

Legislative Assembly.

Wednesday, 6th September, 1944.

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

QUESTIONS (2).

POLICE DEPARTMENT.

As to Accommodation for Staff.

Mr. GRAHAM asked the Minister representing the Minister for Police:

(1) Is he aware of the deplorable accommodation provided for the members of the Police Department in Perth?

(2) Is he aware of the fact that the staff of the Fingerprint Bureau and Police Studio, comprised of police, civil servants and cadets, have, in addition to suffering the deplorable accommodation, to work under conditions most injurious to health?

(3) Is he aware that—

(a) Most of the staff of eleven are seldom free of colds?

(b) That two senior members have had serious illnesses as a result of a series of colds and that girls who have not previously suffered from colds have scarcely been free of one since being transferred to the Fingerprint Bureau?

(c) That in a ten-week period, from 1/6/44 to 7/8/44, of eleven members of the staff seven were absent from duty for varying periods owing to pleurisy, influenza or colds—the total time lost being fifty-three days?

(4) Is he aware that the cause of this state of affairs, affecting the health of the staff, is the draughts which sweep through the building, and that, except for the covering of a bar grill door leading to the lock-up and the erection of a low partition in the office, no attempt has been made to improve matters?

(5) Is he aware that—

(a) There is only one window in the fingerprint filing room, and that, during the afternoon, all blinds must be drawn as the sun shines directly on to the tables?

(b) That four men have to do the most exacting work of classifying and searching fingerprints which causes eye-strain even when done under ideal conditions?

(c) That three officers were granted permission to visit an eye-specialist on the recommendation of the Police Medical Officer and daylight globes were installed in the table lamps, but no effort was made to remove the real cause of the trouble?

(6) Is he aware that extreme dissatisfaction exists among the staff, but, as they are all in a declared "essential service" they can do nothing about it and they are told that nothing can be done for the duration of the war?

(7) Does he consider that the manpower position is so acute that the health of eleven people engaged in an essential service must be sacrificed?

(8) What action does he intend to take to remedy the position and protect the health of those police officers and civil servants?

The MINISTER FOR THE NORTH-WEST replied:

(1) The accommodation is not deplorable, but when funds are available for general building purposes additional accommodation for the Fingerprint Bureau will be considered in conjunction with other Government requirements.

(2) No.

(3) (a) No—not more so than other members of the general staff. (b) No. (c) Certain members of the bureau were absent from duty with various minor illnesses, but not more so than is general throughout the whole staff.

(4) No.

(5) (a) Yes—it is not uncommon for a room to have only one window. (b) Eye strain is not peculiar to fingerprint work, and the conditions under which the staff work are not considered objectionable. (c) Yes.

(6) No.

(7) No.

(8) See answer to No. 1.

ALBERTA ELECTION.

As to Province's Financial Practice.

Mr. NORTH asked the Premier:

(1) Has he seen the returns at the recent Alberta Province election, wherein the Social Credit Government was elected for the third time and obtained 51 seats out of 57?

(2) Is the Government in possession of any data showing where and how this Government differs from orthodox financial practice?

(3) If not, will he arrange for the Treasury to get in touch with the Treasury at Edmonton to obtain full particulars of their experiments?

The PREMIER replied:

(1) No.

(2) No.

(3) Yes.

MOTION—COMMONWEALTH AND STATE RELATIONSHIPS.

As to All-Party Australia-wide Conference.

MR. WATTS (Katanning) [4.33]: I move—

In consequence of the facts—

(1) That no action has yet been taken pursuant to the resolution of this House passed on the 29th September, 1943, asking for reform in the financial relations between the Commonwealth and the States; and

(2) That the present form of Section 92 of the Australian Constitution raises the gravest doubts as to the valid effectuation of post-war schemes of organised marketing of export primary products which, under majority grower control, are desirable, and as no effort has been made to overcome the limitations imposed by this section since the rejected amendment in the year 1937,

this House is of the opinion that it is desirable that an all-party Australia-wide conference, equally representative of all States, should discuss these matters in the light of the most expert advice with a view to suggesting solutions of these two problems.

That this resolution be conveyed to the Prime Minister by the Premier on behalf of the Government of this State.

In moving the motion standing in my name with regard to the Federal and State financial relationships and Section 92 of the Commonwealth Constitution, I wish, in regard to the former, to remind the House

of the resolution which was carried on the 29th September of last year. The motion, as agreed to, was not in the exact form it was moved but in a form acceptable to the House after having been amended by the Premier. That motion read—

That this House is of the opinion—

(1) That there is urgent need for consideration of radical reform at the termination of the present war in the financial relations between the Commonwealth and the States, and expresses its opinion that no financial relations between the Commonwealth and the States can be satisfactory that do not frankly take into account the different economic positions of the several States and provide for a systematic review from time to time of any scale of payments.

(2) That at the termination of the present war means should be found to restore to the States the right to impose income taxation either generally or in defined limits, whilst at the same time not imposing on the taxpayers the necessity of providing two different returns and complying with two differing laws.

The balance of the motion had reference to the desirability of a conference between the State and Commonwealth authorities with regard to this matter. We have not had in the meantime any result from that resolution, and I think that the present is particularly suitable for the question to be revived and possibly put forward in a more forceful manner than was perhaps practicable at the time it was previously dealt with.

The Premier: Did not the resolution say that it should be done after the present war ceases?

Mr. WATTS: No. In paragraph (3) it said—

That a conference between representatives of the Commonwealth and State Parliaments, including both Government and Opposition members, should be arranged at a reasonably early date to consider such reforms.

There was some discussion during the debate as to whether those words "at a reasonably early date" should not be replaced with "after the war," but the Premier did not press for an amendment directed along those lines because it had been indicated that there was nothing in the motion that necessitated an immediate conference being called. I was about to say that there are two reasons why the matter might now be more reasonably pressed. One is that the recent Referendum has been disposed of by

the electors of Australia, and the other is that it is quite clear that the war situation is developing in such a way that there is a more reasonable prospect now of being able to see the end of hostilities and that the termination of those hostilities may come—not immediately, of course—rather more quickly than at this earlier time appeared to be likely. When this matter was discussed by Parliament last year, the member for Guildford-Midland, who I regret is not present at the moment, made a speech in opposition to it which, although I did not express my approval of it at the time because I did not endorse his remarks at that juncture, I am prepared to admit now had a certain amount of logic in it. During the course of his remarks the member for Guildford-Midland said—

I want an appeal made to the people and do not want that appeal limited by any motion such as this. Our scope in this matter should not be circumscribed. I want a free expression of opinion. I do not want people to say to me when the referendum campaign starts, "You agreed to this in the State Parliament; you carried this motion." There must be nothing to hamper the free expression of opinion when the time comes.

He then went on to say later in his speech—

Let us wait until the Federal authorities appeal to the people. Do not let it be said that we had anticipated anything by this motion.

The reason for that statement by the member for Guildford-Midland apparently was this—

We must see to it that we frame our policy along right lines and give the necessary authority to the Central Government that controls banking and controls the purse. We gave the Commonwealth Parliament control over the purse against my desire. In 1928 I warned the people that we would arrive at this stage—

The hon. member was there referring, of course, to the Financial Agreement that at present exists between the Commonwealth and the State—

—but a majority of members of this Parliament adopted the 1928 agreement which enabled the Federal authorities to take the first step to impoverish the States and centre the control of finance in Canberra.

Using that argument with, as I have mentioned, a certain amount of logic, the member for Guildford-Midland proceeded to urge that it would be better to leave the question of Commonwealth and State financial relationships to the forthcoming Referendum, respecting which at that time he did

not know what the contents of the questions before the people would be, and in consequence it was from that point of view that he opposed the motion at that time. The hon. member has had his wish and the electors of Australia have dealt in their own way, rightly or wrongly but according to their point of view as individuals, with the question of the Referendum, and they have decided that they do not want it. So we come back to the position that we have to recognise the substantial obligations and responsibilities of the State Parliaments and recognise that the people of Australia as a whole have taken up the attitude, with which I personally entirely agree, that the State Parliaments have their proper place in the scheme of affairs and that they are not historical accidents, by which term I believe they have been referred to by at least one member of this House.

In these circumstances it is high time that we set to work to rectify the present situation. Nearer and nearer as the years have gone by have we come to the situation where the State Governments, however excellent or bad they may be, have been obliged to go to the Commonwealth—I believe I am correct in using a phrase used by the member for Boulder some years ago—as mendicants upon the Federal doorstep. That is a state of affairs which, in view of the decision of the electors on the 19th August last, should not be allowed to continue one moment longer than is absolutely unavoidable, and it seems to me that all parties in this House should at this stage desire to put a period to it.

It is not easy to re-establish a position that one has lost. We recognise, as certain armies in Europe are today obliged to recognise, that being upon the defensive is not the best position to be in. It is far better, especially when one has the force and strength behind one, to be on the offensive. The States, as I see the position, have been placed in the unfortunate position of being thrown upon the defensive, and in my view it is high time that they took up a more offensive attitude in order that they might make a combined and resolute effort to recover some of the ground they have lost so that they might take, as was desired by the electors of Australia, their proper place in the scheme of affairs.

For example, we have at the moment uniform taxation which it is understood will

not operate for a longer period than 12 months after the war. I believe we have also an undertaking that after the lapse of that time the question of uniform taxation will not exist and that this taxation right will be restored to us. I am assuming, as I stated in my speech on this subject a year ago, that undertaking will be honoured. I have no reason to doubt that it will be. But we must not overlook the fact that the obligations of the Commonwealth as a Commonwealth in respect of the debts accrued during the war period and quite irrespective of those accrued before will be decidedly substantial, even if some action is taken, as I believe some action should be taken, to fund them at a rate of interest that will be within the capacity of the nation to pay. Some action along those lines was enunciated by the member for Murchison a few days ago and is, I am convinced, necessary. Exactly what action should be taken is a much more difficult question and rather beyond me at this stage, but we have to realise that the obligations of the Commonwealth will be more substantial than they were before the war commenced.

