

Legislative Assembly

Tuesday, 27th September, 1955.

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

QUESTIONS.

BASIC WAGE.

Reduction of Tradesmen's Margins.

Mr. JOHNSON asked the Minister for Labour:

(1) Following the recent rise in the State basic wage, is he aware that sundry employers have reduced by the amount of the rise the margins above the award rate paid to various employees?

(2) Is it the intention of the court that rises awarded to any section of workers should be used to reduce margins either in or out of awards?

The MINISTER replied:

(1) No.

(2) The court makes its decisions in accordance with the provisions of the Industrial Arbitration Act.

SHOPPING HOURS.

Saturday Trading.

Mr. JOHNSON asked the Minister for Labour:

(1) In which districts are shops open on Saturday afternoon?

(2) In how many districts are shops not open on Saturday afternoon?

(3) Can he give figures on Saturday afternoon closing for the years 1905, 1915, 1925, 1935, 1945, 1955?

The MINISTER replied:

(1) Beverley, Black Range, Cue, Cunderdin, Dowerin, Kellerberrin specified locality, Kellerberrin, Laverton, Mandurah, Merredin, Mount Magnet, Phillips River, Tammin, Westonia, Wiluna, Yilgarn.

(2) 107.

(3) There are no records available prior to 1920. Shop districts observing Saturday half-holiday—

1925—76.

1935—68.

1945—73.

1955—107.

ROADS.

Repairs at Greenmount.

Mr. BRADY asked the Minister for Housing:

(1) Is he aware—

(a) that for approximately two months the main road into Koongamia (Greenmount) has been practically impassable;

(b) that a minimum of road works would eliminate the cause?

(2) Will the State Housing Commission subcontractor for the work referred to be asked to make urgent efforts to repair the road concerned?

The MINISTER replied:

The commission has been constantly in touch with the Midland Junction Municipal Council in connection with the commencement of road works following the cessation of activities owing to inclement weather. The latest advice from the council is that work is to start immediately to complete the works concerned. During the coming warmer weather all roads will be completed, including metal surfacing.

SOLAR POWER.

Representation at World Conference.

Hon. C. F. J. NORTH asked the Minister for Industrial Development:

(1) Is he aware that the Commonwealth is to send to Arizona, U.S.A., representatives to attend the impending world conference upon solar power?

(2) Was he consulted as to a representative from this State?

(3) Which are the three departments in Western Australia which give some attention to solar power in one of its forms?

(4) Seeing that Western Australia receives a larger amount of sunshine than any other State, will he arrange to receive a report of the proceedings and vital data which may emerge from the conference at Arizona?

The MINISTER replied:

(1) No.

(2) No.

(3) State Electricity Commission, Department of Industrial Development, and the Commonwealth Scientific and Industrial Research Organisation.

(4) Yes.

BETTING CONTROL BOARD.

Prescribing of Salaries.

Hon. A. F. WATTS asked the Minister for Police:

(1) Does not Section 6 of the Betting Control Act allow the chairman and members of the board only such salaries and allowances as are "prescribed"?

(2) In that case, how can payments be lawfully made to them without their having been prescribed?

The MINISTER replied:

(1) Not expressly, but legal advice is that it probably does so by implication.

(2) If at all, then by the authority implied from the power to appoint under Section 2(2)(a).

The appointments of board members were made on the 30th December, 1954, with effect from the 5th January, 1955. The Act was proclaimed to come into operation on the 1st August, 1955. The appointments were made under Section 2, which was the only section in the Act expressed to have immediate operation notwithstanding that no proclamation had been made in bringing the Act into operation. Section 2(2) authorised the immediate appointment of the board and the immediate exercise by the board of its powers, but did not refer to remuneration or allowances and did not authorise the making of regulations with immediate effect. Any regulations made under the Act and Section 11 of the Interpretation Act, 1918, might therefore have had no effect until the Act should come into operation by proclamation. In the meantime the board members obviously had to be remunerated; and so, pending the making of effective regulations, reliance was placed on a power thought to be implied from Section 2(2)(a) of the Act for the Governor in Executive Council to fix and pay remuneration and allowances. However, there now appears to be doubt as to the legality of present payments, and therefore appropriate regulations are in course of preparation and will soon be gazetted.

TOWN PLANNING.

Professor Stephenson's Appointment.

Mr. HEAL asked the Minister representing the Minister for Town Planning:

(1) Under whose authority was Professor Stephenson appointed?

(2) Upon what date was the appointment made?

(3) What was his remuneration?

(4) Were there any other added allowances?

The MINISTER FOR HOUSING replied:

(1) The decision to appoint Professor Stephenson was made by Cabinet on the 8th September, 1952.

(2) He commenced duty on the 3rd January, 1953.

(3) (a) Fees paid to Professor Stephenson for the period from the 3rd January, 1953, to the 8th September, 1954, including one month's additional fees agreed by Cabinet over and above the original agreement, £A5,265 15s.

(b) Retainer agreed by Cabinet during the remainder of Professor Stephenson's stay in the State after the termination of his full services with the Government from the 8th September to the 10th June, 1955, £A250.

(4) Fares and travelling allowance from the United Kingdom to Perth and return for each of the two visits; living allowance of £3 3s. per day during period of stay, in accordance with agreement (total nine months, plus one additional month agreed by Cabinet); a Government car provided for Professor Stephenson's use during the 10 months period of his full services with the Government.

EDUCATION.

New School Building, Roleystone.

Mr. WILD asked the Minister for Education:

(1) On what date is it expected that work will commence on the new school at Roleystone?

(2) How many classrooms are to be erected?

(3) Will the construction be of brick or will it be a prefabricated structure?

The MINISTER replied:

(1) No date can be stipulated at the present time.

(2) Three classrooms.

(3) The school will be of timber construction.

ELECTRICITY SUPPLIES.

(a) *High Tension Main, Pickering Brook-Karragullen.*

Mr. WILD asked the Minister for Works:

(1) On what date was the decision reached to discontinue the erection of the high tension main from Pickering Brook to Karragullen?

(2) What work has already been undertaken in this project?

(3) How many householders along the proposed route were advised to have their houses wired ready for connection and on what date was such information given?

The MINISTER replied:

- (1) The 26th August, 1955.
- (2) The survey had been made.
- (3) None.

(b) *Contract for Bunbury Installation.*

Mr. ROSS HUTCHINSON asked the Minister for Works:

(1) Is the current contract at Bunbury proceeding according to the time schedule laid down in the specifications?

(2) If not, what has occasioned the delay?

The MINISTER replied:

- (1) Yes.
- (2) Answered by No. (1).

(c) *Inference as to Future Tenders.*

Mr. ROSS HUTCHINSON asked the Minister for Works:

In view of answers given to questions relating to tenders for the Bunbury generating station, can it be inferred that future tenders, from the particular firm which offered the lowest tender, will be rejected irrespective of whether they are invited to tender or not, and even if theirs is the lowest tender?

The MINISTER replied:

No.

WATER SUPPLIES.

Completion Date of Scheme, Royal-st., Kenwick.

Mr. WILD asked the Minister for Water Supplies:

On what date is it expected that the work now being undertaken on the Caning Vale water scheme in Royal-st., Kenwick, will be completed?

The MINISTER replied:

Date of completion of this work is dependent upon the delivery of additional 8in. pipes. Possibly within the next three months.

FIRE BRIGADES.

Officers' Salaries in 1937.

Hon. J. B. SLEEMAN asked the Minister representing the Chief Secretary:

What salaries, exclusive of rent, fuel and any other allowances, were paid to fire brigade officers of rank above first-class fireman in 1937?

The MINISTER FOR HOUSING replied:

At the 29th June, 1937, the gross salaries/wages, exclusive of rent, fuel and any other allowances, paid to officers

(chief officer and deputy chief officer excluded) or ranks above first-class fireman, were as follows:—

	Per Annum.
	£
Third officer	382-394
District officer	358-376
Station officer	292-352
	Per Week.
	£ s. d.
Senior fireman in charge of a station	5 6 3
Senior fireman	5 1 3

BILL—RETAILING OF MOTOR SPIRITS.

Introduced by Mr. Oldfield and read a first time.

MEMBERS' SPEECHES.

Prompt Return of "Hansard" Duplicates.

Mr. SPEAKER: I have been asked by the Chief Hansard Reporter to bring to the notice of members that it is desirable for them to endeavour to correct their typescripts as early as possible. He states that some members are leaving this work until over the week-end and that inevitably delays the publishing of "Hansard." As members desire "Hansard" to be published on time, I would ask them to co-operate in this regard.

BILL—INSPECTION OF SCAFFOLDING ACT AMENDMENT.

Second Reading.

THE MINISTER FOR WORKS (Hon. J. T. Tonkin—Melville) [4.42] in moving the second reading said: The Inspection of Scaffolding Act was amended last session to permit of the making of a regulation requiring the use of wire mesh under roofs sheathed with asbestos cement. When the amendment was drawn, it was intended that it should have application throughout the State, as it was introduced particularly as a safety measure.

Work on asbestos cement roofs is regarded as more hazardous than work on other types of roofs and it was therefore considered necessary that certain precautions be taken. The Inspection of Scaffolding Act is so drawn that, with a few modifications, its requirements are restricted to the metropolitan area, and when this amendment was drawn the fact that the restrictive section of the Act applied and confined the effect of the amendment to the metropolitan area, whereas it was intended to apply throughout the State, was overlooked.

The purpose of the present measure is to give effect to the original intention—namely, to make this protection State-wide, because obviously if it is dangerous

to work on asbestos roofs in the metropolitan area it is just as dangerous outside that area and workers working on this type of roof, wherever they might be in the State, ought to have the protection afforded by the regulations. It could reasonably be asked why all the protective provisions of the Inspection of Scaffolding Act are not made to apply throughout the State.

The reason is that, generally speaking, there are very few accidents during the erection of buildings in country districts, because in the main such buildings are smaller than those in the metropolitan area and the policing of the Act, if it had State-wide application, would be very costly. We consider that the position is different with regard to asbestos cement roofs because work on such roofs is a distinctly hazardous job and it is therefore felt that this regulation should apply throughout the State, irrespective of the cost involved.

There is nothing more to this measure, which simply seeks to implement the original intention. It was completely overlooked, on the previous occasion, that Subsection (2) of Section 1 of the Act, which states that, with a few modifications, the Act shall apply only to the metropolitan area, governed the particular amendment then being made. I therefore ask members to agree now to amend the Act so that the protection at present afforded by the regulations to workers engaged on asbestos roofs in the metropolitan area may be extended to country districts also. I move—

That the Bill be now read a second time.

On motion by Mr. Hearman, debate adjourned.

BILL—PRICES CONTROL.

Second Reading.

Debate resumed from the 20th September.

MR. COURT (Nedlands) [4.47]: I rise to oppose this measure for several reasons. Firstly, I consider that the measure is not necessary; secondly, I consider that in its present form, as proposed by the Government, it could be an instrument of frustration and victimisation and, thirdly, in its present form it presupposes that conditions of wartime and national emergency exist, with a full range of controls in support of price control.

Further, I feel that in its present form this Bill could be devastating in its effect if not administered with extreme caution. I am certain that even the most ardent doctrinaire socialist, or half-baked socialist or other advocate of price control for that matter, would shudder at the effect of this Bill if he studied its provisions very closely, realising that we are now in what

are supposed to be times of peace and that it is ten years since the cessation of World War II.

One can only assume that the reintroduction of this legislation springs either from nothing more than a blind faith in the effectiveness of controls, or a stubborn perseverance with party policy, regardless of its merits. I would have expected the Minister, when introducing the measure, to demonstrate some actual examples of excesses by traders during the period under which there has been no price control in this State. I think it can fairly be said that he did not make any attempt to demonstrate that there had been excesses, but simply implied that the measure was necessary for reasons which should be understood by us.

Frankly, I cannot see the necessity for the measure if we are to judge it by the so-called excesses of traders. On a close examination of what has happened, I think we can claim that the traders in this State have acted in a most commendable way during this period of freedom from control. In presenting the Bill, the Minister placed great stress on the retail grocery trade and cited it as an example of where an association was endeavouring to keep prices up. I submit to members who take the trouble to examine the situation in the metropolitan area that the much criticised list that is issued by the Retail Grocers' Association, or, whatever its name is, is almost pathetic in its effectiveness.

I cannot imagine a worse case that could have been selected by the Minister to demonstrate his point. On all sides we have representations being made to us by suburban storekeepers that, under present-day competition, they cannot keep their prices up to a level sufficient to make a reasonable profit. They demonstrate that there is in the community today a form of competition with which they cannot compete. They are quick to admit, however, that the buying public is receiving better value from the new sources of supply that have been opened up by means of the super marts and other methods of handling grocery merchandise in particular on a cheaper basis to the consumer.

It has been claimed that the incidence of the super marts throughout the metropolitan area is insufficient to make that a ground to claim that people have available to them a cheaper source of supply. A quick trip through the metropolitan area gives the lie to this claim, because there is hardly an area today that is not well serviced by some form of modern merchandising methods, which results in a considerable proportion of the overall grocery requirements being available at cheaper prices than in the orthodox suburban store as we knew it years ago.

The claim by the suburban storekeeper is to the effect that these large super marts and other types of merchandising are able to buy from wholesale grocers in such large quantities that they get cut rates when buying—

Mr. May: The small storekeepers are doing that now, too.

Mr. COURT: —and, of course, the proprietor of the super mart gets his margin of profit and is able to sell to the public at a lower price than the old established suburban store. I have a degree of sympathy for the suburban storekeeper who finds himself today giving service by selling essential low margin commodities to the people in his vicinity but who do not stick loyally to him by buying those lines that they can purchase much cheaper in these other places. After all is said and done, that is competition, and we cannot establish a law merely to keep prices up. On the contrary, we have to allow the forces of competition to prevail, and we find that the position results in an advantage to the consumer.

I would like to comment further on the Minister's submission of this Bill and particularly to any suggestions of excesses by traders during the period there has not been price control in this State. I feel that the publication in this State, from July onwards of the annual accounts for the year ended the 30th June, 1955, by the various trading concerns would give us a fairly clear indication as to whether traders had done the decent thing during this period of no control. I consider that these accounts, now that they are available to us in considerable quantities, amply demonstrate that the traders have done the right thing.

We find that in some cases the profits for the year are down; in some cases they are as good as last year and in other cases they are better. But there is one most important feature of the accounts that are being presented today, which prevails almost without exception and which I regard as being the acid test. The accounts demonstrate that in many cases the traders have had record sales, but the increase, if any, in profit has not been at a greater percentage rate than it was during the period when there was price control.

Almost without exception, the accounts demonstrate that the percentage of profit achieved on these higher sales is lower than that gained under control. To my way of thinking that is the acid test because had there been a controller during that period and he adopted the attitude of, "Well, there is increased business; you can use this to carry some of your overheads," he would not have achieved any better result, if as good a result, as has been achieved in fact and disclosed by these published accounts. I submit to the

House that that is an important element of proof that the right thing has been done in those cases.

None of us would deny that there is the odd man who steps out of line, but it is bad business to punish the many for the sins of the few. In his speech on this Bill the Premier made great play of the fact that there might be competition in various aspects of trade, but he did not think there was any real competition in respect of price. At that time I interjected regarding groceries. The wholesale grocers are being accused of price cutting to the detriment of the small storekeeper.

The Premier overlooks an important point. With the passage of time since the end of hostilities and the general return to a greater degree of normality, it is not only in price that we expect to receive some benefit from traders, but also we expect to see a return of service, of quality and of variety which were sadly lacking during the wartime period because of circumstances beyond the control of governments and the traders themselves. People demand such service, especially in times of buoyancy and particularly in times when the standard of living is showing an improvement compared to what it was, say, prior to the war. They want something more than just the bare essentials.

I think economists have agreed that the higher the standard of living the more frills, as it were, people require to make up their general well-being. So we expect from traders an improvement in service; an improvement in quality and an improvement in variety. These considerations cost money. I feel that we can claim that there has been some advance made in the last two or three years in improving those three important points. If I remember correctly, the member for Mt. Lawley claimed that we should deal with root causes rather than try to impose any system of control. He might not have said that in quite those words, but I think that was the general impression he conveyed. With that I agree.

For my part, I think we should devote all our energy to bring about a state of affairs whereby these restrictive measures have no significance, whereby we remove the reason for bottlenecks, and lack of supply, lack of quality, and lack of service. Then we would find a free flow of trade, producing a state of affairs which we are all aiming at. One of the most outstanding instances happened in recent weeks when we experienced a rather dramatic change in the price of cement. In my opinion, this is a case where through the action of the Government in encouraging increased supplies and increased competition, the root cause for any dissatisfaction has been removed. The immediate reaction has been competition between two fairly big concerns, with the result that the public in this State is now getting, presumably, as good a quality product at a

cheaper price. That reflects not only to the advantage of the people, but also very much to the advantage of the Government, which is a big user of cement.

The Minister for Labour: Are you suggesting that the Swan Portland Cement Co. was profiteering before?

Mr. COURT: No. The Premier tried to put those words into my mouth during his speech.

Mr. Johnson: What was the company doing then?

The Premier: Was it having a bit of fun?

Mr. COURT: Not necessarily. I say this: The advent of another company has made the Swan Portland Cement Co. look to its efficiency, and that is where the public gets a benefit. That firm did a good job in the days when cement was badly needed. It does not alter the fact that we can all be improved. Without knowing the facts of the case, I venture to suggest that the company has taken steps to sharpen up its efficiency, with the result that the public are getting the benefit. That is the very point I am making.

Another criticism I have of the method used in controlling prices, not only in this State but in the others, is the continual attack on the profit aspect. In my opinion, that approach will not keep prices down. It produced some of the most extraordinary anomalies and it encouraged some of the most extraordinary inefficiency during the period price control was operating. I know that the Premier regards me as one who thinks that the sky is the limit as regards profits. He is entitled to his views, but I do not subscribe to anything that is unreasonable. I say this: If one is to put his hands on profits and say that they are not to go above a certain figure, one will create a state of inefficiency. This state was created during the period of price control. If a person can produce an identical article at a cheaper price and make more money out of its production, what does it matter? Why not encourage it? That is where we get down to root causes and get rid of the inefficient person, while allowing the efficient person to give full play to his capacity.

Mr. Lapham: Price control will not prevent that from happening.

