be set aside for distribution amongst local authorities. The other half of this net balance is utilised under the authority of the Minister for the cost of repairing roads and bridges, including Stirling Highway, Perth Causeway, and the North Fremantle bridge, and for providing an amount sufficient for interest and sinking fund on one-half of any money appropriated by Parliament for the construction, reconstruction or widening of any main road within the metropolitan area, provided such sum shall not exceed one-fifth of the net amount available for distribution to local authorities; approximately £10,000 per annum is expended on these two items. Any moneys which have not been utilised by the Minister out of his half of the "net balance" must be added to the half which is set aside for the local authorities and must be distributed to them. It is interesting to note that the amount of the unexpended departmental half of which the local authorities in the metropolitan area have received the benefit, is £410,000. These figures cover a period of 10 years.

The principal Act gives the Minister for Works the responsibility of determining the distribution which shall be effected amongst each of the local authorities in the metropolitan area, and during recent years this has been done on a proportionate basis of population and road mileage, which has evidently been accepted as fair and reasonable, as the department has had very little criticism in this regard. Of interest also, particularly to hon. members who are representatives of country districts, is the fact that for the last 10 years ended in 1939, the undermentioned amounts have been expended out of the funds mentioned on roads in the country districts and in the metropolitan area:—

	Amount expended outside metropolitan area.	Amount expended in Metropolitan area.	Total expended.
	£	£	£
Federal Aid Roads Funds	5,152,000	498,189	5,650,189
General State Loan Funds	938,864	28,883	967,747

The country districts, therefore, have had an extraordinarily fair share of the money made available for the purposes of road construction in this State.

In regard to the Trust Account to which I have been referring, I would draw attention to the fact that when the account was created in 1919, it was not anticipated that the income from traffic fees would reach such totals as are now being received each year. In the first year the fund was established £15,000 was collected, whereas £196,812 was received last year. In 10 years ended the 30th June, 1939, the amount distributed was £929,961. This, of course, includes £410,000 representing the unexpended departmental half of the fees to which I have previously referred. It can be observed, therefore, that the account has grown to proportions not previously contemplated.

When last year's Bill was before Parliament, reference was made to the loan servicing charges paid by the local authorities in the metropolitan area on loans raised for road purposes. The local government Acts stipulate that when loans are raised for any purpose, special loan rates sufficient to meet interest and sinking fund charges must be levied except in the case of fully reproductive works, such as halls, etc., the ordinary revenue from which is sufficient to meet all loan charges. In a number of instances loan charges for roads are fairly high, but in 1939 six road boards and two municipalities within the metropolitan area had payments of less than £1,000. These eight local authorities have a total borrowing capacity of £499,000. Again, three of the large road boards had no loan servicing charges to meet that year despite the fact that the limit of their borrowing powers is £222,000. Federal aid roads and loan funds have been utilised to the extent of £99,350 in these three districts.

Available figures indicate that the 24 local authorities comprising the Metropolitan Traffic Pool received £123,643 during the year ended the 30th June, 1939, while the total amount expended by them on roads for the year 1938 was £143,215—approximately £20,000 more than was received in traffic fees in 1939. The total road expenditure by the local authorities in 1939 was £149,642, i.e., about £26,000 more than was paid to them from the pool that year.

It is obvious, therefore, that the local authorities as a whole would not have suffered any loss under the Bill introduced last year. It was contended when the Bill was being debated last session that local authorities would have to raise their general rate if they were to be deprived of the right to spend traffic fees as they thought fit. In this regard, therefore, a comparison of local government taxation as applied in the various States is of interest. The sixth report of the Commonwealth Grants Commission shows that the figures in the States are as follows:—

	Total. £	Per Head. s. d.
New South Wales .....	5,864,000	44 3
Victoria .....	3,852,000	41 7
Queensland .....	2,392,000	48 9
South Australia .....	866,000	30 0
Western Australia .....	793,000	32 5
Tasmania .....	347,000	20 11
All States .....	£14,053,000	41 8

While the average rate of local government taxation for the whole of the Australian States is 41s. 8d. per head of population, the figure for Western Australia is only 32s. 5d. I have already shown that several local authorities which are particularly interested in the distribution of traffic fees were very well placed last year in regard to expenditure for the servicing of loans raised for the purpose of road construction. An examination of the figures for the last few years will disclose that many local authorities have been very fortunate in the amount they have received from the traffic trust account, more particularly when the rates which they levy on their taxpayers are taken into consideration.

This subject has been considered by the Commonwealth Grants Commission on numerous occasions. The Commission takes the view that the figures I have given indicate a greater dependence on State Government expenditure in the claimant than in the non-claimant States; or, in other words, there is undue dependence on the State Government in the claimant States for relief from local government taxation. Last year, after studying the whole matter of local government finance, the Commission re-affirmed its previous judgment and acted accordingly in its assessment of the grants to the various States. Water and sewerage rates have been omitted by the Grants Commission. To obtain a useful comparison of these rates is difficult, but

an effective comparison of the amounts levied in regard to rates and minimum charges per head of population in relation to identical services in the capital cities of the Commonwealth is available, and indicates that charges in the metropolitan area in this State are lower per head of population than in any other State metropolitan area. In Perth the total cost per head of population for water and sewerage services is 34s., in Adelaide 36s., in Melbourne 36s. 8d., in Sydney 35s. 6d., and in Brisbane 61s. 4d., showing, where it is possible to make a proper comparison, that the rates levied in this State are lower than in any other State in the Commonwealth.

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

**THE CHIEF SECRETARY:** Eastern States authorities are aware of the facts just quoted. As they contribute to the grants paid to this State and other claimant States, it is not surprising there are complaints that we are not applying a portion of our traffic fees towards the road loan servicing liabilities of the Central Government. The adverse effect which the present method of using traffic fees has, on the presentation of this State's case before the Grants Commission, is indicated by the following extracts from the report of the Commission of 1939:—

**Road Expenditure:** In the three claimant States road expenditure had advanced appreciably in recent years. At the same time railway losses in Tasmania and South Australia continue to be a heavy burden on the finances of the State.

Under the Federal Aid Roads and Works Agreement of 1937, the Commonwealth sets aside for distribution amongst the States an amount equal to the duty collected on petrol at 3d. per gallon customs duty and 2½d. per gallon excise duty.

Under the method of distribution, "the three claimant States, South Australia, Western Australia and Tasmania, receive more—in the case of Western Australia and Tasmania considerably more—than is actually collected by the Commonwealth from the people of those States. In other words, the people of the non-claimant States are, in effect, contributing, by way of duty on petrol, towards roads and works expenditure in the claimant States."