In consequence, the question of taxation is slowly becoming more and more involved. The question of what limit, if any, should be placed upon the right of the States to tax, particularly in regard to income, is a debatable point. If we are to go back where we were, without any regulation or arrangement regarding our respective rights in taxation, it would apparently be possible for a Commonwealth Government, without any alteration of the Constitution, to take unto itself the right to impose taxation at such a high figure that the State Government would be compelled to impose either no taxation at all, or taxation so ridiculously small that it would not meet the ordinary functions of government, let alone allow for any development. So I consider the whole question is one that ought to be faced in a resolute manner.

The Premier: The High Court ruled that the Commonwealth has the power. There is no question of its not having the power.

Mr. WATTS: Yes, but a Commonwealth Government might take it into its head that it would, while dispensing with uniform taxation, impose Commonwealth taxation so high that it would be impossible for a State Treasurer to do anything about

it, and this might come about without any agreement for a return to the State of a fixed amount out of the taxation so collected, which arrangement we have at present. I do not suggest for a moment that the present or any other particular Commonwealth Government would do that sort of thing, but so many extraordinary things have been done starting from the imposition of Customs duties upon the property of the State on the basis that it was not a tax on State property but was a duty on the act of importation, and so many side-tracks have been utilised to overcome the general idea of the layman as to what the Constitution means that we have always to bear in mind and even anticipate difficulties that might arise unless we take the right action to ensure that they do not arise. With a desire to do that and with a desire to assist, so far as I can, the Treasurer of the State, whoever he might be, in being able to carry on successfully, and with a measure of control over his own finance, the functions of the State Government, I suggest that we should now make this an urgent matter for reference to the Commonwealth. For the time being, that disposes of my ideas on the first part of my motion.

The second part of my motion has reference to Section 92 of the Commonwealth Constitution. Separated from unnecessary words, the section provides that trade, commerce and intercourse between the States shall be absolutely free. It is difficult perhaps to explain the exact effect on all aspects of government of free interstate intercourse. There has been a number of decisions given by courts, particularly that given by the Privy Council in 1936 in the James case, which I think have led to this result, that no legislation, either of the Commonwealth or of the States, can interfere with the right of any individual to do what he likes with that which is his property in respect of its movement, transport or sale as from one State to another. Then in consequence of that, as I understand the position, it was rendered almost impracticable, if not quite impracticable, for schemes, for example, of organised collective marketing of our primary products to be put into operation.

It amounts to this: If we pass legislation saying that the whole of a given primary product shall pass into the hands of some authority appointed by a Govern-

ment, either State or Commonwealth, that no person the owner of any part of such primary product shall deal with it other than through that instrumentality; and that if any person who owns that product says, "I am going to send this to South Australia for sale," or if another person says, "I am going to bring in some of that product from South Australia for purchase," in the present state of the law as contained in Section 92, apparently there is no-one to stop the proposed action. I have here a very lengthy judgment which was given by the Law Lords of the Privy Council in the year 1936 in what is known as the James case, which judgment dealt with the validity or otherwise of the dried fruit marketing laws which were in operation in Australia prior to that time.

Taking up an attitude on the lines that I have just indicated, Mr. James, a South Australian gentleman concerned in dried fruits, decided that he was not going to comply with the restrictions placed upon Australian transport in regard to the dried fruits in which he was interested. Eventually, in order to bring the matter to finality, the case was taken to the Law Lords of the Privy Council, who in a very lengthy judgment set out the reasons for the concluding paragraphs of that judgment in a manner which is easy to understand, if one takes sufficient time and trouble, after reading the whole of their judgment. But I think it is sufficient for my purpose to read what are practically the concluding paragraphs of that judgment, in which the Law Lords use these words —

The conclusion of the matter is that in their Lordships' judgment Section 92 applies to the Commonwealth, and, that being so, the Dried Fruits Act and Regulations should be declared invalid as contravening Section 92.

The result is that in their Lordships' judgment the Commonwealth should be held to have failed in its attempt by the methods under the Act in question to control prices and establish a marketing system, even though the Commonwealth Government are satisfied that such a policy is in the best interests of the Australian people. Such a result cannot fail to cause regrets.

That is plain and categorical enough, and since that time there has been found no way of overcoming this strange and peculiar problem. I now turn to suggested attempts to overcome it. In 1942, when the Rt. Hon. the Federal Attorney General introduced his first plan for the amendment of the Commonwealth Constitution, he did

provide therein that Section 92 should not apply to the proposals in regard to organised marketing and price control. That Bill, as everybody knows—and I state it as a fact—was withdrawn by the hon. gentleman and for it he substituted another Bill, which also contained a similar provision in regard to Section 92. That proposal was withdrawn or abandoned, and a committee of Premiers, with Dr. Evatt, drew up certain proposals for an Act of reference.

Of course no Act of reference by the States could amend Section 92 of the Commonwealth Constitution. Therefore I do not complain that no attempt was made in that particular measure to amend Section 92; for I readily realise that it was legally impracticable. The effort was found, in the long run, to have failed in its design; and a new Bill was finally brought down to the Commonwealth Parliament upon which the subsequent Referendum was based. That Bill, however, made no provision for any amendment of Section 92; and I therefore have no hesitation in saying that its proposals, had they become the law of this country, in regard to marketing of commodities and in regard to price control, would almost certainly have been subject to invalidity on the ground that Section 92, according to the judgment of the Privy Council, prevented them from being given effect to, in the manner which was intended or at least desired. I do not propose to utilise such small knowledge as I have in regard to this matter by way of convincing members of this House.

I propose to draw upon the research which has been given to the matter by persons whom I believe, from certain arguments I have had with them in the past, to be far better qualified than I to judge of these particular matters. I refer in the first instance to the Commonwealth Attorney General, Dr. Evatt. In 1942, when he introduced the first of the Bills to which I have made reference, he was at some pains to prepare a book of which I have a copy here, entitled "Post-War Reconstruction: The Case for Greater Commonwealth Powers"; and, underneath, "Prepared by and under the direction of the Attorney General of the Commonwealth of Australia, the Rt. Hon. H. V. Evatt, K.C., M.P., LL.D., Attorney-General of the Commonwealth." In this interesting book the Common-

wealth Attorney General asked himself, and answered, quite a number of questions. Question 78 asks—

What kind of interference is it necessary to guard against?

I should say, at this stage, he was dealing with Constitutional problems and the effect of certain proposals of this Bill. His answer to the question was—

Some provision is obviously necessary to free the Parliament from the restrictions imposed on the Parliament by Section 92 of the Commonwealth Constitution, the full effect of which cannot yet be regarded as finally settled, but which stands as a perpetual menace to any scheme of compulsory marketing of primary products.

The use of the word "perpetual" is interesting, because it contains no limitation as to time. As long as Section 92 exists in its present form, so long will this menace continue. In consequence, when one was faced with the Referendum proposal without any amendment to Section 92, one wondered what had happened to the perpetuity of this menace, but one only discovered that that menace still remained. That is a statement to which the House should pay particular attention, because it was made at a time when there was a proposal in the Bill, with which the hon. gentleman was dealing, to qualify the effect of Section 92 upon the organised marketing and price control power which it was then sought to obtain. It was obviously made at a time when it was desired to explain to the Australian people the absolute necessity for some alteration to this proposal. We now go further along the road and come to the time—a few days later—when the Federal Attorney General was dealing with the proposed Act of reference which was to be brought before the State Parliaments. At page 170 of the record on that subject he says—

The provision in the draft Bill extends the power of the Commonwealth to intra-State dealings;—

Those would be dealings within the States.

—but of course it does not overcome the difficulty due to Section 92. That can only be dealt with by an amendment of the Constitution.

Later on, Mr. Baker, the Leader of the Opposition in Tasmania, asked the Federal Attorney General—

Will it be simply six State marketing schemes covered by one Commonwealth statute?

Dr. Evatt replied—

Yes, it might. . . . It is not possible have a compulsory quota scheme for interstate trade or a prohibition of interstate trade.

So, again, on the say-so of the hon. gentleman, we come a little further along the road as to the need for an alteration to Section 92 of the Australian Constitution to enable such things as are desirable in this regard to be done. Later, in 1944, when the Commonwealth Parliament was considering the Bill which later was submitted to the people of Australia, there was a great deal of debate as to the effect of Section 92 upon the Australian Constitution and the question of organised marketing and price control. We find Dr. Evatt referring to this matter on very many occasions. He got himself into a great many arguments with various members of the Commonwealth Parliament but everywhere as he went through his arguments he kept on remarking that there was no amendment to Section 92, although it would be desirable to have one. He said we have not got one there because we are simply dealing with what was decided upon by the Premiers' Committee. As I said earlier, the Premiers' Committee could not overcome this problem in any State referendum. On the 23rd February, 1944, at page 451 of the Federal "Hansard," the Leader of the Opposition (Mr. Menzies) had this to say on the matter—

Then, Section 92 would, so to speak, pop up and say, "That is very well; but you cannot touch the interstate transaction except in a very limited fashion, so your scheme has a crack in it and will ultimately break up and disappear." I recall that matter, not only because I want to point out that, subject to Section 92, the interstate trade and commerce power is a very great one, but also because oddly enough, I am not able to find in this Bill any proposal for the amendment of Section 92.

Dr. Evatt: The right honourable gentleman means that it is not there?

Mr. Menzies: It is not there.

Dr. Evatt: That is correct.

Mr. Menzies: In other words, Section 92 is to remain unamended.

Dr. Evatt: All the powers will be subject to the existing constitutional restrictions, including those contained in Section 92.

So, on the 15th and 16th March last year or thereabouts we still find ourselves in the unfortunate position that Section 92 of the Constitution remains this perpetual menace to which I have referred. Later on the Rural Reconstruction Commission also gave

consideration to this question. I am not going to read all the Commission said on the subject; suffice it to say that the Commission agreed that the difficulty of Section 92 in regard to desirable schemes of collective or organised marketing was continually in existence and could not be overcome without some amendment to the Constitution. Right through the piece we find this difficulty is arising and there has been, as yet, no concise or determined effort to amend it, with one exception. That one exception was in 1937, when the Commonwealth Government, then under the control of Mr. Lyons as Prime Minister, brought down an amendment to the effect that Section 92 should not apply to schemes for organised marketing of primary products. That matter was submitted, along with the second and separate question regarding control of aviation, to the people of Australia. It was defeated in every State of the Commonwealth, along with the aviation proposal, by majorities which I suppose have never been greater in any referendum in Australia. If I remember the figures aright, there was a majority of about 900,000 in opposition to the organised marketing proposal and a somewhat lesser majority against the aviation proposal. With regard to aviation, we were told immediately afterwards by the Prime Minister that its defeat would mean nothing but chaos, but I have not noticed the chaos which was to transpire.