Mr. COURT: I give the hon. member credit for having studied the ramifications of price control during its operation. It was a well-known theory during those days, particularly during the Commonwealth period of price control, that if a trader wanted a price rise, he had to become inefficient, because the price-fixing authority virtually said to him, "If you cannot make a profit, we will allow you to put up your price so that you can make a profit." If one were to say to that authority, "I can cut my price and make more profit at the same time," he would suffer for it.

The Premier: What would those persons have done if there had not been any price control during the war?

Mr. COURT: Of course, none of us on this side of the House opposed that period of control, when there was a complete set of controls in force.

The Premier: What would the people you are referring to have done during the war had there been no price control?

Mr. COURT: In the main, they would have been decent in their dealings. That is where we disagree. The Premier regards every trader as being out to fleece the public.

The Premier: That is not true.

Mr. COURT: The Premier has been close to saying that on more than one occasion.

The Premier: The hon. member has invented that idea.

Mr. COURT: I suggest that the Premier reads up "Hansard" covering one night when he got rather worked up on this very point. Perhaps we should not count that one in the score.

The Premier: We count them all.

Mr. COURT: I have done some research into this subject since the Premier accused me of wanting the sky to be the limit as regards profit. While I do not admit that he is correct in that assertion, I have found some rather interesting references by gentlemen who are considered to be men of different political views from those I represent, and certainly with socialistic leanings, if not convictions. One of the most interesting is an article by Professor Arthur Lewis, written in the English publication "The Socialist Commentary."

Those who read the English publications will know precisely where this gentleman stands. In dealing with the question of nationalisation, he says, when referring to the British Labour Party—

Our ideas about the nationalisation tool are in ferment. It does not solve the problem of labour relations; it reduces private wealth in importance, but only gradually; it raises unsolved problems of control; and it raises the issue of how much power we want our Governments to have.

Then he goes on to indicate very clearly that the less the Labour Party has to do with nationalisation in the future, the better it will do for itself. He makes the following remarks about profits—

If the party is to tolerate private enterprise while desiring a rapid growth of the standard of living, it must also rejoice when profits are high.

Such an eminent gentleman should be given some credit.

Mr. Johnson: Who was it you were quoting?

Mr. COURT: Professor Arthur Lewis, writing in "The Socialist Commentary."

Mr. Johnson: What is he a professor of?

The Premier: He is a cousin of Joe's.

Mr. COURT: I have tried to make some independent analysis of what price movements have taken place during the period of no price control in Western Australia. When I say "no price control," I mean no general price control, as distinct from some of the statutory bodies which have continuing control over particular commodities. There is something which I cannot fathom out. When we take the quarterly summary of Australian statistics for June, 1954, in respect of meat, we find that these prices operated—

	Australian Statistics for June, 1954.	Western Australian Price, June, 1955.
	s. d.	s. d.
Beef—		
Sirloin	3 3	3 3
Rib	2 8½	3 3
Steak, Rump	4 4½	4 6
Steak, Chuck	3 0	3 0
Sausages	1 9	1 8
Corned Silverside	3 2	3 3
Corned Brisket	2 6½	2 8
Mutton—		
Leg	2 6	2 8
Forequarter	1 6½	1 8
Chops, Loin	2 6	2 6
Chops, Leg	2 6	2 6
Pork—		
Leg	5 2½	4 4
Loin	5 2½	4 4
Chops	5 2½	4 4

The interesting point is that if we take the overall total of these items, the quarterly summary at June, 1954, shows a figure of £2 5s. 5½d., whereas the Western Australian figure of prevailing prices, taken at random at June, 1955, was down to £2 3s. 11d. If the general indices are correct in the statistics published, they would indicate that officially there has been a recorded increase in the price of meat during that period. I have also got a fairly lengthy list of retail grocery prices but I will not weary the House by quoting them. The list demonstrates that the movement in prices since June, 1954, to June, 1955, is amazingly small, compared with the impression one would get from the published figures.

If I remember correctly, someone quoted the rise in food prices during the period since control ended as something like 12s. 2d. reflected in the index. Taking the figures of available prices to the public, there does not seem to be an increase of anything like that amount in reality. I am ignoring the cut prices available from specialised merchandising, like the super-marts and self-service stores. I understand that it is not practicable to have recorded a list like the one I have here without reading it out. If any member would like to examine it, it is available.

Mr. O'Brien: Are they the prices operating in Nedlands stores, or general prices?

Mr. COURT: They are general prices. As a rough estimate, I would suggest that the prices in Nedlands would be a little higher in some stores.

Mr. O'Brien: I have heard that some of the residents in Nedlands go to town and bring back a few items of groceries with them.

Mr. COURT: The hon. member is making one of the points I endeavoured to put over earlier, that is, the fact that facilities are available for cheaper buying. If I want to see a large number of my electors on a single occasion, I would go down to the super-mart in Albany Highway on a Saturday morning. They take the trouble to go there, presumably because they make a saving by buying their requirements there, even after paying the cost of transport.

Mr. J. Hegney: Going to another electorate is *infra dig*!

Mr. COURT: I shall take the first opportunity of acquainting those people of that interjection. I am afraid I cannot stop it.

The Premier: The interjection?

Mr. COURT: Respecting the retail clothing prices. I have also made a survey to determine the movement in major lines between June, 1954, and June, 1955. There again, the movement is very small indeed. I shall be happy to make this list available to members if they would like to go through the details, rather than to weary the House by reading them out merely for the purpose of recording them in "Hansard".

On this vexed question of control, the next point I touch on is the fact that the mere placing of price control in the hands of the Government does not of itself remove the possibility of price increases. It cannot be denied that the increase, for instance, in water rates in the metropolitan area has been very severe in the last year or two. Neither can it be denied that this increase has a direct bearing as one of the costs of operating stores. It was only last week that I had to forward to the responsible Minister a complaint from a Shenton Park storekeeper regarding the embarrassment caused him by the very steep rise in the water rate charges. He has been able to demonstrate that his turnover is considerably down; and, just at the time when he is least able to absorb increased costs, in spite of the fact that he and his wife work very long hours, he has been hit with a considerable increase in water rates.

There is another case from the same district in which a complaint has been forwarded to the Minister that water rates in connection with the operating of a service station have been increased from £12 to over £40 per annum; and that is not a small increase in anyone's language. There was a recent increase in the cost of water

to people in the Geraldton district, with particular reference to tomato growers. They are producing a commodity which is very essential to the people; and if a direct charge like that is imposed on them, it stands to reason that sooner or later they will want to reflect it in their selling price.

In his answer to a question, the Minister for Agriculture on the 10th August, stated that charges for the hire of Government bulldozers had been increased generally to meet higher costs of operation, again demonstrating my contention that, even if a government authority is operating such plant, it does not stop costs going up. I do not say this in a spirit of criticism but to demonstrate a point. Furthermore, we have the experience of Queensland, which has had control all the time. That control has not prevented the Queensland Industrial Court from granting an increase in the basic wage, as reported on the 20th July, 1955, because the "C" series retail price index numbers "showed a continued upward trend in the cost of living". That is the case where there is a Government with a permanent system of price control, further demonstrating the fact that the mere possession of control does not of itself ensure that prices will be kept down.

Next I desire to deal briefly with some of the points in the Bill. The measure is designed to cover all goods and services, including professional services. In answer to that, the Minister could doubtless say that those goods and services would have to be gazetted before the Bill was effective in respect of them. Nevertheless, the Bill is designed to cover all goods and services, professional and otherwise, if the Government of the day so desires.

A general survey of the provisions of the Bill makes it clear to me that the measure is far too sweeping. I question whether the Minister has a full appreciation of the extent to which the Bill goes in re-introducing a complete and permanent system of price control. One of the features I feel is unnecessary at this time, and on which I would like to hear the Minister comment, is that although this is ten years after the war ended, there is still provision for an exchange of information with the Taxation Department. The provision was introduced in a time of emergency when certain procedures were tolerated by the people that are not tolerated in normal times.

The Minister for Labour: What is wrong with it?

Mr. COURT: It all depends on whether one believes in a police State and that type of set-up, or whether one feels that people should be given a reasonable degree of trust in these matters. I do not think the provision is any longer necessary.

Mr. Johnson: Nobody who was trustworthy would object.

Mr. COURT: That is the type of remark one would expect from the hon. member.

Mr. Johnson: That does not make it untrue.

Mr. COURT: In the Bill, there is provision that certain persons are not to be compellable witnesses. There was good reason for that previously, at the time when the original Commonwealth legislation prevailed. But I am not so sure that we should still exempt these officers and the Ministers from being compellable witnesses in these matters. Again, in a time of peace ten years after the war, I do not see why these people should not explain why they arrived at certain decisions.

Some of the other provisions to which I take exception are the very wide powers given in relation to evidence. I cannot quote clauses, but the Minister will know the one to which I refer, namely, that having reference to powers relating to evidence—the power of the commissioner and authorised officers to summon witnesses and administer oaths, and so on. There is also power to enter premises and inspect documents. In this clause there is a provision that the commissioner will make available to the people whose records have been taken from them a copy within a reasonable period.

What is a reasonable period? The views of the administrators of this Act might be entirely different to those of the ordinary member of the public concerning what is a reasonable time. Is it a week, a month, or six months? And what redress has a person got, bearing in mind that the person whose records have been taken away, following entry into his premises, is at a very great disability, not only in his trading operations but possibly in preparing his defence? If we believe that people have the right to defend themselves, we should make it reasonably easy for them to do so. We should not assume they are guilty from the very first.

I would also appreciate it if the Minister would comment on his understanding of the clause that provides for the Minister to suspend orders. As I see it, this provision takes us back to the old state of affairs that prevailed under the Commonwealth law, by which a Minister could suspend an order, and the prevailing set of conditions so far as prices and so on were concerned continued during the 28 days of the suspension period. That does not provide that the Minister can vary the order. It just means that the Minister, in effect, refers it back to the commissioner for review. If the commissioner, having reviewed his own work, decides that no increase or decrease is necessary, I do not know where the Minister goes from there, even if, in his opinion, there should be an adjustment up or down.

A further point that I feel it is appropriate to raise at this stage is in relation to the provision regarding sale by export.

This could be very vital to primary producers and manufacturers who are trying to get goods away from this country at present. It is provided that if goods are to be exported, the approval of the commissioner is necessary in the event of the sale being at a higher figure than the local price. I am not sure on this, but I think that the original intention was to exercise some form of control over essential goods and keep them in Australia during a critical emergency period when some people might be tempted to try to sell them abroad at what might have appeared to be a fantastically high price at that time. But those days are gone, and we are now chasing exports as hard as we can. This clause, however, provides for the approval by the commissioner of a sale for a higher price for export than would be obtained locally.

There is a further clause which provides that for the purposes of this section, "any person on whose behalf, or at whose place of business"—and I would like to stress the words "place of business"—"any declared goods are sold or offered for sale at a greater price than the maximum price fixed in relation thereto, under this Act for the sale of those goods", etc., shall be deemed to have contravened the provisions of the section. As I see it, the situation would be that if one were the owner or landlord of premises, and a person sold goods for higher than the declared price, or sold declared goods at higher than the authorised price, one would be guilty of committing an offence. That seems to be unreasonable.

The clause which deals with enforced selling is one to which I think exception will be taken by most people, and particularly by primary producers. As I understand it, if a man took his stock to market and then said, "The price at this sale is not good enough; I am going to take my stock home and bring it back next week", he would be in the position of having committed an offence under this Act. The Minister may be able to enlighten us to the contrary; but that is my reading of the matter, as a layman.

Another provision which is out of step with the Commonwealth Income Tax Assessment Act is that which provides for the retention of records until their destruction is authorised by the commissioner. Even under that Federal Taxation Act, there are statutory provisions allowing records to be destroyed after the statutory provisions have been observed; but this measure provides for their retention until their destruction is authorised by the commissioner. This question of storage of records is not as easy as it might seem to be. With expanding business in this State and demands on accommodation, the retention of records is becoming almost a science, and efforts are being made to keep them to a

minimum. So it is only fair for the Bill to include a provision whereby records may be destroyed lawfully after a given period.

Penalties have been made fairly severe. If we are going to have a measure of this kind, although I am opposed to it in principle, I have no objection to allowing a fair bit of latitude to the court with respect to the infliction of penalties; but this Bill goes to the limit in providing an irreducible minimum of £100. The people who would suffer most under that minimum, if I interpret it correctly, are the small people and not the big traders who might get caught. During the war and immediately afterwards we had cases of shopkeepers being prosecuted for charging 1d. or 1d. above the fixed price for a bunch of carrots or turnips. They are the persons who would be most affected by an irreducible minimum.

Surely it is sufficient to leave the penalties proposed by the measure to the discretion of the court in view of the fact that reasonably high limits have been proposed. There again, the Minister may have some reasons for wanting an irreducible minimum of £100 to be inserted in the Bill; but in all sincerity I point out that it might react against the very people we would not like to see unduly penalised. So far as I understand the provision, the court would have no alternative but to fine a man £100, no matter how trivial was the offence, even it were just a technical breach.

In conclusion, I repeat my previous assertion that the best way to achieve the best standard of living for all concerned and to achieve reductions rather than increases in prices, is to get at the root causes. There is no denying that the greatest single factor today, as in most times of inflationary pressures, is government spending, whether it be on a State or Commonwealth level. I feel that much can be done on both those levels to attack this question of inflationary pressures from government spending. If we do attack the root causes, I am sure that price stability or price falls will result. I am firmly convinced that price control alone will never achieve either stability or price falls by its operation. I oppose the second reading of the Bill.

MR. JOHNSON (Leederville) [5.32]: I can agree with the member for Nedlands on one item in relation to this measure, and that is his final one that price control alone will not reduce prices. If there is any criticism that I make of this type of legislation, it is that it is negative; there is nothing particularly constructive about it; it only limits some things—which members of the Opposition who protect private enterprise, admit—that private enterprise will do.

There is a considerable degree of agreement between the two sides of the House in relation to this argument. There are admissions from the mouthpieces of private enterprise that in private commerce there are people who will do reprehensible things, and it is that point of agreement which is responsible for this type of control measure. I feel sure that the attitude of the Opposition, namely, that the Bill intends to introduce a complete control of prices, is not completely honest. As the Minister made us aware when he introduced the Bill, the point with which he and the Government and the party which I support, are concerned is to have the power to control prices when these abuses, which it has been admitted by both sides take place, do occur.

The principle of price control power is the principle which is found in schools—that of having a cane in the cupboard. In every educational establishment there is some form of control, and in the majority of them—certainly in all those concerned with the control of the male child—there is at least one cane kept in the cupboard. It may be only in the headmasters office, or one may be in the office of every teacher, but one thing we can be sure of and that is that the cane exists; and the object of this particular control measure is to put a cane in the cupboard. It is a cane to be available when there is an excess.

A good teacher does not cane every member of his class every day. I fancy there would be some legislation restricting such teachers if that occurred. There was a time when to do that was considered quite good teaching. Those who have read "Tom Brown's Schooldays" and similar books, will realise that in education a definite improvement in techniques has been made, and the human mind has been capable of absorbing improvements of technique in the control of items like prices, in much the same way. I fancy that in any of the better educational establishments—those controlled by the Minister for Education—the cane would normally be used for only a limited number of offences, and those offences would be lying, stealing, vandalism and possibly sexual depravity.

I would say that price control should be used in much the same manner. It should be used for the abuse of the position of trust which people in commercial and professional life resort to when they lie to the public—and there is no doubt that they do that when they misrepresent their goods—and when they steal from the public, by taking an excessive and unreasonable profit by reason of a particular situation; and for vandalism, when they destroy portion of the public property—portion of our way of life; and for sex depravity when they use their commercial situation for depraving, in particular, our young children.

In criticising people in commerce and professions, do not let it be supposed that I imagine every one of them is a liar, thief, vandal or is depraved. It is admitted, and it must be admitted, that such persons do exist in all walks of life, and they exist in commercial and professional circles. I hope and trust that this particular legislation goes through and becomes a power for the Government to keep a stick in the cupboard to control the bad boys of industry and the bad boys of professional life. There are still some with childlike and adolescent minds in business; and some of them are doing very big business.

I point out, too, that it is unfortunately true that administration of price control on a State basis cannot be as effective as if it were on a Commonwealth-wide basis. Our economy is not closed inside the State, but it is closed inside the Commonwealth because there are powers under various Commonwealth Acts which do not exist in the State Acts because of the Constitution. State price control will not be fully effective even though price control exists in all the other States. The responsibility for this lies with the Federal Government which avoided its responsibility to the people of Australia by not requesting this power—I do not doubt it would have been given to it on its request—from the Governments of the various States in which price control exists—possibly concurrently with State power, possibly exclusively.

Certainly, had the present Federal Government supported price control when it was before the people at a referendum, there is no doubt it would have passed. The Government's evasion of that responsibility is practically the sole reason why the Australian £ is worth only a small fraction of what it was a few years ago. However, it is not yet too late for the Commonwealth Government to repent and possibly do something, such as we have seen on the back page of today's "Daily News," to preserve our present prosperity which, we are aware, is a little bit shaky.

I would like to agree with members of the Opposition on another point, to wit that the method of administration of price control during the war emergency was not fully effective and it did not stop prices rising. Prices cannot be prevented from rising as long as the value is disappearing from the money that is used. It would be unfair and unrealistic to try to maintain that it could, because price rises are almost entirely related to the value of money. Whether the prices rise first and the money declines, or whether the money declines and the prices rise is a highly interesting and technical argument, but they do go more or less hand in hand.

During a period that is not a time of war emergency, price control can be used in an entirely different way, and can be

administered for a different purpose. In wartime it is administered in such a manner as to keep supplies of necessary goods available to the public at as reasonable prices as are possible. Because of that need, it registers profits to inefficient industry, and it registers excessive profits to the more efficient industry in the same line of business. During a period that is not a time of war emergency, it would be possible for price control to be administered in a far more selective and useful manner.

I would suggest that in times like the present, price control could be used to take the profit out of some of those goods which we have found to be uncontrollable in other ways. I refer particularly to one item with which we have had a great deal of difficulty in dealing—the harmful comic. Price control could push the price of that item down to such a stage as to remove all profit from it whilst leaving the non-harmful comic available as a legitimate source of profit. That, I think, is a very useful application of price control.