The following figures supplied by the Commonwealth Treasury illustrate the advantage gained by the claimant States during recent



years under the Federal Aid Roads Agreement:—

FIVE YEAR PERIOD, 1933-34 TO 1937-38,  
INCLUSIVE.

State.	Amounts collected from States for Federal Aid Roads and Works.	Amount payable to and on account of State.	Amount payable to State in excess of collections in State.
	£	£	£
S.A. ....	1,500,069	1,650,602	156,023
W.A. ....	1,176,262	2,811,184	1,634,922
Tasmania	357,858	732,080	374,222

Notwithstanding the substantial increases in the Federal Aid Roads Grants, the three claimant States are spending large sums from loan funds on roads. Most of this expenditure is unproductive. Little or no attempt is made to recover even a portion of the annual debt charges from local authorities, and in Western Australia and Tasmania no part of motor taxation revenue is used to meet the annual debt charges on the loan liability for roads.

Tasmania has taken steps to deal with the two problems mentioned in our previous report, namely, transport and local government finance. A new transport authority has been set up, and a Royal Commission is inquiring into local government finance. These are both wise steps, but whether or not good results will accrue will depend on action taken by the Government responsible.

Now that positive action has been taken to deal with the transport problems of the State, it is felt that the time is opportune to divert a proportion of motor taxation revenue towards meeting a part of the very large annual debt charges on loan moneys spent on roads. The marked increase in Federal Aid Roads Grants and in motor taxation should enable this to be done without much difficulty.

A similar course is suggested for Western Australia. In other States a substantial proportion of motor taxation is applied in the manner above indicated, and the budgets of those States are correspondingly relieved.

We think that, in view of the considerations mentioned in this chapter, we should make a general deduction from the grants of the three States. We therefore adjust the above figures by deducting £22,000 from South Australia, a similar amount from Western Australia, and £23,000 from Tasmania.

Members will agree that the Commonwealth Grants Commission views with great disfavour our present system with regard to traffic fees. That costs Western Australia £22,000, which we might reasonably have expected to receive had we been prepared to deal with traffic fees as we are now proposing to do.

Before quoting these extracts I was dealing with the question of rates. As an indication that rates in the metropolitan area are not excessive, I quote the undermentioned general rates levied by the local authorities:—

General Rates levied year ended 30/6/1940  
On Unimproved Values.

Road Board	d.
Perth .. ..	2½ to 5
Nedlands .. ..	2½ to 5¼
South Perth .. ..	3¼ to 4½
Armadale-Kelmscott .. ..	¾ to 5
Gosnells .. ..	2½ to 4½
Bassendean .. ..	5½, 6
Bayswater .. ..	5
Melville .. ..	6 to 7
Canning .. ..	2½, 3
Swan .. ..	2½
Fremantle .. ..	4½
Belmont Park .. ..	5
Mundaring .. ..	3 to 6
Mosman Park .. ..	3½ to 5¼
Peppermint Grove .. ..	3¾

General Rates Levied year ending 31/10/40  
On Annual Values.

Municipality	s.	d.
City of Perth .. ..	0	11¼
City of Fremantle .. ..	0	11½
Subiaco .. ..	1	5
Midland Junction .. ..	1	7
East Fremantle .. ..	1	11
Claremont .. ..	2	2
Cottesloe .. ..	1	4½
North Fremantle .. ..	1	6
Guildford .. ..	1	7

Under the Roads Districts Act, the maximum general rate is 4d. on the unimproved value. This, however, may be increased up to 6d. with the Minister's approval in any rural district, and up to 9d. in any metropolitan district. Under the Municipal Corporations Act the general rate is 2s. 6d. in the £ on the annual value—unimproved value 6d. General rates to the extent of £157,296, loan rates £165,162 and traffic fees of £129,436, comprising a total of £451,894, represent the revenue obtained by metropolitan local authorities from the sources mentioned in 1939. The loan rates approximately equal the amount received from general rates in that year. I am giving this information on the general question of rating with the knowledge that any change in a system, which has been in operation for years, may result in some dislocation of local government finance. This must be conceded, as local authorities have had practically the uncontrolled use of license fees for a long time. The local government

Acts, too, provide that loan rates levied must be sufficient to meet all charges, but it is a fact that 100 per cent. collection of rates is an achievement seldom attained. Where the local authorities do not receive 100 per cent. collection of rates they must draw upon general revenue to meet the interest and sinking fund charges raised against the loan money that has been spent. There are other items of expenditure, such as footpaths, which have become a greater necessity since the modern development of motor traffic, and the provision of signs and white lines, all of which may be considered to be a proper charge against license fees. Such items as I have mentioned cannot be a charge on the Federal aid roads fund. That money can be used only for the provision and maintenance of roads, and that fact has caused some local authorities to look somewhat askance at this legislation. Having all this in mind, therefore, the Government proposes to meet the position by providing that 25 per cent. of the amounts that would have been payable under the existing arrangements shall continue to be payable direct from the traffic pool. This should relieve the anxiety of those local governing bodies, which have been protesting that they will be unable to meet certain of their obligations.

Hon. E. H. H. Hall: Then this affects only local governing bodies in the metropolitan area?

The CHIEF SECRETARY: I emphasise that this legislation has no effect upon local authorities outside the metropolitan area.

Hon. E. H. H. Hall: That cannot be emphasised too often.

The CHIEF SECRETARY: But the Bill speaks for itself!

Hon. E. H. H. Hall: Yes, but we now have a definite assurance that the Bill will not affect country local authorities.

The CHIEF SECRETARY: It is not a matter of an assurance by a Minister or by the Government; it is a matter of definite law that cannot be amended without the consent of both Houses of Parliament. The further proposal is that the balance of the traffic fees, namely, 75 per cent., shall be paid into Consolidated Revenue with a definite undertaking, which is provided for in another Bill, to the effect that an equivalent amount, less an amount not exceeding £2,000 which is to be paid to the King's

Park Board, shall be paid back to the local authorities for road works on which money has been spent. Again I emphasise that this is not a matter of an assurance by the Government but a provision of the Bill. That should satisfy those critics who on previous occasions have said, "It may be all right to have the Minister's assurance for the time being, but there is no telling what will happen later on when someone else is filling his position." Nothing can be done in the future unless the Act is amended and in that event both Houses of Parliament will have an opportunity to deal with the amendments proposed.