The Premier: No. The States immediately passed legislation dealing with the subject.

Mr. WATTS: The State Governments—as it happened against the wishes of the people of the States—passed legislation which for all practical purposes achieved the same result as was intended by the referendum.

The Premier: No. The States passed temporary measures which they can withdraw at any time.

Mr. WATTS: Quite so, but for all practical purposes that legislation has achieved the same result as was intended. Everything has gone along swimmingly since and nobody has suggested that the legislation should be retracted.

The Premier: No, but the Commonwealth was unable to do many things which it might have done if it had had the power.

Mr. WATTS: That is quite right and proper. The Commonwealth cannot initiate an air service and make the position of our

Minister for Railways more hopeless than it is at present!

The Premier: That is the position. It is just as well to explain it.

Mr. WATTS: I am not opposing what was done by the Government. I was not satisfied at the time that the measure was merely a temporary one and I took up the other point of view, based on an argument elaborated in a book by one Professor Portus of, I think, the Sydney University. I do not know to this day whether the professor was not right and the other argument wrong, but I am prepared to concede that the legislation can be withdrawn; and I am not going to continue the argument indefinitely when there is nothing to be gained by doing so. But no solution has been found of the problem of organised marketing. The other day I was looking up some observations on this question by leading public men in this State, and I found one that interested me very much indeed. It was reported in "The West Australian" of the 10th March, 1937, and was stated to have been made by the hon. gentleman who sits right opposite me—Hon. J. C. Willcock, Premier of Western Australia. After dealing with the aviation proposal to which he had been opposed—

Mr. SPEAKER: I do not notice anything in the motion about aviation.

Mr. WATTS: No, there is not. That is all I wish to say in that regard. After discussing that problem the Premier dealt with the marketing proposal. In this connection the report in "The West Australian" was as follows:—

Similarly regarding marketing proposals . . . there were several alternatives suggested, but with an arrogance of overlordship, nothing would satisfy the Commonwealth except the fullest possible powers. . . . "The latter," he said, "so far as the State Government is concerned, had recognised that the position should not be allowed to remain the way it is, and the Government of this State will not only be willing, but anxious to find a satisfactory solution of any difficulties which may arise from time to time. The Government, however, feels that the solution is in the hands of the Commonwealth Government and all that is required on its part is courage and sincerity."

I am not for one moment going to say that I disagree in any great way with the Premier's observations on that occasion. The only thing about which I am not quite satisfied is whether the solution of this question of Section 92 is in the hands of the Commonwealth Government. Unless some other

way can be found around it—which I am prepared to investigate if given an opportunity at any time—I fear it is in the hands of the people of Australia and there has to be found—unless there be some other way not involving a public vote—a way of altering Section 92 that will be acceptable to a majority of the people. The proposal put forward by Mr. Lyons was acceptable to only a very small part of the electors. The proposal of Dr. Evatt was not acceptable, because there was a majority—particularly in the Eastern States—against it, and that majority totalled 350,000. Therefore, so far as I can see, a method has to be found by which this impasse, this perpetual menace, can be overcome, and it is our duty at this stage so far as we can—and our contribution can be only a small one—to make that contribution in the interests not only of our State but also of the people of Australia as a whole.

At the time of the Premier's pronouncement, a great number of other statements were made. I remember that Mr. Troy, our former Minister for Lands, was reported as having made observations somewhat similar to those of the Premier in regard to this matter. Of the Premier's remarks, the part I like best, of which I strongly approve and which I think has application to a good many subjects other than this, is in the words "all that is required is courage and sincerity." The application of those two very proper attributes to the questions involved in matters such as this would go a very long way towards finding a solution of them. I am convinced that the hon. gentleman himself meant that when he said it. I am convinced he is prepared to be one of those who will apply courage and sincerity to a problem of this kind. I have had no reason at any time to suppose that he would not do that, and so I have the strongest approval for that part of his remarks; and I am prepared, if I have any opportunity, to assist him to the best of my ability to arrive at some conclusion that will solve the difficulty which undoubtedly exists. No-one is prepared to deny the difficulty which stands as an obstacle to the legality of any process of organised marketing that it might be proposed to put into operation, and which—put shortly and pithily—stands as a perpetual menace.

There is no reason to suggest that this is not the position. And as there may

very easily be some need for this kind of scheme in some or many primary producing industries, there is occasion for us to put on our thinking caps and discover what the remedy is. If it should be found to require a further referendum and if that referendum be properly drawn up and submitted, have no doubt it will receive a greater measure of support than did the 1937 referendum. If it is put up in an unsatisfactory and delusive manner it will receive nothing but the treatment that the 1937 proposal received, and we shall find that we have again wasted our time in endeavouring to deal with this difficult situation.

The Premier: Do you not think that under the external affairs powers something could be done under the Peace Treaty?

Mr. WATTS: If it were a question of international agreement, I am inclined to think so.

The Premier: Do you not think it probably will be?

Mr. WATTS: That I am not in a position to say. But all the same, I still question the ability of the Commonwealth at the present time to enforce any scheme even under an international agreement so long as Section 92 stands in its present form. Reading the various judgments—and I have given a good deal of time to the matter in the last three weeks—it seems to me impossible under any power in the Constitution to restrict the rights of an individual to deal with his own property when it comes to a question of transportation or trade in the State. Therefore if Jones, Smith, Brown or Robinson want to send their stuff from one State to another contrary to agreements or restrictions made or placed upon them, they are going to have the right to do it. They can be the white ants in a scheme of affairs which is aimed at the carrying out of international agreements upon a collective basis.

The Premier: If all the States had the same power in regard to requisitioning property—

Mr. WATTS: There we have another problem altogether. There may be a way out other than a referendum. If there is, I am anxious to find it, but it is not going to be determined on a concrete and definite basis by any statement I can make or any statement the Premier may make. It must have a strong and considerable background of undoubted legality, and that we have to find if we can so as to be prepared to face

the courts and say, "We stand on this." In those circumstances we might have a real opportunity of getting away with it despite the vagaries of courts from time to time in involved matters of this sort. So it seems to me that an effort should now be made in regard to the two matters I have raised as they are, in my opinion, the two matters that are of prime importance. There is nothing else in my view that cannot be readily overcome if the Commonwealth on the one hand will recognise those things for which it has responsibility, and in other matters will seek and accept the co-operation of the States. I believe that if the Commonwealth will exercise its existing powers and accept full responsibility where it has those rights, and that if it is prepared where it can only work in co-operation with the States to do so, there is no problem—other than these two—which cannot be solved by the use of that courage and sincerity to which the Premier referred in 1937. But these two are, I believe, not so easily capable of being solved by that method.

On the one hand we have to go back into the history of the Commonwealth Constitution, and to the rights conferred upon the States under the Constitution in the belief that they were clearly determinable and would last for all time. They have been frittered away by subterfuge and by court judgments, and in one case by the vote of the electors, the result of which has been exercised in some respects in a rather extraordinary manner. In my view, in the stage we have reached and in the light of recent happenings, we have to find a way to get back, not just to where we were—I do not deny the necessity for precedent, for without precedent there can be no progress—but to a place which, as I said, will put the State Treasuries into the position where they can reasonably anticipate their requirements and look after the development of their own States.

The Premier: We have not much to complain about at the present time.

Mr. WATTS: No, that is admitted. The exercise of the suggestions I make is intended to be after hostilities have ceased. But, like many other things, if we wait until hostilities have ceased and then begin to think of what we are going to do we shall

find ourselves in a tough spot because in the hurry and scurry of trying to deal with a great number of problems, one of which I feel sure is on the mind of the Minister for Lands at this very moment and a great many others besides, we are likely to get into a situation which will not be as satisfactory as the present one. "In times of peace prepare for war," I think was the advice given by one statesman to his people. It may be very sound advice, but the bonafides of the British people were established by contrary practices. We can also say with equal force, "In times of war prepare for peace," especially when there is some reasonable prospect of peace coming within a measurable period. So I think it is vital that this problem should be given consideration by a conference representative equally of all the States of Australia. I do not suggest the method whereby the persons to attend that conference should be selected or elected. Let that be decided by some authority more competent than I.

The second proposition, organised marketing, is the real question of constitutional reform, or of finding means to overcome in a legal and proper manner the difficulties in the Constitution because of Section 92. The problem really requires the attention of Australia's statesmen. I venture to say that courage and sincerity together with the exercise of such statesmanship as we possess should enable the normal and proper functions of the government of this country, both of the States and the Commonwealth, to be carried on to the advantage of our people, to the best interests of our industries and with a great deal of credit to those concerned no matter on which side of politics they may happen to be at the time. So, I do ask the House to assent to this motion which, if assented to, must be despatched by the Government to the Prime Minister of the Commonwealth. In conclusion, I would say, so that I may by no manner of means be misunderstood, that in my references from time to time to the Commonwealth Government I have not referred to any specific Government, but to Commonwealth Governments as such whoever they may be and whenever they may be in office because the problems are not those associated with individual Governments, or individual political thought. They are associated with the fate of Australia and its industries for all time.