Similarly, under the price control power it would be possible to examine the economics of some of those patent medicines, the sole value of which lies in the belief of the person taking them, and not in the contents of the bottle. The prices of a number of items like that, which have no real value but which do produce profits, could be pushed down to reduce the profits. There are undesirable products such as breakfast foods and other forms of turning suitable horse fodder into food for humans.

I understand, on quite good authority, that the majority of breakfast foods which are packeted and sold in fairly large quantities, are of less value than the packet, and for food value are of near enough to no use at all except for the fact that they are normally eaten with sugar and milk. It is the sugar and milk that provide the food value and not the chaff.

Mr. Court: Do not you think you would achieve that by education rather than regimentation?

Mr. JOHNSON: The education which has taken place in regard to these matters has been through the organ of public opinion, supported by a completely venal Press which will publish any advertisement put before it, whether it be of any value or not. That is the education, and it has been prostituted by the Press. I think it far better to have responsible civil servants to take the profit out of these goods than that these irresponsible profit-seeking controllers of educational organs such as the Press should be allowed to prostitute the situation purely for profit, as has been the case.

Mr. Court: You are still advocating regimentation.

Mr. JOHNSON: I am not opposed to it but I am not an advocate of regimentation any more than I was at school. I did not entirely enjoy it, and I got the cane a few times.

Hon. L. Thorn: It would not have any effect on you.

Mr. JOHNSON: It certainly did not teach me to spell, and that is why I was caned. It did not teach me, but I do know that there is some value in discipline—whether it is called regimentation or discipline—and I have great belief in a degree of discipline, as I trust that the majority of people have. All discipline is not freely accepted by all those subjected to it, but I think that even commerce and the professions should be subjected to a degree of discipline.

Mr. Ross Hutchinson: I believe you can become conditioned to it.

Mr. JOHNSON: Yes, one can become conditioned to almost anything except hanging. There are a number of minor points in the speeches of members opposite who have opposed this measure to which I wish to refer. One which I found somewhat amusing was the suggestion that price control made blackmarkets. Of course it does, because it sets out what is a fair and just price and anyone selling goods at above that price is blackmarketing. But when there is no price control, the same price is not blackmarketing; yet it does not alter the fact that it is just as immoral. When we have price control, it is called blackmarketing and the control is blamed for it. The situation is not any different and the practice is still as immoral as when there is no price control. The argument advanced by members opposite is an amusing one and would possibly draw a laugh in a debating society, but it is not an honest suggestion to advance here.

There was another argument that price control, by establishing a maximum price, made it essential that all goods should be sold at that price. And yet the hon. member who used that argument quoted butter which is controlled and which is selling in a number of places at less than the maximum price. It is unreasonable to try to have it both ways but that is not entirely inhuman. A lot of people have tried to do that and have tried to get the best of both sides of an argument.

In answer to the purveyors of the myths of free enterprise—an exploded myth by the way but still as amusing as Goldilocks and some of the other fairy stories—I would like to quote some recognised authorities—not from opinions—who have written textbooks that are used at the University of Western Australia and at the universities of other countries. I will give members the names of the authors of these books, as well as the titles, so that they can be checked and maybe members, if they read these books, will find other points in them.

Firstly, I would like to quote from "The Elements of Economics" by Tarshis. This book is a textbook used for first year economics at our local university and is the product of the Dean of the Graduates School of Yale University. I quote—

It seems clear, then, that a firm in an oligopolistic industry is unlikely to change its price whether demand increases or decreases. For such a firm, price will tend to be stable. The geometric demonstration of this point should not obscure the commonsense argument in its favour.

The author is pointing out that downward price movements are not automatic when production increases. If I enlarged on that I am afraid that I might intrude upon another debate, but under certain circumstances prices will remain the same even though the arguments of the supporters of private enterprise suggest that increased production will reduce them.

In the same textbook, referring to changes in demand, short period effects, and dealing with the war period from 1940 to 1945, the author says—

Some firms were unable to raise their output because they could not find labour or raw materials. These firms were under even greater inducement to raise their prices, and the only reason they did not do so was government price control.

That is an American text.

Hon. A. V. R. Abbott: And did he advocate price control in peacetime?

Mr. JOHNSON: He is neither for nor against it; he is explaining the situation, and I fancy we could write him down as a strong supporter of private enterprise.

Hon. A. V. R. Abbott: He did not advocate price control.

Mr. JOHNSON: He did not advocate it but he was not against it. I would say that his opinion would be strongly anti-socialist.

Hon. A. V. R. Abbott: Yes, and therefore he would be against price control.

Mr. JOHNSON: He sees some value in it and pointed out—as I tried to do—that the myth of private enterprise is exploded because the stories about it, and its basis, are just not facts; they are still fairy stories.

Mr. Court: To what period did he refer specifically?

Mr. JOHNSON: The period from 1940 to 1945.

Mr. Court: An intense war period.

Mr. JOHNSON: Yes, I am not saying that that was not so. The next book from which I wish to quote is called "Introduction to Economics" by Cairncross. This textbook is used in a number of universities and the editor was Professor of

Applied Economics at the University of Glasgow when the book was written. Deal with the subject which I mentioned just now, he said—

To enjoy the best of both worlds, it might be easier to leave the monopolist, with his more flexible organisation, in control of production, and, at the same time, to fix maximum prices for his output.

He is trying to have a bit both ways. But the textbook which I would like to use more extensively is the most modern of them. It is written by Leonard A. Doyle, management consultant and acting associate Professor of Economics at Stanford University in the United States. The book is entitled "Economics of Business Enterprise" and is a hymn of praise to private enterprise.

Hon. A. V. R. Abbott: Is it for first, second or third year students at the university?

Mr. JOHNSON: This book did not come from the university. I obtained it from the Library Board and although it has been there for over a year it has been taken out on only two occasions; I have been the only person to borrow it and I quoted from it last year. I happen to find it rather interesting.

Hon. A. V. R. Abbott: You should have referred it to the Minister. He was in difficulties about quotations.

The Minister for Labour: No, he was not.

Hon. A. V. R. Abbott: It would have been very useful to him.

Mr. JOHNSON: It would have been useful to the member for Mt. Lawley, too.

The Minister for Labour: I doubt it.

Mr. JOHNSON: In referring to the subject of price fixing and price leadership, his conclusions are—

The behaviour of market demand whereby total revenue tends to increase at a diminishing rate with increases in the quantity marketed provides a strong incentive to industry members to develop devices for controlling market supply.

It will be noted there that he suggests that price movements are not automatic and by inference, of course, there is a good argument for price control even in that.

Hon. A. V. R. Abbott: Is he referring to wheat boards or something like that?

Mr. JOHNSON: No, he is referring to private enterprise and in particular to manufacturing businesses. He has a small quotation in regard to the economics of finance and bankruptcy which reads as follows:—

Private enterprise has a major responsibility for minimising the area of conflict over government policy,

and unthinking and unreasonable criticism of such policy does little to resolve the conflict.

The member for Mt. Lawley might not follow that point.

Business may also contribute to its own decline by establishing unreasonable "conditions" for expansion. If business firms believe that the very uncertainty of life requires a prospect for high profit as a condition of expansion, it may well defeat its own ends.

I would say that generally he is a far greater expert than I can ever hope to be and he has produced in that short paragraph a good deal of the answer to the alleged arguments of the member for Nedlands—that profits in themselves are a good thing. One of the objectives of price control, with its stick in the cupboard, is to keep unreasonable profits down as well as to show a pattern to the useful and useless products of industry and the professions.

Mr. Court: Is it to keep prices or profits down?

Mr. JOHNSON: If profits are kept down, the price of the article concerned must be lower than it would be if profits were higher.

Mr. Court: You are wrong there, you know.

Mr. JOHNSON: One cannot add a shilling cost and a shilling profit and sell the goods at two shillings, and consider that that is any lower than a shilling cost and sixpence profit and selling at 1s. 6d.

Mr. Court: You are dealing with an isolated case of one distributor or one manufacturer. You have to view the effect over a whole industry.

Mr. JOHNSON: The hon. member is trying to cloud the issue because he knows his argument is a poor one.

Mr. Court: I do not think that at all.

Mr. JOHNSON: I wish to refer to the final conclusions which sum up the whole of the book. He says—

Profit in a capitalistic society serves a dual role: It is necessary to retain invested capital in a particular employment, and it is needed to attract resources to an industry. Businessmen are prone to confuse the two functions of profit and to expect the same return to continue in perpetuity as a reward for keeping capital employed that was required to expand production. The long term job of private enterprise is to reduce the rate of "pure" profit to zero, for then "equilibrium" will have been reached and dissatisfaction will have disappeared from the land. It is said that a good manager is one who

works himself out of a job. A good industry is one in which pure profit has been eliminated and the return is just sufficient to maintain investment.

It is to be expected that continued large profits will be viewed with suspicion in an enterprise economy, for such profits, if long continued, will be regarded as evidence of monopolistic exploitation. If private enterprise looks to profits as incentive to progress it must be vigilant to see that continued profits are the result of continued progress and not of a favoured position from which toll is levied. If profit is the yeast of capitalism it is well to remember that the ultimate goal is bread and not just more yeast.

Hon. A. V. R. Abbott: You do not think price control will help that proposition.

Mr. JOHNSON: Price control is one of the tools that will help that proposition. The whole point I have been trying to make during the earlier part of my speech when the member for Mt. Lawley was resting, or considering things with his eyes closed, was that price control is only a negative control. It will not in itself completely answer all the problems of our economy, but it is one of the tools that can be used, just as another Bill which was the subject of debate in this Chamber is another tool which could assist in this proposition.

There is a third proposal I would like to see brought forward. I feel it is a positive step towards controlling our economy, or leading our economy, or disciplining our economy, or regimenting our economy according to how the shoe happens to pinch the particular foot. That is, that we should establish and promote with a great deal of vigour a ministry for co-operation to teach, educate and assist people in all phases of industry—producers, consumers, workers—to co-operate together to get goods at the cheapest possible effective rate, and to spread the benefit of production as widely as possible.

That I think would be a positive step. The other two matters before us are both negative. I fancy that we have a responsibility quite apart from putting the walls on the sides of our paths to keep them straight, to do something to urge people along those paths. Towards that end I recommend that consideration be given to the establishment of a ministry for co-operation. Its administration could possibly lie in the hands of the Minister for Industrial Development, and I think it is suitable that it should.

Although I am supporting—and supporting quite strongly—the objective of price control, I think it should be the stick in the cupboard to handle the bad boys—and there are bad boys in all walks of commercial and professional life, though there are also many good ones. We must have

that stick in the cupboard to control, discipline and regiment them. I think that is essential. Besides that, we must examine the further possibilities of doing something really positive, and it is one I fancy on which both sides of the House will agree. I trust that all parties will get together in the reasonably near future to press that point forward, and do something constructive and positive, in addition to those other propositions which are somewhat negative. I support the second reading of the Bill.

HON. SIR ROSS McLARTY (Murray) [6.41: I oppose this Bill. I must do so to be consistent. I have been travelling through the country districts of this State a great deal, and wherever I have been I have mentioned that this is one of the proposals of the Government which is being considered at the present time. During the recent two by-elections for the Legislative Council, I made the particular point of price control an important one in all addresses I delivered, and I gave those who listened to me clearly to understand that I would oppose this Bill. I also gave them reasons for doing so.

From the Government's point of view this measure is to be a permanent one; we are to have price control for all time. We are fast reaching the stage of a controlled State, because once prices are controlled, a good deal is done to control the activities of business. The party to which I belong is, of course, opposed to such regimentation. I feel the more controls that are imposed the less incentive will be given to business, the less encouragement there will be for people to engage in business and, of course, less initiative will be shown.

No one can rightly claim that our experience of price fixing in the past has produced satisfactory results. It is a fact, and this has been stated a number of times, and I say it again, that during our experience of price control, both Federal and State, prices continued to rise.

The Minister for Labour: But you said you would keep them down.

HON. SIR ROSS McLARTY: Never mind what I said, that is what actually happened—prices continued to rise. It is not to be wondered at, because under the system of price control there is a natural tendency on the part of those in business to seek higher prices. That process was in operation all the time. There was an almost continuous demand for price increases, and we saw pretty consistently that price rises were being given from time to time. So without doubt our past experiences prove that price control does not keep prices down.

The Minister for Works: Have you ever been in favour of price control?

HON. SIR ROSS McLARTY: Yes, during the period of war I felt that some control was necessary. Hundreds of thousands of men were taken out of industry; there was much money about at that time, and people had great spending power. But there was no labour to produce goods to meet the demands which that great volume of money provided. In wartime where the economy of the country is completely changed, there is an argument and also a need for price control.

The Minister for Works: What is the good of it if it is ineffective?

HON. SIR ROSS McLARTY: I do not think it was ineffective during the period of war.

The Minister for Works: You said so.

HON. SIR ROSS McLARTY: I did not. The hon. member asked me if I was in favour of price control at any time, and I replied that I thought it was necessary during wartime. But I do not think it is necessary these days when the economic factors have completely changed.

Mr. May: You were in favour of it in 1952, and that was seven years after the war ended.

HON. SIR ROSS McLARTY: There was price control in 1952, but we were decontrolling a great number of items. Every few days there was decontrol of certain items, and we were moving towards decontrol generally. I think this Bill will create uncertainty in business and I am sure it will cause much dissatisfaction.

The Minister for Works: Is that the position in South Australia?

HON. SIR ROSS McLARTY: In South Australia there is what I would term modified price control. I think the Premier of South Australia is gradually moving away from price control.

The Minister for Works: Are they experiencing in business there this uncertainty of which you talk?

HON. SIR ROSS McLARTY: I say it is a modified form of price control and the Premier himself is taking a very active part in it. The South Australian people have not these long waits for decisions which were experienced in this State, and which were also experienced under Federal control. I repeat, it is a modified form of control in South Australia and they are moving away from it.

The Minister for Works: Would you say it is effective?

HON. SIR ROSS McLARTY: I do not think it is. I do not feel that the people in South Australia are any better off than those in Western Australia.

Mr. May: You do not agree with the Premier of South Australia?

HON. SIR ROSS McLARTY: It would not be the first time that I have disagreed with him. We know that in Australia

today some States are controlled and others are not. When introducing his Budget the Federal Treasurer said—

Further, it would be generally agreed that the Government should so conduct its own business and shape its own policies as to point the right course for the rest of the economy. Some, however, would go much further and say that the Government should intervene to control the economy and its workings, both directly and indirectly, through whatever power and devices it might possess.

His speech continued—

My colleagues and I do not share this view. We do not propose to get back into the business of controls as some State Governments are doing. We believe that on all past experience controls are at the best largely futile and at the worst extremely harmful and unjust.

I agree with the Federal Treasurer that in the past controls have proved to be unjust. They have certainly not proved to be practical.

The Minister for Labour: Did you say that the Federal Treasurer did not believe in controls?

Hon. Sir ROSS McLARTY: He said that his Government believed that on all past experience controls were at the best largely futile, and at the worst extreme harmful and unjust.

The Minister for Labour: He is imposing import controls.

Hon. Sir ROSS McLARTY: The Premier of Victoria has also recently said that he would not favour the reintroduction of price control. When one considers a country such as Australia where there is unrestricted trade between the States and where goods can flow freely, I do not see how there can be any effective control in any one State when there is the present trading set-up in existence between the States.

The Minister for Housing: You are eating some words there.

The Minister for Works: You said something quite different in 1948.

Hon. Sir ROSS McLARTY: I said then, and I say again, that we were moving away from controls.

Mr. Heal: It took you a long time to move away.

The Minister for Works: You said the State could do it more effectively than the Commonwealth.

Hon. Sir ROSS McLARTY: That may be. I remember under Commonwealth control, irrespective of what Government was in office, it was a very ineffective and unsatisfactory control. I do feel that if it were necessary to have price control, it

could be administered as effectively by the State as by the Commonwealth. But both systems have proved to be inefficient.

Sitting suspended from 6.15 to 7.30 p.m

Hon. Sir ROSS McLARTY: I think we should be told in what direction excessive charges are being made. I would say that at the present time competition is keener than ever before, especially amongst the big stores.

The Minister for Housing: I thought you were going to say amongst the petrol companies.

Hon. Sir ROSS McLARTY: I shall deal with them presently. We get an indication of the existing competition by reading the daily papers, by reading the pages of advertisements they contain, advertising goods and encouraging people to go to their places of business because goods are being offered at reasonable rates or at rates lower than at other stores. We have also the very keen competition of the chain stores. In those establishments there is no book-keeping; the customer gets his goods and pays for them and other costs are not involved, and without doubt the chain stores are offering very keen competition. Then we also have the self-service stores that are able to cut prices and there again the competition is very keen.

The proposal to impose price control at the present time will, I think, restrict competition at least to a very great extent. When the Premier was speaking, I asked him what goods he thought should be brought under control or in respect of which excessive profits were being made, and he mentioned the breweries, the oil companies, the tobacco manufacturers and the match manufacturers. Dealing with tobacco first of all, I do not think that price control would have any effect on the price of that article. When I go to Melbourne or Sydney or to any other part of Australia, I pay the same price for a packet of cigarettes as I do in Perth or the country districts, and nothing by way of control has been done anywhere to my knowledge in regard to those prices.

I do not know very much about the manufacture of matches, except that I have heard complaints from the manufacturers about the keen competition they are experiencing from the use of petrol lighters, as a result of which not nearly so many matches are being used. When I was travelling in other parts of the world, my experience was that it was pretty difficult to get a match, because just about every person had a petrol lighter and regarded it as much more economical to use than matches.

Now let us consider the other matters referred to by the Premier. We know that beer is about the most heavily taxed item

of all. I saw in a recent balance-sheet issued by the breweries that they paid 27 times more in taxation than they paid to their shareholders.

The Minister for Labour: They still have a fair bit left.

Hon. Sir ROSS McLARTY: Let us consider their profits and see what the Minister has to say about them. When one purchases a glass of beer, the greater part of the cost is represented by taxation. In my reading, I notice that the price of a 10-gallon keg of beer at the brewery is £5 3s 6d. The excise tax is £3 11s. 8d., which leaves £1 11s. 10d. to the brewery. The excise tax represents 69.4 per cent. of the price of beer. Then, of course, there are other taxes, such as company tax and the tax on dividends when they reach the hands of shareholders, which would not be part of the cost of beer.

The Minister for Labour: And the breweries have their hotels.