Members are probably aware that the power and weight of a vehicle are the factors which have been taken into consideration in arriving at the charge for license fees, and that such fees, which are held in a trust account, are levied for the purpose of providing for maintenance of roads and for any other contingencies in relation to road traffic. Modern fast traffic demands roadways of a high standard and that that involves a consequent large capital expenditure. Never before in the history of the State has it been more expensive to make roads of the standard required to carry heavy traffic. As times goes on we can readily believe that the capital cost of road construction will increase. Modern traffic is particularly fast and our observation in the metropolitan area demonstrates that each year we can notice vehicles of heavier tonnage using the roads and carrying ever-increasing weights at faster speeds. In these circumstances it becomes essential to see that the roads in the metropolitan area are so constructed as to stand up to the requirements of that traffic. The Government, therefore, considers that if construction costs have to be financed by loans, with the resultant levying of loan rates payable by all ratepayers, such a course would not be fair or equitable to those who do not possess a motor vehicle. It is considered that the motorist should shoulder a fair share of the additional construction cost. In this regard it has been found impracticable to arrive at an exact basis; therefore, the percentages I have mentioned have been formulated on general considerations in an endeavour to deal fairly with the position. Further, members will note with interest that, regarding the financing and maintenance of roads, the consideration of

what would be a uniform basis of allocation between the general public and the motorist, has been occupying the attention of numerous committees of investigation in America, but nothing definite has yet been decided.

I said at the outset that the Government was endeavouring to meet the objections which were encountered when last year's legislation of a like nature was introduced. The proposals as submitted in last year's Bill were discussed at the recent Road Board Conference, at which it was stated that although the Government had given an undertaking that the principles of the Bill would not be extended to local authorities in country districts, another Government might later bring such districts under the scheme. There is nothing in that argument because Parliament only could give approval to such a course, and members know as well as I do what would happen if such a suggestion were made to them. There is no foundation for the argument that the Government has any intention whatever of affecting country road boards in this regard. Country local authorities need have no fear that there will be any interference regarding their traffic fees, and no reasonable grounds exist for any apprehension on their part in connection with this Bill.

I also said at the outset that the operations of the Bill are limited to the term of the Federal aid roads legislation. This first came into force on the 1st July, 1926, and the present agreement expires on the 30th June, 1947. The Government's contention that the proposals embodied in the Bill are just and reasonable, must be admitted when it is borne in mind that to the 30th June, 1940, an amount of £3,406,100 had been expended on roads from the General Loan Funds from which State revenue received no direct return, and on which £163,327 interest had to be paid by the State during the last financial year.

Hon. A. Thomson: Was that in respect of main roads only?

The CHIEF SECRETARY: That was in respect of road expenditure incurred from loan funds.

Hon. A. Thomson: But a lot of that money would have been spent on developmental roads in the South-West and would be chargeable against group settlements.

The CHIEF SECRETARY: I cannot say anything on that point offhand, and I

think it sufficient to say that for the last financial year the State had to pay £163,327 as interest on loan money spent on road construction throughout the State.

Hon. A. Thomson: How many years are covered by that amount?

The CHIEF SECRETARY: I cannot say. The number of years is immaterial. The fact is that the Government had to find that amount of interest last year, will have to find a little more than that for the current year, and will have to provide more for many years to come. Members will agree that, in view of all the circumstances, the proposals of the Government on this occasion are very fair indeed. The adverse effect which the present method of dealing with traffic fees has had on the presentation of the States' cases before the Commonwealth Grants Commission; the tremendous increase in the traffic fees available from the Metropolitan Traffic Trust Account; the fact that the local authorities concerned will be as well off under the new provision as they are now; and the necessity for the balancing of the budget, are also facts that must be appreciated by members.

Then, again, the liberal treatment extended to local authorities in country areas both under the Federal Aid Roads Agreement and under the expenditure of Loan funds, together with the fact that the 22½ per cent. allocation to the Commissioner of Main Roads for road works within the metropolitan area is not interfered with, are further arguments in favour of this Bill. Finally, it must be considered that it was not the intention that revenue from traffic fees should be utilised by local authorities in such a manner as to relieve unduly the general and loan rates of the responsibility of contributing to road and traffic requirements.

Somewhat similar assistance to that now proposed is received by Consolidated Revenue in the Eastern States, the financial methods of which are subject to comparative review by the Commonwealth Grants Commission.

In 1937 the licensing authorities of the Eastern States were written to asking for information as to the collection and use of traffic license fees, and I will now read a resume of the replies received:—

South Australia:

Collected by one central authority.  
All credited to general revenue.

No portion directly accrues to any local authority.

Parliament from general revenue votes funds for main and district roads.

Amount collected 1936-37, £638,658.

Amount voted from revenue, £362,970.

Amount voted from loan, £324,653.

Of the above, £164,764 comprised grants to local authorities under the provisions of the Highways Act.

The City of Adelaide does not come under this Act and no allocation was made to the city.

Under the Local Government Act, the City of Adelaide receives approximately £1,370 per annum.

#### Victoria:

All collected by the Police Department and paid to the Country Roads Board Fund in the Treasury.

This fund is applied to—

(a) payment of interest and sinking fund on the State's proportion of loan expenditure incurred under the Country Roads Act on the construction of roads;

(b) maintenance and reconditioning of main roads, State highways, tourist roads and Murray River bridges.

Municipalities are responsible for main roads within their districts, but they are assisted so far as the above fund will permit.

#### Tasmania:

All fees collected by the Police Department.

Paid into consolidated revenue.

Appropriated each financial year to a trust account, called the State Highways Trust Fund, for expenditure on State highways proclaimed by and under the control of the State.

No amount of the fund is allocated to any local authority, nor is any expended in the City of Hobart.

#### Queensland:

All collected by the Police Department.

Paid into Main Roads Trust Fund and used for the maintenance and construction of roads under the Acts.

No direct payments are made to any local authorities, but they benefit by the work undertaken.

Out of a total of 145 local authorities, 143 benefited last year.

Local authorities, including Brisbane presumably, contribute on a fixed percentage basis in regard to certain classes of roads. They do not contribute anything in regard to State highways, mining access roads, or tourist tracks.

An amount of £250,000 is diverted annually from the fund to consolidated revenue and the fund is relieved of interest and sinking fund on an equivalent amount of loan money.

#### New South Wales:

Registration and licensing is vested in the Commissioner for Road Transport and Tramways.

Revenue is paid to:—

Road Transport and Traffic Fund.

County of Cumberland Main Roads Fund (metropolitan area) (50 per cent of the fees collected in the county).

Country Main Roads Fund.

Public Vehicles Fund.

State Transport (Co-ordination) Fund.

