

support the Bill. On the contrary, we are told we must accept the Bill. So long as I hold an honoured position in this House as the representative of a province, I shall refuse to accept any such stand-and-deliver attitude. If by conviction I think a matter is wrong, I shall not hesitate to voice my opinions against it.

Hon. G. W. Miles: Hear, hear!

Hon. J. NICHOLSON: I will not accept this stand-and-deliver attitude! I do not care whether we are told that we must accept the agreement! Why must we? We should do only that which we consider is right and just to our State. I am also equally uninfluenced by the arguments that have been advanced that five out of the six States have assented to the Bill. Those States have considered the question from their own standpoints. They undoubtedly see the advantages that will accrue to them, and no doubt recognise the disadvantageous position in which Western Australia will be placed.

Hon. E. H. Gray: They do not argue that way in the other States.

Hon. J. NICHOLSON: If the Bill be passed by Parliament, we shall be rightly blamed in consequence by those who follow us.

Hon. E. H. Gray: You will be blamed if you do not pass it.

Hon. J. NICHOLSON: We shall be blamed for having agreed to a financial arrangement, extending over such a long period of years, that cannot but be to the disadvantage and financial embarrassment of succeeding generations. In view of that position, I regret that I have no alternative but to vote against the second reading of the Bill.

On motion by Hon. J. T. Franklin, debate adjourned.

*House adjourned at 6.9 p.m.*

## Legislative Council,

*Tuesday, 10th July, 1928.*

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

### QUESTION—NORTH-WEST AEROPLANE LANDING GROUND.

Hon. J. J. HOLMES (for Hon. Sir Edward Wittenoom) asked the Chief Secretary: Referring to the answer given to my question on the 26th June, seeing that many miles of overseas flying would be saved by aeroplanes and seaplanes coming from Timor, or a point in Java, to a spot between Derby and Wyndham, Western Australia, as compared with the route to Darwin, and seeing that Derby is, or soon will be, connected with Adelaide by a Government aerial service, will the Government point out these advantages to the Commonwealth authorities with a view to their adopting the Western Australian route in preference to the Darwin route?

The CHIEF SECRETARY replied: Yes. The matter will be brought under the notice of the Commonwealth authorities.

### PERSONAL EXPLANATION.

*Hon. G. W. Miles and the "West Australian."*

Hon. G. W. MILES: I desire to make a personal explanation in regard to portion of my speech on Wednesday last. I stated, as published in the "West Australian," that in my opinion the policy adopted by that newspaper, since it has been controlled from the Eastern States, was the cause of Sir Alfred Langler's death. I wish to say that I regret having made that statement, and I accept the denial given by Dr. Saw and Mr. H. B. Jackson in regard to it.

Hon. A. LOVEKIN: Is it in order for Mr. Miles to reflect on another hon. member of this House? Mr Miles says he accepts the statement of Dr. Saw. The statement

of Dr. Saw was that he had attended Sir Alfred Langler professionally.

The PRESIDENT: I am quite certain that Dr. Saw will not regard such a statement as a reflection on him or on any other member of the House.

## BILL—FINANCIAL AGREEMENT.

### *Second Reading.*

Debate resumed from the 5th July.

HON. H. A. STEPHENSON (Metropolitan-Suburban) [4.35]: I agree with many other members who have stated that this Bill is the most important and carries with it greater responsibilities than any other measure that has come before the House since Federation. Therefore it is necessary that every member should give the Bill careful consideration before voting upon it. By adopting this measure, we shall be committing this State to the conditions of the agreement for 58 years. That is a very long term and many things can happen during that space of time which it is impossible for us to foresee now. Therefore we must be careful that we do not commit a very grave injustice to the State and its people. I have read various speeches on this Bill and I have listened very attentively to the debate in this House and in another place. I also accepted the advice of the Chief Secretary that it would be wise for members to weigh and hear both sides of the question before casting their votes. I may say that, after careful consideration, I have had no difficulty in arriving at a decision. The arrangement outlined in the Bill asks us to agree to accept, in lieu of the per capita payments, a sum of less than £500,000 a year for 58 years, based on the population of the State in 1926. To my mind the proposal is absolutely absurd from the standpoint of Western Australia. It is also grossly unfair, and if it is accepted, it will be a grave injustice to the people of this State. In my opinion the population of Western Australia will increase faster than that of any other State of the Commonwealth, and I contend that the payments should be based on the population at the time of the distribution. Many figures have been quoted by various speakers, but I intend to deal with only the first set of figures referred to by the Premier when he was moving the second reading of the Bill in another place. Those figures, to

my mind, proved conclusively that the Bill would not be in the best interests of this State. I take it that the figures quoted by the Premier were the best figures that could be produced at the time. Figures are peculiar things, and if they are not based on a proper foundation, they might lead us anywhere. I take it that the figures were the best that the Premier could produce to show the position that would obtain under this agreement for 58 years. The Premier demonstrated that for the first 15 years under the agreement the State would show a profit. For the first year the profit would be £81,000—not a very big amount. After that period of 15 years, which is approximately only one-fourth of the full term, the movement will be retrograde and, for the remaining 43 years, or nearly three-fourths of the term, we shall be going gradually down the hill. The calculation was based on the population of the State in 1926, on a 3 per cent. increase, and on a loan policy of £5,000,000 per year. I am very confident that our population will increase at a much faster rate than 3 per cent.

Hon. Sir William Lathlain: You will see that we have not increased as much as that.

Hon. H. A. STEPHENSON: I am confident that our population will increase at a very much greater rate than 3 per cent.

Hon. J. J. Holmes: I do not think that the population of New South Wales increased by as much as 3 per cent. last year.

Hon. H. A. STEPHENSON: I am sure it did not. I should like to refer to a statement made by the Premier at Katanning on the 29th June. The "West Australian" report stated—

The Premier (Mr. P. Collier) made an interesting statement at Katanning to-day regarding the 3,000 farms scheme which, he said, would probably involve the expenditure of something approaching £10,000,000. The works associated with it would take about five years to complete, the building of about 700 miles of railway was involved, and the Development and Migration Commission had said it was the biggest scheme of its kind in Australia . . . It was estimated that in the area there was 8,000,000 acres of land capable of development and of carrying a large population. The 3,000 farms scheme involved a great deal of work, the building of hundreds of miles of roads and the provision of water supplies and of harbours. The works associated with the scheme would take about five years to complete, and it was calculated that an expenditure of nearly £10,000,000 was involved. When investigations were completed, the Development and Migration Commission would make its recommendation to the Commonwealth

Government who, if they approved of it, would forward it for the approval of the British Government. He had not the slightest doubt that the scheme would be endorsed and, as a result, the Government of Western Australia would be able to secure all the money required for the developmental work at the cheap rate of interest of one per cent. for five years and two per cent. for the next five years. While they calculated that the necessary public work and considerable improvements would be effected within five years, the Government was aiming at the whole of the land being finally selected and disposed of to the holders by the end of next year. This would bring into production a great province that lay empty and unoccupied.

That goes to prove my argument that the population of Western Australia will increase more rapidly than that of any other State.

Hon. J. Cornell: You can safely add another five years to that.

Hon. H. A. STEPHENSON: If 8,000,000 acres of land are brought under cultivation in the next five years, our population will certainly increase by 100,000. Under this agreement, however, we shall be receiving only the same amount per annum as if our population had remained at what it was in 1926. That is neither fair, just, nor equitable.

Hon. Sir William Lathlain: Not if your statement can be assumed to be correct.

Hon. H. A. STEPHENSON: I have just as much right to assume these things as any other member. Everyone who has spoken in favour of the Bill has assumed a great deal more than I have attempted to do, or would be likely to attempt to do on this matter. We have the largest area of virgin agricultural land in the world, with the exception of Russia. There is hardly likely to be any trouble in the matter of wheat production from Russia, because already the people there find it difficult to get enough wheat for home consumption, and the authorities in that country have recently purchased 200,000 tons of grain in an endeavour to stave off starvation. Our agricultural lands are crying out for development. Indeed, the whole world is land hungry. People everywhere are crying out for more land. Farmers in the Eastern States are most anxious to settle in Western Australia, because it is impossible for them to buy land at a reasonable price in their own State, or in areas large enough to enable them to make a living from it. A few weeks ago two hundred

blocks were thrown open for selection in our agricultural areas. The applications were closed, I think, about three weeks ago. Amongst the applicants for this land were no fewer than 400 from South Australia, nearly all being young men and married. I think a great many applications also came from Victoria, Tasmania, and New South Wales. This all goes to prove what the land position is in Western Australia, and what a great asset is represented. I wish to refer members to the replies given by the Federal Statistician, Mr. Wickens, when giving evidence before the Constitution Commission some three or four months ago. He said that the basis of distribution was the population of each State in 1926. Sir Hal Colebatch then asked him, if the ratio of increased population continued, would it not mean that long before the expiry of the agreement the basis of distribution would be unfair to Western Australia. Mr. Wickens replied that it would. He was then asked, "Since population is the basis for distribution, which would be the fairer method of distribution in 1950, the population in 1950 or the population in 1926?" Mr. Wickens replied, "The population in 1950, certainly." He was then asked, "Can you from the statistical point of view see any reason why the agreement should not be framed on those lines?" Mr. Wickens replied, "No, I do not." He was then asked, "Do you realise the possibilities of the enormous differences in population between the States in 50 years?" Mr. Wickens replied, "Yes." He was then asked, "Do you not think such a difference would make the basis of distribution entirely inequitable?" Mr. Wickens replied, "Yes." In answer to further questions Mr. Wickens agreed that some States benefited more than other States by the tariff. In reply to a suggestion by Mr. McNamara that the ratio of increased migration to Australia could not be maintained, Mr. Wickens said, "With the good season they have had in Western Australia this year, and the rather bad ones in the East, I think you will find that the trend of population is from East to the West apart from overseas migration." It will be admitted that Mr. Wickens is impartial and is competent to give an opinion on such a matter, otherwise he would not hold the position he occupies to-day. At present we have a trade balance against us with the Eastern States of something like 6½ million pounds. That position cannot last. We are finding employment for about 70,000 persons in the

Eastern States, in providing us with food supplies, etc., which we shall in the near future be producing ourselves. We have the climatic conditions, and we have land that is suitable in every respect and equal to anything that exists in the other States. Up to the present the Eastern States have been drawing 25s. per capita on all those people who are being employed there in providing us with food and other necessities, that we should be producing ourselves. Another feature with regard to increased population is the fact that the corollary to increased primary production is increased secondary industries. Everything necessary to bring about increased population is in our favour. It will no doubt be realised, when this vast increase in population is brought about, that our State liabilities will be greatly increased because of the necessity for providing essential services. I agree with Mr. Holmes when he says that it will be absolutely impossible for us to finance this State and pay the increased charges, consequent upon new railways, roads, schools, hospitals and other services, on the paltry sum of half a million pounds drawn every year from indirect taxation. As pointed out by Mr. Holmes, our only alternative will be that we shall have to go in for more direct taxation. Practically the whole of that direct taxation will come from primary producers, who will be unable to stand the strain and will collapse under it. It will be impossible to carry on the development of this State with the sum proposed in the agreement, namely, £470,000 odd a year. Sir William Lathlain stated that ever since Federation Western Australia had been in the position of a mendicant, living from hand to mouth. I do not like the expression, because it tends to create a wrong impression. The position referred to by Sir William Lathlain has been brought about by the Federal Government failing to carry out the conditions laid down by the Federal Constitution with respect of the amount of Customs and Excise duties which should have been paid to the States. Instead of being paid to the States it was placed to the credit of various trust accounts. Had Western Australia received a fair share of this money it would not be in the position referred to by the hon. member. If we accept this agreement we shall in a few years be in a worse position than we have ever occupied. I should like to refer to some evidence given before the Disabilities Commission in March, 1925, when one of our leading chartered accountants presented a

Commonwealth-States balance sheet. In the statement he showed the excess Government revenue over expenditure in Western Australia for 1922 and 1923 as £526,559.

Hon. G. W. Miles: Who was that?

Hon. H. A. STEPHENSON: I refer Mr. Sinclair McGibbon. It will be agreed that he is quite competent to produce such a balance sheet and, moreover, I do not know that his figures have ever been questioned. His evidence, therefore, may be accepted as correct.

Hon. G. W. Miles: He has gone back to his own evidence.

Hon. H. A. STEPHENSON: I do not know anything about that. I am merely referring to the statement presented by him.

Hon. A. Lovekin: The Commission based their report upon that.

Hon. H. A. STEPHENSON: I have no doubt they did, because the figures were taken as correct. Referring to the Customs duties on goods re-imported from the East to the West, Mr. McGibbon computed that on £400,000 worth of goods transferred to the West in 1922 the sum of £180,000 would have been paid in duties in the Eastern States, which should have been credited to Western Australia. If we add that £180,000 to the £526,559, we get a total of £706,559. That was the amount that the Commonwealth received over and above what it paid to us. That was only two years ago, and I take it that the financial position as between Commonwealth and States has not altered much since then. If it has, the tendency is to show that Western Australia is in a worse position financially than when that statement was submitted to the Royal Commission. Sir William Lathlain said it was idle at this late hour to talk of the right to three-fourths of the Customs revenue, and still more idle to talk of our right to the per capita payments. Again I disagree with the hon. member, and say that it is not idle to make references to these matters so long as we have on our side right and justice, backed up by the Federal Constitution. According to Sir William Lathlain, the per capita system is gone, and for that reason we are not entitled to anything: our position, according to Sir William, is that we must accept the agreement whether we like it or not, or be cut off without a shilling. I do not believe that for one moment. Here I wish to refer to a remark made by the Prime Minister during his speech of last Monday week

Referring to the Financial Agreement he said—

It might be asked, "You say the per capita system is bad; how do you justify perpetuating it for the next 58 years?" That, in fact, is what we are doing with regard to the £7,500,000 that will be paid to the States.

The Prime Minister says that that is what is being done, that the £7,500,000 contribution is being perpetuated for the next 58 years.

Hon. J. Cornell: On a fixed plan.