Hon. Sir ROSS McLARTY: That has nothing to do with the cost, as the price of beer to their own hotels would be the same as to other hotels. I understand that most of the brewery-owned hotels are leased to the publicans, and the fact that they own hotels does not enter into the cost of beer. Taxation, according to the report I read, amounted to 10s. 10d. per share, while the amount paid to shareholders was 5½d. per share.

The Minister for Labour: Do you mean on the paid-up capital or on the bonus shares, too?

Hon. Sir ROSS McLARTY: On all shares. They are 5s. shares, and is 5½d. an excessive profit? There are quite a number of other companies showing a much more remunerative return. The Minister knows that there is no difficulty in buying brewery shares on the market.

The Minister for Labour: Then if that is the case, the breweries need not worry about price control.

Hon. Sir ROSS McLARTY: No. While the heavy excise impost exists, it must have a considerable effect on the price of beer. I do not think anyone is urging that this tax should be reduced at the present stage, but I have mentioned these two items, tobacco and beer, because they were mentioned by the Premier and because in my opinion there would be little prospect, or none at all, of reducing these prices to the consumer, even should price control be approved by Parliament.

A good deal has been said about oil, and I have taken the trouble to read up the reports of some of the debates in another State Parliament. I have also looked through some of the balance sheets. I find that the landed cost of standard grade petrol in Australia, including 11½d. duty,

was 27.02d. per gallon. The average distribution expenses for the whole continent, which includes storing, selling, servicing, transport, wages, etc., amounted to 7.69d. per gallon, making a total cost to the companies of 34.71d. On the basis of a selling price of 35.25d. to resellers, the result is a profit, before tax, of .4d. per gallon to the companies, which is equal to 1.5 per cent. on sales. I ask the Minister whether that can be regarded as an excessive profit. Are we in Western Australia paying more for petrol than is being paid in other States where there is control?

I have drawn attention to these items, only because they were mentioned by the Premier in the course of his speech on this Bill. I am quite certain that even with price control, there would not be any reduction to the public in the prices of those three commodities. Those were the only items that were mentioned by the Premier; and the Minister for Labour, when moving the second reading of the Bill, did not indicate where excessive charges were being made for goods or services.

When I come to services, I see a very real difficulty in controlling the charges. Such charges include professional services and, of course, services of all kinds, which the Minister thinks should be controlled. I believe that where services are controlled, the public does not get the same service as before, but gets a curtailed service, and I believe it is particularly difficult, if not almost impossible, to control professional services.

We all know that one of the important items about which we were concerned when we had price control was meat. Whether it is the intention of the Government to recontrol meat, I do not know. The Minister did not give us any indication.

The Minister for Labour: I did not give any indication of any particular item.

Hon. Sir ROSS McLARTY: That is so, and that was the weakness of the case presented by the Minister. He said that control might be necessary, and that the Government wanted these powers in order to be able to control anything that it thought should be controlled, but he gave no specific instances as to where he considered control was necessary. I do not know whether the Minister intends to control meat prices or not, but I know what difficulties confronted not only the Federal Government but also the State Government when we had meat control. A select committee, representative of both sides of this House, recommended that meat should be decontrolled.

Mr. May: You claimed that you could control prices.

Hon. Sir ROSS McLARTY: I did not claim that we could effectively control them.

Mr. May: You said, "We can control prices."

Hon. Sir ROSS McLARTY: I said that we would control them more effectively than could the Commonwealth Government. That was the point, and I gave as my reason the fact that having to refer all these matters to Canberra was a most cumbersome arrangement and that controlling prices on the spot was a more effective method than price control exercised from Canberra.

Mr. May: You said you could not control the price of meat.

Hon. Sir ROSS McLARTY: That is true. The Commonwealth Government could not control it and certainly State control was ineffective. We brought expert advice in that regard from the Eastern States, but the hon. member knows what happened when we tried to enforce control in Kalgoorlie. The people on the Goldfields simply did not get any meat.

Mr. McCulloch: They got some frozen meat.

Hon. Sir ROSS McLARTY: Yes, and they did not like it very much. Since those days, there has been a considerable fall in the price of meat, and today all classes of meat are much cheaper than they were 12 months ago. We had our difficulties with fruit. There was no effective control over the price of fruit and we know that the quality suffered as a result of control and the fixed price. We found inferior fruit being sold, because of the fixed price.

The Minister, for Labour: Inferior fruit is being sold now.

Hon. Sir ROSS McLARTY: Yes, but one pays what one likes for it. There is no fixed price.

The Minister for Labour: You pay what they like.

Hon. Sir ROSS McLARTY: No, there is such a thing as consumer resistance. I have seen fruit for sale in shops at prices that I think would justify resistance.

Mr. McCulloch: The member for Moore knows something about the price of fruit.

Hon. Sir ROSS McLARTY: I did not know he was an expert on fruit. The real difficulty in regard to the organisation to be set up to deal with and control prices will be to obtain an efficient staff. The Minister cannot obtain recruits from just anywhere as the men who will have to deal with businesses and prices should be trained and possess expert knowledge. If they have to learn the job while doing it, I think much confusion will arise during their period of learning.

I do not know where the Minister is going to get trained staff from. I think that for a considerable time there will be a great deal of confusion and uncertainty in the business world. He may be able

to secure the services of the commissioner who served us when price control previously existed in this State because that gentleman is still a Government servant, but apart from him I think the Minister will have extreme difficulty in securing the services of men or women with sufficient knowledge of business to be able to inform him where price control is necessary and the way in which it should be directed. On perusing the whole of this measure, I think we would be taking a retrograde step in reimposing controls in Western Australia.

The further we can get away from price control and encourage competition, the better off the people will be. I think that this measure, if passed, will restrict competition and probably end in a shortage of goods. Our experience under the previous price control was that we got an inferior class of goods. Under these circumstances, I oppose the second reading. I do not consider that the Bill is necessary and I hope it will not be passed.

MR. O'BRIEN (Murchison) [7.50]: I have just a few words to say on this most important measure. Members opposite who spoke in opposition to the Bill quoted various prices obtaining at the present time, and the Leader of the Opposition gave various reasons why he thought price control should not be re-introduced at this juncture. We know that the population of Western Australia at the end of 1953 was 633,531, of whom 358,000 lived in the capital city.

It is true, as outlined by the Leader of the Opposition, that today we have large chain stores which are of some advantage to customers who have flash cars in which to go from place to place picking up the articles they require, but the aged and other people who cannot afford thus to travel about are under a severe handicap. As regards what the Leader of the Opposition read out in relation to the Federal Treasurer's remarks, I would point out that the Federal Government receives a considerable amount of money from this State in different ways. Excise duty means a tax levied on commodities of home production and consumption, and Federal taxation from excise in Western Australia alone was over £9,000,000 for 1952-53.

Mr. Oldfield: What was it for 1953-54?

Mr. O'BRIEN: That was from Western Australia alone, and the sum collected throughout the Commonwealth by the Federal Government was over £113,000,000. In 1952-53, the Federal Government received £89,000,000 in sales tax.

Mr. Oldfield: This measure will not control taxation.

Mr. O'BRIEN: State taxation on liquor licences amounted to £215,550, or 7s. 3d. per head for 1951-52. I want members to go back to 1953. In 1952-53, the State

tax on liquor licences was £236,000, or 7s. 9d. per head. The liquor consumption per capita—

Hon. Sir Ross McLarty: You might mention that last year £6,376,000 was paid in taxation on liquor—

The Minister for Lands: Was that paid by the drinking public?

Mr. O'BRIEN: In excise they paid over £9,000,000 for alcoholic beverages, and the per capita consumption for 1953-54 was, beer, 26.45 gallons; wine, 1.48 gallons, and spirits, 0.3 gallons, and the cost to the consumers was £25 5s. per head, or £15,500,000. It is true that in 1950 a prohibition poll was held.

Mr. SPEAKER: Order! I hope the hon. member can link his remarks with the Bill.

Mr. O'BRIEN: I will do so. Back in May, 1948, we had price control, and a referendum was held in this State. In this State, 105,605 people voted for price control, and 168,088 against it, and there were a great number of informal votes. In 1953 the basic wage for the metropolitan area was, males, £12 6s. 6d., and females £8 0s. 3d. For the South-West Land Division it was males £12 6s., and females £7 9s. 11d. For other parts of the State males £12 9s. 4d. and females £8 3s. 1d. There was no adjustment after July, 1953. When the September adjustment became due, it was not made. The average retail prices—

Mr. Oldfield: What Bill are you speaking to?

Mr. O'BRIEN: If the hon. member will keep quiet, I will do my best to explain in my own way. The member for Netherlands quoted some prices and I will quote a few prices from 1953 as against those of today. If members examine both sets of figures, they will see what the hard-working man of today and the old-age pensioner are up against, and also what the person on a fixed income is up against.

A 2lb. loaf of bread cost 1s. 0½d. Two lb. of flour cost 11d., and 2lb. of self-raising flour, 1s 6½d. A lb. of tea cost 4s. 4½d. Sugar was 9d. a lb. and plum jam 2s. 7½d. per tin. A 2lb. can of golden syrup cost 1s. 8d., and flaked oats 10½d. a packet. It takes a married man all his time to provide any cereal for his children today. Raisins were 2s. 9½d. a lb. and currants 1s. 11½d. A 30-oz. tin of peaches cost 3s. 2½d., and 7lb. of potatoes cost 2s. 5½d., while brown onions were 7d. per lb.

Household soaps cost 1s. 5½d., and kerosene in quarts, bulk, 1s. 1½d. Factory butter was 4s. 2d. and condensed milk 1s. 11½d., while new-laid eggs were 5s. 3d. per dozen. Bacon rashers were 5s. 7d. per lb. Sirloin of beef was 2s. 10½d. and

ribs 2s. 3d. Rump steak was 3s. 10½d. and chuck 2s. 7d. Sausages were 1s. 9½d., brisket 2s. 4d. and legs of mutton 1s. 11½d. a lb. Forequarter was 1s. 3½d. Chops were 1s. 11½d. and pork was 4s. 11d.

I know that a lot of people blame the railways, especially outback in my electorate, and say, "It is all due to the heavy rail freights". Storekeepers in such areas say they are penalised by rail freights, but I have been permitted to collect information relating to freights, and how they affect the people outback. We have people living in places as far distant as 200, 300 and 380 miles, such as at Gwalia, for instance. Those people are entitled to complain about high prices. I remember one instance when a man brought along some stale sausages and two eggs to complain about the meat and to compare the size of the eggs. One was very small and the other was of standard size. The sky is the limit with prices in those places. I can even quote the price of beer.

Of course, I could get many people to put their names to a petition against high prices. However, I hope that if it is possible, somebody will do something to control prices to give a fair deal to all. I have figures here, which members can examine, showing comparisons between the prices of butter and cheese in 1952-53 and the present day. The comparison between the freight charges on such commodities is also shown. Over a distance of 300 miles the freight charge is only ½d. per lb. on butter and cheese. On wool of 100 ton lots the increase in freight amounts to £1 0s. 8d. This was the increase made in 1953. However, over the whole distance of 380 miles the freight works out to ½d. per lb. But, in comparison, the prices of commodities have not risen by pennies.

As a responsible Government we must do something to halt this ever-increasing price spiral. Workers have been penalised by not having their wages adjusted for some time. The result is that wages are less than what they should be by £1 or £1 5s. Therefore we cannot expect the people to be satisfied. It is because of dissatisfaction and the complaints that members receive that a Bill such as this is necessary. If prices are controlled, a fair deal will be ensured for all. There is much information that I could quote to justify the passing of the Bill, but I feel sure that if members carefully compare 1953 prices with those ruling today, they will find that the majority of commodities have increased in price. I support the second reading.

MR. MAY (Collie) [8.5]: Had it not been for the comments made by the Leader of the Opposition, probably I would not have spoken on this Bill. However, he

decided to veil a great deal of his remarks with the word "moderate" so much during the course of his speech—

Hon. Sir Ross McLarty: I never mentioned the word once.

Mr. MAY: We will see how many times the Leader of the Opposition did mention it.

Mr. Wild: You are not a moderate, are you?

Mr. MAY: I want to take members' minds back to the period when the prices referendum was held and to remind the Opposition of the effort that was made to take away price control from the jurisdiction of the Commonwealth in order to hand it over to the States. I well remember that famous photograph of the Leader of the Opposition when he was portrayed as saying "I tell you now! We will control prices in this State!" Members cannot forget the emphatic statements made by the Leader of the Opposition in those days. During the course of his speech, I asked him if he had been successful in controlling prices and he admitted that he had not. Therefore, of course, he did not keep faith with the people in the promise that he made.

The Minister for Lands: Whenever did he?

Mr. MAY: The Leader of the Opposition cannot make statements such as that to the people in the emphatic manner he did by promising to control prices and then admit that he was not successful in doing so.

Hon. Sir Ross McLarty: I said that we could control them more effectively than the Commonwealth.

Mr. MAY: The Leader of the Opposition referred to meat. He said it was impossible to control the price of meat.

Hon. Sir Ross McLarty: Either by the Commonwealth or the State.

Mr. MAY: I am pointing out how the Leader of the Opposition failed miserably to keep faith with the people of this State. For six years the McLarty-Watts Government, led by the present Leader of the Opposition, continued to prolong the Act by which prices were controlled. However, it is remarkable that immediately the present Government tries to do the selfsame thing, it is told that the legislation is not required. Therefore, it is only logical to ask: Why was it required when the Leader of the Opposition was in office?

Hon. Sir Ross McLarty: We were getting away from controls all the time.

Mr. Ackland: Do not you remember that the war has been over for nine years?

Mr. MAY: And the war was over many years when the hon. member's Government was in office.

Hon. Sir Ross McLarty: You would control us from the cradle to the grave.

Mr. MAY: The Leader of the Opposition then went on to say that it was control only in a moderate way. Yet he had the impertinence to tell the people that he would control prices. That was only two years ago. The pegging of wages did not prevent prices from rising, as is proved by the figures issued by the Arbitration Court.

Hon. A. V. R. Abbott: To which items are you referring? Clothing, for instance?

Mr. MAY: I am not specifying any one item. The hon. member cannot catch me there. The figures issued by the State Arbitration Court prove that the wage-earners, for almost the past two years, have been robbed by virtue of the fact that their wages were pegged despite continued increases in prices.

Mr. Nalder: They made up for it by getting paid overtime.

Mr. MAY: Therefore, the wage-earner was forced to pull in his belt to meet the rise in the cost of living.

Mr. Nalder: Do you really believe that?

Mr. MAY: I know the hon. member would not because he has never been in that unfortunate position.

Mr. Nalder: They made up for it by working overtime.

Mr. MAY: And they earned every penny of it.

The Minister for Lands: That is a nice submission, that is!

Mr. MAY: Yes, that is a nice state of affairs!

Mr. Nalder: Many of them choose to work overtime.

Mr. MAY: The hon. member is one of those who wants to return to the bad old days. I know where he stands as far as the worker is concerned, and I do not intend to get into a brawl with him tonight.

Hon. Sir Ross McLarty: You are very wise. Anyway, tell us what commodities you think should be controlled.

Mr. MAY: I hope it will not be necessary to control any.

Hon. Sir Ross McLarty: You want all the power in the world.

Mr. MAY: The fact remains that if one section of the manufacturers decided, without justification, to increase the price of some commodity, this legislation could be used to stop profiteering. Members opposite know what is going on. Several of them have quoted the oil companies and referred to the low price they are receiving for their product. Where do these companies get the money to build service stations all over the place? Are they borrowing money to do that? No, of course they are not! They are watering down their capital to build such establishments.

Hon. A. V. R. Abbott: If you are referring to Ampol Petroleum, I would point out that the company is calling up capital all the time.

Mr. MAY: I am referring to all oil companies and the fact that they are erecting service stations at every turn of the road.

Hon. A. V. R. Abbott: You know that Ampol Petroleum is calling up money all the time.

Mr. MAY: Coining money all the time, did the hon. member say?

Hon. A. V. R. Abbott: No, calling up money, and also investing hundreds of thousands of pounds trying to find oil in Western Australia.

Mr. MAY: I know it is investing its money. It is building service stations in order to avoid taxation.

Mr. Court: You know you cannot get a taxation deduction for capital expenditure.

Mr. MAY: Members know that the oil companies have us in their grip. All the increases in prices have been met by the small man. The small businessman is getting a similar deal to that of the worker in regard to prices. Action needs to be taken with the man who is higher up the ladder. It is not the small suburban grocer. I pity that man. Not one member of the Opposition has referred to those on the higher rungs of the ladder and that is where the damage is done. They have all referred to the small suburban grocer. I am awake to them if no one else is.

Hon. Sir Ross McLarty: You are just talking for the sake of talking. Tell us who these tall poppies are.

Mr. MAY: I know the Leader of the Opposition did not want me to talk.

Hon. Sir Ross McLarty: I do not mind you talking.

Mr. MAY: I saw through the Leader of the Opposition's speech, well and truly.

The Minister for Mines: The hon. member has an audience.

Hon. Sir Ross McLarty: That is more than the Minister for Mines can get, anyway.

Mr. MAY: I hope, if this Bill becomes an Act, it will never be used, but I will be pleased to know it is on the statute book should it be required. The Leader of the Opposition is very concerned about the staff that will be required to police the legislation. Where will we get the staff?

Hon. Sir Ross McLarty: Tell us where you can.

Mr. MAY: They will be obtained through the same channels this time. The hon. member should know because he was in office for six years when price control was considered necessary. It is peculiar that as soon as he becomes Leader of the Opposition he adheres to the view that price control is not needed.

Hon. Sir Ross McLarty: We were getting away from it all the time.

Mr. MAY: I would not have spoken on this Bill were it not for the suave manner in which the Leader of the Opposition put over his speech tonight, hiding behind the word "moderate".

Hon. Sir Ross McLarty: Do not work yourself up!

Mr. MAY: I trust this Bill will be passed but I hope for the sake of the workers who are the biggest sufferers under price control that it will not be necessary to put the measure into effect.

THE MINISTER FOR WORKS (Hon. J. T. Tonkin—Melville) [8.16]: I rise to support the Bill because I think it is necessary. There can be no great production without using both capital and labour. There seems to be a very great difference of opinion as to what labour ought to be entitled to, and what capital ought to be entitled to.

Hon. A. V. R. Abbott: There is no difference of opinion.