THE PREMIER: I have no great objection to the motion as it is worded except to say that when a definite proposal in regard to any particular matter is put forward, the onus is on the mover to put up responsible suggestions which will be an effective solution of the problem raised. It would appear that if this motion were sent by this House to the Commonwealth Government we should advance effective propositions which, if they were accepted, would be a solution of an admittedly very difficult problem. I must candidly admit that I am inclined to think that the motion does present a problem rather difficult of solution. With regard to the first portion of the motion I point out that the financial position of the States and the Commonwealth is different from the position which existed immediately after the depression when it was felt by all the States and the Commonwealth that the great necessity of the moment was to put the financial position of the Commonwealth into such a condition that it could meet the tremendous problem facing it. All the States and the Commonwealth agreed under the Premiers' Plan that it was necessary first to put the Commonwealth finances in proper order and condition. That was done, and finally, after a considerable amount of adjustment and the passing of the Commonwealth Grants Commission Bill and the giving effect to the recommendations of the Grants Commission's recommendations by the Commonwealth Government of the day, no matter what its political complexion, the financial position of the States was eased to a great extent.

But now the proposition is entirely different. The relationship of the States to the Commonwealth is that, almost without exception, the States are in a reasonably satisfactory financial position. The smaller States, as they are called, namely, Western Australia, South Australia and Tasmania, have their remedy in the Commonwealth Grants Commission Act and in the recommendations made by the Commonwealth Grants Commission. These recommendations have resulted in the smaller States—members know the ones I mean—being placed in relatively as good a position as the larger States, and, in addition, all the States are in a comparatively satisfactory financial position. In the case of our own State, for the last three or four years we have had a surplus. I am not going to anticipate

the Budget speech that will be brought down shortly, but I can say I do not see any reason why there should be any great departure from that position during the forthcoming year.

Mr. Watts: You would not like the same rate of expenditure to be pushed on to you at the end of the year.

The PREMIER: Not so long as the same rate of income came to the Government to enable it to deal with the expenditure.

Mr. Watts: Where are you to get the increased revenue if the Commonwealth Government imposes a mighty income tax?

The PREMIER: I have this feeling about the Commonwealth Government, that no matter what its political complexion may be it is not going deliberately to set out to make the Australian States bankrupt. If that were so, it would have a reactionary effect upon its own finances. The trouble in regard to the States before 1937 or 1938 was that they would not agree to impose a tax which would give them the amount that was required to do the job they had to do, and which the people desired them to do as Governments. This State certainly tackled the problem of taxation with vigour. Instead of raising only approximately £500,000 in income tax, this State resolutely set itself the task of raising £2,000,000 by means of taxation, because of the responsibility the Government had with regard to the development of the State and its other obligations. That has been the position until now. So long as the States have been prepared to impose taxation on themselves, and the people of the States willingly accepted the position of a fairly stiff measure of taxation to give them anything they wanted, they have got on reasonably well since.

The Commonwealth Grants Commission inquired into the financial position of the States. The Commonwealth Parliament has invariably accepted the recommendations of that Commission, and its recommendations have been such that we are today in a position that is reasonably satisfactory from the State's point of view. I do not minimise the tremendous problems that will occur in the future when the Commonwealth Government will necessarily have to find an amount for interest and sinking fund on the tremendous war debt. I agree with the Leader of the Opposition that the issue of Treasury Bills at a lower rate of interest will have to be arranged, or

some other means found so that this tremendous responsibility of the repayment of the debt and some rate of interest upon it will have to be provided for by the Commonwealth Government. That kind of thing was done during the depression, and has been done since. Whereas at the time of the depression we had Treasury bill finance which was at the rate of $5\frac{1}{2}$ or 6 per cent., in the course of the years that have passed that rate has been successively reduced down to three per cent. and two per cent., and I think the position now in regard to both State Treasury bill and Commonwealth Treasury bill finance is that the rate of interest is only $1\frac{1}{4}$ per cent.

With financial administration of that type and kind I have not much fear for the relationship between the States and the Commonwealth from the financial standpoint. Provided the States are willing to impose taxation with sufficient severity on their citizens to meet the obligations of government, there will not be much difficulty. While it may be that there is necessity for an academic discussion in regard to the financial relationship between the Commonwealth and the States I maintain that the matter is not a very urgent one. It is not something for which we ought to ease up on our war effort to deal with, especially as it may well be that we are within a few weeks, if not a few days of the end of the European war. At the moment, therefore, this is not a tremendously urgent question. In regard to the other matter referred to by the Leader of the Opposition, I do not know, and I do not think anyone else knows, what will happen concerning the relationship of the nations after the war. I think that under the external affairs powers of the Commonwealth, if an international agreement or treaty were made which necessitated certain legislation being passed by the Commonwealth Parliament to give effect to the plighted word of Australia, there would be no difficulty about ratification. Some such agreement will probably be made within the limitation of the Constitution.

Under the external affairs powers of that Constitution we possibly can arrange even for something to be done which now appears to be impossible under Section 92 of the Constitution. As I said, when we set out to ask the Commonwealth or someone else to call a conference between all the

States to deal with certain specific subjects, the least we can do is to set out some concrete proposal to deal with. I have attended numerous meetings which people have called to consider something that was not really a tangible proposition and which did not therefore get them anywhere. If anyone has a tangible proposal to place before such a conference, one in which there is the requisite amount of logic, we shall then have something concrete to deal with, and have a right to expect to get somewhere as a result. I have nothing to say against the proposal of the Leader of the Opposition as one to be discussed at the appropriate time, when we have to consider the relationship between the States and the Commonwealth and when we reach the stage of there being some cause for complaint. When it is necessary for something to be done with regard to some international agreement which has to be made, if a constructive and logical proposal were advanced I would have no objection to a request being made for a conference to be called to deal with it.

Just to say that a problem exists and that we ought to see whether we cannot overcome it, and not to put forward any constructive suggestion to remedy the difficulty, will not get us very far. I shall be pleased if this motion were not dealt with finally this afternoon. Between now and the time when the matter is again discussed by the House, the Leader of the Opposition or some other member or members who feel themselves competent to deal exhaustively with the proposal may be in a position to advance tangible and logical suggestions. By that means proposals may be advanced which will form the foundation of material for the holding of a conference. I am not opposed to the motion for I see some merit in it, but I would prefer that some constructive proposal should be advanced before it is finally dealt with. I trust that the motion will only be dealt with further when members have had time to give more consideration to it.

MR. McDONALD (West Perth): I do not propose to traverse the grounds of the motion which have been fully covered by the speech of the Leader of the Opposition, but I support the proposal he has placed before the House. No one would suggest that we should depart from anything which would lessen the war effort of the nation. The

time for relaxation is not yet. I am very much in favour of the initiative being taken by the States. It appears to have been assumed ever since we have had Federation that the initiative should come from the Commonwealth. When the Federal authorities determined that something should be done, constitutionally or otherwise, they made propositions to the States. We have ideas as to what should be done, and I think the time has arrived when the initiative might well come from the State Government or the State Parliament. I do not see why we should not put forward any proposition for the betterment of the Commonwealth Constitution. I do not see why we should not take the initiative, as a State Parliament, in asking for an interstate or Federal convention to deal with matters of urgent importance.

Although we have to conclude the war and must continue our present exertions, I am not able to accept the problems referred to by the Leader of the Opposition as in any way suitable for indefinite postponement. Dr. Evatt and the Commonwealth Government generally informed the people of Australia in no uncertain terms that stated matters affecting the position of the country in the post-war period could not wait, and they demanded, and obtained, a reference to the people in the time of war. I have certain sympathy with the view that we must be prepared to meet the situation and problems that will follow the cessation of hostilities. The two issues raised by this motion are of primary importance to all the States and particularly to Western Australia. I welcome the idea that this State should take the initiative in arranging for an examination by Commonwealth and State authorities of these two matters of outstanding importance. I agree that in these matters we will not get very far unless we are constructive, and I take it from the motion moved by the Leader of the Opposition that if the House is in agreement with the principle of holding a conference, then constructive proposals will follow.

I have no doubt that the State Government and this Parliament would be able to make constructive suggestions to solve the problems involved. The Premier referred very aptly to the external affairs powers contained in the Commonwealth Constitution and suggested that they might possibly overcome the difficulties involved by Section 92 to some extent. It might to the extent

that we might be able to participate in the execution of any agreements made with countries overseas. The external affairs power is one concerning which there is a great deal of ambiguity. It has been the subject of works written about the Australian Constitution and the writers have not been able to agree as to the extent to which those powers are exercisable in relation to the execution of agreements with countries overseas. In Canada and, I think, the United States of America, there are specific provisions dealing with the extent to which agreements made with foreign countries become binding, with all the force of law, upon the peoples of the countries involved, but we have no such provision in the Australian Constitution. I assume from the form of the recent Referendum proposals that Dr. Evatt felt he could not rely too much on the external powers embodied in the Constitution. If that had not been his view, he would not have bothered very much about the power he sought with regard to organised marketing.

It is because there is a lack of definiteness about the external affairs power that the question of organised marketing, even when made under an agreement with a country overseas, requires to be put on a somewhat more clear legal basis. I support the motion and welcome it as a positive and affirmative approach by this State to problems affecting not only our own people but the people of Australia generally. I am glad to see that on this occasion we propose to take the initiative, and I think that if the motion is passed and pressed, we may do something really constructive to meet the problems which may be upon us in the not very far distant future. In the meantime, I am sure members will be prepared to consider constructive and specific suggestions as to the way in which the problems may be overcome.

On motion by Hon. W. D. Johnson, debate adjourned.

MOTION—PRICES CONTROL.

As to Efficacy of Subsidies.

MR. NORTH (Claremont) [5.47]: I move—

That this House desires to be fully informed as to the extent and practice of price control, and whether the reduction of prices achieved by subsidies is an effective shield against inflation. The House, therefore, requests the Prices Commissioner to report upon these matters.

This motion deals with price control and subsidies. It involves a question of great importance to the House. At the present time we are engaged in a very vital experiment during war-time in an endeavour to overcome a real danger. The people of the Claremont electorate, including those of the Claremont subdivision of the Fremantle electorate, are concerned about the matter, and for many years they have been engaged in considering it. Long before the present war, with the current boom period, they were interested in it. In 1932 or 1933—at any rate, during the depression years—a meeting was held in the Perth Town Hall at which Mr. John Curtin and I assisted in getting carried a resolution dealing with certain proposals to be examined by the Commonwealth Government. The object was to obtain a cure that would apply not in boom periods but in depression periods. The proposals advanced depended upon what was then regarded as the very curious idea of trying to sell below cost at a profit—which sounds like a contradiction in terms. At the time Mr. Curtin and I were interesting ourselves in the problem on behalf of the Claremont people and at that stage we did not receive very much support in high places.