Hon. H. A. STEPHENSON: I am coming to that. The Prime Minister further stated—

I should have liked to alter the basis. I put it to the Premiers that the £7,500,000 is to meet the interest on the State debts. On that basis South Australia would get 80 per cent. of her total debt, Western Australia 78 per cent., and Victoria about 153 per cent. A more equitable basis would be to take the ratio of the £7,500,000 to the State debts, about 1.1 per cent., so that each State would get the same percentage. The States would not look at the proposal, but insisted upon a per capita basis of distribution. Hence some of the objections to the agreement are not due to the Commonwealth.

I maintain that the agreement is not the agreement of the Prime Minister. The Prime Minister went before the Premiers and said to them, "Here, gentlemen, is £7,500,000 which I am prepared to give you to distribute among the States. Now go and arrive at some basis of distribution." The Premiers came back and said to the Prime Minister, "We have decided on this basis." What was their decision? To base distribution on the population of Western Australia, and naturally of the other States, according to the population in 1926.

Hon. A. Lovekin: And Victoria, with the numbers, got double.

Hon. G. W. Miles: The Premier signed the agreement in a weak moment.

Hon. H. A. STEPHENSON: I have every confidence in the Prime Minister, and I say this is not his arrangement, but an arrangement arrived at between the various Premiers after the Prime Minister had said to them, "There is so much money I have; now do the best you can with it."

Hon. G. W. Miles: Our Premier let us down by signing the agreement.

Hon. H. A. STEPHENSON: Talk about co-operation between the States, and a national spirit! Where is the national spirit? The majority of the other States say, "Western Australia must stop at the point where it is."

Hon. J. Cornell: Victoria benefited only because her national debt per head is less than that of any other State.

Hon. H. A. STEPHENSON: So far as the Prime Minister is concerned, by the agreement the per capita payments are perpetuated for 58 years, with the difference that payment to this State will be on the basis of its population in 1926.

Hon. J. J. Holmes: The Prime Minister said the allocation was one he did not approve of, and one he would not have made.

Hon. H. A. STEPHENSON: I maintain we still have a right to share in Customs and Excise revenue, this being a fundamental principle embodied in the Federal Constitution. There is no getting away from that. The framers of the Constitution said that the States must be financed from Customs and Excise revenue in order to ensure their solvency. The framers of the Constitution could not see any other way, and no reasonable man can see any other way to-day.

Hon. E. H. Harris: The Premiers have accepted something less.

Hon. G. W. Miles: But that does not bind us.

Hon. H. A. STEPHENSON: In the face of those facts, Sir William Lathlain said it was idle to talk about our rights. He is prepared to accept the Financial Agreement, which may easily bring about the insolvency of Western Australia. If we accept the agreement, State insolvency might easily result in a few years. There might be a bad season, or a heavy fall in the price of wool or wheat, and then what would be our position? Sir William Lathlain went on to say that we had to start de novo. I say we have to do nothing of the kind unless we accept the agreement, and I trust hon. members will not do that. Instead of saying to hon. members, "We have to start de novo," I would say to them, "Nil desperandum." My colleague Dr. Saw would say, "While there is life, there is hope." So long as we refrain from signing the agreement, we have a chance of getting something better, something to which we are justly entitled. Once we have signed the agreement, however, we are bound for 58 years, and that is too long for me. I shall not take up time on the subject of the taking over of State debts, because that matter is provided for in the Federal Constitution and can be brought about without making an agreement such as this. So far as our own State is concerned, I have no fear. I believe we shall always be able to get all the money we want,

and at as reasonable a price as any other State, for the simple reason that Western Australia's credit is good. And why is our credit good? Not because we are more honourable than the people of other States, but simply because we have the assets. The assets of Western Australia represent a better security than do the assets of some other States. We have a much greater State in point of area, and it is just being realised that we possess some of the richest country in Australia. Further, this State is merely in its early developmental stage. For those reasons we shall have no difficulty in borrowing all the money we require, and we shall get it just as cheaply as any other State.

Hon. G. W. Miles: Or the Commonwealth.

Hon. H. A. STEPHENSON: Or the Commonwealth. The agreement does not appeal to me as a business man. If carried, it would have a detrimental effect on the progress and development of the State. We cannot carry on this State unless we obtain better terms than have yet been offered. For that reason I shall vote against the second reading of the Bill.

**HON. J. EWING** (South-West) [5.11]: I had intended to intervene in this debate previously, but unfortunately I have been not particularly well. I have listened with the greatest pleasure to the speeches which have been delivered. I say "with pleasure" because the speeches have been so excellent. Hon. members who have already spoken are to be congratulated. I approach the question with great diffidence, it being the most important that has ever come before the House. Seeing that the measure has been passed by 12 Houses of Parliament already, and has also been passed by the Legislative Assembly of this State, this Chamber finds itself placed in a position of grave and serious responsibility. I appreciate especially the work done by the Premier in his efforts on behalf of Western Australia. I also appreciate the manner in which the Chief Secretary introduced the Bill. The hon. gentleman left nothing to be desired. He gave me the impression—an impression shared, I believe, by other members—that he thoroughly believed in what he was advocating. Seeing that he was a strenuous opponent of Federation, it is difficult for me to understand how he can be so thoroughly satisfied that the Financial Agreement represents the best bargain that can be made for Western Australia.

Hon. G. W. Miles: I do not think he is.

Hon. A. Lovekin: Do you think he is satisfied now?

Hon. J. EWING: It is pleasing that the Premier and his Government have made this a non-party measure. From the position taken by various members in another place it is evident that the Bill was treated as a non-party measure there. The Premier is to be congratulated upon the course he took, allowing every member to vote for or against the Bill, as his conscience dictated. My conscience directs me to vote against it, and I shall endeavour to state shortly my reasons for doing so. In introducing the Bill, the Chief Secretary intimated—and this view has been emphasised by the Premier and by supporters of the Bill—that we must not incur the ire of the Federal Government, or something dreadful will befall us. I cannot believe and do not believe that if the Bill happened to be defeated by this House, which represents the last line of defence, the Prime Minister of Australia would take up an attitude adverse to Western Australia. I do not believe any Federal Government would do such a thing. So far as I can see, their duty lies to all the States; and if a certain number of members in this Chamber or in another place had decided that in the best interests of their particular State the Financial Agreement must be rejected as disadvantageous, I believe the Prime Minister would face the decision as he has faced all others, in a truly Federal spirit. He would come to us and say, "What do you want? You are a cantankerous lot of people, and have given me a great deal of trouble, and this last line of defence, your Legislative Council, has proved the stumbling block." A fortnight ago it was my opinion that the Council was going to be the stumbling block. The position, however, seems to have changed very considerably since the visit of the Prime Minister, and other things have occurred. I may be wrong in my surmise, but I do believe in my heart that the Bill will be carried by this Chamber. Whether it will be carried or not does not deprive me or any other member of the right to do his duty, and I intend to do my duty. Many members do not agree with the Bill. A week or so ago their number was greater. Those who disagree with the Bill, disagree with it in a Federal spirit. I do not suppose any hon. member of this Chamber is actuated by an anti-Federal spirit in opposing the measure.

Those who advocate the defeat of the Bill here are just as strong Federalists as those who support the measure. It is not possible to conceive that those who have spoken during the debate desire to do anything but to live up to the Constitution. Those who are opposed to it desire that it shall be altered in a manner that will be satisfactory to all concerned. When considering this question and the position of Western Australia with regard to revenue derived from Customs and Excise duties, it must be realised that we have to depend largely upon the interpretation placed upon the pertinent sections of the Constitution when they were agreed to in years gone by. We all know that when judges of the Supreme Court and the High Court have to weigh laws that are passed by Parliament, they sometimes have to refer to the debates in order to gain some idea of the intentions of those who framed the legislation, because those laws are not always clear. Often they are involved. Hence the reference to the debates in Parliament in order that they may be able to decide the issue. Often the decisions given are not so much legal ones, but rather are they based upon the intentions of Parliament. In order that they may arrive at a just decision, they determine what is right or wrong as a result of their perusal of the debates. From the discussions in Parliament judges give decisions that they would not otherwise deliver, but those decisions are in accordance with the intention of the law. In dealing with this question, we should consider the intention of those responsible for the inauguration of Federation. To suggest for one moment that Mr. Lovekin, Mr. Holmes, Mr. Nicholson or Mr. Miles would adopt an attitude with the desire to embarrass the Government is unthinkable. In participating in the debate upon the Bill, they have pursued a course that they considered to be their duty. I shall endeavour to do so too, and to follow in their footsteps. They have high ideals. As to Mr. Lovekin, there is no man in Western Australia or in the Commonwealth today who, in my opinion, has given such serious consideration to this important question. I have often been opposed to him and have had combats with him on the floor of the House. In his consideration of the question now before us, Mr. Lovekin has spared neither his time nor

his money, and he has brought to bear his intellect, which is great, to arrive at a proper solution of a very difficult problem. Much the same might be said of other hon. members, but not to the same extent as it can be said concerning Mr. Lovekin. The outstanding feature of the debates, both here and in the Parliaments of the Eastern States, has been the fact that some members spoke most strongly against it, and yet they voted for the measure. I do not know how many members in this House will vote for it, or how many will vote against it. I do know, however, that there are some in this Chamber who have spoken against the measure and yet intend to vote for it. Such an attitude is inexplicable to me. Of such members we might say—

A merciful Providence fashioned them holler  
On purpose that they might their principles  
swallow.

That is how it appeals to me.

Hon. Sir William Lathlain: What about repeating that couplet so that members may know it again?

Hon. J. EWING: Perhaps the hon. member has heard it before; I do not claim that it is original, but it certainly is apropos.

Hon. G. W. Miles: The cap must fit him!

Hon. J. EWING: Section 87 of the Federal Constitution originally provided for the retention by the Commonwealth of one-fourth of the Customs and Excise revenue, the remaining three-fourths going to the States for a period of ten years. At the end of that period, the Federal Government, exercising their right under the Constitution, which was contained in the words "and thereafter until the Commonwealth Parliament otherwise provides," substituted the per capita payment of 25s. to the States.

Hon. V. Hamersley: For another 10 years.

Hon. Sir William Lathlain: Then you admit that they had the power to do it?

Hon. J. EWING: I am leading up to the manner in which the Federal authorities exercised their powers. By that very action the Commonwealth Parliament decided that the States were entitled to their proportion of the revenue derived from Customs and Excise for another ten years.

Hon. A. Lovekin: Plus any balance of the Commonwealth's share, as surplus revenue.

Hon. J. EWING: It is interesting to see how the per capita grant was dealt with by the Federal Parliament. Nowadays the Federal Government deny that we have any right to our proportion of the Customs and

Excise revenue. Those who have interested themselves in the question during the last five or six years must have realised that the present Federal Treasurer, Dr. Earle Page, has been obsessed with the necessity for securing the whole of the Customs and Excise revenue. During the last ten years, a number of conferences have been held, and suggestions have been made indicating the desire of the Federal Government to eliminate the per capita grants. In every instance those conferences were attended by the State Premiers, and they stood firm against the per capita grants being taken away from them. There is no doubt on the point; they were strongly opposed to that move. At the conference in 1926, the present Premier was present. An attempt was again made on that occasion to terminate the per capita payment system. Once more the States stood solidly together and opposed the Federal Government's proposition. They would not have anything but the per capita payments. In consequence, there was no definite result from the conference, because the State Premiers could not agree to the proposals of the Federal Government, and the Premiers returned to their respective States. In April, 1927, the Federal Government passed an Act—they have a very complacent majority in the Federal legislature—that absolutely wiped out the per capita payments. In my opinion, that was the worst thing ever done in the political history of Australia. The Federal Government took away the rights of the States without giving anything in return for the per capita payments.

Hon. J. Cornell: The Prime Minister said that the issue was forced, in order that a settlement should be brought about.

Hon. H. Seddon: Have you ever read the schedule to the Act that abolished the per capita payments?

Hon. J. EWING: The Federal Government induced both the House of Representatives and the Senate to abolish the per capita payments, but they substituted nothing for them. Mr. Lovekin has questioned the legality of that action, and I think he is probably right, but I will not worry about that phase. The action of the Federal Parliament appears to me merely as arbitrary and wrong. Before abolishing the per capita payments, more consideration should have been given to the question and the people should have been consulted. I am aware that in all probability there were references made to the possibility or advisability of

abolishing the per capita payments, but at the time there was a Federal election in progress, and that issue could easily have become submerged in the mass of other subjects that were discussed at the time. The fact remains that the question was not thoroughly thrashed out, and I believe that if the per capita payments question were placed before the people to-day, they would favour their retention by the States. Through the action of the Federal Houses of Parliament, the States have been placed at the mercy of the Federal Government. There is no getting away from that fact. By their drastic and arbitrary action, they took away from us that which we had, and nothing was substituted.

Hon. Sir William Lathlain: How are you going to get them to alter their decision?

Hon. J. EWING: If the people were asked to judge as to the fairness of the actions of the Federal Government and the Federal Parliament, I am convinced they would say that the attitude of the Federal authorities was absolutely unfair. They would say that something else should have been determined upon, and that the per capita payments should not have been abolished in a manner that meant that the States received nothing in their place. Or that point alone there is sufficient justification for voting against the Bill, even if there were nothing else against it. At any rate I shall cast my vote against the Bill, and shall do so freely and with a clear conscience because the action of the Federal Government has not been fair and stands condemned by all the right-thinking people of the State. The Bill contains a schedule that embodies the Financial Agreement. That agreement has to be endorsed by Parliament before the referendum can be taken throughout the Commonwealth. Section 128 of the Federal Constitution provides for the manner in which a referendum may be taken. A perusal of that section will make it clear to any hon. member that this State need not be consulted, nor need the State Parliament be consulted prior to a referendum being taken. The Federal Parliament have the power to take a referendum of the people on any question they may consider of importance to Australia. They have not done that. I have no objection to a referendum being taken, nor do I object to the question upon which they propose to take a referendum. They suggest asking the people whether they favour the Federal Constitution being altered so that the Federal Gov-



ernment may consult with the State Governments and make an agreement with them.