The MINISTER FOR WORKS: Let us see as we go along. Money on its own will not produce anything, but labour on its own will. If the two are combined we get a productive capacity which acts to improve the standard of living. The working man's capital is his labour, and for each year he lives his capital becomes less. His capital is used up in the production of goods. For example, if a person starts working at the age of 17 he must look forward to retirement around 65, so that for every year he works he uses up some of his capital and when he reaches 64 he has only one more year of work left. After that one extra year, all his capital is gone.

Hon. Sir Ross McLarty: Has he not amassed anything at all?

The MINISTER FOR WORKS: No.

Hon. Sir Ross McLarty: Nonsense!

The MINISTER FOR WORKS: The basic wage provides nothing for setting aside, but only enough for meeting the current needs of the family with regard to certain items. The party represented by the hon. member would not even continue to give the working man that amount for necessities because although prices were rising, the basic wage was pegged.

Hon. A. V. R. Abbott: It was not pegged.

The MINISTER FOR WORKS: It was pegged, and the hon. member is well aware of that.

Hon. A. V. R. Abbott: It was not. No wages have ever been pegged except by Mr. Chifley. A person is entitled to earn as much as he likes.

THE MINISTER FOR WORKS: What a lot of nonsense the hon. member is talking about by way of interjection. Surely he knows that for a long period in Australia no rise was awarded in the basic wage to offset any increase in prices.

Hon. A. V. R. Abbott: No one had to work on the basic wage.

THE MINISTER FOR WORKS: That is how much the hon. member knows about this matter.

Hon. A. V. R. Abbott: How many men in the building trades work under award rates today?

THE MINISTER FOR WORKS: The building trades are not the only ones engaging people in industry.

Hon. A. V. R. Abbott: No, but that is only an example. How many Government employees are on the basic wage?

Mr. SPEAKER: Order! The member for Mt. Lawley has already made his speech.

THE MINISTER FOR WORKS: The pegging of the basic wage had the effect of denying the working man an amount which was previously considered to be adequate to enable him to meet the needs of his wife, two children and himself, without any provision for setting aside of any savings. So, as each year passes, his capital becomes less and less. Let us see what is the attitude with regard to money.

If a person invests capital in business, the general impression is that over and above the receipt of dividends each year, which are the wages paid on capital, one must also build up reserves that will increase the capital. So that at the end of a period of years, in the case of the working man, his capital may have completely disappeared, but in the case of the person investing money in industry, his capital may have increased 20, 30 or 45 per cent. That is regarded as the correct thing.

The reason why price control is regarded as necessary is to prevent some firms from taking excessive profits. Apparently, at times, firms do that. The Leader of the Opposition is prepared to support price control during a war period. That is an admission on his part that during a war people engaged in industry will take excessive profits if they are not restrained.

Mr. Ackland: Do not you think that shortage of goods during war periods had a lot to do with it?

THE MINISTER FOR WORKS: The controlling of prices has nothing to do with the shortage of goods. The control is to stop people taking advantage of the shortage of goods, and pushing prices up.

Mr. Wild: Was there not a shortage of labour also? When a person wanted to employ a labourer at the week-end, he had to pay £4 a day.

THE MINISTER FOR WORKS: A shortage creates the opportunity for the person who is so minded to exploit the

position because he knows he can get whatever price he cares to ask. That is why we must impose price control because we know that under certain circumstances, some people will exploit the situation to the limit regardless of the effect on their fellow men. The Opposition acknowledges that such a situation occurs in wartime, but it will not acknowledge that the same situation will also occur in peacetime. Although the Government of South Australia knows it will, the Liberals in this State will not acknowledge it.

The Premier: Except when they are in office.

Hon. Sir Ross McLarty: We were getting away from controls all the time.

The Premier: Your Prime Minister is going to bring in plenty of controls soon.

Hon. Sir Ross McLarty: You were not here when I read what the Federal Treasurer said. I notice that the Minister for Works has a copy of the "Bulletin."

THE MINISTER FOR WORKS: Yes, it is just as well to keep up to date.

Mr. Wild: Getting informed.

THE MINISTER FOR WORKS: I always keep myself informed.

Mr. Wild: You need to.

THE MINISTER FOR WORKS: I do, to too great an extent for the liking of members opposite.

Hon. Sir Ross McLarty: You get off the track sometimes.

THE MINISTER FOR WORKS: I do not depart from the track at all no matter how much members opposite try to get me off. I want to quote the affairs of a few prominent firms in Australia to show there is a need for price control. This is what the "Bulletin" has to say about Huddart Parker, Ltd.—

Over the last couple of years the outlook for both inter-State shipping and the coal trades has improved considerably; and so have net earnings of those engaged in the two industries. The background to the improvement is persistent growth in the volume of cargoes handled, steadier operating costs, prompter adjustments of freight-rates in relation to movements in operating costs, and a little relief from the heavy burden of income tax.

Earnings of the two sections are not separated in the published accounts, but investments (including the subsidiaries) still appear to be turning in more than shipping. The figures however, are so well compounded that it is difficult to say just what total profit has been earned, except that it seems to be more than claimed.

Last term's £150,321 (up £10,369) of profit was enough to pay the pref. div. and show 16 per cent. on the £750,000 of ord. capital.

A dividend of 16 per cent. would mean a return of capital in six years.

Hon. A. V. R. Abbott: What reduction would that have meant in shipping freights?

The MINISTER FOR WORKS: I shall disregard red herrings! A dividend of 16 per cent. on ordinary capital would mean a return of the whole of that capital in six years. In addition to that, substantial amounts have been placed to reserves which will finally find their way into the pockets of shareholders by means of additional bonus shares. The article continues—

The year's net figure was written after allowing £257,230 (down £30,580) for depreciation and openly sending £161,896 (up £2,211) to reserves, which also benefited by unexplained additions of £28,233. Of the £161,896, £40,000 was earmarked for tonnage-replacement because official allowances for depreciation are inadequate to maintain real capital at today's cost of replacement.

I now refer to Kandos Cement. Here is a company engaged in producing a commodity which has a very direct effect upon the living cost of the people because it enters into building costs.

Hon. Sir Ross McLarty: In what State is that business conducted?

The MINISTER FOR WORKS: I am dealing with the Kandos Cement Company in New South Wales.

Hon. Sir Ross McLarty: There has always been price control in New South Wales since the war.

The MINISTER FOR WORKS: The article in "The Bulletin" states—

On a date presently to be announced, Kandos (paid capital £748,736) and Australian Cement (paid capital £947,766), the two equal partners in Australian Portland Cement Pty. (paid capital £2,500,000), biggest cement-producer in the Commonwealth, will each reward its shareholders with an issue of bonus-scrip. Each company will charge the issue against portion of the reserves created by writing up the book-value of their holdings in the operating company.

Kandos will firstly write-up the face-value of its own f.-p. 16s. shares to £1 each, and then issue one £1 bonus-share for each two shares held. The two parts of this gift will call for £187,184 and £467,960 respectively, a total of £655,114. Paid capital will be thus raised to £1,403,880, on which the board expects to pay a 10 per cent. dividend—

Hon. Sir Ross McLarty: They are under price control in that State.

The Premier: They were not for a long time.

Hon. Sir Ross McLarty: The Act has operated for a long time.

The Premier: No, it has not.

Hon. Sir Ross McLarty: Yes, it has.

The MINISTER FOR WORKS: I do object to interjections taking up my time. The article continues—

which will be equal to 18.8 per cent. on capital as it stood before the hand-out.

Hon. Sir Ross McLarty: Dealing with the local product, you cannot do anything about it.

The MINISTER FOR WORKS: I am making the speech; the Leader of the Opposition has had his opportunity. To carry on, I want to give two or three more illustrations in order to give a background for the case I wish to deal with. I shall first deal with Kelvinator Australia Ltd.

Mr. Wild: That is under price control, too.

The MINISTER FOR WORKS: Yes. The extract reads—

Despite the return of a buyers' market, which means keener competition, this 23-year-old Adelaide-controlled organisation earned an attractive and record profit of £23,097 (up £3,058) last term. The parent and its seven subsidiaries are engaged in production of high-grade domestic and commercial refrigeration units, electric petrol-pumps, washing-machines and other domestic and electrical appliances. They have Commonwealth-wide connections, and have put up a consistently good performance from the start . . .

The preference dividends called for £12,200 and the balance of the years profit was 33.4 per cent. on the £675,000 of ordinary capital—

That will bear repetition—

33.4 per cent. on the £675,000 of ordinary capital.

Hon. A. V. R. Abbott: After 23 years.

The MINISTER FOR WORKS: What company is entitled to get its capital back in three years?

Hon. A. V. R. Abbott: I said 23 years.

The MINISTER FOR WORKS: The hon member said 23 years; but I said three years. A 33 per cent. dividend means capital back in three years.

Hon. A. V. R. Abbott: After 23 years saving.

The MINISTER FOR WORKS: I would not care if it was after 5,000 years. For a company to get its money back from profits in three years is to rob the public.

Mr. Wild: What has happened to price control over there then?

The MINISTER FOR WORKS: And that is done when the working man's capital is becoming depleted every year. Here is a firm—

Hon. A. V. R. Abbott: You are very weak tonight.

The MINISTER FOR WORKS: —which gives its capital back to the shareholders at that rate of dividend in three years.

Hon. A. V. R. Abbott: And what about all the savings during that period?

The MINISTER FOR WORKS: It has made plenty of savings in addition; they are in reserves.

Mr. Court: To relate all this to paid-up capital is not a fair analysis.

The MINISTER FOR WORKS: I did not make the analysis. It was made by the financial writer of "The Bulletin."

Mr. Court: You should analyse it for yourself.

[The Deputy Speaker took the Chair.]

The MINISTER FOR WORKS: He has done it well enough for me.

Hon. A. V. R. Abbott: You are an accountant and—

Mr. DEPUTY SPEAKER: Order!

Hon. A. V. R. Abbott: You are an accountant and you should—

Mr. DEPUTY SPEAKER: Order! I would ask the hon. member to keep order.

The MINISTER FOR WORKS: To proceed with my quotation. This 33.4 per cent. dividend on ordinary capital compares with—

33, 25.8, 29.4, 39.7 and 30.2 per cent. back to 1950.

Hon. Sir Ross McLarty: All under price control, too.

The MINISTER FOR WORKS: The Leader of the Opposition does not know whether the articles produced by this firm are price-controlled or not. I would say they are not.

Mr. Wild: Why are they not? He has the legislation.

The MINISTER FOR WORKS: The hon. member must ask Mr. Playford that question.

Hon. Sir Ross McLarty: You are holding him up as an example.

The MINISTER FOR WORKS: No. I am holding him up to show that either he is playing a political game and sticking to price control—which, according to the hon. member, is ineffective—or else he believes he is rendering a service to his people. The hon. member can have it which way he likes. All this shows is that price control should be extended a bit further.

Hon. Sir Ross McLarty: It shows that it should be extinguished.

The MINISTER FOR WORKS: So that they can all have an open go?

Hon. Sir Ross McLarty: No.

The MINISTER FOR WORKS: If that is the hon. member's policy, all right! It is not ours.

Hon. Sir Ross McLarty: You would get competition.

The MINISTER FOR WORKS: Here is the case of another firm—Permewan Wright, Ltd. The extract from "The Bulletin" is as follows:—

In the station-supply, produce, carrying, agency and general-merchandising business, this 71-year-old firm does the bulk of its trade with graziers, wheatgrowers and other primary producers in the back country in Victoria and New South Wales, where it has 26 and 16 branches respectively, and there is another at Mt. Gambier, South Australia.

Here is a firm, the bulk of whose business is with primary producers. Let us see what sort of profits it is able to amass.

Hon. A. V. R. Abbott: You do not link it with turnover.

The MINISTER FOR WORKS: Yes. But in the final analysis, it is the amount of money that is taken out of the pockets of the people and put in the coffers of the firm.

Hon. A. V. R. Abbott: If the turnover is big enough, it is nothing, is it?

The MINISTER FOR WORKS: What rot!

Hon. A. V. R. Abbott: No; it is not rot.

The MINISTER FOR WORKS: The extract continues—

Last term turnover increased by about £400,000, reaching not quite £7,000,000. Combined net earnings of parent and subsidiary—P.W. Pty. (paid capital £20,000) handles the wholesale side of some of the parent's business—increased by £17,141. . . .

The £130,437 of profit claimed was 24.4 per cent. on average capital employed compared with 22.6, 18.2, 31.9, 26.7 and 22.4 per cent. back to 1950. The div. was kept at 12 per cent., leaving more to put on the shelf than was distributed. That leaves out of the reckoning £31,500 over-provided for taxation in previous years, the share-premiums (£50,000) and other items interlined in the table.

There was a marked improvement in the financial position, the growth in the more-or-less liquid surplus (£883,674) being £305,716.

Mr. Court: What profit did they make?

The MINISTER FOR WORKS: There is a firm that consistently made profits above 20 per cent., a firm which is dealing with primary producers.

Mr. Court: What was the amount of profit?

The MINISTER FOR WORKS: If the Country and Democratic League believes that is all right, that is its business: but to me it seems an excessive amount of profit. It is because of excessive profits that there is a necessity to try to control them. I will give members a very homely example—a day-to-day example of how a man who is not controlled will operate to his own advantage. A few weeks ago, a certain businessman in Murray-st. had a large quantity of bananas in his window with a price tag of 1s. 3d. per lb. That was attractive to the ladies in the city, and this man was doing a good business. One lady going past the shop noticed the price and saw the crowd of people. She thought, "I would like a couple of lb. of those bananas. I will do a little shopping up the street and come back."

She was back in 10 minutes. When she returned, the price tag was 1s. 4d. per lb. She said to the man behind the counter, "A few minutes ago you had 1s. 3d. per lb on these." He said, "Yes. But I would have soon sold out, so I turned it to 1s. 4d." He had been content to get 1s. 3d., I take it, as a reasonable profit on his outlay. But because he was selling them too fast, he thought he was entitled to ask an additional 1d. per lb. So all he did was to turn his price tag round. It had 1s. 3d. on the front and 1s. 4d. on the back. I suppose that if he had been still selling them too fast, he would have put them up to 1s. 5d.

Mr. Wild: Would you not have done the same?

The MINISTER FOR WORKS: No, I would not! The hon. member would have done so, of course.

Mr. Wild: Too right! So would you.

The Premier: The member for Dale would have put them up to 2s.

Mr. Wild: Yes, too right!

The MINISTER FOR WORKS: That shows the principle on which the members of the Opposition regard this matter. They think it is perfectly fair and legitimate and should not be stopped. Our idea is that a fair and reasonable profit is all that the producer or the businessman is entitled to, and he is not entitled to exploit anybody for any reason whatever.

Hon. A. V. R. Abbott: Who can say what is a fair and reasonable price for anyone or anything?

The MINISTER FOR WORKS: Plenty of people.

Hon. A. V. R. Abbott: No they cannot.

The MINISTER FOR WORKS: Yes they can!

Hon. Sir Ross McLarty: You have given an instance of fruit. It is highly perishable, and there is great wastage.

The MINISTER FOR WORKS: It was not any more perishable 10 minutes before than it was afterwards.

Hon. Sir Ross McLarty: I am talking about fruit generally.

The MINISTER FOR WORKS: This businessman had the opportunity to go into all that—and I have no doubt he did—before he put the fruit in the window in the first instance. We can be sure that he was too wide awake to put them in the window at a figure which would have shown a loss. He would be satisfied to sell them at the price at which they were exhibited. But because they were going too fast, he thought he would take a little more profit.

[The Speaker resumed the Chair.]

Mr. Nalder: Would price control stop that?

The MINISTER FOR WORKS: Price control is aimed at limiting the seller to a fair return for his labour and investment and—

Hon. A. V. R. Abbott: No; not in my day.

The MINISTER FOR WORKS: Of course not! Not in the hon. member's day. Then it was chaos. Fancy the hon. member having the temerity to talk about his day, the day of no price control!

Hon. A. V. R. Abbott: Yes; just the same and the same prices commissioner.

The MINISTER FOR WORKS: Let us see how the opinions of the Opposition change with the times. When there was a referendum to see, not whether price control should be abolished, but whether power should be given to the Commonwealth or left with the State, what did the Leader of the Opposition do here? He did not say to the people, "Price control is no good; it is ineffective; it increases costs. We will do away with it." Ah no! He gave the impression that he had no idea in the world of giving it away. All he wanted to ensure was that this power was with the State.

Hon. A. V. R. Abbott: You want to surrender State power.

The MINISTER FOR WORKS: "No surrender" is my motto.

Hon. A. V. R. Abbott: You want to surrender State powers.

The Minister for Lands: You should be the last to open your mouth on this subject.

The MINISTER FOR WORKS: I will quote from "The West Australian" of the 1st May, 1948. The Leader of the Opposition said, "A 'No' vote will not end price and rent control."

The Premier: Ah!

Hon. Sir Ross McLarty: What are you grunting for?

The MINISTER FOR WORKS: The Leader of the Opposition said—

The State Government has always controlled rents and will control prices when Canberra control ceases.

He did not say, "and will control prices for a year or two years." No; he was too shrewd for that.

Hon. Sir Ross McLarty: You want to quote my later utterances.

The MINISTER FOR WORKS: These are the hon. member's latest utterances.

Hon. Sir Ross McLarty: No. There are much later ones than that. There has been an election since then.

Mr. Johnson: It is nice to change one's mind.

Hon. Sir Ross McLarty: You have not a mind to change!

The MINISTER FOR WORKS: Then the Leader of the Opposition went on to say that price and rent control were normal powers of the States; and that most States, including Western Australia, had statutes dealing with commodity prices and rent. What he should have said was, "But as soon as I get the opportunity, I am going to wipe it out."

Hon. Sir Ross McLarty: I told the people that at a later date.

The MINISTER FOR WORKS: Not at all! When this was a hot question and it was clear to the people that there should still be price control, the Leader of the Opposition did not say, "I do not believe in it; it is ineffective; it is wasteful; it is costly." What he said was, "This is a power which the State ought to have," all the time, of course, with the mental reservation, "But a power I will see it does not use."

The member for Stirling said that rent control legislation had been a success in Western Australia, as undoubtedly it had been. That was a control of prices—the price of accommodation. If it could be successful with regard to rents, why not with regard to other things. The member for Stirling also said that he could not stress too strongly that State price control legislation in Western Australia had been passed by the Legislative Council in 1939 and was still on the statute book. Following the line of the Leader of the Opposition, he inferred, "You need not be worried; the State has the power; it is still on the statute book; this power can be used by the State."