Later a resolution was carried in this Chamber—I was in Parliament at the time but I do not think Mr. Curtin was at that period—and I was able to assist in securing the appointment of a Royal Commission to investigate the problem. The Royal Commission duly issued its report, which was not favourable to the idea of selling goods below cost at a profit. That may appear to be quite all right when the proposition is viewed by normal people looking at it in a normal way. They doubtless would regard it as a matter of impossibility. There was, of course, an origin to the proposal, which was no invention on the part of the people of Claremont, who were merely interested in the subject and wished to have it thoroughly investigated. The proposal may be said to have originated from an inquiry in the House of Commons of Canada, while the matter was also investigated by the Macmillan Committee, which sat in London in 1930. The latter inquiry involved a conflict of opinion between the highest financial experts, including those associated with the Bank of England, and a comparatively unknown Scottish engineer. At the time it was considered in many quarters that the unknown Scotsman came off very much the worse of the

encounter. I propose to quote some questions and answers from evidence submitted to the Macmillan Committee of Finance and Industry—

4451. It is just at that point that I think the difficulties begin to emerge. Up to that point I think we might more or less agree with your statement; when you come to the question of remedy it is perfectly true we could produce more if we could sell more, we could sell more if we had more purchasing power, but the trouble is if you create more purchasing power and increase the volume of money, then, as you very properly say, the result will be that prices will step up and you will be as you were!—That is so.

4452. You wish to relate those two things so that you keep prices stable and at the same time increase purchasing power!—You increase purchasing power if you reduce prices.

4453. Your method is, so to speak, to obviate the rise of price by a counter figure which you call a subsidy!—I do not call it a subsidy; I use the word "subsidy" for the purpose of making the idea plain.

4459. You would give a bounty, would you?—Yes; but you must dissociate the bounty from a subsidy. It is not raised by taxation. The method of raising money by taxation is just a pure mechanism, like any other form of mechanism, and you are not obliged to use that mechanism, but the thing that does limit you is how much steel you can turn out in a day; that is the real physical limit.

4460. You are not limited at all by the need for the Treasury to advance thousands or millions?—Not a bit.

At that time those ideas were considered to be so ridiculous and laughable that no support was forthcoming for them anywhere outside of a few little-known circles, largely men with secure occupations who issued all sorts of papers and pamphlets in such very cheap form that they would not attract many readers. Time went on and the Royal Commission was appointed in Australia, and these proposals to attempt to increase purchasing power by reducing prices did not form part of the report. The report was a very useful document, but that particular point was looked into and turned down—I think in many ways I might say naturally turned down—because it was so completely contrary to one's ordinary perceptions, as was the original idea of the earth revolving around the sun. People for a long time could not understand that the earth went round the sun; they would have it that the sun went round the earth, and we know that when Galileo tried to fight the Copernicus idea, he had to recant in order to hold his position if not to save his life.

Then came an interesting development. Some English people, youths and others, began to dress up in green shirts and go around England advocating this idea of selling below cost. Eventually they sent their suggestions to the Bank of England, and the Bank of England replied very politely to the effect, "We thank you for your suggestions and will use them if need be in an emergency." Later the war came, and after about a year of war, without any warning or explanation in the Press, as there had been of other important developments in other spheres, we found that there was a sale below cost of necessities in Britain to enable goods to be distributed and to hold down inflation. In due course we were informed of the amount of money spent by the British Treasury to hold these prices. This sum has reached £200,000,000 per annum, and that amount roughly is being spent in England to hold prices and try to win the war. This is an interesting fact because it was one of the very questions that exercised the experts on the Commission—the need for the Treasury to advance thousands or millions of pounds. This was the part that worried them.

Now Mr. John Curtin comes back into the picture. In 1930 he and I as politicians were taking what I might describe as a long chance on an unknown horse. When he became head of the Commonwealth Government, however, he was able to announce to the world that Australia was going to reduce prices and control them with subsidies, and the two items first concerned were tea and potatoes. Members of Parliament have to study many abstruse subjects and are expected by their electors to be able to answer questions upon them intelligently. We know that public life has been gradually converted into control by boards and all sorts of outside bodies. I consider that in view of the enormous extent of what might be described as this living experiment, we should have the full particulars and a reasoned statement by the Commissioner of Prices to inform us what effect the proposals are having in Australia, how they are being applied, what effect they will have on the intermediate stage of the peace, and whether they will have any application when peace proper returns. These are vital points. We are all aware that no businessman likes to see proposals of this sort. If I were selling motorcars or any other article, I would not like to

have to go through all the rigmarole necessary to maintain this principle.

Another important point is that in countries where these ideas have been put into force—England, Canada, Australia, and the United States of America; in the United States they are known by the striking term of "roll-back" prices—they are not being financed by subvention or by any extension of credit. They are being financed by taxation. The average person will logically ask, "If your tea costs 5s. a packet and it is supplied to you for 2s. 6d., what do you gain if you are taxed to the extent of 2s. 6d. to make up the difference?" That is the position that nominally exists today—we are being taxed to meet the loss on commodities that are being supplied at a low price. As a matter of fact, in some instances prices have been actually reduced even during the war. The answer to the question is given by Professor Copland to the following effect, "If you tax an article at the source to keep the price down, it has the effect of reducing or correcting at the source the enormous inflation that would follow from leaving prices to rise under the orthodox system. This system starts a train of rising prices throughout the whole of the economic system, ending up with an increase of the basic wage and then commencing the circle again." Thus, according to Professor Copland, there is as big a difference between the effect upon the community of the cost of living as there would have been, according to the theorists who were discussing the matter 15 years ago, when the idea was to pay a subsidy without charge to anyone.

When the Royal Commission issued its report in Australia, it made that very proposal. It said that the Commonwealth, through the Commonwealth Bank, had the power to make money available for such purposes. If that proposal is linked with the other we have a very close approximation to the MacMillan suggestion in 1930 and to the original suggestion in the Canadian House of Commons. It might be asked, why differentiate between the two, since in my humble opinion, they are all lumped together? At the present time we are being taxed somewhat heavily for the war, though I believe that in Canada the taxation has now reached 50 per cent. of the total cost of the war, which is a marvellous achievement.

Even though we are being taxed here at a very high level, all members are aware that, in addition to the taxation, the Government is raising loans and there is a certain amount of bank credit, as it is called, and there are the continual Treasury bills. Those things are working to regulate the total consumption, without the citizen knowing whether he is being taxed to control prices, or whether the money is coming out of Treasury bills or loans. All the time there is a tremendous pull on the economic system. We have all the time our total indebtedness rising. Today it amounts to between £2,000,000 and £3,000,000; and so long as that position continues, I think we can say that this device—which I call an invention—is serving us in good stead. That, however, is purely a personal opinion. The officers concerned in and handling these efforts are now dealing with a subject, for many years considered a ridiculous theory, and operating it in pounds, shillings and pence during the greatest war ever known in history. So that we should have some interesting information! What I wish to get from the Commissioner is whether this matter would be of any use in peace or whether it would be better to go back to the pre-war system, by which prices were controlled in quite another way. We know what that way is. In peace, the way is to control prices by having slumps every few years, thereby knocking prices down to unpayable levels, and causing a great deal of misery and unemployment and ill-health as we saw between the two wars.

The Premier: Prices are also knocked down by free competition.

Mr. NORTH: Yes; but that is so unpopular with the various concerns that frequently we find monopolies created to overcome that competition. We have recently seen great efforts made, by the American Government in particular, to attack the cartels and other trusts formed for the purpose of preventing not only prices from falling owing to competition but also of preventing goods from being delivered—in other words, creating enormous restriction of supplies and by that restriction causing high prices. It goes even further. We have recently read in the Press that Germany had control, by cartels, over United States firms to such an extent that those firms were not able to supply Britain before this war

with certain vital ingredients of munitions. So there is that problem even with free competition, owing to the difficulties arising from monopolistic control. It has even been said that the big monopolies which create cartels have been entirely superior to Governments, have had control of Governments. Let me refer to the period of the earlier President Roosevelt, when the entire Government of the United States was completely held up by the interests of oil and finance, and Theodore Roosevelt had to go cap in hand to the big monopolies before he could carry on the government of America under normal conditions.

Mr. Marshall: Not under normal conditions; under the conditions of the monopolists!

Mr. NORTH: I think we can say that the method of controlling prices in peacetime comes down eventually to the slump every few years as being the only way in which prices can be reduced. To say that is perhaps to make an assertion in defence of those who have been controlling our economic system in the past. It may be alleged that what I have stated would excuse them. It was said in 1930-odd that when the depression was brought on by men sitting in a room who ordered the calling-in of overdrafts, if those men had not done so the evils which would have resulted from a continuing boom would have been much worse than any misery suffered by bringing a depression on. In peacetime we certainly control inflation by slumps, but in wartime we do not. Of course the reason why we do not is very obvious.

Just imagine what the effect would have been if the methods adopted in 1930 had been used by the experts in Australia or in other parts of the world during 1940 or 1942, when big boom conditions again occurred—this time in making munitions instead of motorcars—and we had the identical conditions of full employment and rising prices which always arise in such circumstances. What would have happened in 1942 had we used the peacetime method of creating a slump to control our war machine? That is a question I would ask members to consider carefully. They will see how much better was the resort to the device of a little Scottish engineer 15 years ago or more that is standing us in good stead today. I am told that in Great Britain for several years past

there has not been even one per cent. rise in prices; that is since price control, with subsidies, was introduced. I am told that in Australia, too, although prices rose over 20 per cent., but under 30 per cent., in the first year of this war, since this system has been adopted the price increase has not been one per cent. here, either. That is not the individual experience in some of our shops, because we can all bring forward housewives who will say that prices have risen shockingly; but we only have to compare the position today with the position as it was in 1914-18, during the previous war, to realise the tremendous difference in the over-all spread of prices then prevailing.