Hon. J. Cornell: That is the only point upon which the Prime Minister was silent.

Hon. J. EWING: There is no necessity whatever for the Bill that is before us. The right thing for the Prime Minister and the Federal Parliament to have done would have been to carry the necessary resolutions giving the Federal Government power to put certain questions to the people. Instead of doing that, the Prime Minister called the Premiers together, indicated that he would make £7,500,000 available, and the State Premiers were called upon to arrive at an agreement as to the allocation of the money. There was nothing to prevent the Federal Government securing a decision from the people before abolishing the per capita payments. They did not do so. Why do they not do so now?

Hon. G. W. Miles: They could do that without the State Parliament agreeing to the Bill.

Hon. J. EWING: They could do that, certainly.

Hon. A. Lovekin: They could not get a majority without this bait.

Hon. J. EWING: We do not want a bait when dealing with such a question.

Hon. J. R. Brown: It was a matter of courtesy.

Hon. J. Cornell: You want the fish without having any bait!

Hon. J. EWING: It is one of the greatest errors ever made by the Federal Government on this question. They want to arrive at a certain position; they want power to do certain things and they ask us to give them that power. No one would object to the referendum being taken at once on the lines laid down in the agreement. Then when the people had expressed their voice, the Premiers could be called together and told, in the event of the referendum having been carried, that the Commonwealth having been given the necessary power to alter the Constitution, all should reason together and determine what was best in the interests of the States and the Commonwealth. That would be a reasonable attitude to adopt, and why it was not followed I cannot understand. Instead of that we find that the cart has been placed before the horse. In some unaccountable way the Commonwealth Government induced the Premiers to agree to something that was not in the best interests of the States. I contend that the Commonwealth Government are entirely out of court

in assuming powers they had no right to take. The Commonwealth Government declared that they would make assurance doubly sure by seeing to it that the agreement was made binding on all the Parliaments and then submitting it to the people. Even in the event of the Bill being defeated by the Western Australian Parliament, the Commonwealth can submit the agreement to the people, or consider any other agreement that may be arrived at between the Commonwealth and the States. As the Commonwealth are not following the right course, I am not going to assist them by voting for the Bill. All matters affecting the Commonwealth and the States should be clear and above-board; there should be no misunderstanding whatever. If there is a right thing to do, let us do it; if it is possible to do a wrong thing, then let us not do it. I was not here the other evening when Mr. Nicholson spoke, but according to the newspaper report he took strong exception to Clause 6 of the Bill which gives arbitrary powers to the Commonwealth Government. I agree with what Mr. Nicholson said, and in the event of the Bill passing the second reading, I sincerely hope that that hon. member will move for the deletion of that particular clause so as to deprive any Government or Governor in Council of the powers it is suggested should be given. I may be wrong, but I believe that the deletion of that clause will not interfere in any shape or form with the agreement. Mr. Bruce has told us that he must have the whole Bill and nothing but the Bill. I do not agree with him, and I certainly will support any amendment that may be moved in the direction suggested by Mr. Nicholson.

Hon. J. Cornell: I think Mr. Bruce referred only to amending the agreement.

Hon. J. EWING: Then if that is so, this House would be in order in striking out the clause referred to. A clause such as that reminds one of feudal times, when overlords could do no wrong. It will mean that it will be possible to alter the law in any way to suit the Federal Government. The clause can have no effect so far as the agreement is concerned unless it passes all the State Parliaments. We have arrived at the position that ours is the thirteenth line of defence. I have not had time to read the debates that have taken place on the Bill in the Parliaments of the other States, but I understand from what has been said in this Chamber and in another place, that the other five States gave very little considera-

tion to the agreement Bill when it was before them. It was introduced by a member of the Government and in nearly every instance spoken to by merely one or two in opposition, and then passed. We have to ask why scant attention was given to a measure of such great importance? Because it provided for the immediate necessity of the States, and no one in the other States gave a thought to the future as is being done in the Western Australian Parliament. It is all very well to be told that the Bill will be all right for five or six or fifteen years, but we have to remember that the duration of the measure is to be 58 years. That will not concern me and I do not suppose it will worry any other member in this House, but we have to think of posterity and see that things are not done now that will be detrimental to those who will follow us.

Hon. Sir William Lathlain: Are we not all the same people?

Hon. J. EWING: The Bill was far from adequately considered in any of the State Parliaments. The line of least resistance was taken, and it was passed because Mr. Bruce told them, as the Minister told us here, that there was no alternative. He said practically, "If you do not carry the Bill you will not get anything."

Hon. J. Nicholson: In those circumstances, then, we are to be merely a rubber stamp.

Hon. J. EWING: The position would be ludicrous if it were not so serious. If anyone thinks that the Bill was brought into existence in a proper manner, I cannot agree with him. I should not be doing my duty if I did not vote against it. I have no intention of quoting any figures, but I do desire to touch lightly on some questions that appeal to me. For instance, I consider that the constitution of the Loan Council is most undemocratic and is also unfair to the interests of the States. Even though it can be said that the three smaller States can dominate the voting power, it can also be said that the Federal Government and the States of New South Wales and Victoria can govern the borrowings of any of the smaller States. In my opinion the Federal Government should have not more than one vote and a casting vote. That would be fair and proper; the existing arrangement is anything but just. The powers of the smaller States are no longer in their own keeping. If Western Australia,

which as we all know is developing at a rapid rate, desires to raise a loan to enable it to continue the good work that is being done at the present time, then must be obtained the unanimous approval of the Loan Council. That is an absolutely wicked position, and if for no other reason we should vote against the second reading of the Bill. When a State like ours gives away its right to raise its own loans, then that is the first step towards unification.

Hon. E. H. Gray: Are we not concerned with the welfare of the whole of Australia?

Hon. G. W. Miles: But we should not give away our birthright.

Hon. J. EWING: It has been truly said that the potentialities of this State are greater than those of any other State of the Commonwealth, and we shall therefore need a considerable amount of loan money for some time to come to enable us to carry on our developmental undertakings. We have a sinking fund of £9,000,000, the position in respect of which was dealt with fully by Mr. Holmes. Deducting our deficit of £6,000,000, the Commonwealth should, as Mr. Holmes has clearly stated, put up half the amount. We have still a vast territory to develop and our position to the borrower is most attractive. That has been proved time and again by the success of the loan that have been raised. Our last loan was over subscribed. Why? Simply because of our sinking fund and also because the investors in the Old Country have confidence in our people. It is proposed to take over the total indebtedness of the State amounting to £641,000,000 and a fixed payment amounting annually to £7,584,912 is to be divided amongst the States. No. 1 Return, which has been placed on the Table of the House, has been prepared to show the contributions to the States as against the per capita payments. This shows an increased return to the States this year of £81,000 over what we would have received under the per capita basis. That this amount is to diminish annually until it is eliminated in 15 years is admitted by the Government. To my mind that is a bad proposition indeed. It is based on the borrowing of £5,000,000 annually and an increase in the population of 3 per cent. both uncertain factors. When the Minister was moving the second reading of the Bill I asked him what the basis of the population

iation was and he said it was 3 per cent. I replied that I did not think that was enough. If the State is going to do what we think it will, the increase in the population will be at a greater rate. In this morning's paper we find confirmation of my belief in the figures published showing the increase that took place in the 12 months ended on the 31st March last. The increase in the Commonwealth was 122,323, and that of Western Australia was 14,381, the latter figure representing a percentage increase of 3.67. Does not that bear out the contention that I advanced that Western Australia with its vast potentialities is going ahead with rapid strides and that therefore the percentage increase will be greater than that indicated by the Minister? A normal year gave us an increase of 3.67 per cent. and I guarantee that if all the prophecies as to the future of this State come true, the increase of population in the next 15 years will be nearer to 5 per cent. than 3 per cent. If that proves to be so, it will be a question of only five or six years when the whole advantage will be wiped out. Another statement laid on the Table by the Leader of the House shows the benefits that will accrue to the State and the savings that will be effected. In the first year we shall get a benefit of some £500,000. While that will be satisfactory, the amount will diminish each year. The advantage is supposed to extend over a period of 30 years, but that again is based on an annual borrowing of £5,000,000 and also on a 3 per cent. increase of population. I can only repeat that if the population of the State continues to increase at the present ratio, those benefits will be cut out in less than 14 or 15 years. And after that the deluge! The whole agreement will then operate to the detriment of the State and to the glorification and enhancement of the Commonwealth. Members should consider the figures carefully. If our increase of population is going to be anything in the region of 4 per cent., members can work out for themselves how long the benefit will last. Even if the benefit extends over 15 years, what is that in comparison with the 58 years representing the currency of the agreement? Mr. Stephenson mentioned that the balance of trade between East and West was something like £6,500,000. I think our imports from Eastern Australia last year totalled £8,530,000, while our exports were only £1,430,000, a balance of trade against Western Australia of £7,000,000. We are keeping people in the Eastern States to do

work that we should be doing for ourselves in our own State. If this State is going to develop as we believe it will the time is not far distant when that position will be reversed. What is the basis of distribution under the agreement? It is a fixed one for the full period of 58 years. This State will get no more than £473,000 a year. Yet with the development of this State thousands of people may migrate here, the industries existing there may flourish here, and the people at present working there will live here and carry out their work for us. If that should come to pass, what will be the position of Western Australia? The State Government will have to provide all the essential services requisite for the increased population—schools, hospitals, police, and similar services—and, to maintain them, all that the State will receive from the Commonwealth will be the £473,000 and not one farthing more. Yet the Eastern States will be getting the equivalent per capita payment for all those people who migrate here throughout the period of 58 years. I appeal to members to consider seriously the effect of the agreement. It is the most monstrous proposition ever submitted to any Parliament.

Hon. G. W. Miles: Hear, hear!

Hon. J. EWING: I do not blame the Government for having approved of the agreement. I claim the right to express my opinion, and my opinion is that the Government have been forced to approve of the agreement. They have acted under duress. That Western Australia should be placed in such a position is appalling. Yet, if we pass the Bill, that will be the position for the next 58 years.

Hon. V. Hamersley: What would you put in its place?

Hon. J. EWING: Not any of us can expect to be here in 58 years, but our children will be filling our places and it is our duty to protect their interests.

The Honorary Minister: Suggest an alternative.

Hon. J. EWING: I wish to impress upon members the unfairness of the agreement. Let them consider the position that this State will probably occupy in future. Wonderful things are forecasted from the manganese deposit; great things are expected from the development of the mining industry, particularly in the Wiluna district; agricultural development will be considerable, especially in view of the 3,000 farms scheme, and the possibility is

that cheap electrical power will be made available so that we may build up a wonderful lot of secondary industries. Those secondary industries should be in existence to-day and I hope the Government will make it their care to foster them to the fullest possible extent. With such possibilities, I think we shall get 100,000 people here in no time, and yet, with such an achievement, we shall be in receipt of only £473,000 a year from the Commonwealth. I regard that as the greatest flaw in the agreement, and it is sufficient to justify members not to adopt an attitude antagonistic to the Government, but to pause and consider before they sacrifice the interests of this State. All the other Parliaments have accepted the agreement: this House is the thirteenth line of defence, and shall we not put up a defence like our soldiers did, even in the face of great odds, and take the responsibility for our actions?

Hon. G. W. Miles: Hear, hear!

Hon. J. EWING: The facts that I have mentioned afford ample justification for taking such a stand. So strongly do I feel that I express the hope that members will vote as their consciences dictate and not as the Prime Minister or the Leader of the House might suggest—in order that we might get something. By adopting such advice we shall be grasping at the shadow and losing the substance. If some members are prepared to do that, I for one shall not be a party to it.

Hon. G. W. Miles: Some people have no conscience.

Hon. J. EWING: Mr. Seddon, when speaking the other night, said that so far as he could judge, Western Australia was labouring under no disabilities. He portrayed the wonderful beneficence of the Federal Government that had given this State all it required. Listening to him one would have concluded that Western Australia lacked nothing and, in fact, had practically too much.

Hon. H. Seddon: Did I say that?

Hon. J. EWING: According to the hon. member, Western Australia had been well and properly treated by the Federal Government.

Hon. H. Seddon: Well, has it not?

Hon. J. EWING: The hon. member quoted the Disabilities Commission. I should like to ask him why that Commission was appointed. Was it not appointed to consider the disabilities of Western Australia? The Commission consisted of Messrs. Higgs, Mills and Entwistle, and they were ap-

pointed by the Federal Government to inquire into the disabilities that Western Australia suffered through Federation. The case was ably worked up and presented to the Commission; every man of public importance was invited to give evidence. It was proved that disabilities had been suffered by Western Australia, and those disabilities exist to-day. The recommendation of the Commission was that the Federal Parliament should restore to the State absolute control of its Customs and Excise for 25 years. Surely that indicated plainly that many difficulties and disabilities obtained as a result of Western Australia entering Federation! I ask Mr. Seddon to consider what it would have meant to Western Australia had effect been given to that recommendation.

Hon. H. Seddon: I showed you what the effect would have been.

Hon. J. EWING: The hon. member put a wealth of statistical information before us that would take a month to consider, much less digest. I guarantee that even the Chief Secretary has not been able to grasp the effect of the hon. member's figures. For the hon. member to suggest that this State has received from the Federal Government all it required, in face of the Commission's recommendation that we should have control of our Customs and Excise for 25 years, is absolutely ridiculous. The Commission also recommended that until the State was given control of its Customs and Excise it should receive a sum of £450,000 a year, plus the per capita payment of 25s. What has become of the majority report?

Hon. H. Seddon: Are you sure what the effect of having our own tariff for that period would be?

Hon. J. EWING: I can guess what it would be.

Hon. H. Seddon: Will you show what it would be?

Hon. J. EWING: The hon. member cannot expect me to go through the mass of figures he presented. I am sure his conclusions did not carry conviction to anyone.

Hon. J. J. Holmes: The Commission worked it out and made the recommendation.