What the present Government is doing is to put the position back where it should be. The Leader of the Opposition gave the electors to believe that we would have it for all time. Let us have on the statute book this power which the member for Stirling told the people was there—and it was there—and which the Leader of the Opposition led the people to believe was there and which, by inference, he meant to use. He did not give the slightest indication—he was careful not to—that he intended to get rid of that power.

Hon. Sir Ross McLarty: Nonsense! the people knew I was not a controller, except in an emergency.

The MINISTER FOR WORKS: The conferees in Canberra of the Leader of the Opposition are controllers.

Hon. Sir Ross McLarty: No.

The MINISTER FOR WORKS: They are not?

Hon. Sir Ross McLarty: I read you something tonight from the Federal Treasurer's speech.

The MINISTER FOR WORKS: Did the hon. member listen in to what his chief had to say this evening?

Hon. Sir Ross McLarty: I regret I did not have that pleasure.

The MINISTER FOR WORKS: The hon. member will probably read about it. He is going to rigorously control imports.

Mr. Wild: Is that a very wicked thing?

The MINISTER FOR WORKS: No, but it is a control.

Mr. Wild: It is probably most necessary.

The MINISTER FOR WORKS: The hon. member does not like controls.

The Premier: Not in peacetime.

The MINISTER FOR WORKS: The hon. member wants an open go.

Hon. Sir Ross McLarty: A very different control from the one you are seeking.

The MINISTER FOR WORKS: The hon. member's idea is, "Follow your own inclinations. If you want to put bananas up 1d., do so. If the trader thinks he ought to put them up another 2d., he should do so by all means; fleece the public! What does it matter!" If that is the idea of the Opposition, it is not ours. We think this power to control prices to prevent excessive profits is necessary. In some instances they are excessive and there is no justification for them. They show a far greater return on capital than the trader is entitled to get.

Hon. A. V. R. Abbott: You have not shown that.

The MINISTER FOR WORKS: If these examples do not show it, the hon. member will not be convinced by any. This is a very fair analysis, and not by a Labour paper. I have never known the "Bulletin" to support us.

Mr. Wild: It has too much sense.

The MINISTER FOR WORKS: It is a sensible paper, is it?

Mr. Wild: Yes.

The MINISTER FOR WORKS: Well, there is the idea of a sensible paper with regard to the profits of companies.

Mr. Wild: You only half-quoted it.

The MINISTER FOR WORKS: No, I quoted all the words in the text.

Hon. Sir Ross McLarty: The only thing you told us about in this State is bananas. You would control the price of bananas.

The MINISTER FOR WORKS: The Leader of the Opposition knows he is in a spot, and he tries to get out of it that way. I come back to the original statement I made, that controls are imposed on prices when it is thought necessary, in order to prevent people from taking excessive profits; and some people do take excessive profits when the conditions are ripe for them to do so. The Opposition acknowledges that to some extent it will agree to controls in wartime. The taking of excessive profits in peacetime is, for the people who have to find the money, just as bad as it is in wartime. There is no more justification for taking excessive profits in peacetime than there is in wartime; and there is no justification for it in either case.

Hon. A. V. R. Abbott: No one has ever made a success of price control; not in a thousand years, and you could not do it.

The MINISTER FOR WORKS: If no one has ever made a success of it, why did the hon. member go on with it for years; why did he not throw it overboard?

Hon. Sir Ross McLarty: We were getting away from price control all the time.

The MINISTER FOR WORKS: It is a most remarkable state of affairs! Here we have the Leader of the Opposition and the member for Mt. Lawley endeavouring to show that price control is completely ineffective and of no value whatever—

The Premier: Really wicked!

The MINISTER FOR WORKS:—yet they continued to have an organisation ostensibly to control prices. Was not that pretty hypocritical?

Hon. A. V. R. Abbott: Were you satisfied with the control?

The MINISTER FOR WORKS: Not with any controls under the hon. member's administration.

Hon. Sir Ross McLarty: And there will be no satisfaction with them under yours, either.

The Premier: The member for Mt. Lawley introduced a continuance Bill as late as 1952.

Hon. Sir Ross McLarty: And he was still getting away from controls then.

The MINISTER FOR WORKS: Some manufacturers already impose controls in their own interests. Take a simple commodity like a razor-blade. If one makes a round of the shops, even the chain stores, one will find that the price of razor-blades does not vary a halfpenny. The manufacturer controls the price by refusing to supply the retailer unless he disposes of them at the price which the manufacturer says he must sell at. All businesses are not of the same efficiency. One man might reduce his overheads, and, by efficient management, have a bigger margin of profit on turnover than has his competitor across the street, and he might be content to reduce the price of razor-blades to give the customer the benefit of the reduction in price because he would be happy to take a lesser percentage of profit.

But he is not allowed to do that. The manufacturer says to him, "Keep charging the same price as your competitor across the road, or you will get no razor-blades to sell." That can be multiplied a number of times with other commodities. Take a simple matter like the fixing of plaster-board. Can a man who is building a timber-framed house, and wants it lined with plasterboard, get competitive tenders? Only if someone makes a mistake, because as soon as he gets one tender it fixes the price at which anyone else can tender.

Hon. A. V. R. Abbott: Can the Government fix it at less?

The MINISTER FOR WORKS: If perchance a second person neglects to ring up head office to find out the original price tendered, and he makes a tender, believing himself to be the only one tendering, which is lower than the one already made, do members know what he has to do? He has to withdraw his tender and say he has made a mistake. That operates in this State today.

Mr. Court: Are you sure that is so?

The MINISTER FOR WORKS: Yes, and I will give names and dates if the hon. member wants them.

Mr. Court: I think you will find you can get completely independent tenders.

The MINISTER FOR WORKS: No, because the people giving those tenders would not get a supply of plasterboard to carry out the job. I have gone closely into this matter, and I will give the names of the persons who have withdrawn their tenders after they made them. One went

so far as to say to the unfortunate fellow who was building, "Why did you not tell me you had already got a tender from Bill Jones?"

Mr. Court: Do not you think you should give us their names?

The MINISTER FOR WORKS: No. I will give them privately to the hon. member.

Mr. Court: That is no good; we cannot use them then.

The MINISTER FOR WORKS: Well, I will give them to the hon. member publicly if he will endeavour to use his influence to break it up; and do that publicly.

Hon. A. V. R. Abbott: We have before the house another Bill dealing with that sort of practice.

The MINISTER FOR WORKS: Those are the practices which price control is aimed to crack; the companies which keep up prices when they could come down. When good honest business people who are satisfied with a reasonable amount of profit are not allowed to reduce their prices because the manufacturer, who supplies the article, fixes the price in the interests of the less efficient fellow, we surely ought to do something about it.

So, I think there is every justification for this power to be on the statute book in Western Australia; not that we should necessarily go all out to impose controls on every item of commerce, but let us have the power so that we can come down on those people who do not play the game, who want to exploit their fellow men and who contribute to inflation and are regardless of the results of their activities. Surely they should not be allowed to do as they like! There ought to be some power to control them in the interests of the State.

Hon. A. V. R. Abbott: Would you say that all people interested in the building trades peg their wages so that they cannot get more than the standard wage?

The MINISTER FOR WORKS: Is that what the hon. member is saying?

Hon. A. V. R. Abbott: That is what you are saying.

The MINISTER FOR WORKS: I did not say that.

Hon. A. V. R. Abbott: I thought you said you would not approve just for one party but that is the principle.

The MINISTER FOR WORKS: I am not obliged, in my speech, to give the hon. member's interpretation of all I say. That is his business. All I can do is to give my thoughts to the House in the hope that they will be understood. If they are misunderstood by some people, that is not my fault. I come back to this: Because those practices of which I have given examples do exist and will continue to exist if conditions are ripe for them, there

should be some power to take action if necessary. At present there is no such power in this State although there is in South Australia, where there is a Liberal Government.

Hon. Sir Ross McLarty: You quoted that to us.

The MINISTER FOR WORKS: A most remarkable thing! I notice that the Leader of the Opposition kept right away from South Australia when dealing with this question.

Hon. Sir Ross McLarty: No, I did not. You could not have been in your seat.

The MINISTER FOR WORKS: The hon. member was most reluctant.

Hon. Sir Ross McLarty: I said it was a modified control.

The MINISTER FOR WORKS: But only after being forced into it by way of interjection. The Leader of the Opposition would not have said a word about South Australia if he had not been forced into doing so.

Hon. Sir Ross McLarty: That is your interpretation.

Mr. SPEAKER: Order!

The MINISTER FOR WORKS: And he would not have said a word about the Premier of South Australia, who is a very astute man. The fact remains that in this year of 1955 the Liberal Government of South Australia still thinks it is necessary to have this price control power on the statute book. We think it is necessary, too, and so we are asking Parliament to give the State this power, and if the occasion arises it can be used.

I quite frankly admit that it is a difficult matter; it is full of complexities, and we have to build up an efficient organisation in order to get satisfactory results. But giving all that in, there is no reason for throwing the game completely away and saying, "Let them have an open go. Let them charge excessive prices if they want to, because it is too difficult to control." I think there is a responsibility upon a Government in a democratic country to have a go at it; to have the power and to try to use that power, not against anybody but in the interests of everybody, against the comparatively few people who will get out of hand and drag others with them.

It is to be expected that if there are some men in business getting away with excessive profits, they will induce others to follow. So it is considered desirable—more than desirable; it is necessary—that this power which in wartime is generally acknowledged to be necessary in all countries, should be available for use in peacetime should similar circumstances arise, and surely existing conditions warrant this measure now.

Mr. SPEAKER: Order! The Minister's time has expired.

THE MINISTER FOR LABOUR (Hon. W. Hegney—Mt. Hawthorn—in reply) [9.21]: It is not my intention to delay the House in replying to the second reading debate, but first of all I would like to thank members on this side for their substantial support of the Bill and to thank members opposite for their comments.

During the course of their expressions of hostility and opposition to the Bill, they did advance a few points which, from their angle, seemed very fair, but I do not think there was great substance in the arguments they put forward. No new matter or arguments were advanced to show why this Bill should not be proceeded with. The first speaker who opposed the Bill was the member for Mt. Lawley, and the crux of his argument against it was that it was a political measure.

Hon. A. V. R. Abbott: Is it not?

The MINISTER FOR LABOUR: Nothing is further from the truth. I repeat the remarks I made when I introduced the Bill. When one realises that from 1948 to 1952 inclusive the then Liberal-Country Party Government introduced the legislation in 1948 and passed continuance Bills each year until 1952, one cannot see the reason for their opposition on this occasion. We did not say then that it was a political measure; we believed that it was an attempt to protect the people from those who would exploit them. Because we make an attempt to place a similar Act on the statute book, we are accused of being motivated or activated by political expediency.

Mr. Wild: There is not the same necessity now as there was then.

The MINISTER FOR LABOUR: I will deal with the necessity before I sit down. The member for Mt. Lawley quoted a few figures relating to the "C" series index, which were compiled by the Commonwealth Statistician. He indicated that prices had not increased substantially, but what he did not tell the House was that from 1953 until quite recently the Commonwealth and State Arbitration Courts pegged wages, and as a consequence workers had less with which to purchase the necessities of life.

He also mentioned that price control would encourage blackmarketing. The implication was that there is a type of person in the community who, if he is convicted of charging an unfair or unreasonable price, is prepared to resort to dishonest practices because of that punishment. The member for Nedlands opposed the Bill, and he added the phrase "especially in its present form." With all due respect I think that whatever the form of a price control measure, the member for Nedlands would not alter his form, he would oppose it all the time, and I say

that with all due respect to the hon. member. It would be because of his political principles.

Mr. Court: I made that very clear.

The MINISTER FOR LABOUR: I do not blame the hon. member for it, because those are his political principles. He also indicated that the Bill implied that wartime conditions still existed. They do not exist, but I suggest that if he believes that people should be protected in time of war, there is just as much need to protect them in times of peace.

Mr. Court: But you are dealing with an entirely different type of person.

Hon. Sir Ross McLarty: Of course you are.

The MINISTER FOR LABOUR: We are not. The member for Nedlands made another more important and more significant statement than possibly he realised at the time. It is a good example of the reason why this measure should be placed on the statute book. He said, or words to this effect, that now there was another company in competition in the manufacture of cement in Western Australia, the public would receive cement at a reasonable price.

Mr. Court: I did not say "at a reasonable price."

The MINISTER FOR LABOUR: I am open to correction.

Mr. Court: I said "at a cheaper price."

The MINISTER FOR LABOUR: I understood the hon. member to say at a reasonable price. However, I will use the hon. member's own words—"a cheaper price."

Mr. Court: You are—

The MINISTER FOR LABOUR: The hon. member has made his speech, and I am trying to make mine.

Hon. Sir Ross McLarty: The Minister does not like interjections.

The MINISTER FOR LABOUR: I will deal with the hon. member in a moment.

Hon. Sir Ross McLarty: Good!

The MINISTER FOR LABOUR: The Leader of the Opposition will not be hard to deal with.

Hon. Sir Ross McLarty: You will not have it all your own way, either.

The MINISTER FOR LABOUR: The point I was trying to make was that now there is competition, the public will receive cement at a cheaper price.

Mr. Court: Do they not?

The MINISTER FOR LABOUR: They receive it now because of the competition between the two companies.

Mr. Court: I made that very clear.

The MINISTER FOR LABOUR: If they can receive it at this price now, why did not they receive it at the same price before the other company started to operate?

Mr. Court: I made that very clear.

The MINISTER FOR LABOUR: It was not too clear to me.

Mr. Court: You could not have been listening.

The MINISTER FOR LABOUR: Had this other company not started to manufacture cement in Western Australia, the public would have to continue to pay a much higher price than they will have to pay in future.

Hon. Sir Ross McLarty: We are believers in competition.

The MINISTER FOR LABOUR: Now we come to this point: Let us assume that there is a gentlemen's agreement between the two companies.

Mr. Wild: Apparently there is not.

Hon. A. V. R. Abbott: There never will be.

The MINISTER FOR LABOUR: But there may be, and if there is a gentlemen's agreement, or any other kind of agreement, what protection would the public have?

Mr. SPEAKER: Order! There are far too many interjections.

Mr. Oldfield: There is legislation before the House now.

Mr. SPEAKER: Order!

The MINISTER FOR LABOUR: I do not intend to go into the other points made by the member for Nedlands when he referred to certain provisions of the Bill relating to compellable witnesses, the powers of the commissioner, the production of accounts, the power to suspend orders and, the irreducible minimum, because I will deal with them before I finish my speech. The member for Murray said that his Government progressively decontrolled prices in regard to certain commodities. This Government did the same thing. When we took office in February, 1953, we decontrolled some items because we found at that time that it was not necessary to continue to control them.

Hon. Sir Ross McLarty: There were very few left to control.

The MINISTER FOR LABOUR: But the hon. member's government did not forget to repeal the Profiteering Prevention Act, and his supporters in the Legislative Council put an end to price control 10 months after this Government took office, although it had been continued for six or seven years by the previous Government.

Mr. Wild: The position had eased by then.

The MINISTER FOR LABOUR: I will deal with that before I finish. The Leader of the Opposition referred to the price of tobacco, beer, oil and meat. In my second reading speech, I purposely refrained from going into details in regard to any specific commodity. Suffice it to say that as the Leader of the Opposition made such a great point about the question of beer—

Hon. Sir Ross McLarty: I was replying to the Premier.

The MINISTER FOR LABOUR: That is only one of the hon. member's ailments! If the Bill is passed and it is shown that the Swan Brewery, as an example, is not making undue profits, nothing will be done to it. I am not criticising any particular organisation, combine, trust, corporation or company, but when the books of accounts of the Swan Brewery were closely examined by qualified inspectors of the department, I understand that those in authority in the company were invited to discount or disprove the conclusions arrived at by those highly qualified accountants. While the Leader of the Opposition lightly talks about this profit and that profit, I would like to examine all the accounts of the Swan Brewery before I would accept his remarks to see whether the profit was paid on paid-up or bonus shares.

Hon. Sir Ross McLarty: Their accounts were published.

The MINISTER FOR LABOUR: I am of the opinion that there is not much substance in what the Leader of the Opposition said. With regard to oil, I do not intend to criticise the oil companies because I would not pre-judge anybody. There is competition in the oil industry, but the only competition is for pushing each of the company's products. There is no competition in regard to price.

The Premier: None whatever.

The MINISTER FOR LABOUR: The price is uniform and what protection has the public if the oil companies decide to increase the price of petrol by 1d. or 1s. a gallon tomorrow? None whatever. Yet when we ask for the right and authority to place on the statute book a measure which will enable the Government to protect the people in cases of emergency, a great amount of hostility is shown.

The hon. member also mentioned staff. I quite agree that it may be difficult for a while to recruit competent staff. No one would suggest that overnight we could recruit a staff which would efficiently and competently carry out the administration of price control. When price control was in operation, the department, as the member for Mt. Lawley knows, had a highly qualified and technical staff. It had some competent cost accountants and men trained and skilled in their calling. They

found themselves in some delicate situations and I pay this tribute to the staff of that time: They carried out their duties efficiently under difficult conditions. While we would not be able to have a competent staff tomorrow, where there is a will there is a way and we would find ways and means of recruiting a staff necessary to police the Act.

If the Bill is placed on the statute book, I say in all sincerity I would not—and I am sure my Government would not—be anxious to rush in overnight and control all goods and services. I do not think the Opposition would accuse us of wanting to do that. But the power would be there and I believe that if the Bill were placed on the statute book tomorrow, the fact that there was a chance of reimposing controls on any particular person would act as a brake to unreasonable prices.

Mr. Nalder: What about—

The MINISTER FOR LABOUR: I will quote from the speech of the Leader of the Opposition and that will effectively answer any queries the hon. member might have. State price control does not bring into existence price control. It merely transfers from a private profit-making concern to a democratically elected government the right to see if prices are reasonable. By that I mean instead of any particular set of traders or combines being able to control prices, or fix prices, there would be a government instrumentality appointed to see if those prices were reasonable. I think the Leader of the Opposition stated that when price control was operating, they merely registered increases in prices. That is not correct.

Hon. Sir Ross McLarty: Yes, it is.