In view of all the factors that I have quoted I hope that on this occasion the House will agree that the Government is quite right in submitting this particular legislation. The arguments I have adduced are sufficiently sound to convince members that the time has arrived when we should make the alteration in the methods that have applied in the past, more particularly when it is recognised that the local authorities will not lose. I have made it clear that the same amount of money paid into Consolidated Revenue from the traffic fees will be paid to the local authorities out of the Federal aid roads money. There cannot be advanced on this occasion the same argument that was submitted before, that the authorities have already spent large sums of money on the construction of roads, and that they are faced with interest and sinking fund charges which they will not be able to meet. Now it will be possible for them to meet those charges from the 25 per cent, which will be advanced to them from the traffic fees. So that taking all in all the position is very different under this Bill compared with the position under last year's Bill. I hope the House will agree to the measure on this occasion. If it is rejected, the financial position of the State will be affected to the extent that it will not be possible for the Treasurer to reach the position he has budgeted for, and the deficit will be increased by the amount concerned. So I hope the House will agree to the Bill. I move—

That the Bill be now read a second time.

**HON. C. F. BAXTER** (East) [8.5]: At the outset I wish to congratulate the Chief Secretary on the splendid case he has placed before the House, remembering as I do, looking back a few sessions, the very strong case he put up in recommending the distribution of the same traffic fees. It all goes to show how versatile the hon.

gentleman is. Later on I shall deal with the position in greater detail, but I wish to congratulate him on being able to make a speech in favour of something to which he was opposed a few sessions back. This question of the traffic fees seems to be of the greatest importance to the Government. The fees have been imposed for a special purpose; in other words, the construction of roads, and the Government is now desirous of taking into revenue the money derived from this source. The Chief Secretary dealt with the figures relating to the different States. The latest figures that I have differ slightly from those quoted by the Minister and so I take it he did not use the latest information available.

The Chief Secretary: I quoted the latest figures that were available.

Hon. C. F. BAXTER: My figures are taken from the latest report of the Grants Commission. Anyway, that does not matter because I am not going to quote them. After all, the difference is only a matter of a few shillings in some of the States. Of the three claimant States, Western Australia is the heaviest taxed of all. South Australia's taxation is slightly below that of Western Australia. In that State the local authorities get more from traffic fees and there has not been a word said by the Grants Commission regarding the procedure adopted there. The reason has not been explained. I have gone to some trouble to compare the taxes in each of the claimant States, but I am sorry to say they do not agree. This is the information that I have: Local Government costs must be taken in conjunction with relevant property taxes of water supply, sewerage, and drainage. In Perth combined municipal water supply, sewerage and drainage rates total 5s. 7d. in the £ on assessed annual values. In Melbourne similar services are supplied for 3s. 9d. on assessed values. There is a wide difference there between the Chief Secretary's figures and mine, and which are wrong I do not know. My figures have come from the Eastern States. In Sydney the municipal rates on unimproved values are 4.27/32d. in the £. In Perth suburbs unimproved rating would average about 8d. In Sydney the water supply and sewerage combined costs are 1s. 6d. in the £ on assessed values. Here they are 2s. 8d. These figures do not agree with those given by the Chief Secretary. It is not possible

to compare a State like Western Australia with its small and scattered population with any of the other States of the Commonwealth. We cannot carry the same amount of taxation and we have not the prosperity to be found in the other States. Last session the Bill that came before the House was rejected, and since then there has been a regular barrage put up on behalf of the Government through the Press, at public gatherings in the country, and finally at the road board conference, which I will deal with later on. That barrage has been carried on more energetically than before. The Chief Secretary spoke about the deficit of last year. The trouble was that in the year before that the Government went beyond its means in its efforts at careful administration to which allusion has been made so often. It was so careful that the year ended with a deficit of £146,000.

Regarding the expenditure on roads, what has been done in this State cannot be compared with the work in the other States. In the metropolitan area modern roads have been provided. They have been rendered necessary by fast moving traffic and the work of construction has been carried on from loan funds for which the ratepayers are responsible in respect of the provision of interest and sinking fund. Traffic fees have been used for the construction and maintenance of roads with assistance from the Federal aid roads grant. The Chief Secretary mentioned what had been spent on roads. During the past ten years the Government spent annually from loan funds in the metropolitan area less than £3,000 and from loan funds for the whole of the State in the same period £962,000. Against this during the same ten years £5,650,189 has been expended from the Federal aid roads grant. In view of those figures I ask whether it is any wonder that the Grants Commission commented on the position. What we must always bear in mind in connection with the expenditure on roads in this State, is the very important factor that the jobs are carried on mainly to provide work for unemployed, which is the most expensive method that can be adopted in the matter of constructing roads. That is not a matter for the local governing authorities and it is not a matter for the motorists who are paying a

special tax, but it is a matter for the whole of the community which bears the cost of that expensive method of carrying on undertakings for the purpose of keeping the unemployed at work. It is very unfortunate that quite recently the Minister responsible for this particular department should have taken to task the Road Board Association. I was astounded that the Minister should have spoken thus of such an organisation. It is an organisation with which I was connected for many years. I was a member of a road board, then chairman, and a member of the executive committee of the association, and I wondered what had happened to give rise to the Minister's statement. I found that the association had done nothing at all to merit it. That the Minister should have misread the circular sent by the association to the local governing bodies was regrettable. A Press report dated the 9th October, included the following:—

In a letter to the Secretary of the Association (Mr. E. H. Rosman), Mr. Millington described part of the circular as misleading, and said that he could only assume that a deliberate endeavour was being made to confuse country road board members.

According to the report the Minister went on to say—

It is disappointing and disturbing to note that a responsible body such as your association should attach its signature to such a misleading statement as that contained in the paragraph of the circular stating that if Parliament agrees to the proposals under the Bill, the next move of the Government will be to take the whole of the license fees of the State into Consolidated Revenue. The real position is well known to the executive of your association, and I can only assume that this is a deliberate endeavour to confuse country road board members, who are not in close contact with legislative procedure.

I have been handed a copy of the reply sent to the Minister under date the 10th October, 1940. It reads—

I am in receipt of your letter of the 8th inst. referring to the enclosure in my letter of the 4th inst., a copy of which has been sent to all members of the Western Australian Parliament. Your remarks have been noted and conveyed to the president of the above association, and I am authorised to reply as follows:—

You take exception to the penultimate paragraph of the circular letter referred to and say that it contains a misleading statement. I believe you to be wrong in saying that, for

if you look at the exact wording you will see that it is—

"If sanction is given by this session of Parliament to metropolitan traffic fees being taken into Consolidated Revenue, it would appear to be inevitable that the next move of the Government will be to take the whole of the license fees into Consolidated Revenue."

In your letter to me you say that it reads—

"It is stated that if Parliament agrees to the proposals under the Bill, the next move of the Government will be to take the whole of the license fees of the State into Consolidated Revenue."

Hon. J. Cornell: The license fees can be taken only by Act of Parliament.

Hon. C. F. BAXTER: Yes; but the point I am making is that the misrepresentation came from the Minister. The statement on behalf of the road boards contained the words "it would appear to be inevitable."

Hon. J. Cornell: Both statements are about as clear as mud.