Some people have worked out that the increase was then as great as three times; during this war we have prices completely under control, notwithstanding that conditions are much worse in every possible way for our traders and businessmen, who are carrying on their trade with depleted stocks and frequently with inexperienced staffs. They are also faced with losses of goods at sea and shortages in all kinds of stocks. These businessmen and their staffs are working under steam pressure, as it were, and under exceedingly adverse conditions. Everything possible is against the present system being given an opportunity to prove itself, but so far, fortunately, if my reading of the Press is correct, the system is achieving a great result. I consider that Mr. Curtin, as Federal member for Fremantle, and I, as the member for Claremont, did a good job in giving support to this proposal in the early thirties, notwithstanding that at the end of the war the whole thing may be thrown aside and we shall have to resort to peace-time methods and perhaps rediscover that the best method to combat soaring prices is to create a slump. God forbid!

There is a third alternative. It is possible that businessmen might themselves work out a method. I myself have interviewed the tax authorities once or twice on this subject. That department is always a dangerous place to go to, but one is compelled sometimes to go to the chief man and in doing so one must put on a bold front. I asked him this question: "Would it be possible to deal with your taxation in such a way as strongly to induce businessmen to operate their own price control? Your system could be designed so that what is now being done by commissioners and

boards—or what is termed the bureaucracy—could be done automatically by the concerns working on a bigger turnover at a lower profit, knowing well that if they exceeded a certain profit rate your department would come down on them much more heavily."

The Premier: To the extent of 100 per cent.?

Mr. NORTH: I did not mention any particular rate. The expert to whom I was talking at the time, like all experts, was naturally extremely cautious, but he said that possibly there might be something in my suggestion. There may be now, especially as we have seen such wonderful results flowing from the present system, which is operating in wartime and which has the official backing of large countries and is no longer a subject for woolly-headed theorists. It might occur to the business people concerned, as well as to the Government—and the Treasurer—that this magnificent system can be worked successfully in peacetime under the control of the Taxation Department. All the people would enjoy the benefit of the system and the business people, in particular, would not be subjected to the irksomeness now apparent in their businesses.

When one raises questions like this, it is necessary to dovetail them into larger questions which will face the world after the war, and I propose to deal with that aspect. We have read recently in the Press about the world conference that is being held, and we have been told that the idea behind the conference was to enable each nation to arrange its own development after the war and maintain full employment. It will be quite impossible for any nation to maintain such conditions without international control, especially if its internal conditions decline and it is found that prices of commodities are rising under the old peace spiral once more. In such a case it would be essential either to continue the present control, or invent something less burdensome to businessmen. It might be possible, as I said, for the firms concerned themselves to control prices and thus attain the prosperity we all desire.

Sitting suspended from 6.15 to 7.30 p.m.

Mr. NORTH: It is very interesting to know that a great many people who are otherwise very orthodox in their views are in favour of price control being continued

at any rate during the period after the war, when we are settling down. I believe the British Government has plans for retaining price control for a time after the war because it dare not face the position that will arise as soon as such control is lifted. Sir Hal Colebatch, who is known in commercial circles as a thoroughly orthodox man, has also expressed strong opinions on these subjects. In a recent speech, he said—

I am quite sure that after this war there will be the necessity for continued price control, and it will be desirable that the greatest possible co-operation shall be exercised between the Commonwealth and the State Governments, and between the Commonwealth and the State Parliaments in order that this control may be effective. Something of the kind will be necessary in every country.

In conclusion, he said—

I repeat, that the only means by which we can avoid that trouble, which is a world-wide trouble—we have not made it, although we have intensified it—is by intelligent international co-operation. Finally, I suggest that a complete collapse such as has occurred in many European countries, causing national bankruptcy which made the present war inevitable, can only be met by co-operation with the peoples of other countries. Have we learned the lesson? Are we ready now to base our public policy on the principles that can alone secure peace, progress and security, the principles of international understanding, international co-operation and international trade?

I think that with those sentiments I might very well close the subject, and urge the House to agree to the motion.

Question put and passed.

BILL—CROWN PROCEEDINGS.

Order of the Day Discharged.

Order of the Day read for the second reading of the Bill.

On motion by Mr. McDonald, Order of the Day discharged.

BILL—COMPANIES ACT AMENDMENT.

Second Reading.

HON. W. D. JOHNSON (Guildford-Midland) [7.35] in moving the second reading said: A special and, I suggest, outstanding feature of the commercial life of this State is the relative and comparative strength of the co-operative movement within its borders. This Bill aims to remove a serious limitation in the administration and supervision

of the co-operative activities in Western Australia. I mention administration because the Bill covers the general features that must be observed, to be truly co-operative, by the administrators of a given co-operative concern. I use the word "supervision" because co-operative principles are usually supervised by the officer in charge of an administrative measure that covers the operations of co-operative concerns. I will deal with both these matters before I sit down. The Bill is essential to co-operative endeavour and expansion. Co-operation in commerce, manufacture and economic enterprise generally is universal in conception. It is flourishing throughout the civilised world. Wars alone limit its permanency and progress.

There is a definite co-operative code written and printed in all known languages. The code lays down salient principles that must be reflected in all constitutions, rules, memoranda of association and articles of association. The code is idealistic in ambition and downright and practical in operation. Where the teachings outlined in this code are ignored and disregarded, turmoil and discontent prevail. Where co-operative teachings are observed and firmly embedded in the communal life of the people of a nation, mutual help and goodwill guide collective strength and inculcate a spirit of mutual trust, reliance and sympathy. The original draft of the code was formulated and shaped by a band of 28 workers at Rochdale, England, just 100 years ago this year. That Christianity and humanitarianism directed those original draftsmen was so definitely reflected in the code that the original draft has never been questioned or amended during the last hundred years.

The Rochdale code of ethics guides co-operative activities in all corners of the world where true co-operation is practised. The moral genius of those 28 workmen in the environment of a weaving district in England is certainly being acclaimed in a more pronounced form today than at any period during the last century. Rochdale co-operative teachings, if universally practised, would remove the causes of war. Their practical application is being advocated at the very moment by writers and by speakers from America to China and from Australia to Finland. They are embraced in most forms of expression as to what should guide those who will be called upon to plan for the post-war period. The Atlantic Charter visualises Rochdale co-operation in an in-

ternational sense. Lease-lend is not a violation of co-operative ambition. What part, if any, can this little Bill, that simply asks for a small section of an Act to be repealed, play in this world-wide movement? It simply enables this State, in its administration of the co-operative movement, to apply and practise more faithfully co-operative principles and see that the make-up of co-operative enterprise, in its framework and also in its administration, does strictly observe the Rochdale system of co-operation.

In this State we have two forms of co-operation as far as outside students are concerned, but within the movement there is only one form as I hope I will be able to explain as I proceed. The two forms are producers' co-operative and consumers' co-operative. The producers' co-operatives are organised and operate throughout our agricultural districts. The consumers' co-operatives more effectively cover those that are functioning or serving in industrial areas. Producer-co-operation is far stronger in this State than is consumer-co-operation. The registration of the earlier producer co-operatives was made under the Companies Act. That Act, while it permitted registration, did not contain any provisions to guide those who were organising co-operation in the form of language that should be used in the memorandum or the articles of association. But those who organised it, be it said to their everlasting credit, had made a study of Rochdale principles, and they saw to it that the articles of association of the earliest of the co-operatives did observe and provide for the conduct of the concerns to be carried on in accordance with the methods outlined in the Rochdale co-operative code.

You, Sir, might say, "Why did they not register under the 1903 Act at the time they were formed?" I will deal with that Act later, but that question might very well be asked because, while it is true that the Companies Act did not at the time visualise and prepare for the registration of co-operative concerns, there was in existence the Co-operative and Provident Societies Act. Naturally members will ask, "Why did they not use it?" A long history is associated with that, but the explanation is simple. At the time the co-operatives were first formed throughout our agricultural districts we were in the pioneering stage of development. It was wonderful how quickly a number of co-operatives were formed after

a district had been opened. But it was impossible, while providing co-operative ideals and the observation of co-operative principles, to embody them in the articles of association and carry them out strictly in practice day by day if the registration were effected under the Co-operative and Provident Societies Act. The reason for that is that in the early stages the people were not in a position to pay cash, and the main difference between registration under the Companies Act and the registration under the societies Act is in connection with cash trading. There are other items of difference, but we need not emphasise them at the moment.

The difficulty was that the farmers of that period, and I was one of them, had to make arrangements to get a certain amount of assistance in the way of food, supplies, bags—if we wanted to grow wheat—and super—if we wanted to sow wheat—in anticipation of the crop. The farmer, therefore, had to arrange with the trading concern of the district to advance these commodities on trust, or on credit, in anticipation of the harvest being reaped. Had these concerns been registered under the Co-operative and Provident Societies Act that could not be done. The other great obstacle to registration under the societies Act was that under that Act it was possible to become a shareholder while resident in the district and then, when leaving, to withdraw the share capital from the society and use it to join another concern or put it into a bank, or otherwise dispose of it. Members will understand that where the banks were largely called upon to assist the co-operative concerns, which had to give credit, stability could not be guaranteed if the share capital could be withdrawn at any period by any number of the shareholders.

That was another obstacle in the way of the early pioneers using the societies Act. They were, perforce, compelled to take advantage of the Companies Act and register under that Act, and comply with its conditions as far as possible, and then to outline the general administration by carefully providing for Rochdale principles and ambitions to be reflected in the articles of association. That went on until just about 1929. A large number of co-operative concerns had been organised and duly established; no great difficulty was experienced in that regard. As districts developed, however, more par-

ticularly in the Great Southern, farmers became more independent, were able to meet their obligations regularly and were not dependent upon credit extended by the co-operative concerns which in turn were not dependent upon the banks—in other words freedom of trade was possible without economic difficulty confronting regularly either the trader or the co-operative concerns. The local co-operative administrator then began to review the situation.