Hon. J. EWING: Yes. The outcome of the Commission's recommendations was that £350,000 was given to this State for a period of five years, and I think three years of it has already expired. I cannot understand the reasoning of Mr. Seddon. There is sitting in the Eastern States at present a Royal Commission appointed by the Federal Government to consider amendments to

the Federal Constitution. The Commission consists of able men, including Sir Hal Colebatch from this State, and we expect great things from it. But why the Federal Government, after appointing a Commission of that kind, should bring the Bill before the Parliaments of the country is quite incomprehensible to me. The Commission is doing the work of investigation that should have been undertaken before the Bill was introduced. The evidence of the leading men of Australia is being obtained by the Commission, but that evidence is not before us and, in its absence, we cannot decide whether we shall be doing right or wrong to Western Australia in voting on this Bill. Where is the need for haste? Nothing can happen to Western Australia if there is a little delay. The Federal Government should manifest a proper spirit towards the States. For my part I am not going to acquiesce in their hanging the sword of Damocles over anyone's head. Why should the Federal Government have pressed on the agreement before the Constitution Commission had completed its inquiries? We have had a mass of expert evidence presented to another place and to this Chamber by the Government. That evidence is excellent and the work of compiling it has been commendable, but we have not got down to the essence of the question, nor shall we succeed in doing so until the Constitution Commission has announced the results of its investigations. Members who have spoken in this Chamber have dealt with the wealth of figures compiled on the subject. Full credit has been given to the officials who compiled them and I add my tribute of praise for the work. At the same time I do not think satisfactory figures have been produced to indicate the period during which the agreement is likely to be advantageous to this State. The advantages that we are told the agreement will afford for a period of 15 years is one instance and 30 years in another can, I think, well be cut down to periods of seven years and 15 years respectively. If that is the position, what will happen to Western Australia afterwards? After that, the deluge! After that the people will become a mendicant people, and will be going cap in hand to the Federal Government, asking that their essentials should be taken over, and that they should be relieved of a responsibility that, as Mr. Holmes has pointed out, they themselves cannot possibly carry, on the small income it is proposed to give them un-

der this Bill. I must oppose the second reading of this measure. Whilst desiring that everything good should fall to the lot of the State Government, who are doing good work, I cannot find it in me to support this proposition. In the circumstances I can take up no other position than that of an opponent of the passing of the second reading of this Bill.

**HON. J. T. FRANKLIN** (Metropolitan)  
[6.0]: As a new member, I should like to be allowed to congratulate the Chief Secretary upon the very able manner in which he presented this Bill to the House. I listened with great attention to his remarks. I regret there were so many interjections during the course of his speech, because I found, as a new member, some difficulty in following his line of argument, and felt that had he been allowed to proceed without interruption, we should all have had a clearer understanding of the position. The Leader of the House has given a great deal of thought to this measure, and has placed it before us in a particularly lucid manner. I also wish to congratulate Mr. Lovekin upon his speech. Thanks are due to him for the amount of time he devoted to obtaining information for members, whether they are in favour of or against the Bill. I have taken great interest in the debates both in another place and in this Chamber. It is the duty of a new member to endeavour to grasp the position from both sides. With that end in view, I have heard all the debates that have accrued on the subject, and feel that I am now in a position to cast my vote in a way that will give satisfaction to me. The question is of vital importance to this State. When we joined in the Federation, the first arrangement was that Western Australia was to receive three-fourths of the Customs and Excise duties, in common with that which was received by the other States. At the time this arrangement was made it was regarded as quite fair to all the parties to the Federation. At a later date, by a referendum, it was decided that the per capita payments of 25s. should commence, and these continued until last year, when they ceased. At the moment, as a State, we hardly know what we shall receive from the Commonwealth Government. As business men, we must therefore look at the proposal now before us from the point of view of whether it is fair and equitable to Western Australia. The per capita payments were considered

fair during the time they were being made. I understand that at the last Conference of Premiers the Prime Minister informed those present there was a certain amount of money available for division amongst the different States. At that conference this State was represented by gentlemen in whom we all have complete confidence. I refer to the Premier, to the Under Treasurer (Mr. Simpson) and to the other officials. Members of that conference considered what was best to be done in the interests of their respective States. It was decided that the allocation of money was to be made on the basis of the population in 1926. On that basis Western Australia is to receive £473,432 a year for the next 58 years. That is practically what we were receiving from the per capita payments. Furthermore, not only does the Commonwealth guarantee the payment of this money for the next 58 years, but it is also willing to contribute a certain sum towards the redemption of State loans. We are told the Federal Government are depriving us of our sinking fund of £9,000,000. I understand we have already paid away some £6,000,000 of that amount. I have heard members refer to the balance of £3,000,000, and claim that if we pass this agreement we shall be making a gift of £1,500,000 to the Commonwealth. I do not read the agreement in that light. I feel sure that the State will receive full credit for its £9,000,000; otherwise, a position unfair to Western Australia would be set up. It has further been stated that the Federal Government do not intend to make any allowance to us for this £1,500,000.

The Chief Secretary: That is incorrect.

Hon. J. T. FRANKLIN: If the Commonwealth intend to give us credit for that, it will represent a fair deal. In addition, the Federal Government intend contributing towards the redemption of our debts the sum of 2s. 6d. per centum, the State contributing 5s., making a total of 7s. 6d. per centum. Under that arrangement Western Australia will receive £76,325 per annum. That is a very fair deal. To my knowledge we have not received that before. Reference has been made to the borrowing powers of the various States. It has been said that if we want to borrow money we shall have to do so through the Loan Council. That may be of advantage to the State, whilst the existence of the Loan Council will act as a brake upon the desires of the States to float loans. I gather that the Loan Council cannot prevent Western Australia from bor-

rowing money if it has certain necessary works to carry out.

Hon. J. J. Holmes: Oh yes, it can.

Hon. J. T. FRANKLIN: Provided the money is available.

Hon. J. Nicholson: The Loan Council has to be unanimous.

Hon. J. R. Brown: No. That is wrong.

The PRESIDENT: It is the practice of this House to extend to new members the courtesy of hearing them without interruption. I trust there will be no departure from that practice now.

Hon. J. T. FRANKLIN: Later on I shall not mind interjections. In my view, Western Australia will be the State that will go on the market more than any of the others. We have a huge territory to be developed, and we shall have to borrow money in order to carry out necessary work. Many advantages are to be gained by working under this Financial Agreement. The Commonwealth undertake to pay 5s. per centum as a sinking fund upon all moneys that we borrow, we to pay a like amount. That is a fair proposition both to this State and the other States, though possibly the latter will derive more benefit than we shall. In respect of the annual payments to be made under this agreement, I have already pointed out that we shall be on the same basis as we were when receiving the 25s. per head of the population. I think Western Australia will be more likely to increase in population four or five per cent. annually than at the rate of three per cent., as has been the case in the past. It is my earnest hope that such will be the case. I feel I can safely prophecy that for the next few years Western Australia will increase in the matter of population at a rate greater than any of the other States. If we go ahead, the rest of Australia must go ahead. Comment has been made upon our imports from the rest of Australia, and it has been said that we should produce all these goods ourselves. I quite agree that we should produce those necessities that at present have to be imported, so that the money we have been sending away may be kept at home. Not only should our primary industries be supplying our wants from that point of view, but we should have secondary industries doing the same thing from their point of view. I do not suggest that because 12 Parliaments have passed this Bill, we should of necessity also do so. No doubt every member will give full consideration to the subject, and cast his vote in an

honest and straightforward manner. Each and all of us will, I am sure, decide on this matter according as he feels will be for the good of the State. In my opinion, we shall be doing a good turn to the people we represent if we ratify the agreement. Some members have suggested that we should toss it aside, and trust to Providence as to what we shall receive afterwards. When the idea of putting forward this arrangement was first mooted, the Commonwealth had a surplus, whereas to-day it has a deficit. If we defeat the Bill what is there to put in its place? The proposals now before us amount to precisely the same financial arrangement that was operating under the per capita payments. Shall we now say to the Commonwealth, "We throw this out because we wish you to give us something better"? In my opinion, the terms offered to us now are better than those under which we were working before. Not only are we to have an annual amount allocated to us on the same basis as the per capita payments, but we also have the further concession that the Commonwealth will contribute a certain sum of money each year towards the repayment of our debts, and towards the flotation of future loans that may be required from time to time.

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

Hon. J. T. FRANKLIN: I wish to impress strongly upon hon. members the fact that in the Financial Agreement we have something of a definite nature, under which we shall know exactly what will be before us for quite a number of years, and this as regards not merely Western Australia but the whole of the Commonwealth. Assume for the sake of argument that we throw out the Bill, or that the referendum which, irrespective of what the Parliaments decide, must be taken, results in the rejection of the agreement by the people, in what position will the various States then find themselves? At present they have no security in regard to what they receive from the Commonwealth; at present they cannot even anticipate obtaining from the Commonwealth what they did obtain under the per capita system. Therefore it is highly desirable that the States should accept the Financial Agreement. I understand the Eastern States, although they have accepted the agreement, now regret having done so, their reason being that Western Australia has been more favourably considered under it than they. That may be a matter of opinion, but

in the event of the Bill being rejected the next agreement will not be of as liberal a nature even as the present one. It has been said that Western Australia will forge ahead of the Eastern States. Undoubtedly some day Western Australia will be the most important and most progressive State of the Commonwealth, but to achieve that development requires money. I have sufficient confidence in the Commonwealth and in the Eastern States to believe that when we require money for the development of, say, our great North-West, as we speedily shall, we shall be granted the same liberal treatment as the Commonwealth has accorded to Queensland, for instance. If we accept the Financial Agreement, there will be nothing to prevent the Commonwealth from granting us additional assistance for the adequate development of the large areas we hold. Therefore after considering the various pros and cons of the question, without consulting any member but listening to the various speeches, I have come to the conclusion that it is to the best interests of Western Australia to accept the Financial Agreement. I intend to support the Bill.

HON. V. HAMERSLEY (East) [7.35]: With other speakers I feel that this is one of the turning points in the welfare of the State of Western Australia. The measure before us is of such a nature that it behoves every member of the House to give expression to his views, and it is satisfactory to know that we all have the opportunity of putting forward our case. In the present instance we are deciding something that is fraught with greater importance than even was the original question of entering Federation. As a boy I lived here when Western Australia was governed under the Crown Colony system, and I know the difficulties that confronted the settlers during that period. I know the efforts made by them to attain some progress, and how frequently those efforts were brought to naught by adverse criticism from Home, due to the guiding hand being so far away from the local seat of government. It was extremely difficult to get Downing Street to see things from the same aspect as the settlers on the spot. After many years Western Australia obtained responsible government, and a radical change took place. People who had great faith in this country knew that once Western Australia had complete control of its own affairs, capitalists would be more ready to enter into business relations here; and so it

proved. Under responsible government Western Australia arose out of the rut into which it had fallen under the Crown Colony system, and the country began to show what it was capable of. New heart was put into all the settlers, and they with others began to develop the latent wealth of Western Australia. There was an influx of people, and great progress was made. Having control of our own Customs we had the opportunity of establishing secondary industries, which began to show up in various directions. It was then that the Eastern States cast their eyes upon us, realising that they had practically come to the end of their tether in their own markets. They wanted to look to markets beyond their own borders, and they realised that under their high protective system they were not in a position to compete in the markets of the world. However, they were able to persuade Western Australia to join in the Federation. This almost from the outset cast a blight upon the country. Our secondary industries, our manufactures of machinery, of boots and shoes, and other commodities immediately felt the clutch of a claw upon them, and they gradually withered and died. So Western Australia was prevented from reaping the full advantage that should have come her way. I am convinced that by joining the Federation too early we lost a great opportunity that we had. The Disabilities Commission recognised that, and stated that Western Australia should not have joined the Federation when she did. We country people are close to nature, and often see natural things happening that find a counter part in general life. It seems to me that Western Australia is placed somewhat in the position of foster-parent to the bird that we have all read about, the cuckoo. As we know, the mature cuckoo lays its egg in another bird's nest, and after a time, when the cuckoo's egg has hatched, out comes a bird different from what the foster-mother intended. The foster-parents feed the various nestlings, and the young cuckoo grows extravagantly, until it thrusts out the proper birds from the nest. It seems to me that the Federation egg was dropped into the wonderful nest of Western Australia, and has managed to fatten out of all the labours of the parents of Federation. This Financial Agreement, which has come along after the early hatching, is putting us very much in the position of being eliminated from the nest.

Hon. J. Cornell: When the cuckoo grows up.

Hon. V. HAMERSLEY: The cuckoo, upon taking flight will probably develop into something worse. To me it seems to be developing into a vulture, one that has designs upon us, and will probably do something more than threaten, will even pick our bones.

Hon. J. J. Holmes: Some vultures have been flying round this way recently.

Hon. V. HAMERSLEY: And some have been threatening. Many figures have been brought before us regarding the effect of the Financial Agreement upon this State, and various experts have told us this and have told us that. Both sides to the controversy have used multitudes of figures to prove their case. It is not my intention to adduce further masses of figures, but there is one set which, in my opinion deserves close attention. I want to stress this particularly. The figures in question are those that refer to the trade that is created by this State of ours as against the other States. I do not think any other hon. member has drawn attention to the figures to which I refer, and therefore I wish to stress them. Right from the days when the Federal authorities decided to do away with the Brad-dox clause with a view to substituting a distribution of the Customs and Excise revenue on the per capita basis, our position has been jeopardised. It was at that juncture that I consider our representatives in the Federal Senate failed us entirely by agreeing to the inauguration of the per capita system. The Senate was the House that was supposed to look after the rights of the States. As a result of that decision, Western Australia received an amount that was quite inadequate to meet the requirements of the State and was absolutely unfair to us from the point of view that this State was essentially a country devoted to primary production, whereas the Eastern States had pinned their faith upon building up large secondary industries. In those States they also reaped the benefit of the large numbers of people employed in ever growing cities that were created by the wealth of the products of the primary producers of the Commonwealth. In the Eastern States they received not only the equal benefit of the payment of 25s. per head of the population, but also of the high and ever-increasing duties. That position has been intensified as the



years have passed. As Western Australia, where the per capita payment was only equal to that paid in the East, progressed, so did the Eastern States with their additional benefits. In this State we rely principally upon the production of gold, timber, wool and wheat. The wealth that is brought into Australia as the result of the output of those particular branches of industry, all comes from overseas. Those products have to compete on the world's markets, and we do not have any particular benefit from duties that are levied. We receive no protection whatever. It is the money created by the export of our gold, timber, wool and wheat that is paying the debts of Australia to the outside world. Whether we secure our money from Great Britain or from America, it is essential that we must work harder and harder in those particular industries in order to secure sufficient to pay for the dutiable imports. It is from those avenues that Australia has to pay for imports that are enhanced in value because of the duties levied. It is as the result of the activities of primary production that money is brought into Australia to pay the interest upon large sums that are distributed in the big centres of population, where huge amounts have been expended in encouraging secondary industries.