Hon. C. F. BAXTER: Surely a Minister of the Crown should read such a circular carefully! There was nothing definite about the statement in the circular, modified as it was by those words. The members of the road boards are people who work in an honorary capacity and have given wonderful service to the State, and they are imbued by a desire to protect the interests of the ratepayers. There is no reason why they should indulge in either misreading or misinterpreting anything. I repeat it is regrettable that the Minister misread the statement and caused so much friction.

Following on my earlier remarks, I wish to refer to the report of the proceedings of the road board conference. Quite one-half of the Minister's speech addressed to the conference was devoted to one subject and one only, namely, the taking of the traffic fees into revenue. This was an address to a body of road board members assembled to consider a variety of matters, and one would have thought that a few words from the Minister on the subject of traffic fees would have been sufficient.

Hon. G. B. Wood: Did his remarks influence the conference at all?

Hon. C. F. BAXTER: I am about to quote from the report of the proceedings, and the hon. member will find his answer there. The conference was attended by 131

delegates representing 82 road boards. A motion was moved—

That conference directs all Parliamentary representatives to oppose any move to permit the Government to collect all traffic fees.

Hon. G. B. Wood: Conference "directs."

Hon. J. Cornell: That is a bit arrogant.

Hon. J. A. Dimmitt: I should say it is.

Member: It is merely badly worded.

Hon. L. B. Bolton: It might "drive" directly.

Hon. C. F. BAXTER: Let members wait until they hear something of the discussion that took place at the conference. The mover said—

Mr. Millington gave us an assurance this morning that country districts will not be affected by the Government's proposals to collect traffic fees. Nevertheless, we in the country districts are apprehensive that a precedent will be created and sooner or later a move will be made to extend the collections to the country. Mr. Millington will not always be the responsible Minister and any future Government might take the action we fear.

Another speaker said—

Independently of the motion, we should carry a motion against any of the metropolitan traffic fees being taken into Consolidated Revenue by the Government.

The motion was altered to read as follows:

Conference directs all Parliamentary representatives to oppose any move to permit the State Government to take any traffic fees into Consolidated Revenue.

The motion as amended was carried unanimously.

The Chief Secretary: So it is still a direction to members.

Hon. C. F. BAXTER: Yes. Surely the representatives of local governing bodies are people who are entitled to some consideration. They represent the ratepayers of Western Australia and are opposed to any move on the part of the Government to take the traffic fees into revenue.

Hon. A. Thomson: Did you say that the motion was carried unanimously?

Hon. C. F. BAXTER: Yes.

Hon. A. Thomson: There was no protest from the metropolitan boards?

Hon. C. F. BAXTER: No, they were all in favour of it. The Chief Secretary quoted and stressed the strong comments made by the Grants Commission. His reference reminded me of other comments made by the

Grants Commission. Had the Government given any consideration to them, there would not have been the slightest need for this Bill.

Hon. V. Hamersley: Hear, hear!

Hon. C. F. BAXTER: The Government, however, did not take the least notice of the commission's comments on expenditure generally. We built up a big case in favour of Western Australia's being given a special grant on account of its lack of industries, but the Government has ignored the commission to such an extent that almost every session we have before us Bills for imposing increased costs on local industries. This matter of taking traffic fees into revenue is the only instance of the State Government's having accepted a cue from the Grants Commission, for by so doing something will be gained for the Treasury. The Grants Commission made its recommendations because it was alarmed at the expenditure going on in the State. We have to bear in mind that the Grants Commission is a Commonwealth body whose duty it is to protect Commonwealth funds. Are we, as members of Parliament, to be directed by the Grants Commission? I do not think we are.

Hon. J. Cornell: Its recommendations should be given some consideration.

Hon. C. F. BAXTER: South Australia escapes any criticism by the Grants Commission in regard to its use of license fees. It is a wealthier State than is Western Australia, and carries a population of 134,000 greater than ours on an area a little more than one-third of the area of Western Australia. State loans spent on roads in South Australia total £3,369,000, while local government loans spent similarly total only £390,000. Its revenue from license fees is £616,000 against our revenue of £382,000. Its population is 591,000, whilst ours is 460,000. Its per capita license collection is £1 0s. 10d. compared with 16s. 8d. in Western Australia. Allowing £150,000 from license fees for interest and charges on the total of £3,759,000 of loan money spent on roads in South Australia, there is left 15s. per capita for actual expenditure on roads, while our per capita collection is 16s. 8d. without any deduction whatever. This shows how ridiculous it is to argue that what is done in one State can and should be accomplished in another. We shall presently have somebody arguing that what is done in Victoria, which carries 27 per cent. of the population of Australia on 3 per cent. of

its area, can also be carried out in Western Australia, which has only 6.6 per cent. of the total population of Australia on 33 per cent. of the area.

We have one road board as a supporter of the Government. This fact would have been more interesting had its representatives attended the road board conference. Anyhow the board came out as a champion of the Government's action. One wonders why! I will tell the House. It is a board that will benefit if effect is given to the Government's proposals, because it has so many roads still to construct. It is selfishly watching what will happen, regardless of the fact that there will probably be a boomerang effect later on. As members are aware, there has been a drifting away from the intention when the Federal aid roads funds were first made available, and there have been several alterations in our method of distributing the license fees. At the commencement, when the allocation of funds was decided upon, Mr. Bruce explained that the intention was a distribution on the basis of, firstly, population and secondly, territory. It will be seen how Western Australia has been fortunate under that distribution. We have a deal to thank the Bruce Government for on that account. Western Australia has been advantaged materially; and that should be so, because in view of the enormous area of undeveloped land in Western Australia the Commonwealth must assist our small population in the work of developing by means of roads. Moreover, the Commonwealth Government reaps a rich reward in the Customs taxation of this State. The one obligation under that scheme was that the expenditure should be on roads only—not on city streets. Therefore our Government's suggestion to replace the traffic fees by funds from petrol taxation is not in accordance with the original intention.

The whole of the traffic fees referred to represent the collection of registration fees from vehicles in the metropolitan area. The fees are collected by the Police Department, and last year the cost of collecting them amounted to £23,205. Last year's collections totalled £191,044. Therefore approximately 12 per cent. of the total of fees received went in cost of collection. In addition to that advantage, however, a large amount of money was paid to Government departments for collecting services. Further, there was

the total of fines imposed, which would be a substantial amount. I am sorry I did not ask for definite figures. Those fines also go to Consolidated Revenue. These items are interesting when one bears in mind that the Chief Secretary recently told the House what benefits Eastern States Governments derived from their license fees. I shall show what benefits the Western Australian Government derives without this legislation. Part of the duty of a Traffic Department is to collect drivers' license fees of 5s. each. Taking 40,000 drivers' licenses, there is another £10,000 going into the collections but not into the distribution. That amount goes into Government revenue.