The MINISTER FOR LABOUR: I know it is not correct, and I am speaking as a Minister who had the administration of the Act for a matter of only some 10 months, but I know that price control of a commodity does more than just register an increase in costs. With price control there is a ceiling limit, but without it the sky is the limit. Before there was any increase in prices our investigators closely checked the claim for an increased price and where it was warranted and it was shown that certain costs had been incurred, and the increase was necessary, it was granted for a particular commodity. If it could not be shown that the increase was warranted, the claim was refused. Members opposite are vehemently opposed to price control. Do they believe in the principle of arbitration in fixing industrial conditions and margins?

Hon. A. V. R. Abbott: Not maximum wages, no.

The MINISTER FOR LABOUR: Does the hon. member believe in fixing them at all?

Hon. A. V. R. Abbott: I believe in fixing the minimum.

The MINISTER FOR LABOUR: Under ordinary economic circumstances that becomes the maximum.

Hon. A. V. R. Abbott: Not at all.

The MINISTER FOR LABOUR: Do not forget that in industry today—

Hon. A. V. R. Abbott: Not even with the Government.

The MINISTER FOR LABOUR: The Government based award rates on pay—

Hon. A. V. R. Abbott: Plus certain privileges, long service leave, etc.

The MINISTER FOR LABOUR: Would the hon. member like to take that away?

Hon. A. V. R. Abbott: No.

The MINISTER FOR LABOUR: I think some members opposite would like to take that away, but they are not game enough to try it. Why is it that Mr. Playford has not abolished control?

Hon. Sir Ross McLarty: We heard him criticised tonight.

The MINISTER FOR LABOUR: I notice the member for Nedlands made no reference to the Liberal-Country Party Government of South Australia, and the Leader of the Opposition dealt with that aspect as if he were treading on double-gees with his bare feet. The Premier of South Australia is trying to carry on controls because he realises there is need for the control of prices. I now come to the question of publicity. I do not propose to criticise the newspapers but this ought to make people think. Here we have a Bill of this nature designed not for political purposes, as we have been accused of doing by the member for Mt. Lawley, but merely to protect the ordinary public. For the first time to my knowledge, in the number of years I have spent in this Chamber, has "The West Australian," the leading newspaper in Western Australia, spread itself to the extent of three full sheets to show what is in the Bill.

Hon. Sir Ross McLarty: You do not object to that, do you?

The MINISTER FOR LABOUR: I do not object in the least. The Bill that was introduced is public property. I welcome the publicity given to it, but why has this been done?

Mr. Court: I think they should publish more Bills.

The MINISTER FOR LABOUR: If what is in the Bill, and is considered to be so stringent and radical and restrictive, were something fresh, then I could understand it. But there is nothing new about it.

Hon. A. V. R. Abbott: What about the minimum fine of £100?

The MINISTER FOR LABOUR: What I am leading up to is that the radical and far-reaching proposals envisaged by this Bill were not adopted by me in the

first place and by Cabinet in the second place; they were adopted by the Liberal-Country Party Government.

Hon. A. V. R. Abbott: What about the minimum fine of £100?

Mr. SPEAKER: Order! Will the member for Mt. Lawley please refrain from interjecting?

The MINISTER FOR LABOUR: Never mind about the £100 irreducible minimum. The Act was passed in 1948 and the member for Mt. Lawley—a prominent member of the Liberal-Country Party—who was then Attorney General was the father of it. He harnessed the Commonwealth regulations to the Act and those regulations had all the force of the Act. This is the provision that has been featured in "The West Australian" as coming from the Labour Government. But, in fact, it emanated from the Liberal-Country Party Government.

I do not quarrel with it, but I would like to quote the portion to which I have referred. Clause 20 of the Bill sets out—

(1) The commissioner, or any authorised officer, may enter upon and search any premises and inspect any documents, books and papers and may inspect and take samples of any stocks of declared goods or of any other goods.

(2) The commissioner, or any authorised officer, may impound or retain any documents, books and papers produced to him or inspected by him in pursuance of this section and may make copies or abstracts of those documents, books and papers, or of any entries therein, but the person entitled to those documents, books and papers, shall, in lieu thereof, be entitled within a reasonable time to a copy certified as correct by the commissioner and such certified copy shall be received in all courts as evidence of and as of equal validity as, the original.

"The West Australian" made a feature of that in its leading article. It featured the matter of cornering of goods and the restriction of sales and so on in a three-page article. It featured this one in the leading article, but it did not do so in 1949, 1950, 1951 or 1952. So we are accused of having introduced a Bill containing very restrictive powers.

Hon. A. V. R. Abbott: And a minimum penalty of £100.

The MINISTER FOR LABOUR: Because of that, the hon. member will not sleep tonight, but I shall deal with it presently. When it is suggested that this Government has introduced something unusual, I should like to put the House right. I have before me a copy of the regulations. I shall not read them, but I do say that this Bill is almost on all

fours with the measure which the Liberal-Country Party Government introduced in 1948.

Hon. Sir Ross McLarty: What a long time ago!

The MINISTER FOR LABOUR: In the Bill has been incorporated most of the regulations that were published in the "Government Gazette" on the 11th August, 1949, by the authority of the Attorney General in the Liberal-Country Party Government. This Bill contains a provision for a minimum fine, and it does not matter whether it affects combines, commercial trusts or monopolies, there will be power to fix prices and to protect the public. My final words are these—

Hon. A. V. R. Abbott: What about the minimum penalty?

The MINISTER FOR LABOUR: That is £100 and is irreducible.

Hon. A. V. R. Abbott: Why did you include that?

The MINISTER FOR LABOUR: I do not believe that the court would convict a person unless it was absolutely sure that a very serious offence against the Act had been committed. I say without hesitation that if it were proved in a court of law that a trader had been convicted of robbing a customer, a penalty of £100 is not too much.

Hon. A. V. R. Abbott: For a simple offence.

The MINISTER FOR LABOUR: The hon. member did not think that £100 or £500 was too much when workers downed tools for five minutes in 1952, and when he introduced the penal provisions into the Industrial Arbitration Act.

Hon. A. V. R. Abbott: There was no minimum penalty.

The MINISTER FOR LABOUR: But when it is proposed to include provision in the Act that will prove a strong deterrent to robbery, members of the Opposition get in the corner and object.

Hon. Sir Ross McLarty: An overcharge of 1d. and a fine of £100!

The MINISTER FOR LABOUR: I shall quote an apt passage that will answer effectively the member for Wagin and all the forecasts made by members of the Opposition who oppose the Bill. When the Leader of the Country Party was speaking on another Bill dealing with restrictions to be imposed upon traders, he made a statement which I thought was very good and for which I must thank him. He said—

There has been a comparatively short intervening period in which such practices could have grown up, but to me it does not matter whether they are here now or not. If they are here, I think it is sufficient reason to make them illegal in order that they may as far as possible be brought to

a stop. If they are not here, then I suggest that legislation should be passed to prevent their coming here.

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

Ayes	.....	17
Noes	.....	17
A tie	.....	0

Ayes.

Mr. Andrew	Mr. Kelly
Mr. Brady	Mr. Lawrence
Mr. Graham	Mr. McCulloch
Mr. Hawke	Mr. Nuisen
Mr. J. Hegney	Mr. O'Brien
Mr. W. Hegney	Mr. Rhatigan
Mr. Hoar	Mr. Sleeman
Mr. Jamieson	Mr. May
Mr. Johnson	

(Teller.)

Noes.

Mr. Abbott	Mr. Naider
Mr. Ackland	Mr. North
Mr. Cornell	Mr. Oldfield
Mr. Court	Mr. Owen
Mr. Doney	Mr. Thorn
Mr. Hearman	Mr. Watts
Mr. Mann	Mr. Wild
Mr. Manning	Mr. Nimmo
Sir Ross McLarty	

(Teller.)

Pairs.

Ayes.

Noes.

Mr. Moir	Mr. Brand
Mr. Styants	Mr. Bovell
Mr. Lapham	Mr. Perkins
Mr. Tonkin	Mr. Hill
Mr. Heal	Mr. Hutchinson
Mr. Sewell	Dame F. Cardell-Oliver
Mr. Norton	Mr. Yates

Mr. SPEAKER: The voting being equal, I give my vote with the Ayes and declare the second reading passed.

Question thus passed.

Bill read a second time.

In Committee.

Mr. J. Hegney in the Chair; the Minister for Labour in charge of the Bill.

Clauses 1 to 12—agreed to.

Clause 13—Certain persons are not compellable witnesses:

Mr. COURT: I was hoping that the Minister, when he replied to the second reading debate, would have dealt in some detail with the several points I raised. I make it clear that I am fully conscious of the fact that practically everything in this Bill was either in the Act submitted by the previous Government, or in the regulations it adopted from the Commonwealth Administration. I did, however, endeavour to make it clear that I thought that at this stage, after the war, there could have been some revision of the legislation to make it more compatible with our thinking—not only the thinking on our side of politics but of people generally—in times of peace.

There were good reasons previously why the Minister, the commissioner or his officers should not be compellable witnesses in a court proceeding, but I think

those times have changed and I would like the Minister to say why he considers it necessary that these people should not be compellable witnesses when a man is being tried on a charge which can bring with it very serious penalties.

The MINISTER FOR LABOUR: The explanation is simple. This clause is on all fours with the regulation, apart from paragraph (b) of the regulation, which was in operation—at the time of the hon. member's Government—up to 1953.

Mr. COURT: I have admitted that, but I think it is not necessary now.

The MINISTER FOR LABOUR: We feel it is not doing any harm.

Mr. COURT: That was aimed at the blackmarketers.

The MINISTER FOR LABOUR: There may be blackmarketers in the future.

Mr. COURT: The situation is entirely different.

The MINISTER FOR LABOUR: If there are no blackmarketers, there will be no necessity for this to be used; but if there are, then we think it ought to be used.

Hon. A. V. R. ABBOTT: The Minister has made great comment on the fact that the Government of which I was a member adopted regulations similar to these. I would like to refresh the memory of members as to what actually occurred. These regulations were drafted by a Labour Government led by Mr. Chifley. All of a sudden Mr. Chifley was defeated on a referendum and he said to the States, "The people have refused me this power; I am out." He gave the States, about two months' notice. Something had to be done because, I think, there would have been chaos at the time had not some orderly abandonment of price control taken place.

There was a meeting of the State Prices Ministers, and they all agreed that, for the time being, we had to step in where the Labour Government had left off, and gradually get rid of these controls. That was done. These regulations were introduced in wartime in conjunction with wage-pegging regulations and many others. I might say that I understand that against Mr. Chifley's will the control of maximum wages was the first to be thrown overboard. We did not want total disorganisation after the referendum, and so we took over the Commonwealth position. From that time onwards, we gradually abandoned it.

The Minister for Labour: You gradually abandoned what?

Hon. A. V. R. ABBOTT: Price control. We abandoned item after item.

The Minister for Labour: But the Act and these regulations were in force after you left office.

Hon. A. V. R. ABBOTT: Yes, but we did not have the harsh penalty of a minimum fine—

The Minister for Labour: We are not dealing with that just now.

Hon. A. V. R. ABBOTT: That is so. The Minister has never ceased saying, "Whatever I have done now was done previously." It was done previously under very different circumstances. This and every other State agreed to accept a responsibility that was thrown overboard at short notice by a Labour Government.

Hon. A. F. WATTS: I must confess that I feel disposed to support the member for Nedlands in his objection to the clause. While he has frankly admitted that it was in the regulations which were, in effect, part of the 1948 Act, I do not think that necessarily justifies its retention in this measure. If we are never to alter anything in our legislation, no matter by whom it was introduced, we will simply continue to say that because a provision was in an Act of 1890, or whatever the year might be, we should leave it there. We must consider whether a provision is desirable at present, and there are one or two of these regulations which I have examined and in relation to which I am glad that they never operated, because, however desirable they were at the beginning of the war, they became less desirable as time went on and are most undesirable now.

Personally, I cannot understand why an officer of the department who has been making an investigation should not be a compellable witness in a prosecution brought against someone as a result of his investigations. It seems to me that, while there might have been sound reasons—it is difficult for me to conceive what they were—ten or 12 years ago why the officers in question should not have been compelled to appear as witnesses, there is no justification for that provision now. I feel that the officers of the department—the Minister should be only too willing to allow them to do so—should be willing to give evidence and establish the fact that an offence has been committed, and they should be compelled to do so if circumstances arise which warrant that compulsion.

There are one or two other clauses that I propose subsequently to ask the Minister to abandon or amend as we are now dealing with new circumstances, and are not compelled to fall back on what we did or did not do years ago. I think the Minister might well agree either to amend or abolish this clause.

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

Ayes	.....	17
Noes	.....	16
Majority for	.....	1

Ayes.

Mr. Andrew	Mr. Lawrence
Mr. Brady	Mr. McCulloch
Mr. Graham	Mr. Nulsen
Mr. Hawke	Mr. O'Brien
Mr. W. Hegney	Mr. Rhattigan
Mr. Hoar	Mr. Rodoreda
Mr. Jamieson	Mr. Sleeman
Mr. Johnson	Mr. May
Mr. Kelly	

(Teller.)

Noes.

Mr. Abbott	Mr. Nalder
Mr. Ackland	Mr. North
Mr. Cornell	Mr. Oldfield
Mr. Court	Mr. Owen
Mr. Doney	Mr. Thorn
Mr. Hearman	Mr. Watts
Mr. Manning	Mr. Wild
Sir Ross McLarty	Mr. Nimmo

(Teller.)

Pairs.

Ayes.	Noes.
Mr. Moir	Mr. Brand
Mr. Styants	Mr. Bovell
Mr. Lapham	Mr. Perkins
Mr. Tonkin	Mr. Hill
Mr. Heal	Mr. Hutchinson
Mr. Sewell	Dame F. Cardell-Oliver
Mr. Norton	Mr. Mann

Clause thus passed.

Clause 14—Powers relating to evidence:

Hon. A. V. R. ABBOTT: I think this power should be taken only in times of great emergency. I think only a magistrate or other judicial person should have power to require any citizen to appear before him and be examined under oath. This provision would introduce the police state.

Mr. Lawrence: What about the betting control measure for which you voted?

Hon. A. V. R. ABBOTT: I am not dealing with that. I do not know how the member for Fremantle, who is most sympathetic towards citizens liable to be tried, can vote for this provision.

Hon. J. B. Sleeman: You would be surprised!

Hon. A. V. R. ABBOTT: The person concerned cannot refuse to answer questions on the ground that the answers might incriminate him.

Mr. Lawrence: That applies in any court.

Hon. A. V. R. ABBOTT: But that is a judicial trial where both parties are properly represented. This is a trial before a commissioner or any officer authorised in writing.

Mr. Lawrence: What about the registrar of the Arbitration Court?

Hon. A. V. R. ABBOTT: Is he not a judicial officer? I do not think the Minister gave the measure a thought. He did not apply his mind to it.

The Minister for Labour: I applied my mind to it twice as much as you did.

Hon. A. V. R. ABBOTT: Had the Minister appreciated the harshness of these provisions—

Mr. Brady: This clause is not harsh on the honest man.

Hon. A. V. R. ABBOTT: The hon. member would not like to be summoned before an officer and asked about his affairs.

Mr. Brady: It is done every day in the week by certain departments.

Hon. A. V. R. ABBOTT: I know of only one, a Commonwealth department, which does that. That is the Taxation Department. I will admit that that department has the authority and that it is not very nice to be summoned before it.

Mr. Brady: An honest man would not mind this clause.

Hon. A. V. R. ABBOTT: Even so, I do not know whether a person has to answer the questions.

Mr. Court: He does not.

Hon. A. V. R. ABBOTT: But under this clause a person would have to do that. Whether it would incriminate one or not, one is bound to answer, and I think the Minister might well abandon it.

Clause put and passed.

Clauses 15 to 19—agreed to.

Clause 20—Power to enter premises and inspect documents:

Mr. COURT: I thought the Minister would deal with this clause when replying to the debate and consequently I have no copies of the amendment I intend to move. I am concerned with the words in Subclause (2) "be entitled within a reasonable time to a copy certified as correct by the commissioner, and such certified copy shall be received in all courts as evidence of and as of equal validity as, the original."

Having regard to the times I think the provision as it stands is unreasonable. The question of what is a reasonable time is left to the discretion of the commissioner and his officers and I do not think anything can be achieved by the retention of these books, documents and papers for an indefinite period. After all, even if a man is committed for some alleged offence he still has to be found guilty and there is no reason why the whole of his business should be dislocated while the department is preparing a case. I move an amendment—

That all words after the word "therein" in line '21, page 11, be struck out.

If that is agreed to I shall move to have the following words inserted in lieu:—

and the person entitled to those documents, books and papers, shall have such documents, books and papers, returned to him within 14 days of the impounding or seizing of such documents, books and papers.

It will mean, if the amendment is agreed to, that the department will have an opportunity to make such copies as it desires and that the originals shall be returned within 14 days.

The MINISTER FOR LABOUR: This seems to be a reasonable proposition and I do not propose to offer any objection to it.

Mr. JOHNSON: I think the member for Nedlands and the Minister have misunderstood the effect of the amendment. The clause as it stands indicates that copies of the books should be taken, certified by the commissioner and then used as evidence before an inquiry and accepted in place of the books.

Hon. A. V. R. ABBOTT: Why should not a person have his books back?

Mr. JOHNSON: I think the clause as it stands will be of assistance to the trader in that he will be able to have his books and produce the certified copies in court so that his business goes on while the certified copies are before the court. If the amendment is agreed to, the actual books and not certified copies would be required by the court and I do not think the hon. member and the Minister are achieving the objective that they desire.

The idea of having the books returned within 14 days is a good one; but the amendment would not stop the commissioner from returning the books in 13 days and then collecting them again for another 13 days, and so on. I am not trying to be difficult, but I think there is some substance in what I have said.

Hon. A. F. WATTS: I certainly do not agree with the member for Leederville, although I am not quite certain that the member for Nedlands will achieve the results he desires by his amendment. I think the clause needs to be amended because a man could hardly carry on his ordinary business by using certified copies of his books, documents and papers, and I do not think he would be anxious to produce certified copies to the court if proceedings were being taken against him; it would be more likely that the commissioner would want to produce them. I do not agree with the point made by the member for Leederville; I do not think the clause will be in the interest of the trader.