Unfortunately there was a tendency for a section to profit by success and an attempt was made to turn co-operative concerns into a joint stock company in the interests of the directors and their friends. There was thus an attempt, first, to declare that further co-operative shares would not be issued—under the system of co-operation, shares must always be available up to the limit of the share capital—and, further, to ensure that those shares then existing would be gradually but systematically bought up and then application would be made to the court with the object of altering the articles of association and possibly also the memorandum. Those of us who are keen on co-operative expansion and the maintenance of a clean co-operative system became quite concerned about this development, for we realised that registration under the Companies Act rendered the step possible. Representations were made to the government of the day—it was a National Government—about the matter and the Attorney General stated that while the Government was not prepared to introduce a Bill to overcome the difficulty, if I were prepared to bring forward a private Bill to stop the progress of this ambition the Government would not oppose the measure but would render some assistance.

I duly introduced the Bill in 1929. The measure provided for the observance constantly of co-operative principles, the main one being: One shareholder, one vote. That practice is usually not observed in joint stock companies, and when that was departed from no doubt those people who wanted to change over from a co-operative concern into a joint stock company would have adopted some other method. Further, the Bill of 1929 provided for a limitation on the interest on share capital and for the distribution of profits on the basis of business done. Other provisions were included such as one preventing co-operative organisations from going into

liquidation without the approval of a three-fourths majority of their shareholders and another setting out that if at any time a co-operative concern was wound up it must be on the basis that no-one would get more out of the winding-up than the share capital the individual had subscribed and, further, that if there were any surplus it had to be distributed on the basis of the business done over a previous period—which, I think, was specified—prior to the date of winding up.

Before the Bill was printed, the Attorney General came to me and stated that he had discovered that if the Bill were passed it would cover a great deal of co-operative matter that was also contained in the Co-operative and Provident Societies Act and would create a type of dual registration, one of which would be effective under the amended co-operative measure I had in hand and the other under the societies Act of 1903, which was still operative. He told me he could not appreciate the need for two registrations and that he desired a clause embodied in the Bill—that is the one I am asking the House now to delete, namely, Section 108 of the Companies Act—which would provide that after the passing of the Bill further registrations under the societies Act would be prohibited in consequence of the repeal of the registration provisions. That became a condition, and the House will appreciate that we did not protest strongly against the course because we were so anxious regarding the development that was taking place that we wished to retain the goodwill of the Government and particularly to secure the necessary support in another place. Therefore we got the Bill passed, in my opinion, because of our agreement that for the time being we would allow the repeal clause to be inserted.

Today the position has changed. The Rochdale centenary takes place this year. Associated with the celebration of that event the co-operative administrators of this State decided on a big co-operative conference convened by the co-operative movement of Western Australia. That conference met at Canberra in December last and formed the Co-operative Federation of Australia. That body is now domiciled in Canberra with a permanent office established and a permanent general secretary employed. That officer is operating on behalf of the federated co-operative consumers' concerns of the whole of the States

in regard to any representations necessary to be made to the Commonwealth Government. He will watch the interests of co-operation when legislation likely to affect the co-operative or commercial life of Australia is being discussed in the Commonwealth Parliament and will see that nothing is done to retard the progress of co-operative expansion in Australia. I do not wish to say much more on that point except to assure the House that it is firmly established. It was a wonderful achievement and represented the first attempt to get every State of the Commonwealth to send delegates to Canberra on what might have been termed a fishing expedition, because they did not know exactly what could be done, although in the letters we despatched inviting them to attend we did outline some of our ambitions. Every State was represented and represented by very capable men. As a matter of fact some of the delegates from the other States were outstanding.

At the conference reference was made to the forthcoming Rochdale centenary, and we each gave a pledge that we would try to organise a fitting celebration to commemorate the work of the Rochdale pioneers. One of the determinations made by the delegates from this State was that our marking of the centenary would be an expansion of co-operatives into the metropolitan area. I have already explained that we first started and have grown up in the country districts. I do not say we have completed our organisation in the country districts, but we have almost saturated them with co-operative concerns. No member has failed to appreciate the enormous extent to which these concerns have grown, evidence of which is seen in the general stores in all the main country centres. Therefore it was comparatively easy to resolve to turn our attention more to consumers' co-operatives. The industrial workers of Britain told us how we could organise on co-operative lines. Those pioneers brought to us co-operative ideals. Therefore during the centenary it was fitting that we should turn to the industrial workers and try to provide for them a measure of protection in relation to their commercial needs in the same way as we have done in the country districts.

To carry out this undertaking we organised what is now known as the Bassendean-

Rochdale Co-operative, Ltd. That is firmly established and has been supported by the workers from the Midland Junction workshops, the Creseo super works, the steel works of Hadfield's, the super works of Cuming Smith, the International Harvester Co., etc. There has been a very satisfactory response to the call of the co-operative movement by the community of Bassendean. It is pleasing to be able to state that when we made the appeal and started the organisation we received a good response from the community. We asked the people not to look upon it as a Labour effort associated with the workers, but to regard it as an endeavour to establish a better method of trading where there would be local control and local ownership and where the profits of the collective trading community of Bassendean could be equitably distributed in proportion to the profits created by any given individual. Some of the leading citizens, men who had not been associated with anything of the sort in the past, joined us. The member for Claremont this evening spoke of the departure from orthodoxy. That is what occurred at Bassendean. Those who had followed the orthodox method of trading where the individual trader was operating for private gain came along and assisted us to establish this co-operative concern. I should like to give the names of leading men, men whom all respect, men who figure largely in the public life of this State. They responded and applied for more than the minimum number of shares to help in the establishment of the Bassendean-Rochdale Co-operative.

But there is a weakness, which is also objectionable to those of us who have studied co-operation, because at the end of the title appears the word "limited." As soon as the worker sees the word "limited" attached to anything, he conjures up something objectionable and concludes that after all it is just one of those stunts to which the Companies Act will apply and where the joint stock provisions will sooner or later be used against the concern.

Mr. Doney: Do you think the average customer would worry much about that?

Hon. W. D. JOHNSON: The average customer is the owner and he is concerned with the business. It is not so much the service he gets, although he is deeply interested in that; he wants to see creditable business.

carried out on the lines of co-operation. Therefore if there is any risk of his cash being used for the ultimate formation of a joint stock concern, he naturally objects to it. But there is no danger of this occurring; I emphasise the point simply to show how suspicious some people are in matters of this sort. We held lunch-hour meetings and explained exactly what we had in mind. What we had in mind is what I am asking the House to assist me to get tonight. Quite a number of those who took an active part in carrying co-operation into effect had had experience of it in the Old Country, had been members of co-op. societies in England or Scotland. Quite a number of them, through the savings and the investment of their bonuses and dividends in the co-operatives, were able to draw sufficient money to pay their expenses to Western Australia. But they wanted a society, not a company. They asked, "Why do you not register as a society, as we are registered in England?" Then of course we had to explain that the societies Act had been repealed, and also to explain what I have already stated, that the Companies Act for a given period was, and in country districts is even now, quite serviceable.

In country districts there is no objection to registration under the Companies Act, which gives greater latitude for departing just a little from cash trading where such a departure becomes essential in order to help the producer while anticipating his cheque from wheat or wool or cream or some other commodity. That, of course, does not apply in industrial matters, where wages are regularly paid. When the Bassendean-Rochdale Co-operative was formed, therefore, we inserted in the registered articles of association a provision that immediately upon an opportunity presenting itself the directors should transfer the registration from a limited company to registration under the societies Act. The registration under that Act was not entirely discontinued when Parliament passed the repeal to which I have referred, because that provided only that further registration would not be permitted. Then-existing co-operatives registered under the societies Act, however, were allowed to continue their registration; and in a number of cases they continue it still.

For instance, the Dangin Co-operative Society was originally formed as a society,

and it has functioned and carried on as a society ever since. Dangin, however, had a special type of settler; and the Dangin settlers made up their minds that they would pay cash, and they were in a position not only to carry out their determination—for they registered as a society—but allowed their members, within reason, to withdraw share capital when required. I do not say they refused credit entirely but they limited it to a considerable extent and were able to carry on. The Dangin Co-operative Society still exists. Again, the Collie Co-operative Society was registered under the societies Act, and the Collie Co-operative Society still regularly sends in returns under the societies Act. The Armadale-Kelmscott Society is another society registered under that Act, and the Gwalia-Leonora Co-operative Society still exists and is so registered.

Therefore when we ask for the repealing section to be taken out of the measure, members should not infer that we are endeavouring to put any increased cost on the Government. There will be little increase of cost, for it is just as easy to look after 29 or 30 or possibly 100 societies as it is to look after the few which the Government must examine, now and again, through the returns which are required to be filed. I do not say there will not be some little extra cost, but it will be so small that it need not be taken into consideration. The set-up of co-operation in this State needs a little explanation. In the first place, the big operating co-operative concern is the Westralian Farmers. I have always regretted the name given to that body. Instead of "Westralian Farmers" I would like to see it called "Westralian Farmers' Co-operative Society." It is true that the sign over the building includes the word "Co-operative." If passengers look from the train when entering Perth, they see "Westralian Farmers' Co-operative." In general, however, it is spoken of as the "Westralian Farmers." I do not wish it to be understood that I object to that term, but I do feel that people misunderstand it, and that it causes them to question its make-up and its recognition of co-operative principles.

Mr. Doney: Then why retain the present name?

Hon. W. D. JOHNSON: I think it should be altered, but unfortunately there are some people who do not always share my opinions.

Mr. Doney: Have you taken any steps to give effect to your view?

Hon. W. D. JOHNSON: I do not say that I have taken such steps other than to discuss the matter, time and again, with those associated with me. Their attitude, however, is simply to say, "The name has been good enough over the years, and there is no need for anyone to question the co-operative character of Westralian Farmers. Anyone who reads the articles of association will see exactly how the Westralian Farmers is constituted and how it functions. Then why should we change our name to demonstrate those things?" In my opinion, nevertheless, it would be better to change the name. The Westralian Farmers, Ltd., strictly observes co-operative principles as laid down by Rochdale. It is true that the concern is a very large one.

Mr. Thorn: Its articles of association are just the same as those of any other company.