It has been stated that the traffic fees should be used to meet interest and sinking fund on loan moneys expended upon roads. I shall show the House that the money has already been used in that direction. There is £7,400 paid to meet interest and sinking fund on an expenditure of £164,358 covering various works in the city. That amount of £7,400 is understood to represent half the interest incurred. It means 9 per cent. on the amount. Therefore, instead of half of the interest coming out of the fund, the whole of the interest comes out of it. Before the advent of fast-moving traffic the road boards furnished gravel roads which were quite sufficient for the requirements of that time; but with the march of science and the coming of fast-moving traffic they were compelled to put down the present roads. There was only one way they could do that: the vehicles using those roads must pay. And they have paid. They have been asked to contribute in the form of license fees money sufficient to lay down and maintain those roads. Therefore the motor license tax was imposed for a special purpose, and the results gave satisfaction. The Government is benefitting under the Act as it stands. Parliament never intended that those fees should provide State revenue. State revenue is already receiving a substantial increase in the collection of fees by the police. The Government benefits materially. In point of fact, the Traffic Branch of the Police Department last year received £7,500 for administration purposes, and there are also the fines resulting from prosecutions; these bring in large amounts of money. Thus right through the Government has been benefited. In the first place it benefits by £15,000 for collec-



tion of the fees. That amount is not made available to the traffic branch. It goes into revenue. Then there is the £10,000 represented by drivers' license fees of 5s. each. That makes £25,000. Add to that whatever amount—it must be substantial, as I have said—is received from all fines imposed in the metropolitan area; and it will be seen that the Government is to-day getting very substantial amounts. So what is the use of talking about what other States receive out of the license fees?

There is another point. The motorist in the metropolitan area has been finding the money to lay down roads and maintain them, and the Government and its various services have been making full use of those roads without contributing anything whatever to either their construction or their maintenance. The Government has trolley buses running, and according to report will shortly have many more of them on the roads. Those are heavy vehicles. In that respect the Government has the advantage of a free service provided by whom? By the people who pay the license fees. Under the taxation measures which have been passed the Government is increasing the burden on the community. If that taxing legislation is not going to yield enough, there is another way, the only right way: the Government should bring down a measure asking for further increases of taxation. The Government wants another £100,000. Why seek to take it through the medium of an established practice, established for a specific purpose, a particular body of people contributing a tax for a special purpose? Why attempt to bring in through the back door what should be brought in through the front door? The Government's proposal is wrong in principle. That is the main point. I trust this House will not authorise such a method of raising funds. Parliament has no right whatever to permit anything like that to be done. If there is need for further funds, let them not be raised in this way, but let another tax be imposed uniformly throughout the State instead of bearing on only one section of the people.

Let me now refer to a recommendation I put up here in August, 1937. I showed then that out of the total distribution, amounting to £120,604, a sum of £48,000, or 28.8 per cent., was paid to the Main Roads Board and expended in the metropolitan

area. I suggested that the Act should be amended so as to allow portion of the latter amount to be used on main roads in country districts which were used by State motorists who provided the funds. My suggestion was strongly combated in a very able speech by the Chief Secretary, who in dealing with distribution of traffic fees in the metropolitan area said—

The balance goes to local authorities, and is used very wisely. I know that the body with which I am associated is always ready to receive the amount allocated, and can always find plenty to do with it. In fact, the board would be pleased if the amount could be increased.

That was in 1937.

Hon. J. J. Holmes: Who said that?

Hon. C. F. BAXTER: The Chief Secretary. It is in "Hansard." Those are the words which the Chief Secretary used.

Hon. J. J. Holmes: He was speaking as a member of the Fremantle Municipal Council.

Hon. C. F. BAXTER: That was stated by the Chief Secretary in 1937 when combating a recommendation I put up. Two years later, he has quite forgotten the local governing authorities for which he showed so much consideration then. He has now quite forgotten them in a desire to bolster up Government revenue at the expense of a special section of the taxpayers. He endeavoured to combat my suggestion saying—

There are good reasons why the fees collected should continue to be used as Parliament decides.

Now he asks Parliament to decide a different way altogether. Another statement made by the Chief Secretary in replying to me at that time is so definite and conclusive that one has difficulty in seeing how the hon. gentleman can possibly support this attempt to take the license fees into revenue. He said—

As in the past, the money that is available is being applied to necessary and commendable works, and I think that hon. members will agree that the time is not yet, if ever it will be—

How soon we change!

—when the money so collected and used in the metropolitan area should be diverted elsewhere.

Could anything be more definite? I asked at the time that the matter should be taken up, because in another two years' time we

would want some alteration made. I suggested an amendment of the Act. The period of two years has now expired. The Chief Secretary built up a wonderfully strong case as to what the funds should be used for, and two years later, last session, he turned round the other way and said the funds were needed to be put into revenue.

The Chief Secretary: A matter of Government policy.

Hon. C. F. BAXTER: I am not going to allow a practice to creep into this House—as long as I can raise my voice in opposition—of establishing special funds for special purposes, and then allowing the Treasurer, in his eagerness, to bolster up his extravagant expenditure by taking those funds into revenue. The House would be failing in its duty if it for one moment thought that such a course should be permitted. I hope the result of the deliberations of this measure will be the same as that of the measure introduced last year, namely, that it will be defeated on the second reading. I oppose the second reading.

HON. W. R. HALL (North-East) [8.46]: I feel I cannot let this occasion go by without saying a few words in support of the Bill. I am a representative of a road board which would be classed as a country road board, but nevertheless it is not difficult for me to support a measure that has for its object the taking into Consolidated Revenue of traffic fees paid in the metropolitan area. Mr. Baxter would lead one to believe that if the Bill passes, these traffic fees will be made a gift to somebody.

Hon. C. F. Baxter: I did not say anything of the sort.