Hon. G. W. Miles: And many of them artificial.

Hon. V. HAMERSLEY: That is so. They could not live if those industries had to compete with the world's prices in the open markets, as we have to do with our wheat, wool, timber and gold. By this means, our wealth has kept large numbers of people employed in the Eastern States. Last year I applauded the Prime Minister, Mr. Bruce, when he said that he fully recognised that a State like Western Australia was unfairly treated under the per capita payment system, and that his Government realised a fairer distribution should be made. For that reason I cannot see eye to eye with those members who contend that we should continue the per capita system for all time, that if we reject the Bill the per capita payments should continue, and that that system would be better than the financial arrangement covered by the Bill.

Hon. J. Ewing: It would be a long way better.

Hon. V. HAMERSLEY: I appeal to hon. members, and to the people generally, to recognise that the per capita distribution has

always been unfair to Western Australia, and always will be. We speak of the wonderful increase in our population and of what it is likely to be! I do not agree with those who hold that opinion. From infancy I had explained to me, and since then I have watched, the progress of the different parts of the world. Wherever a country has relied principally upon agricultural industries, it has not built up a large population. That is never so. Large populations are built up only where there are extensive manufacturing industries, and where good, healthy competition is present. Children are reared up in that atmosphere and are experts from their early days. They follow in the footsteps of their parents and they, too, compete when they become well established. I believe that will be so in the Eastern States where their secondary industries are already well established. It will be hard to displace them. They will go on increasing; factories will continue to be built. On the other hand, we in Western Australia will still be the hewers of wood and the drawers of water. We shall see a repetition of what we read in the Bible about the ancients of old.

Hon. J. Cornell: That has not been the position in the United States.

Hon. J. J. Holmes: But will not secondary industries follow here?

Hon. V. HAMERSLEY: Yes, but those in the Eastern States have a mighty big start. As the years go by, it will be increasingly difficult to compete with them. The wine industry in this State is being crushed. It was becoming well established a few years ago; to-day it is almost a thing of the past. It is just hanging on, doing its level best to struggle against the larger wine interests that are spreadeagled over Australia. The same position arose regarding Rayner's jams. The factories in the Eastern States were able to push Rayner's productions aside, and keep them off the market. The same thing may be said of the business houses here, in that they are merely branches of firms in the Eastern States.

Hon. J. Ewing: And the banks, too.

Hon. V. HAMERSLEY: The banks are just the same. Our banks are merely branches and a branch can never become greater than the trunk.

Hon. H. Seddon: The control is in the Eastern States.

Hon. V. HAMERSLEY: Yes, or in London. I want to emphasise in particular the point that the per capita distribution of revenue is of little use to Western Australia, and I am indeed glad that the Federal Government decided to wipe that system off the slate. It gives us an opportunity to strive for a better substitute, and I firmly believe that was the intention of the Prime Minister, Mr. Bruce, when he did away with the per capita system. I believe it is the hope of the Federal Government to give us something better, for they have already indicated that that was their intention. The present Federal Government have been the first of all the Governments that have come and gone in the Federal sphere, to recognise the great hardships under which Western Australia has laboured. They appointed a Royal Commission to inquire into our difficulties and they granted us assistance that has enabled us to live. Certainly we have not lived anything like as well as we did in the days of Responsible Government. We were then able to embark upon various projects and we were able to get sufficient money not only to pay interest and working expenses in the industries in which that capital was invested, but to make sufficient profit to provide for public works and so on.

Hon. J. Nicholson: In those days we had the benefit of the Customs and Excise revenue.

Hon. V. HAMERSLEY: Yes, and since then we have been in the doldrums. When we lost that position, we had to face deficits. Since those days we have not been able to square the ledger and have had to go on the money market to borrow funds to enable us to finance the ordinary revenue undertakings of the country. That was quite different from what we had been accustomed to. We have had to indulge in all sorts of subterfuges to keep the country going. The appalling thing about the Financial Agreement is that we are to carry on under the same system. We will have to rely on the extent of our borrowings for our future welfare. The whole position hinges upon our borrowing increasingly large sums. By that means we shall have to finance ourselves to keep the country progressing, because of the larger borrowings. We shall have to borrow £5,000,000 a year to keep ourselves financial.

Hon. J. J. Holmes: And who will pay in the end?

Hon. J. Ewing: How otherwise shall we be able to do it? By taxing the people?

Hon. V. HAMERSLEY: I suggest that by giving a little more help and attention to the interests of the primary industries, we shall be able to do something. During the last two years, since the financial arrangements with the Commonwealth were entered into, by which Western Australia's difficulties were recognised and we were given the disabilities grant, the Premier was able to reduce charges in various directions and to reduce the tax on certain incomes. That action restored an immense amount of confidence, the effect of which is reflected on the goldfields to-day where we find increasing inquiries by people who are again thinking of investing their money in mining ventures. If that is the result of such an action, let us gain something permanent, and if I vote in favour of the Bill, I shall do so because I want to see something more permanent included in the contract. Despite any threats by the Prime Minister or by anyone else, I shall support the Bill because I am earnestly in favour of smashing the old arrangement under which the distribution of the money made available to the States by means of the per capita payments, was on an equal basis.

Hon. J. Ewing: That could not be worse than what is proposed now.

Hon. V. HAMERSLEY: For the first time we find an attempt made to right that wrong.

Hon. G. W. Miles: Did I hear you say you intended to vote for the Bill?

The PRESIDENT: Order! Mr. Hamersley is addressing the House.

Hon. V. HAMERSLEY: My view is that the whole thing hinges upon production and the exports from this State. I have not heard any hon. member give the figures I intend to place before the House. The values per head of mean population of overseas exports in 1926-27 were: Commonwealth, £23,712; New South Wales, £26,773; Victoria, £20,297; Queensland, £16,649; South Australia, £30,271; Western Australia, £34,355; and Tasmania, £11,773.

Hon. Sir William Lathlain: Was not that a drought year in the East?

Hon. V. HAMERSLEY: No; had the figures been taken for last year they would have been still more in favour of Western Australia, which then experienced a very much better wheat and wool year. It is the exports to the other countries of the world that count, for, in those markets, we have to

meet the world in open competition. Whereas Victoria is finding £20 per head of population, Western Australia is finding £34, and when it comes to a division of Commonwealth revenues, I contend that it should be made, not on the basis of this Bill or per capita, but on the ratio of exports to the outside world.

Hon. A. Lovekin: If we are one people, why differentiate?

Hon. V. HAMERSLEY: Surely in a private family there must be differentiation between its various units! Because I am a producer of wheat and wool I do not contend that I am the only pebble on the beach. I recognise what we owe to the goldfields, and I appreciate how that industry has been handicapped. I recognise that the man producing timber is a primary producer. Regardless of whether he is working with axe or saw, is the head of the mill or the head of the firm, he is creating new wealth that goes to the outside world and helps to keep the country financial. It is such people who are doing the real work that should receive the recognition, rather than the children or the aged people who reside in the Eastern States. I claim that we can show such a result, £34 as against New South Wales £26 and Victoria £20, because we have a pre-dominance of males in the population. They are young and vigorous and are working hard to bring new wealth into the country. But while that is happening we unfortunately have to send a great deal to the Eastern States to keep people over there. Consequently, I maintain that any division of Commonwealth Customs revenue should be based on export values. The head of any family who is doing his whack surely deserves and receives greater recognition within the family circle than do the fellows at the bottom rung of the ladder who have not yet won their spurs.

Hon. A. Lovekin: In other words, they should all wear the same coats?

Hon. V. HAMERSLEY: They cannot do that because the coat would be too big for some of them. The trouble is that we in Western Australia have a coat that is altogether too small, a coat that neither helps nor encourages us. Had it not been for the disabilities grant, this State would have been in a parlous condition. The crushing burden of taxation was driving capital out of the State. That grant just stemmed the tide. I recognise the good that has been done with that money. The Premier was fortunate in having that money come to hand when he

was in the saddle. He relieved the burden of taxation with the result that production has been encouraged. If the disabilities grant be cut out in two years' time, we cannot hope to survive.

Hon. J. Cornell: Surely the hon. member does not contend that £200,000 saved the State from insolvency?

Hon. V. HAMERSLEY: It was considerably more than £200,000; it was between £400,000 and £500,000.

Hon. Sir William Lathlain: The Bill provides for that.

Hon. V. HAMERSLEY: It does not. I am prepared to support any move to ensure its continuance; and I should like to see an amendment tabled to that effect.

Hon. J. Cornell: What would Mr. Bruce say about an amendment like that? It would be an insult to our intelligence.

Hon. A. J. H. Saw: We will direct the Commonwealth to give it to us!

Hon. V. HAMERSLEY: Various threats have been made—and we must take notice of them—that if we do not pass the Bill, we shall be left with nothing. I believe that before the referendum is taken the State Government will leave no stone unturned to ascertain the State's true position regarding the Braddon clause, and will even seek legal opinion outside Australia.

Hon. A. Lovekin: But what will be the good of that if we give up our rights by passing this Bill?

Hon. V. HAMERSLEY: I do not understand that.

Hon. J. Ewing: That is the position.

Hon. V. HAMERSLEY: We are asked to enter into an agreement for 58 years and I understand that, at the expiration of that period, we shall be back at the old point.

Hon. J. Nicholson: No.

Hon. J. J. Holmes: You will be flying then.

Hon. V. HAMERSLEY: It is claimed that we have lost all our rights to any share of the Customs revenue. Had it been dreamed that such a thing could have happened, there would have been no Federation.

Hon. J. Nicholson: Your only opportunity to save that is by voting against the Bill.

Hon. V. HAMERSLEY: Federation would never have been consummated had it been thought that the rights of the States to a share of the Customs revenue could be taken away.

Hon. J. J. Holmes: Until the Commonwealth Parliament otherwise provided.

Hon. V. HAMERSLEY: The Commonwealth Parliament otherwise provided in 1910, but substituted the per capita payment of 25s. That basis was unfair and should not have been adopted. All the evidence goes to show that, if this Bill be passed, we shall have no claim to the Customs revenue. That, however, was not the view of the State Premiers in 1926. On Mr. Bruce's own statement the Premiers then combated that contention, but in 1928 all the Premiers agreed to allow their claims to go by the board. Mr. Bruce tells us that it has gone; each of the State Premiers says it has gone, and therefore it is necessary to enter into this new arrangement. If we throw out the Bill we get nothing. That being so, we have to scramble to get what we can. If, pending the taking of the referendum, it is found possible to maintain the rights of the States to a share of the Customs revenue, that fact will be clearly stated to the people.

Hon. A. Lovekin: But if we pass this Bill, we cannot do any more. We shall have given away our rights.

Hon. V. HAMERSLEY: I am satisfied that the mere fact of our passing the Bill is not the last word. It has to go to a referendum.

The Chief Secretary: No.

Hon. V. HAMERSLEY: Well, a referendum will be taken on the question of the Federal Government entering into this agreement.

Hon. A. Lovekin: This or any agreement.

Hon. V. HAMERSLEY: That is so. This agreement would be included.

Hon. A. Lovekin: It may or may not be.

Hon. J. R. Brown: It will be.

Hon. V. HAMERSLEY: This agreement cannot be ratified unless authority is obtained from the people by means of a referendum.

Hon. J. J. Holmes: The Commonwealth should have obtained the authority of the people first of all.

Hon. V. HAMERSLEY: When the referendum is about to be taken, I foresee a very interesting development. I can picture the whole of the Nationalists who have been opposing this Bill figuring on the same platform as the Federal Labour Party, and it will be interesting to see the voting on that occasion.

Hon. J. Ewing: You will be there, too.

Hon. V. HAMERSLEY: I shall be looking on. I am satisfied that the Labour Party will be found in opposition because they certainly want to see the whole of the revenues controlled by the Federal Parliament. The Nationalists oppose the measure because they wish to see the distribution on a population basis.

Hon. J. Cornell: Why not say some of the Nationalists?

Hon. V. HAMERSLEY: And some are opposed to that basis and want to see some other basis adopted.

Hon. J. J. Holmes: What basis do you want?

Hon. V. HAMERSLEY: A far better cut than 25s. per head, something in direct ratio to the values revealed by overseas exports.

Hon. A. Lovekin: How can you get that if you pass this Bill?

Hon. J. Nicholson: Have you read the last clause of the agreement?

Hon. V. HAMERSLEY: I have done my best to understand the document. I have heard a mass of figures and many speeches. I have come to the conclusion that it is a good thing to support the Bill, because it is recognised by the Premiers that they have no further claim on the Customs and Excise revenue, and further because it is claimed by the Prime Minister that we have no right to it. We must therefore take what we can get.

Hon. J. Nicholson: And be thankful.

Hon. V. HAMERSLEY: It is not a case of being thankful. When we come to the referendum, it is reasonable to suppose that further evidence will be placed before the people.

Hon. A. Lovekin: You mean that the people will then do what we should do?

Hon. V. HAMERSLEY: I do not want to deny to the people the right to express their sentiments on this question.

Hon. G. W. Miles: We shall not be denying them.

Hon. V. HAMERSLEY: They should have an opportunity to decide it for themselves.