The books should be returned to the owner within a specified time, but certified copies could be used in the court by the commissioner if the originals were not, for any reason, available. They could be lost or burnt in a fire. I suggest to the Minister that the situation appears to be that both he and the member for Nedlands agree that the clause requires some amendment. Therefore perhaps the

clause should be reviewed before a definite amendment is submitted to the Committee.

Mr. COURT: I thank those members who have commented on the amendment. I point out to the member for Leederville that the clause envisages that the commissioner shall retain indefinitely the original books and papers of any trader. This has happened during more trying times than we are going through now. The purpose of my amendment is to ensure that those books are put back into circulation as soon as possible after the commissioner has made the extract he requires.

At the same time, I agree with the proposition put forward by the member for Stirling because I can see that, by my amendment, I would deprive the commissioner of the evidence he might require in court. If an amendment could be framed whereby it would provide that the commissioner could receive copies of the books and documents that he required, it would achieve my purpose. Therefore, if the Minister would agree to report progress I could probably frame another amendment to meet the situation.

Progress reported.

BILL—STATE GOVERNMENT INSURANCE OFFICE ACT AMENDMENT.

Second Reading.

Debate resumed from the 13th September.

MR. COURT (Nedlands) [10.3]: I rise to oppose this measure on the ground that I do not approve of government trading activities that have the ultimate object, no doubt, of achieving socialisation of not only this but also other industries. I also oppose the Bill on the ground that it is unnecessary. It cannot be claimed that there are inadequate and insufficient facilities available for all types of insurance without an expansion of the State Government Insurance Office activities.

There is, without doubt, considerable competition not only between the tariff companies themselves, but also between the tariff companies as a group and the other group which is referred to as the non-tariff companies. Furthermore, I consider that the entry by the Government into business such as this will subject another form of trading to considerable pressure in respect of both rates and benefits. I do not think any of us will dispute that a venture in the hands of a Government is more subject to outside pressures than one in the hands of private enterprise.

A private company has to conduct its affairs in accordance with its policy and normally with the object of making a profit. It is possible that the initial intention of a Government concern is to trade profitably and efficiently and, in

many cases, these government ventures start off on these lines. However, with the passage of time one meets people who say, "This is a government show and I can bring pressure to bear to get some concession for myself." The Minister has clashed with me on previous occasions when I have followed this line of argument and he usually tries to turn it against me by saying that I am inferring that the present staff of the State Government Insurance Office is not efficient or that I am reflecting on the staff.

That is not my intention. The present staff appears extremely keen and it is anxious for its office to develop. However, we are not dealing with the attitude of a few individuals. We are dealing with a principle. Members on the other side of the House agree that the activities of the State Government Insurance Office should be extended, but I, with others on this side of the House, disagree with that view.

The Minister for Labour: You extended the State Brick Works and the State Saw Mills.

Mr. COURT: If the Minister is referring to me, I would point out that I did not do it personally.

The Minister for Labour: You are one of the team.

Mr. COURT: I was not in the team then. When introducing the Bill, the Minister made several statements which I feel I should comment upon. He referred particularly to the history of amendments submitted in Parliament in 1953 and 1954. In regard to the 1953 Bill he said, "The Bill was very well received in this Chamber." On the contrary, I submit that it was solidly and hotly opposed in this House, especially the provision dealing with life assurance. At no stage can I remember members of the Opposition praising the Bill or receiving it with any degree of appreciation. My recollection of that 1953 measure was that Opposition members were very strongly against it.

The Minister for Labour: You are referring to the 1953 Bill?

Mr. COURT: Yes.

The Minister for Labour: It was passed here and it passed the second reading stage in another place.

Mr. COURT: Of course, it passed here with the Government having a majority!

The Minister for Labour: It was passed by the Council not only in the second reading stage but also in Committee.

Mr. COURT: The Minister knows the history of that as well as I do.

The Minister for Labour: I have a fair idea.

Mr. COURT: In 1954 there was strong opposition to the measure that was then introduced, although the life assurance provision was excluded from the Bill and

some adjustments had been made to the 1953 measure. In his second reading speech the Minister referred to open and fair competition between the State Government Insurance Office and private companies. With all the goodwill in the world on the part of the Minister, I am sure that that is far too much to expect over a long period of years, namely, fair and open competition between the State Government Insurance Office and private enterprise handling such business.

Past experience of competition between government trading and private enterprise is not too good. As an instance, let us take transport at the present day. It is not denied that private operators conducting a passenger transport service in the metropolitan area are working under certain disabilities. If they make a loss they go into bankruptcy and, of course, go out of business. They have to be as efficient as they possibly can be and have to aim at making profits. They cannot say to the taxpayers, "You subsidise us so that we may keep the fares down." But the government transport, operating more or less parallel with them, first of all does not have to make a profit—and we know it makes a substantial loss—and, secondly, it is relieved of certain burdens borne by its competitors.

Mr. Johnson: And it pays interest on capital.

Mr. COURT: That is one classic example where we cannot, over a number of years, expect open and fair competition between the Government and private enterprise. The Queensland experience is further proof of the fact that we cannot expect open and fair competition between the Government and a private concern. The Queensland office has consistently made its profits out of workers' compensation, where it has the monopoly, but it does not do well in the section where it has to operate in open competition.

If I remember correctly, the Queensland Government Insurance Office will not do as well this year out of its workers' compensation because it has had to absorb the increased benefits, but it is still going to make a substantial profit out of its workers' compensation section. It gives weight to my point that it is taking advantage of the fact that it has a monopoly in respect to workers' compensation.

If we make an examination of the State Government Insurance Office, we will find the same state of affairs creeping into it. Where it is in competition and the rates are fixed by an independent tribunal—the Premium Rates Committee—it is not making much money, but in the other field of its business where it is not subject to competition, it seems to be doing very well from the last accounts I saw.

The Minister for Labour: To what fields are you referring?

Mr. COURT: I am referring to the figures given in the Auditor General's report. It does assurance outside workers' compensation but where it does not have to compete with companies, it is making good surpluses. That is because it is doing business for the Government and is not competing, for instance, in the mining risks with any outside firm.

The Minister for Labour: Not workers' compensation.

Mr. COURT: Not on any of the mining risks, such as pneumoconiosis and miner's phthisis. The Minister made a further statement to the effect that—

The public request for such an extension is so persistent that the Government would be doing less than its duty if it failed to make further attempts to extend the scope and activities of the office.

I asked by interjection—

Have you any details of the nature of the request received?

And the Minister said he could supply some. Later he did come back to the subject and referred to the viticulturists and flood damage. As far as I can remember, that was the only case he quoted. I have not seen any comment in the papers indicating that the public is clamouring for the State Government Insurance Office to be available to insure their homes or their personal accident risk, or anything like that. There has been an ominous silence on the part of the public.

It may be that some people walk into the State Government Insurance Office and ask if they can insure their business, but I have not heard any outcry. I have not heard any constituent say that he objects to insuring with a private company and that he must insure with the State Government Insurance Office. On the question of the viticulturists and flood damage, the Minister did remark that had the State office had authority to accept that form of insurance, doubtless it would have done so.

I feel there is good reason why the State Government Insurance Office should not accept that type of business because there is such a thing as an uninsurable risk. The Minister would be the last to admit that the State office should accept risks which are classed by all experts of the insurance world as being uninsurable risks. For instance, there are some crop insurances which are regarded as being uninsurable. It does not mean that because it is a State office, it must take anything. Some of the Minister's own officers would be horrified, I am sure, if they were to be forced to take risks classed as uninsurable by skilled insurance people and experts.

Mr. Lawrence: Such as the Nedlands seat.

Mr. COURT: I do not know whether the hon. member is flattering me or not. The next point on which the Minister touched was the question of the accounts of private companies. He said—

It is not my intention to quote from balance-sheets or extracts from the accounts of private companies. Suffice it to say that many have made, and are making, handsome profits.

This is the old bogey of profits. I tried unsuccessfully by interjection to ask the Minister whether he would like to see the companies making losses. I would invite the attention of the House to the crazy position that would result if the private companies were "in the red". The whole security of the insurance world would collapse, with disastrous results to the public. Throughout their insurance histories, different companies have their periods of adversity and their periods of prosperity, but the overall strength of the insurance world comes from the multiplicity of the insurance companies and their interdependence and support on reassurances.

That point must be stressed, because it is through this interlocking of interests throughout the world, and in many cases through international connections, that the insurance world receives its great strength. It is because of that we find that they are able to take in their stride such disasters as the South Australian earthquake. I would say that in South Australia, companies had a fairly disastrous experience as a result of that earthquake, but they all met it and settled their claims in a very prompt and fair manner. They were able to take it in their stride, although the companies would have shown a loss for that period.

The Minister for Labour: Is that what was referred to in the "Freedom to Shop Around" pamphlet?

Mr. COURT: I have not heard of that. I would have thought that they would have helped me by sending me one. In view of the criticism we hear so much of regarding the performance of companies, I have taken the trouble to obtain an analysis of four old-established companies. I have purposely selected an Australian company, a New Zealand company, another Australian company and an English company. Variations of those performances might be obtained if we take the accounts of all the 70-odd insurance companies that function here.

But I think these represent a fair cross-section of the insurance world. My main point is that it is insufficient to take the figure of paid-up capital, which people are so apt to pin their faith on, because many of these companies have been operating for the best part of 100 years, and have accumulated great financial strength in the interests of the insuring public, as well as of their own shareholders. In the

case of the first company, which is an Australian company, we find its funds employed are £5,767,832, and its paid-up capital is over £1,500,000.

Over the period it has retained the undistributed profits and reserves which amount to a figure that might be considered fantastic. Nevertheless this has been possible through its conservative policy, and it has been built up to £4,009,082. The total funds employed are £5,767,832, and the profit after tax was £206,902 in the year 1949.

The profits built up progressively through the next few years until in 1954 it reached £370,932. The percentage of the profits on the funds employed is of interest and I have tried to make this point in the House from time to time. That is the true test of a company's performance, the net profit related to the funds employed. In 1949 it was 6.5 per cent., in 1950 it was 6.6, in 1951 it was 5.9, in 1952 it was 6.1, in 1953 it was 5.9, and in 1954 it was 6.4.

Those figures cannot be classed as excessive. When we take the dividends paid we find the percentages as follows:—

	Per cent.
1949	2.9
1950	2.7
1951	2.5
1952	3.
1953	2.8
1954	3.2

That is the true test of what has been achieved by that company, and no one would call those percentages excessive.

The New Zealand company that I mentioned has a performance which does vary in some minor details but not in the overall. I shall not weary the House with detailed figures except to give the dividend percentages in relation to the total funds employed. They are—

	Per cent.
1949	3.5
1950	3.
1951	2.8
1952	2.9
1953	2.8
1954	3.
1955	3.7

The second Australian company has a slightly better dividend ratio. It was—

	Per cent.
1949	6.7
1950	6.2
1951	5.9
1952	5.8
1953	5.7

It is interesting to note that in the last year, 1954, it had a loss of £29,926. I would suggest that it suffered the loss due directly to the South Australian disaster.

The dividends for the English company were—

	Per cent.
1950	2.8
1951	2.3
1952	1.5
1953	2.0
1954	3.0

I have taken the trouble to prepare those figures because I fear that too often an unfair summary of the position is given when referring to the profit performance of insurance companies.

The Minister referred to the Local Government Insurance Pool. He said it is hoped that that part of the business will be exempt from taxation. I can see the logic of wanting to exempt that type of business from taxation, but I would point out that in doing so an anomaly would be created if he wants to preserve a state of open and fair competition which he stressed was his objective. In spite of the fact that the pool has grown from 70 participants on the 1st July, 1946, to 122 in 1954-55, to quote the Minister's figures, the fact remains that quite a few local authorities have remained outside the pool and have preferred to transact business with the private companies.

In recent times, there has also been a trend by some of the local authorities who left the private companies, to return to them, after having done their business with the pool. By interjection the member for Roe raised the question of dissatisfaction with the administration of the Local Government Insurance Pool, and in his absence I was unable to obtain the grounds for dissatisfaction and the exact nature of the complaint.

Mr. Cornell: The profits of the pool have been taxed.

Mr. COURT: I have no personal knowledge of the dissatisfaction. All I know is that some local authorities have gone back to the private insurance companies. Of course they are free to do this. In eulogising the pool, the Minister said that initial premiums were 20 per cent. below those charged by other companies. I do not think that is in accordance with the actual position. On the surface it is, but in actual fact there has always been available to local governing authorities an arbitrary 20 per cent. discount so that they were on a comparable basis. Where there has been a difference is that the pool has made rebates from year to year.

The Minister for Labour: Not many local authorities have returned to private companies.

Mr. COURT: There are some. There are quite a few big ones out of the scheme. Of course, they are free to choose with whom they desire to do business, and the various reasons prompting them could be past attention given them over a period

and preference for a certain type of service. The fact remains that quite a few stayed with the private companies and quite a few returned.

The Minister for Labour: I think the Nedlands Road Board is in the pool.

Mr. COURT: I do not know because I am not on the board and I do not interfere with its affairs. The Minister did make reference to the fact that the State Government Insurance Office introduced insurance for schoolchildren and the scheme has worked satisfactorily. That is not denied, and as expected it has been successful. If I understand correctly from the reports, the tendency is to extend the benefits in the light of experience.

The Minister for Labour: That has already been done.

Mr. COURT: That can be understood because with easily obtained business where there is no procurement cost, the State office could obtain a prompt income over a large range and I feel that over the years it would develop into an attractive type of policy. I mention this point not by way of criticism of the scheme, but by way of criticism of the method it was brought into being. The legal opinions that I have seen consider that this business was introduced before legal authority had been obtained from Parliament.

The Minister for Labour: So was the State Government Insurance Office itself.

Mr. COURT: That is the point I am making. It should be the policy of the Government to abide by the law and not to say to Parliament, "This has been done and Parliament has to fix it up". I do not think that is good government.

Hon. A. F. Watts: I think the Government had the authority all the time.

Mr. COURT: Legal opinion is that it did not have the authority. When the 1954 amendment went through, a grave doubt was removed. I understand there was conflicting opinion.

The Minister for Labour: It was done for the benefit of the State schoolchildren, but the amendment tidied the position up and brought in all schoolchildren. It applied to State schools first.

Mr. COURT: The fact remains that it was open to grave legal doubt as to whether the scheme was lawful under the Act. I want to make it clear that I am not questioning the merit of the scheme, but only the method by which this business was brought into being.

The Minister for Labour: It turned out to be very popular.

Mr. COURT: That may be so, but it is the duty of the Government to obtain legislative authority first. After all, that type of risk had been written in this State for many years. It was just because the Government was in a position to do this business without procurement costs that

it was able to write an attractive form of policy at a low premium. If I remember aright, I have my own family covered under it. I am questioning not the merits of the scheme but only the method of its introduction.

The Minister went on to deal with the question of unacceptable risks. He said that the State Government Insurance Office was established in 1926 by the then Labour Government because the private companies would not accept risks in regard to mining and mining diseases. This statement gets trotted out like a hardy annual. According to my reading of the report of the Assembly select committee that dealt with this matter—a committee appointed in 1937 to consider the establishment of the State Government Insurance Office—it was made very clear that the private companies did not have a chance to undertake that business. They were ready and willing to do it, but certain essential data which is vital in sound underwriting business was denied them.

The then Minister in charge of that particular function claimed that the companies did have the requisite information, but the report of the select committee said they did not. I am prepared to accept the word of those concerned that they were ready to quote for this business had they been provided with the statistical data vital to underwriting on a sound basis. One becomes a little weary of having this statement trotted out, time after time, as an argument against the private companies.

I admit that companies refuse risks from time to time; the State Government Insurance Office would do likewise. Risks may be refused by a tariff company and accepted by a non-tariff company and vice versa but that is a matter of underwriting procedure. This is a question that should be approached in the light of a proper insurance risk and not as a gamble.

The final point I wish to make has a reference to reinsurance. On this point I stick to my view, until some more convincing data can be produced to the contrary, that the tariff companies in Australia are sending less of their reinsurance business out of Australia than are the sources used by the State Government. The Chief Secretary, in dealing with the Bill last year, gave the following figures in reference to the main amounts retained by the State Government Insurance Office:—

	Amount of risk £	Amount retained by State Insurance Office £	Amount reinsured £
South Fremantle Power House	5,700,000	25,000	5,675,000
University of Western Australia	1,325,000	10,000	1,315,000
Royal Perth Hospital	1,279,750	25,000	1,254,750

If my information is correct, these re-insurances overseas are with Harvey Trinder at Lloyds, London. The figures show that the amounts being retained by the State Government Insurance Office are very small. I do not criticise that because it is sound business to spread the risk and use the reinsurance facilities that are available. However, I point out that the overwhelming proportion of that insurance is reinsured outside Australia.

From time to time the Minister has told us that certain business in connection with the South Fremantle Power Station has been offered to private companies and that they would not accept it on the basis that the State office was prepared to grant it. So far as I know, the statement is quite correct, but I wish to point out that the private companies should not be criticised for not being prepared to take the risk. There might be other risks that some companies would accept and that the State office would consider to be foolhardy. Therefore, it was a matter of sound underwriting and not a matter for criticism that the companies would not accept the risk at the price offered by the State office.

I base my main objection to the Bill on the ground that I find it quite unnecessary for the Government to intrude further into business that is already being amply and efficiently conducted by private industry. I can see not the slightest justification for going beyond the quite generous scope of trading that the State office already has.

If I might touch briefly on the provisions of the Bill, I am not offering any criticism of the actual contents of the measure inasmuch as it seeks to achieve what the Minister desires. If I were one who supported the extension of the functions of the State office, I would consider the Bill to be satisfactory. There are one or two minor points open to comment, but, generally speaking, I would say that the measure, as at present drafted, satisfactorily deals with what the Minister desires, but I repeat that I am opposed to it.

The Minister for Labour: You are opposed to any extension of the State Government Insurance Office.

Mr. COURT: Yes. I make this explanation to save time in Committee, because it will be of no use my objecting to certain clauses when the whole lot are tied up with the principle. It will save a lot of time if I indicate that I have no objection to the actual drafting of the Bill inasmuch as it attempts to achieve what the Minister desires, but I make it clear that I am against the measure in principle.

The Minister for Labour: I can understand your difficulty.

Mr. COURT: Therefore, I shall vote against the second reading.

On motion by Mr. O'Brien, debate adjourned.

House adjourned at 10.38 p.m.