Hon. W. R. HALL: But the hon. member led one to believe that what I have said is near the mark. When a similar measure was introduced into this Chamber last year, hon. members were inundated with circulars, and no doubt these influenced some members to vote against that Bill. I am pleased to say that on this occasion circulars are not nearly so abundant. Only one has reached me. I am sick and tired of listening to circulars from various associations read in this House. I happen to be a member of the association whose circular was spoken of to-night, the Road Board Association of Western Australia. But the fact that a member of Parliament may also be a member of

that association or of a road board should not affect his vote on the measure now before us. I would not say that the resolution carried by the Road Board Association in regard to traffic fees at its recent conference was carried unanimously. I, for one, do not intend to be directed by that resolution. The great majority of the delegates at that conference were delegates from country road boards, whereas this measure affects metropolitan traffic fees only. I therefore think that the delegates were not quite in order in deliberating upon something that affected the metropolitan area. That is how I feel about the matter. Having listened to members making remarks about the payment of metropolitan traffic fees into Consolidated Revenue, I felt I should say a few words on the subject. I hope the Bill will pass, because the Government would then obtain more money from the Loan Council. Good luck to the Government; it needs the money badly enough. I heard it said to-night that the Bill, if passed, would probably affect road boards outside the metropolitan area. The road board of which I am a member was very perturbed about the Bill introduced last session; but its members do not now mistrust the Government, as many people would have members believe. We have the word of the Premier and of the Minister for Works that the Government will not interfere with the revenue of country road boards, and that word is sufficient for me. I am prepared to accept it. Road boards have much for which to thank the present Government, including the Minister for Works. Were it not for the support given by the Public Works Department to some country road boards, they would be unable to function on the small amount of revenue they collect, whether it be from traffic fees or rates. These country boards now realise that nothing will be lost to them if this Bill becomes law. The Kalgoorlie Road Board, of which I am a member, has a revenue of between £23,000 and £24,000 and so may be classed as perhaps the largest board outside the metropolitan area. It is not at all perturbed by the Bill. It has always had a fair spin from the Government, as have other country road boards. The Minister for Works has been wonderful in the help he has given to struggling boards.

As I said, I am pleased that on this occasion I have not been circularised by boards within my constituency to oppose the Bill.

I do not wish to go into figures, because we have been wearied with them already. The hon. member who spoke last has supplied members with figures relating to traffic fees. I shall conclude by expressing the hope that members will give the measure the support it deserves.

**HON. SIR HAL COLEBATCH** (Metropolitan) [8.52]: There is only one small feature of this proposal to which I intend to refer. The hon. member who has just resumed his seat says that he objects to being directed. I object to being directed by the Commonwealth Grants Commission.

Members: Hear, hear!

**Hon. Sir HAL COLEBATCH:** I shall not quote at any length from the Commission's report. If members turn to page 15 they will find that the Commonwealth Treasury, in its original submission to the Commission, stated—

A fundamental condition of any claim for a special grant should be a net balance of special disabilities from Federation (after taking into account special advantages from Federation) resulting in budget difficulties proved substantially, if not actually assessed, in terms of money.

Although in its first three reports the Commission had reason for not adopting this method—which to my mind is the only just and proper method that can be adopted—the Commonwealth Treasury has not abandoned the idea that that is the method the Commission ought to follow. But failing to get the Commission to take that view, the Commonwealth Treasury has made further suggestions which again the commission has not seen fit to follow, and referring to which it says—

For example, the South Australian grant might be appreciably reduced and the Western Australian grant increased. It would be exceedingly difficult to satisfy South Australia that there was any justification for this reduction.

It does not seem to bother the heads of the commission that it might be difficult to satisfy Western Australia that there was no reason for an increase. I am not going to suggest that the amount granted to South Australia is in excess either of its requirements or its deserts. I have the greatest sympathy for all the small States, but I am quite sure of this, that based as the grant should be on disabilities resulting from Federal policy, Western Australia has a far

stronger claim than has South Australia. South Australia has some partial relief from those disabilities. It has built up some big industries as the result of the high protective tariff. For instance, it has long had the biggest motor body building works in Australia, an institution to which every user of a motor car in Western Australia pays tribute. At the present time, there is a great deal more military expenditure incurred in South Australia than in this State; and we know that at Whyalla in South Australia the Broken Hill company is spending millions of money in building up another big organisation which, in turn, will constitute a substantial compensation to South Australia for the disabilities resulting to it from Federal legislation. Now, as against that, what set-off is there? What is there to justify Western Australia's receiving a grant one-third less than the grant made to South Australia? Does it lie in the fact that one of our principal industries—an industry which has done more than any other to maintain some measure of prosperity in Western Australia during this long period of depression—is the one industry singled out by the Commonwealth for special taxation not on profits but on output? We find that whereas the Commonwealth Grants Commission recommends a grant of £650,000 to Western Australia, the Commonwealth Government by one special tax takes a million of money out of our gold mines. It is on the suggestion of that Commission that we are asked to pass this Bill, to permit the Government—as a war measure—to take into its revenue the revenues of local governing authorities. There are many things that a Government would be justified in doing as a war measure, but we are not going to improve our position from the point of view of carrying out our obligations in regard to this war by taking money from one authority and handing it over to another. I think there is no doubt that during the war period all the local governing authorities will experience the greatest difficulty in discharging their proper functions. I suggest this, too, that the well-being of the people of this and any other State depends as largely upon the proper performance of the activities of local governing authorities, as it does upon the activities of the State Government itself. I also maintain—although there is no time to prove it, but I think my contention will

appeal to most members as reasonable—that local governing authorities are much more careful, much more discriminating, in the expenditure of the moneys that they raise than is the State Government.

Members: Hear, hear!

HON. SIR HAL COLEBATCH: I can see no benefit to be gained by robbing a comparatively prudent Peter to hand the money over to a grossly extravagant Paul. There are many directions in which the State Government might improve its position by proper economies. We know proposals are in hand at the present time for extensive public works and public buildings. In almost every case it would be easy to demonstrate that the cost of those works is enormously in excess of what it ought to be; but we are told that tenders may not be invited because that is contrary to the Government's policy. The work must be carried out by day labour, no matter how much more it may cost. The result of course is that only comparatively small necessary works can be put in hand. We are not going to improve the position but rather make it worse, if we act on the excuse that this is a war measure and take away from the local authorities revenue they badly need and are spending well, and hand it over to the Government as a means of obviating on its part essential economies that ought not to be difficult for it to put into operation. I oppose the second reading.

HON. J. NICHOLSON (Metropolitan) [9.1]: I also oppose the second reading. I cast my mind back to the position of local authorities prior to the introduction of the Traffic Act. They received certain grants from year to year to which they were justly entitled. They also had as part of their ordinary revenue all the traffic fees until the Government, in later years, annexed them under the Traffic Act. The Bill proposes to affect the right of local authorities to those traffic fees. To that I am decidedly opposed. I agree with Sir Hal Colebatch that local authorities exercise care and economy in connection with their expenditure that we do not always see in connection with the Government control of funds. There is very careful scrutiny of funds which are rigidly controlled by members of local authorities. They have difficulties in their own districts, though most of these occur in the country. At all times they seek to

husband their resources and endeavour to do what they can to spread their revenue over the widest area and to the best advantage. This Bill will take from local authorities something to which they are justly entitled.

HON. E. H. H. HALL: This deals only with local authorities in the metropolitan area.