Hon. J. Nicholson: They can do that at any time without this Bill.

The PRESIDENT: Order!

Hon. V. HAMERSLEY: The agreement is subject to the ratification of the people, after which it will again be submitted to the Federal Parliament.

Hon. J. Ewing: Not at all.

Hon. V. HAMERSLEY: I must have misunderstood the position.

Hon. A. Lovekin: You have.

Hon. V. HAMERSLEY: There must be a referendum.

Hon. E. H. Harris: You are under a misapprehension.

Hon. J. J. Holmes: You may get a change of Government after the next referendum.

Hon. V. HAMERSLEY: The Nationalists will be on the same side as the Labour Party, for they are both after the same thing.

Hon. J. J. Holmes: Where will the Country Party be?

Hon. V. HAMERSLEY: I will be looking on to see what is going to happen. I to support the Bill.

**HON. W. J. MANN** (South-West) [8.17]: I fully realise the importance of this Bill, and I am aware that most of its phases have been thoroughly examined and discussed by other speakers. Furthermore, I am not disposed to speak at any great length upon the subject, because I feel there is a very pronounced atmosphere of impotence concerning any action that may be taken by this House. Members who have spoken on both sides are to be congratulated and complimented upon the very thorough and exhaustive endeavours they have made to ascertain the relative positions of the States and the Commonwealth, and as to what those positions are likely to be if certain things happen. If we are frank, we must admit that we are collectively the richer for the work that has been put into the subject, and for the speeches that have been made upon it. Practically every speech has contained some matter which throws light upon this agreement. I should like, however, to show why I am reluctantly compelled to support the Bill. National finance is an intricate subject even for the mind trained and experienced in that direction, but when the relationship of the States and the Commonwealth comes into question, it grows more complex. For my part, I fully admit I am not able to comprehend it to the fullest extent. In this instance, seven separate entities are interested. Six of these entities are faced with the task of weighing their joint and several interests as they are affected by the proposals of the Commonwealth, and at the same time take a reasonable view of the national aspect of the question. In the circumstances, it is

not surprising to find a diversity of opinion. Any close examination that I may make of this agreement is not likely greatly to clarify the position. I have referred to the atmosphere of impotence as it concerns this House. I find myself for the first time in a position where constructive criticism is at a discount. It is almost impossible to find anyone who has claimed that the agreement is perfect. The most we can get on that score is that it is an acceptable expedient. Even the most enthusiastic advocate will not admit anything more. Its imperfections are freely admitted. Despite that, we are faced with the knowledge that we are debarred from making any improvements to it. In the plainest and most unmistakable language, we are told we must accept the agreement or reject it. We have to say yea or nay to it. Before we wreck a big scheme like this, we must be fairly satisfied in our minds that we are doing the right thing. It is a great pity we cannot offer suggestions for amending the Bill.

Hon. A. Lovekin: We have no chance of amending it.

Hon. W. J. MANN: No. If we had the collective wisdom of a dozen Solomons, we should be debarred from exercising it. Possibly we have the collective wisdom of 30 Solomons, but we are impotent and cannot use it.

Hon. J. J. Holmes: Not at all.

Hon. W. J. MANN: We are told if we amend the Bill in the slightest degree it will be tantamount to throwing it out. That is what I understand to be the position.

Hon. J. J. Holmes: We live under a dictatorship.

Hon. W. J. MANN: We are living under six dictators. After the exhaustive examination of the situation by the hon. member, I do not think anything will be gained by my taking up the time of the House. I do, however, wish to present one or two views upon the Bill. Ever since the per capita method of returning to the States a part of the Customs and Excise revenue was adopted I have been opposed to it. Long before I entered the Chamber, I protested against such a system. I did so before the Disabilities Commission when it visited the South-West, my chief bone of contention being that the per capita system was not the correct one for the Commonwealth to adopt.

Hon. J. J. Holmes: This Bill perpetuates it for 58 years.

Hon. W. J. MANN: I have never looked upon it as equitable, or as being in keeping with the spirit of Federation. It provides no opportunity for a levelling up of our National life, nor does it provide any means whereby the weakest link in the Commonwealth may be strengthened. Under such lopsided conditions, I contend that there is nothing logical about the system. Some enthusiasts on Federation are never happy unless they are referring to "members of one big family." We hear that we are "indissolubly united for the common good, etc." I contend that the system of per capita payments is totally opposed to such a sentiment. What would be thought of the father of half a dozen children if he persisted in giving his resources to three who were prosperous, strong and healthy, and neglected the three who were weakly and required to be built up?

Hon. G. W. Miles: You will perpetuate that by this Bill.

Hon. W. J. MANN: I am with the hon. member up to a certain point. These things have been in my mind for a long time. On that question there is no cleavage between the hon. member and myself. No one can say that such a system is either fair or desirable in National any more than it would be in domestic affairs. An hon. member interjected just now something about a dictator. I do not know exactly what he means, but I presume that he referred to the Prime Minister. I am one of those who have not very much sympathy with hero worship, but he it said to the credit of the Prime Minister he realises the fallacy of the per capita system. He endeavoured to bring about its abolition first by a conference and later he was sufficiently fortunate to be able to secure sufficient votes in the Federal House to end it. Mr. Bruce told us, and I think we may accept his word without reservation, that he was hopeful of a more generous system being found. Apparently Mr. Bruce, like many more of us, has been disappointed, for up to the present no other acceptable basis has been suggested. Hon. members will agree that the State Parliaments are in the dark as to what happened at the Premier's conference, but we have the astounding position of the Premiers of the three weaker States assenting to what is practically a reversion to the per capita basis, and accepting an allocation made on the

basis of the population on the 30th June last year, and accepting it also for a period of 58 years. I regret very much that the Premiers of the smaller States took that action. It is true there are some minor advantages that will accrue to this and other States, but I feel that the greatest consideration of all was the basis on which the Federal revenue should be returned to the States. Western Australia's quota of £473,000 is perhaps slightly better than we might have received under the per capita system, but in that sum of money there is no appreciable recognition of the colossal task of developing this country. Therein I feel that the Premiers of this State failed to impress the other Premiers with the somewhat unique position we occupy.

Hon. J. J. Holmes: We asked for bread and they gave us a stone.

Hon. W. J. MANN. I have no wish to create a wrong impression: I believe Mr. Collier did the best he could, but I would like the Chief Secretary when he is replying to enlighten us as to whether Mr. Collier put up any alternative proposal. The Commonwealth Government recognise that our position is somewhat different from that of the other States. Unfortunately in the past we have to some extent been mendicants.

Hon. J. Nicholson: And it will be worse in the future.

Hon. W. J. MANN: My desire is to see that position obviated. I read with a good deal of interest the speech made by Mr. Collier when introducing this Bill. In fact, I have read every speech that I have been able to lay my hands on in connection with the Financial Agreement; I have been reading about the agreement for weeks past. In Mr. Collier's speech I recognise the carefully prepared utterance in which, rightly or wrongly, one could not fail to detect occasionally a not altogether satisfied note. For that reason it is due to this House and to Mr. Collier that we should know whether some alternative proposal was advanced on our behalf at the conference. I neglected to say a moment ago that the Federal Government have already recognised that we were deserving of some additional assistance. They have admitted that, and that admission should carry some weight at a Premiers' conference where important matters are discussed. On the other hand, if the Premier voluntarily accepted the per capita basis, in order to secure unanimity and bring about finalisation, we are entitled to know that as well. I feel sure that knowledge on those

points would clear up a good deal of misconception, if not in the minds of members in this House, then in the minds of people outside. I am not one of those who wholly agree with those who are for ever adversely criticising the Commonwealth Government. It is quite true, painfully true, in fact, that this State has suffered many disabilities under Federation, but it is equally true that we have had many advantages. There are quite a number of things to the credit of the Commonwealth Government, such as for instance the special grants made to this State from time to time. My second objection, and the only other I intend to raise, is to the period of 58 years. We have been told that that period has been worked out on an actuarial basis and that it concerns chiefly the repayment of the State loans that are being taken over by the Commonwealth. I understand that; it is perfectly clear, but I cannot for the life of me see why it is not possible to review the question of Commonwealth contributions periodically without disturbing that phase of the agreement. Nothing has yet been explained to indicate why that could not be done. Fifty-eight years is a long time and I do not like it. I am sorry, therefore, that other circumstances compel me to accept it. I approve of the creation of the Loan Council, and I can see no danger of our borrowing being restricted so long as it continues reasonably and we expend the money in a proper manner. Without going into any other phase of the question, members will gather from what I have said that my main objections to the agreement are, first, the basis of the payments, and second, the period of 58 years. What I have to ask myself is, how far the advantages of the agreement outweigh the disadvantages, and whether or not we should throw out what I believe is a desirable objective because it contains those imperfections. I do not think we would be wise to take that step. If I thought there was the least possible chance of rectifying those objections, I would vote against the second reading.

Hon. A. Lovekin: Do you object to trying to rectify them?

Hon. W. J. MANN: If any hon. member who is opposed to the Bill can prove to me that there is even a sporting chance of success, then I shall be prepared to join him. But we must realise that whether we like it or not, the majority of the other States are absolutely wedded to the per capita system as it is contained in the Bill.

Hon. J. Nicholson: For obvious reasons.

Hon. W. J. MANN: I give the hon. member all that in, but there is the position that they are firmly wedded to it and that they are determined to continue it, just as they are doing with the pernicious system of high protection. They have the numbers in the States, and they have the numbers in the Federal Parliament. Will hon. members tell me what chance we have of altering their views? Can we educate them to our way of thinking? No, we have no chance in life. Can we force them? There is no hope of that. Majorities and money talk, and the other States have both. That is the position as I see it. It is a case of absolute hopelessness. Can any hon. member show me anything to the contrary?

Hon. A. Lovekin: I would not like to be in the trenches with you.

Hon. W. J. MANN: I can put up a fight with the best, but I would remind Mr. Lovekin that this is a one-sided sort of fight. We are one-sixteenth of the Commonwealth, and therefore the chances are fifteen to one against us.

Hon. G. W. Miles: They did not say that at Gallipoli.

Hon. W. J. MANN: I say accept the Bill, unless my friend who tells us that he has made a study of this subject for years can show us some tangible reason why we should vote against the Bill.

Hon. J. Ewing: He has done so.

Hon. W. J. MANN: I have not been intelligent enough to assimilate it, then. If he has done so, I shall be glad if the hon. member who just interjected will explain later how he did so. I see no alternative. I have to acknowledge that with the greatest reluctance in the world I am going to vote for the second reading of the Bill. Neither Mr. Holmes nor any other member has been able to show me how the position can be obviated, or how we can educate or force other people to our way of thinking. That being so, for the good portions of the Bill I intend to support it.

**THE HONORARY MINISTER** (Hon. W. H. Kitson—West) [8.48]: It is rather interesting to note that there has been more discussion in this Parliament on the Bill than there has been in all the other State Parliaments of the Commonwealth put together. So far as this Chamber is concerned, I think I am correct in saying that the discussion on the measure has emphasised two facts: the first is that this is the most important Bill the State Parlia-

ment has had to consider since Federation, and the second is that while opponents of the measure have used a wide range of arguments and raised quite a large number of points against it, they have not put forward one definitely constructive proposal to take its place.

Hon. J. Cornell: And the supporters are dying of despair.

The HONORARY MINISTER: That is the position as I see it, and I ask why is it so?

Hon. A. Lovekin: Because there has been no opportunity.

The HONORARY MINISTER: Is it not because there is no alternative whatever?

Hon. A. Lovekin: Not at all.

The HONORARY MINISTER: Is not that the real reason?

Hon. J. Nicholson: No. An alternative has been mentioned.

The HONORARY MINISTER: Is it not that we are so placed under the Commonwealth Constitution that if the Bill is rejected by this Chamber we shall be entirely in the hands of the Federal Parliament?

Hon. A. Lovekin: We are under the Constitution, not in the hands of the Commonwealth Parliament.

The HONORARY MINISTER: Has not the Commonwealth Parliament, under the Constitution, the right to decide just what we as a State shall receive?

Hon. A. Lovekin: No. The Constitution provides that.

The HONORARY MINISTER: The hon. member is just bearing out my words. The position to-day is that, under the Constitution, the Commonwealth Parliament, if it thinks fit, can decide just what we as a State shall receive. Again, may I put forward this suggestion, that if it is to be a case of further negotiations between the Commonwealth and the States, can we expect the Commonwealth Government to negotiate with this State without having reference to the other States? And if we are to start all over again with the negotiations, can we expect that there will be a better result than we have had up to date?

Hon. J. Ewing: Certainly.

The HONORARY MINISTER: I have heard nothing put forward which would lead me to believe that, but quite a lot which would lead me to believe that we would be

very fortunate indeed if we could secure another agreement equivalent to the one which is before us in this measure.

Hon. A. Lovekin: You cannot tell that until you have made the effort.

The HONORARY MINISTER: That effort has been made, at any rate on behalf of Western Australia. As I think an hon. member mentioned previously in this Chamber, our own Premier has stated that the agreement now before us is the best arrangement that has ever been either suggested or offered to this State by the Commonwealth since the abolition of the per capita payments; that is, so far as the financial return to this State is concerned. The Premier's words were—

This agreement is incomparably superior to anything that has ever been offered to us by Federal Governments or the Commonwealth Parliament previously.

I assume that when the Premier of this State made that statement, it was perfectly correct from his point of view as Treasurer.

Hon. E. H. Harris: Was this scheme submitted to the State Premiers by the Commonwealth Government?

The HONORARY MINISTER: I think it will be found that the original scheme as submitted by the Commonwealth Government to the conference was amended from time to time, until the conference arrived at an agreement which was satisfactory to the whole of the States, and which was signed by the Premiers of the whole of the States.

Hon. A. Lovekin: Do not forget that was reached on a 2 per cent. basis, which has now been altered to 3 per cent.

Hon. J. Ewing: The figures are all wrong, all on the wrong basis.

The HONORARY MINISTER: I am perfectly satisfied that when the Premier of this State uses the words which he has used in support of the measure, we can accept them. If he says that this agreement is incomparably superior to anything else that has ever been offered to us, I am not the one to suggest that he does not know what he is talking about. He was present at more than one of those conferences, and I feel sure that his reputation and standing as Treasurer of Western Australia are an assurance to us that he understood the business he was transacting and that he did the best possible in the circumstances.

Hon. J. Cornell: That is all admitted, but it does not make the agreement an equitable one.



The HONORARY MINISTER: No one has said up to date that this agreement gives to Western Australia everything that that some of us may think Western Australia is entitled to. That has never yet been said by any supporter of the measure. Neither do I think it has been suggested by any supporter of this measure in any other State as regards that particular State of which he was speaking. We know full well that when people meet in conference, a financial conference or an industrial conference or any other sort of conference, very seldom do any of the parties obtain all they want. A spirit of compromise has to exist if a conference is to be successful. Where the spirit of compromise does exist, one usually gets a satisfactory solution of the trouble, no matter what it may be. There is a big difference between what one may consider oneself entitled to and what one can get. We must always remember that there is the other fellow's point of view also, so to speak. In this case the Commonwealth Government is the other fellow. In my opinion it is perfectly plain now that there is no chance of a return to the per capita system, whether we like it or not.

Hon. J. Ewing: Why not?

The HONORARY MINISTER: The per capita system has been abolished, and the Federal Parliament has made it perfectly clear that on no consideration whatever will there be any return to that particular system.

Hon. G. W. Miles: What about the distribution of the £7,500,000? Is that fair?

The HONORARY MINISTER: I find there are very few people indeed who are prepared to support the principle of the per capita payments—very few people indeed, either here or in the Eastern States. Neither are satisfied with the distribution. I venture to say that after the conference very few, if any, of the State Premiers were absolutely satisfied that they were getting all they were entitled to. However, the State Premiers were absolutely satisfied that they were being offered the best that was possible in the circumstances, and consequently they agreed to it. Some of the speakers against the measure have covered an extraordinarily wide field in their endeavour to find arguments—substantial arguments, shall I say?—why this Chamber should not support the measure, why we should reject it. In the words of one of these speakers, we should start all over again. Even Mr. Holmes ad-

mitted the position to be that while we may be entitled to three-fourths of the Customs and Excise revenue until the Commonwealth Parliament otherwise provides, that Parliament might provide to pay the States one shilling per capita; and where would we be then? Would we not be in the same position as we are in to-day, because the amount we would receive under that system would be considerably smaller than that for which the agreement provides?

Hon. J. Nicholson: How long would the Commonwealth Government last under those conditions, offering a shilling?

The HONORARY MINISTER: I cannot say.

Hon. J. Nicholson: I do not think they would last long. The people of the States would not return them again.

The HONORARY MINISTER: Under the Constitution the Commonwealth Government have the right to provide as they think fit, not as we think fit.

Hon. J. Ewing: But the Commonwealth would not dare to do what you suggest.

The HONORARY MINISTER: We are told that if we reject the agreement, the Commonwealth Government would not dare to offer us anything less, but that the Commonwealth, and particularly the Prime Minister, would support the proposals of this Chamber.

Hon. J. Ewing: Not at all.

The HONORARY MINISTER: Mr. Miles, when speaking the other evening suggested that the Prime Minister did not agree with it.

Hon. G. W. Miles: He does not agree with the method of the distribution of the £7,500,000.

The HONORARY MINISTER: Mr. Miles went further and said that if the Prime Minister were sincere and we rejected this measure, he would support us in our endeavour to get something better.

Hon. G. W. Miles: I believe it, too.

The HONORARY MINISTER: Well, we find from the latest published remarks of the Prime Minister, that he describes the ideas of those people who are desirous of amending the agreement as blackmail.

Hon. G. W. Miles: I have not seen that.

The HONORARY MINISTER: The hon. member should see it; it is interesting reading, and I think it points conclusively to the fact that while Mr. Miles can easily suggest that Mr. Bruce is a keen supporter of the Collier Government and has come over

here for the purpose of using arguments to influence opinion on this matter—

Hon. G. W. Miles: He has done it.

The HONORARY MINISTER: On the other hand, Mr. Miles says, "If you reject the Bill you will find Mr. Bruce supporting us in our endeavour to get something more." There is not so much logic in that argument as the hon. member generally uses when he speaks in this Chamber.

Hon. G. W. Miles: Mr. Bruce has stated that we are not getting a fair distribution, and that the Premiers arranged the distribution, not the Commonwealth Government.

The HONORARY MINISTER: I think I can leave that particular phase—

Hon. G. W. Miles: Yes; leave that alone, and the distribution of the £7,500,000.

The HONORARY MINISTER: I can well leave that phase of the question to the Leader of the House, who will reply fully to it and satisfy even the hon. member that he is not quite correct in his statement. Mr. Holmes, who usually looks for a nigger in the wood pile, certainly made a valiant endeavour to find one, but instead of securing a nigger, I think he found a whole tribe. After examination they proved to be very small niggers, and I do not think we need be very much concerned about them, even if Mr. Holmes did find them. In his attempt to make his case good, Mr. Holmes ranged over many topics. He referred to Trades Hall influence on the Premier, and the powers of the Arbitration Court to prescribe a basic wage. Then to support his case he quoted the words of the American Commissioner of Railways, who was imported to South Australia. I will repeat what he said on that point because it is interesting to think that his remarks could have any application to the Bill. Mr. Holmes had been pointing out that Western Australia required much development and he referred to railway extensions. Then he said—

Our railways will not pay because they will never be able to show a profit. The moment they show a profit, the Arbitration Court will grant increased wages and reduced hours. Our railways will not be allowed to pay until someone is hungry and anxious to work. I cannot give a better illustration of what is going on than to quote something that happened in South Australia. The new American Commissioner of Railways was asked why he could not make the railways pay. He replied, "I will never be able to make the railways pay while I have to pay a man, his wife and children for what they eat and wear, instead of for the work the man does." That is the basic

wage. Is that right or is that wrong? So long as such conditions obtain, the railways will never pay.

I certainly do not see much connection between that statement and the Financial Agreement. In view of the fact that this is a non-party measure, if ever there was one, the statement by Mr. Holmes shows pretty clearly that there is one hon. member at any rate who is prepared to use it for party purposes. Does any hon. member agree with that statement? Does he agree that the standard of living in Western Australia should be reduced until we reach a point where an employer will pay a man for what he does and wears, leaving out of consideration his wife and children altogether? Does he agree with the basic wage in this State and in the other States as well, or would he have us go back to the conditions that prevailed many years ago when there was no legislation governing that particular phase of our life.

Hon. J. Nicholson: I do not think Mr. Holmes was alluding to the subject from that point of view.

The HONORARY MINISTER: I would be sorry to think that I had drawn an improper inference from the hon. member's remarks. I was listening attentively to him at the time and, while I could not find much connection between the subject Mr. Holmes was dealing with and the Financial Agreement itself, as he put his argument I could only assume he did so for some other motive. I have mentioned what seemed to me the reason for his remarks.

Hon. J. Nicholson: I do not think they had that application.

The HONORARY MINISTER: Then Mr. Holmes proceeded to blame the Eastern States policy of the "West Australian" and the bolstering up of the credit of New South Wales and Queensland at the expense of Western Australia.

Hon. J. J. Holmes: I never said anything of the kind; I referred to Victoria.

The HONORARY MINISTER: Mr. Holmes went on to talk about repudiation and the effect the Financial Agreement would have on the credit of Western Australia or of Australia itself. If there is anything in the Financial Agreement that is likely to adversely affect the credit of Australia, I would like to know what it is.

Hon. J. J. Holmes: I did not say anything of the sort, but go on; it does not

matter. I said this was the first indication of sane finance in Australia.

The HONORARY MINISTER: The hon. member went further and used the word "repudiation." He said that the Bill was repudiation.

Hon. J. J. Holmes: I said we were repudiating our debts.

The HONORARY MINISTER: I want to know which will do the credit of Western Australia, or of Australia, the more harm, the Financial Agreement, or the statements of responsible members of this Chamber who talk about the measure being nothing else but the repudiation of our debts? I think I am perfectly correct in declaring that the Bill does not provide for the repudiation of a shilling of either the debts of this State, the debts of any of the other States of the Commonwealth, or the debts of the Commonwealth itself. If there is any suggestion of repudiation in the Financial Agreement, how is it that other financial experts, who have endorsed the agreement, have not been able to point it out to us? If there is anything of that sort about it, how is it that the financial interests in Great Britain and America, who are concerned in the raising of our loans and of the loans for Australia, have made no mention of the fact? So far as I can find out, all the experts are in accordance with the agreement.

Hon. J. J. Holmes: Because they will get sinking funds established in all the States, instead of in one State only.

The HONORARY MINISTER: The hon. member spoke of repudiation!

Hon. J. J. Holmes: I did not speak of repudiation in that sense, and you know it!

The HONORARY MINISTER: I have read the hon. member's speech in order to make sure what he did say, and I cannot draw any other inference from his remarks. When an hon. member says that the Bill is nothing else but repudiation, and that measure deals with the finances of the country, what other construction can be placed upon his utterance? There is but one other construction to be placed upon his words and that is, that he must have been in a very bad way indeed to find a substantial argument against the Financial Agreement. But Mr. Holmes went further still. After making use of that statement—I think I am correct in this respect, too—he said that he had no quarrel with the

amount of money the Commonwealth were making available to the whole of the States—

Hon. J. J. Holmes: That is so.

The HONORARY MINISTER:—but he disagreed entirely with the proportion Western Australia was to receive. He also said that if some altered method of distributing the £7,500,000 could be devised, he would be quite prepared to vote for the Bill. Thus, while the hon. member spent a long time in pointing out to the House why members should reject the Bill, in the final analysis we find that the only objection he has to the measure is that the distribution of the funds available is not quite as he considers it should be.

Hon. J. Nicholson: Is not that a very important point?

Hon. J. J. Holmes: It is the distribution of the £7,500,000 that is the really important part of the Bill!

The HONORARY MINISTER: I had hoped that we would have received some constructive suggestion from the hon. member as to how it would be possible to secure an improvement of the agreement.

Hon. J. J. Holmes: We will get that in Committee.

The HONORARY MINISTER: The only suggestion I could discover in the hon. member's remarks was that we should send half-a-dozen able men to the Eastern States to explain the conditions obtaining in Western Australia. Those half-a-dozen men would explain to the people there why it was necessary for Western Australia to receive more than we were offered under the agreement, and why the people of the Eastern States themselves should receive less. That was the only way in which he suggested something could be done to secure an improvement upon the Financial Agreement.

Hon. J. J. Holmes: They gave us the disabilities grant without the necessity for any delegates being sent across.

The HONORARY MINISTER: There is one other point that I want to deal with at this stage and that is the period of the agreement. We have been asked as to why it was necessary to enter into an agreement covering such a long period as 58 years. Some hon. members consider that 10 years, or 15 years at the most, would be quite long enough. I assume the reason that they consider 15 years ample is that at the end of

that period they reckon the agreement will work against Western Australia.

Hon. J. Ewing: It will do that long before then.

Hon. J. J. Holmes: Mr. Glasheen, who supports the Bill, said it would break down of its own rottenness in 10 years' time.

The HONORARY MINISTER: It is a fact, of course, that the Commonwealth are taking over the debts of the State.

Hon. J. J. Holmes: They have not done so yet.

The HONORARY MINISTER: They will do so.

Hon. J. Nicholson: They are not taking them over altogether.

The HONORARY MINISTER: In arriving at the sinking fund provisions that will be necessary to liquidate the debts, it is essential that there shall be some basis to go on. I am given to understand that the period of 58 years was arrived at after an examination of the details of the position from an actuarial standpoint. That being so, we cannot complain. Surely if the Commonwealth assume the responsibility for the whole of our debts, we must take that into consideration, when we contemplate the amount of money that may be available to Western Australia as the result of the agreement.

Hon. G. W. Miles: Do we not give them an indemnity?

The HONORARY MINISTER: I do not know of any indemnity.

Hon. G. W. Miles: What about the last clause of the agreement?

The HONORARY MINISTER: If we take the agreement as a whole, without quoting a particular point in it without reference to the other clauses of the agreement, then, in my opinion, there is nothing wrong with the period of 58 years. I fail to see how it would be possible to have a fair agreement for a shorter period than that unless we were prepared to increase the contributions to the sinking fund to an amount considerably in excess of that provided for in the agreement.

Hon. H. J. Velland: According to Mr. Glasheen, you will have to repudiate the agreement at the end of 10 years.

The HONORARY MINISTER: We can appreciate the arguments submitted by Mr. Lovekin. It is unquestionable that he has spent much time in going very thoroughly into the position, particularly from the legal point of view. If there is anything in the

arguments submitted by Mr. Lovekin from that standpoint, how is it that action has not been taken long before this? There have been growls from the various States for many years, but so far as I know there has been no attempt to prove the points raised by Mr. Lovekin. He was perfectly justified in raising them and the House is indebted to Mr. Lovekin for the trouble he went to in that direction. He certainly raised most interesting points, but, so far as I can understand them, I fail to see that they have any bearing, because I honestly believe that the Commonwealth Government have at all times acted within their rights in accordance with the Constitution. If that is so, then we have no cause to complain. If Mr. Lovekin can show it has been proved legally that the Commonwealth have not acted within their rights under the Constitution, it is a different matter.

Hon. J. Cornell: That is a question for the State to raise, not an individual.

The HONORARY MINISTER: Over many years there have been complaints from various States, but so far as I am aware, no State has endeavoured to prove any of the points raised by Mr. Lovekin.

Hon. J. J. Holmes: If you did prove them, the Commonwealth could get over the difficulty.