HON. J. NICHOLSON: Section 13 relates to the metropolitan area. I agree with Mr. Baxter that when the Government finds some new source of revenue an attraction is set up that is almost irresistible, hence the fleching from the local authorities of these particular funds. Whilst it is true, as pointed out by the Chief Secretary, there is no intention under this Bill to deprive country local authorities of their fees, I say emphatically that they will be in the position in which many countries that have been overridden by Hitler already find themselves, in that once the fees are taken from the metropolitan districts, it will be an easy step to secure the fees of the country authorities.

HON. J. A. DIMMITT: "No further territorial ambitions."

HON. J. NICHOLSON: All territorial ambitions would then be satisfied. One of the objections I have to the Bill is with regard to the substitution of the fund that will be given in lieu of the traffic fees. The amount of such fund is doubtful. The local authorities will be limited as to the use of those moneys in a way in which they are not at present limited under the existing Act. The traffic fees of the local authorities concerned at present can be taken into general revenue. The money to be provided under this Bill will cease to be general revenue for the local authorities, and the substituted amount can only be applied to the construction of certain classes of work and not to general funds. The position is most serious. Having regard to that, and the danger that undoubtedly presents itself for the local authorities, this Bill should be opposed. I am fortified in voicing my opinion to it by reason of the communication I have received from the local government association. That communication shows that the local governing bodies are definitely opposed to the measure.

The Chief Secretary: Are you referring to the communication from the city of Perth?

Hon. J. NICHOLSON: No; I also had one from that body.

The Chief Secretary: I have seen it.

Hon. J. NICHOLSON: If this Bill be passed, the rights of local authorities will be most seriously curtailed in respect to their general revenue. I hope the House will reject the measure.

**HON. V. HAMERSLEY** (East) [9.10]: I also oppose the Bill. During the last Council elections I found this matter came up for discussion in every centre that I visited. It probably exerted quite an influence on my election, for I had great satisfaction in finding that I had been returned by a greater majority than ever before. For that I should thank the Government. I am sure this question influenced the electors in my favour more than did any other. For that reason alone I would be failing in my duty were I to forget the electors who had practically given a decision for my guidance. For generations past the local authorities have had control over their own funds. It would be a shame now to divert those funds into other channels, in exchange for moneys by the lack of control over which the Government feels it is hampered. In a word, the Government would like to get rid of the baby and pass it on to the local authorities. I do not blame the local authorities for thinking that an unwelcome child will be thrust upon them. They prefer to carry on as they have done in the past, and to spend their own funds in their own way. The motorists who really provide the revenue by way of petrol tax and traffic fees are entitled to consideration. It is not a question of what the Federal Government is giving. The Grants Commission made a big song about large sums of money that are distributed by the Federal Government, but it all comes from the users of the roads.

Hon. A. Thomson: The motorists pay the lot.

Hon. V. HAMERSLEY: Yes, and they are entitled to every consideration. If the money goes into general revenue, I am sure the local authorities will not get the same benefit from it. The roads will not receive the same attention that they get under the present system. The people who find the

money would prefer to see it distributed as it has been distributed in the past. I oppose the Bill.

On motion by Hon. A. Thomson, debate adjourned.

## **BILLS (2)—FIRST READING.**

- 1, Supply Bill (No. 2), £1,200,000.
- 2, Fremantle Gas and Coke Company's Act Amendment.

Received from the Assembly.

## **BILL—MAIN ROADS ACT AMENDMENT.**

*Second Reading.*

**THE CHIEF SECRETARY** (Hon. W. H. Kitson—West) [9.17] in moving the second reading said: This measure is one to which I previously referred as complementary to the Traffic Act Amendment Bill.

Hon. J. J. Holmes: Is it necessary to move the second reading just now?

The CHIEF SECRETARY: I regard as necessary the placing of the Bill before members to combat what I may describe as the inaccurate interpretation of the intentions of the Government in introducing the legislation. I shall deal with some of those statements later on.

The PRESIDENT: Under the Standing Orders, the Minister must confine himself to the Bill before the House.

The CHIEF SECRETARY: I shall endeavour to do so. The Bill provides for the restoration to those local authorities in the metropolitan area who are affected by the provisions of the Traffic Act Amendment Bill of an amount equivalent to that which it is proposed to divert to Consolidated Revenue. I have to-night already indicated to members that there is no intention on the part of the Government to take away from metropolitan local authorities the practical benefits they have been receiving from the distribution of traffic fees. In effect, the Traffic Act Amendment Bill provides for the payment of a certain percentage of these fees into Consolidated Revenue. The Bill now before members seeks to restore an equivalent amount from the Federal aid roads fund.

Hon. G. B. Wood: Someone will go short.

The CHIEF SECRETARY: No one will go short. Provision is also made in the Bill for a formula, which will be determined by the Minister on the recommendation of the Commissioner of Main Roads, by which funds will be distributed. The formula will follow the existing method of distribution of funds as closely as possible. It is also provided in the Bill that the Commissioner of Main Roads may make progress payments where any local authority has actively undertaken, or is in the course of carrying out, certain works during any financial year. By this means, it will be observed, an objection which was raised during last session has been met, and the result will be that no delay will be occasioned in the financing of road works undertaken by metropolitan local authorities. I trust that members will agree to the proposals, the passing of which will not mean that expenditure on roads generally will be less than hitherto, nor will there be any reduction of the aggregate amount available to the local authorities under the present Act. Members will observe that I have placed on the notice paper an amendment for consideration at the Committee stage, the object being to make the position even more clear, if that be possible, than that I outlined when dealing with the Traffic Act Amendment Bill. I move—

That the Bill be now read a second time.

On motion by Hon. W. J. Mann, debate adjourned.

*House adjourned at 9.21 p.m.*

## Legislative Assembly.

*Tuesday, 15th October, 1940.*

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

### ASSENT TO BILL.

Message from the Lieut.-Governor received and read notifying assent to the Income Tax (Rates for Deduction) Bill.

### BILLS (2)—FIRST READING.

- 1, Registration of Firms Act Amendment.  
Introduced by the Minister for Justice.
- 2, Builders Registration Act Amendment.  
Introduced by Mr. Needham.

### BILL—SUPPLY (No. 2), £1,200,000.

#### *Standing Orders Suspension.*

On motion by the Premier, resolved:—

That so much of the Standing Orders be suspended as is necessary to enable resolutions from the Committees of Supply and of Ways and Means to be reported and adopted on the same day on which they shall have passed those committees, and also the passing of a Supply Bill through all its stages in one day.

#### *Message.*

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

#### *In Committee of Supply.*

The House resolved into Committee of Supply, Mr. Marshall in the Chair.

**THE PREMIER** (Hon. J. C. Willcock—Geraldton) [4.35]: I move—

That there be granted to His Majesty on account of the services of the year ending the 30th June, 1941, a sum not exceeding £1,200,000.