The HONORARY MINISTER: Then we would still be in the same position. In my opinion, the Commonwealth Government have done nothing but what they are entitled to do, but apart from that, we have to recognise the fact that to a certain extent we are entirely in the hands of the Commonwealth Government. Mr. Lovekin also provided certain figures that to me were particularly interesting. They simply demonstrated the old saying that anything can be proved with figures. One table he supplied showing the amount which would be received by the various States when each State had doubled its population, was particularly interesting. It showed how the distribution of the money would affect the various States at given periods. Unfortunately, Mr. Lovekin did not show the particular dates affecting those figures in the tabulated list he supplied to members.

Hon. J. Ewing: Your argument might apply to this agreement—figures can prove anything.

The HONORARY MINISTER: I do not think so. Mr. Miles, in his concluding re-

marks, advised the House to hold up the Bill until something better could be obtained for this State. There might be logic in an argument of that kind, but when we have the statement of the Premier that it is impossible to get anything better by means of negotiation; when we have the statement of the Prime Minister, who was here quite recently, that if the Bill is rejected by this Chamber, the probabilities are that we shall not get anything like so favourable an agreement; when we remember that the finances of the Commonwealth to-day are quite different from what they were when the agreement was negotiated, and when we remember that the Premiers of the other States have satisfied themselves that the agreement is in the best interests of the States and the Commonwealth, I fail to see any reason for holding up the agreement in the hope of getting something better for this State. If I could see any chance, by negotiating again, of securing what might be considered a more equitable distribution of the money to be made available, I might be prepared to say there was something in the argument.

Hon. J. Ewing: Your's is a gospel of despair.

The HONORARY MINISTER: I fail to see any hope in that direction. It seems to me that the Premiers of the other States have adopted the attitude that, when they signed the agreement they believed they were getting as much as it was possible for them to secure, but since then, further examination has led them to the belief that Western Australia is getting a little more than they thought she was getting, or a little fairer deal—if I may put it in that way—than she is entitled to. In the circumstances, if we had another conference of Premiers, how could we expect to obtain any improvement on this agreement?

Hon. J. J. Holmes: Did Mr. Lang sign the agreement?

The HONORARY MINISTER: I believe he did.

Hon. J. J. Holmes: Did he support it subsequently?

Hon. G. W. Miles: No.

The HONORARY MINISTER: Mr. Nicholson, when speaking against the Bill, said he thought that if the Chief Secretary had been putting the case against the Bill, he would have done much better. I should like to know what right any member has to infer that a supporter of this Bill could

adduce stronger arguments against it. I was hopeful that as a result of that remark, Mr. Nicholson would have mentioned some strong arguments that might have been used and were not used. Certainly the stronger arguments, if they do exist, have not been used in this Chamber, and my reading shows they have not been used elsewhere.

Hon. J. R. Brown: He was talking shop all the time.

The HONORARY MINISTER: The question of migration was also raised. It is an interesting fact that there will be a huge expenditure of money in Western Australia during the next year or two, but I can very well leave that phase of the question, together with the other technical matters affecting the working of the agreement, to the Chief Secretary when he replies to the debate. I have considered this question from every angle. While it has been reported that we supporters of the Government are viewing the measure from a party point of view, I want to say definitely that it has been declared a non-party measure by our party and that every member of the Labour Party is free to vote on it just as he thinks fit. That has been exemplified by the proceedings in another place. On my part I have given the question all possible consideration. I have listened attentively to the whole of the speeches against the Bill, and I have come to the conclusion that there has not been one logical argument put forward to convince me that I would be doing the right thing if I voted against what has already been accepted by the rest of the Parliaments of Australia. I shall, therefore, vote for the second reading.

HON. H. J. YELLAND (East) [9.23]: I would much rather have cast a vote on the Bill without trespassing further on the time of the House, but I do not think it advisable that any member should give a silent vote on the matter. I will therefore promise to be very brief in my remarks and just make one or two observations in opposition to the Bill. I oppose the measure mainly because I consider it is not a satisfactory agreement from the Western Australian point of view. I take second place to no one in my adherence to the Empire and as an Imperialist, but I feel that the best way to assist the Empire is to do the best we can for that portion of the Empire in which we happen to be located, that is to do the work that lies nearest and at hand and to do

it thoroughly and well for the advancement of that particular portion because, as it advances, so must the Commonwealth and eventually the Empire advance. I do not intend to follow the legal lines taken by Mr. Lovekin so ably, or even to have anything to say regarding the enunciation on sinking funds so ably dealt with by Mr. Holmes. We were told by Mr. Bruce at Northam on Saturday night that the agreement before the House had either to be accepted or rejected. In other words, we have had a pistol placed at our heads and told that if we do not accept what he and the Premiers of the other States, together with our own Premier, have agreed to, we must go without anything at all. So long as the spirit of the Commonwealth Constitution lasts, we are justified in looking the Prime Minister in the face and treating his threat with the scorn it deserves. I cannot think of any person who is going to sink his individuality sufficiently at the behest of anyone, be he Prime Minister of Australia or of Great Britain, to be told how he shall cast his vote or what he shall do. I for one have been very much perturbed that men of the calibre of some members of this House have not had the courage to stand by their own convictions, but are prepared to cast their votes against their convictions and virtually prove traitors to their convictions.

The PRESIDENT: Order! The hon. member must withdraw that statement.

Hon. H. J. YELLAND: If it is wrong, I withdraw it. I certainly regret that I should have transgressed, but I do not intend to commit the transgression myself. At the same time I regret that we are not having a vote cast in accordance with the dictates of members' consciences.

Member: How can you say that?

The PRESIDENT: Order! The hon. member cannot make a statement that reflects on any member of this House or on any vote proposed to be given in this Chamber. He must withdraw that statement.

Hon. H. J. YELLAND: I am sorry; I withdraw. I now come to a question that has not been raised by any member in this House, namely, why this matter has been referred to the various State Parliaments. It naturally means, when an agreement is referred to a State Parliament, that we are justified in accepting or rejecting it, without any consideration for what has been done in other parts of the Commonwealth. If we were told that we must pass this

Bill because it has already been ratified in other parts of the Commonwealth, it will be waste of time to have it referred to us at all. Surely, if the Bill is not acceptable to Western Australia, it is the duty of this Parliament to reject it. For that reason, and considering that it is not in the best interests of Western Australia, I for one am going to raise my voice in opposition to the measure.

Hon. C. B. Williams: A majority of the people's representatives say it is acceptable.

Hon. H. J. YELLAND: The argument has been advanced that the other States have already accepted it and, therefore, we, too, should accept it. The hon. member who has interjected said that the majority of the States have accepted it. That does not mean that a person must sink his individuality and refrain from voicing his own opinion. I believe in the old saying that has been handed down to us by Shakespeare, "To thine own self be true, and it must follow as the night the day, thou canst not then be false to any man." Whether it be the individual or individuals speaking collectively, if people will but be true to their own conscience, they will then stand or fall by the dictates of that conscience. When the Prime Minister was in Perth recently he told us that an agreement had been reached after various conferences amongst the Premiers of the different States. I am reminded of a little story I heard of a boy going to a secondary school for the first time. At the end of the first term, his report bore the significant word "Trier." At the end of the second term it bore the words, "Still trying." At the close of the third term the significant remark at the end of the report was, "Still very trying." It seems to me that whilst the Federal Government have been trying to give us an agreement that will be acceptable to all the States, they have given us one that is not at all satisfactory to Western Australia. Mr. Bruce is emphatic on the point that the per capita payments are abolished and are not likely to be reinstated, and yet we have the statement that if the present Government should be replaced, the per capita payments are likely to be reinstated.

Hon. J. R. Brown: Who gave you that?

Hon. H. J. YELLAND: I have not made a definite statement on the point.

Hon. J. J. Holmes: The Leader of the Federal Labour Party.

Hon. G. Fraser: Mr. Holmes is not the agent for the Labour Party.

Hon. H. J. YELLAND: I only assume that this is possible.

Hon. G. Fraser: That is not what you said.

Hon. H. J. YELLAND: I assume it is possible that the per capita payments may be reinstated if there is a change of Government. There is no reason why we should not insist that the  $7\frac{1}{2}$  million pounds should, as suggested by Mr. Holmes, be distributed on the per capita basis. The Honorary Minister has told us that the Premier found it impossible to get better terms than he was able to secure under the Bill. The Premier also said, by way of interjection in another place, that Victoria refused to accept any method of distribution other than that laid down in the agreement. If that is so, the Premier admits that he is prepared to submit to the dictation of Victoria. I want to show why it is that Victoria takes up this stand, by making certain comparisons between that State and this one. We have recently seen published in the "West Australian" the report of the statistical registrar. This shows that the present population of Victoria is 1,748,610, and that the total increase for the year ended 31st March last over the previous year was 27,512.

Hon. J. Ewing: What percentage is that?

Hon. H. J. YELLAND: A percentage increase of 1.57. Western Australia during the same period, on a population of 395,851 showed a total increase, natural and through migration, of 14,381, an average percentage increase of 3.63.

Hon. J. Ewing: More than that.

Hon. H. J. YELLAND: That is the average. The ratio of population between Victoria and Western Australia is 4.41 to one. In other words, the population of Victoria is 4.41 times that of Western Australia. The ratio of increase in population is in the proportion of one to 1.91. This means that Western Australia has increased by very nearly double the rate at which Victoria has increased, for the rate of increase in Western Australia was 1.91 times that of Victoria. Victoria is at the peak of her prosperity and development. From now on her progress will slow down as compared with that of Western Australia. Hence, her great opportunity to make a bargain that would last for a number of years, when she

is not likely to progress with the same rapidity as is the case with this State. In other words, Victoria is prepared to make a bargain suitable to herself before the other States are able to overtake her. If we take this rate of increase, we find that it will be 63 years before Victoria doubles her population, whereas Western Australia will do so in 27 years. That would be somewhat reduced in each case if we were to calculate on compound interest, but I am taking the simple percentage increase.

Hon. G. Fraser: Are you prepared to base your opinion on one year alone?

Hon. H. J. YELLAND: I am taking the year under review as a normal one. In 25 years, Western Australia will have doubled its population, and Victoria, which has been increasing at a rate 2 per cent. less than Western Australia, would be at a distinct disadvantage as compared with this State had these per capita payments been continued. Let us assume that the per capita payments were being made in 25 years' time, when Western Australia would have increased its population by 100 per cent. The  $7\frac{1}{2}$  million pounds that it is proposed to distribute, calculated at 25s. per head, would, when Western Australia had doubled her population, result in Victoria being placed at a disadvantage to the tune of £606,440 a year in the 25th year. If we reverse the position, giving Victoria its 25s. per head of the population, there would, in 25 years, be a great increase for Western Australia. It is no wonder that Victoria has objected to the continuation of the per capita payments, because of the extent to which the payments in her case would be likely to decline in comparison with the rest of Australia.

Hon. J. Ewing: Distribution is the main thing.

Hon. H. J. YELLAND: Yes. If it is possible for some of the Eastern States to secure a hard and fast bargain, to last over a number of years, they will secure themselves against the progress of the other States. I will now take a few more statistics that have not yet been touched upon. We do a great trade with the Eastern States. It appears from the statistical returns that have recently been published that during the last nine months innumerable classes of goods have come to this State from other parts of the Commonwealth. I have selected two of these to show how the Eastern States have been progressing at the expense of Western

Australia. Let me take tobacco. No tobacco worth speaking of is grown in Australia, and yet we see from the statistical returns that tobacco of Australian origin has come into Western Australia from the Eastern States during the nine months in question to a value of £504,889. That which arrived from the Eastern States, of overseas origin was valued at £4,713. That means that raw material introduced to the other States and made up there, prior to being sent here, represents a cost of £504,889. Let me take the textiles, etc., which are all put into one column in this return. These include articles made up in the Eastern States, probably from material grown elsewhere, or representing material that is landed in the Eastern States and sent on to us. The amount in question in this case is £1,214,771. That of oversea origin, received in the Eastern States and sent on to us without any handling except transport charges, is valued at £131,143. I have taken the trouble to calculate the cost of unmanufactured tobacco introduced into Western Australia to ascertain what have been the profits derived by the Eastern States. I find that in the case of unmanufactured tobacco, the charge is 1s. 6d. per lb. f.o.b. at foreign ports, while the manufactured article sold in Western Australia from Eastern Australia is valued at 6s. 10¾d. per lb. These goods are imported by the Eastern States. The Customs duties and freights are paid there. The materials are made up there, and the profits are retained there, but all these charges, plus two lots of freight, are passed on to us in Western Australia. We have no manufacturing industries, and have no prospect of advancing our secondary industries, and yet we must have thrust upon us an agreement that will be beneficial to the Eastern States and detrimental to us. The people over there do not worry about Western Australia. All I am asking for is an agreement that will give us the same per capita advantage as is enjoyed by the other States. I am not asking for any fixed amount per capita. If the sum in question were distributed on this basis, it would mean a distinct advantage to us in the years to come, but to-day it is proposed to sacrifice the advantage.

Hon. Sir William Lathlain: Would it not be better to start a tobacco factory here?

Hon. G. W. Miles: What has that to do with the basis of distribution?

Hon. H. J. YELLAND: The Customs and Excise duties collected from Western Australia during the last nine months amount approximately to £2,000,000, and, if that calculated out to a 12 months' period, we find that the amount represented is £2,660,000 odd. That is the Customs and Excise received in Western Australia, and we are getting practically nothing in return for it. I regret that I have not had the opportunity to bring with me an extract from a pamphlet recently published by Dr. Earle Page, which he points out emphatically that himself is a staunch unificationist. While I do not wish to digress upon that particular line this evening, I may mention that, with Mr. Holmes and others, I can see a drift towards unification in this agreement. I endorse what other members have had to say in that respect, and in view of the lateness of the hour do not propose to follow the line of reasoning further. Indeed, I do not consider it necessary to labour the subject further. I merely reiterate that my chief reason for opposing the Bill is that I think Western Australia should have received better terms at the hands of the Eastern States and that the Commonwealth could have given a much fairer distribution than is suggested in the Bill. I oppose the passage of this measure, and if necessary will give my support to some of the amendments which have been suggested by hon. members.

On motion by the Chief Secretary, debate adjourned.

*House adjourned at 9.48 p.m.*