Hon. W. D. JOHNSON: No. It is unfair to make such a statement. The Westralian Farmers, Ltd., is based on one shareholder, one vote. That represents a big departure, and a very important one. Again, it is only actual farmers that can become shareholders in Westralian Farmers. Members of the general community cannot. But the sad side of it is that, under the registration provisions of the Companies Act, whenever a farmer dies his estate can sell his shares in Westralian Farmers, Ltd., to anybody. Still, while thousands of shares in Westralian Farmers are being purchased by outsiders, they are purchased only as investments. The owners have no vote at all.

The Minister for Lands: They are dry shareholders!

Hon. W. D. JOHNSON: They are not dry, because unfortunately they collect the dividends. They may be considered dry, though, in the sense that they do not help to make the profits, and—what is more important—they do not get a vote because they have ceased to be, and possibly at the time of purchasing their shares were not, actual farmers. Thus the member for Toodyay will see that it is unfair to describe the Westralian Farmers as being just the same as any other joint stock company. That is not correct. Westralian Farmers is definitely and distinctly a co-operative concern, embodying the same features as I have taken

from the Companies Act Amendment Act of 1899. As a matter of fact, another feature of the 1929 Act was that no co-operative concern could use the word "co-operative" in its title or in its claims unless the co-operative principles were reflected in its articles of association. As I say, if the articles of association of the Westralian Farmers, Ltd., or of any other concern, did not provide for one shareholder, one vote, for the limitation of interest on share capital and for the distribution of profit on the basis of business done, it could not use the word "co-operative" in its title.

All those concerns which are co-operative today and members of the Co-operative Federation—with which I will deal presently—are registered under the 1929 Act; but many concerns in Western Australia, previous to 1929, claimed they were co-operative, when in fact they were only camouflaging their private profit-making instincts and operations. Those concerns had to change their names and many were forced, by virtue of the 1929 Act, to change their names by deleting from them the word "co-operative." The next in order is the Co-operative Federation of Western Australia. The co-operative concerns had grown in number throughout the agricultural districts and the Westralian Farmers had become firmly established. At that time it was thought wise to call a gathering for the purpose of forming within the State a federation of all co-operative concerns.

Mr. Thorn: Does not this Bill refer only to co-operative societies registered under the Act?

Hon. W. D. JOHNSON: Yes, that is true. I am making an explanation and am telling members exactly how this measure will operate, if they will assist me to pass it. The Co-operative Federation was formed as a result of the 1929 Act, and all co-operatives—whether they were societies or registered under the 1929 Act—decided to join the federation. The federation is the administrative head of the whole co-operation movement. It is not a registered body. It is not administered by paid officials, although it has a paid secretary and a paid assistant. The general administration of the Co-operative Federation is carried out in an honorary capacity. The federation is really the parent body of all the co-operatives; it does not interfere in any way with their administra-

tion but simply guides and advises them on matters of general co-operative concern. All co-operatives in Western Australia have local autonomy in the fullest sense. Every district has its co-operative concern, which is owned in the district. The Westralian Farmers has no control over it at all; the Co-operative Federation only guides with advice and assistance when called upon. I do not mean that it assists the co-operatives financially; it advises them on how to maintain co-operative ideals and principles. I do not think there is one co-operative outside the federation today. All these concerns—and I will outline them and their assets in a few moments—are members of and affiliated with the Co-operative Federation.

In addition to the Westralian Farmers, all the units are members of the federation. According to the latest statistics, there were a little over 20,000 members in the co-operative movement in 1939. We know perfectly well that duplications occur. For instance, a farmer at York may be growing vegetables on a large scale. He sends them to the Producers' Markets Co-operative, Ltd., which attends to their marketing. To get that advantage, he naturally becomes a shareholder in the Producers' Markets Co-operative, Ltd. In order to get his manures, machinery, etc. he joins the Westralian Farmers, Ltd., which supply him with those requirements. In addition, there is a co-operative concern in York that distributes stores and he joins that concern, which to a large extent supplies his needs. Therefore members will realise that that one farmer is a member of three co-operatives. I quote this instance because we recognise there are duplications; but notwithstanding all the duplications there are today 15,000 members in the co-operative movement in Western Australia. The assets of the affiliated concerns and their names—and I am giving the value of existing assets only—are as follows:—

	£
Westralian Farmers Ltd.	768,000
Co-operative Bulk Handling	400,000
Producers Markets ..	33,507
Mt. Barker Co-operative Ltd.	34,786
South-West Dairy Farmers Co-operative Ltd.	120,000 (approx.)
Co-operative Wheat Pool of W.A.	120,000 (approx.)
Great Southern Butter Factory Co-operative	20,000

Other country co-operatives include Dangin, Katarining, Toodyay, Pingelly, Bruce Rock—

Mr. Watts: Do not forget Gnowangerup.

Hon. W. D. JOHNSON: Yes, and Armadale and all the others. We estimate that the value of the assets belonging to those concerns is approximately £400,000. Then there is the Federation Trust, Ltd., which is a small concern formed for the purpose of helping co-operatives in difficulties. It controls what is called a preservation fund. As the Co-operative Federation is not registered, it cannot take mortgages or securities. In order to overcome that legal difficulty, the Federation Trust, Ltd. was formed; it consists of half-a-dozen persons whose duty it is to see that the fund is legally and correctly used. Its assets consist of a sum of £1,250. The total value of the assets of the affiliated concerns is £1,897,606. I have separated the industrial concerns that are registered under the Friendly Societies Act today. These are—

	£
The Collie Co-operative	42,131
Gwalia-Leonora Co-operat- ive	5,449
Wiluna Co-operative ..	10,000 (approx.)

The value of the total assets, as far as we can estimate—and the estimate is fairly accurate—is approximately £1,955,286. Of the 70 or more affiliated concerns with a fairly extensive trading business, 57 are paying bonuses on trading to shareholders, or in other words making and distributing profits on the basis of business done. There are 12 not paying bonuses but these are in a healthy condition. That is, they are paying dividends from the share capital and gradually but surely arriving at the stage where they can distribute their profit on the basis of business done. In the meantime they are building up their reserves in order to get into a strong healthy financial position.

Only one concern is giving anxiety to the Federation Trust at the moment. That is a co-operative company in a well-known country district. It has got into difficulties simply because it did not follow the federation's advice by seeing that the audit was carried out by the federation's auditor. One of the outstanding features of this movement is that there is a uniform audit and we have a copy of every auditor's report of every one of the

country co-operative concerns. We go through each report and analyse the figures. If we are a little fearful that things are not going well we discuss the matter in a confidential way with the auditor, and get from him an opinion as to whether it would be advisable for the federation to approach the directors in regard to some little reform. That has been going on so well and wisely that it is not likely the movement will again get into financial difficulty. It is all so systematically supervised that, while there is no big stick and no legal obligation on companies to observe anything the federation advises, it is nice to be able to say that the companies rely on and come to the federation as the parent adviser to the family of co-operatives. This particular company unfortunately got into difficulty through ignoring that practice.

I will give one or two illustrations of the results obtained by co-operative societies and companies. Here is one that is most extraordinary and this will interest the member for Swan. I refer to the Armadale-Kelmscott Co-operative Society. I will give the actual figures disclosed in the audited statement. This Society has a half-yearly statement and is registered under the societies Act. It adds to the wholesale buying price the sum of 2s. 3d. in the pound. It will be seen that that is roughly 12½ per cent. Certainly it is less than 15 per cent., which would be 3s. Members can calculate for themselves just what the percentage is. The society returns 1s. 6d. in the pound to the shareholders and it actually costs the shareholders 9d. in the pound, which covers the purchase from the wholesaler and the distribution to their homes. That is an extraordinary achievement and it will be observed that there is no adding to the price. The small amount added to the wholesale price discloses that the society is subject to keen competition. By careful administration and the utilisation of reserves over the years—it has been registered for about 20 years—and the creation of its own business premises, etc. the society has been able to achieve this result.

It might be said that some non-shareholders traded with the society. That is true; but the society is allowed to earn only 10 per cent. of its profits from non-shareholders; otherwise it is subject to taxation. If members analyse the figures they will perceive what a remarkable achievement this society has to its credit. I am prepared to

admit it is exceptional but it is an actual accomplishment. It is as well to add that the society is so well supplied that after the distribution of 1s. 6d. in the pound it had £1 left as a reserve to add to its previous firmly established financial record. There are one or two other societies I want to deal with. I have here also the most recent figures—for July, 1944—of the Collie Industrial Co-operative Society. I have forgotten the figure representing that society's assets.

The Minister for Lands: It was £40,000 odd.

Hon. W. D. JOHNSON: Yes. It was £42,000. Its latest surplus was last year when the profit was £6,632. I cannot give details of the distribution because they are not here, but I understand that a bonus of 2s. 6d. in the pound was paid. This society is registered under the societies Act. There is keen competition at Collie, which is not a one-store place. The Collie Co-operative has to compete with other established houses. I had the pleasure of going through its premises and I have no hesitation in saying that the Collie Co-operative concern is the best store in Western Australia. I have not seen a better. I do not say that it is comparatively well stocked but the building is beautifully designed. It is wonderfully well lit up. Everyone works under natural light. The display of the goods is most attractive and the whole enterprise reflects the ablest management. The enthusiasm of the heads of the various departments is unbounded. I walked into the bakery, from which is turned out an enormous number of loaves. That bakery was like a new pin and the enthusiasm of the employees in regard to it was most stimulating and demonstrated what can be accomplished by close application by a body of working men. Every man on the board is a coalminer or a worker in the coalfields of Collie and they are all doing a wonderfully good job. I also went on Monday night to the annual meeting of the Harvey society and I have its balance-sheet.

The Harvey Co-operative had a troublesome time. The Collie concern is registered under the societies Act, as is the Armadale-Kelmscott society. The Harvey Co-operative is registered under the Companies Act. During the depression, the Harvey concern had a period

of grave difficulty but Harvey is a flourishing dairy centre now because the Government has provided irrigation works, having dammed water and conveyed it to the grazing fields of the district. Last year the company distributed £1,600 in rebates and carried forward £331 as profit, or, in other words, it showed a profit of over £1,900 on the year's operations. Again we must realise that in Harvey the store is subject to keen competition from other large trading concerns. But the fact remains that with keen management and attention it is possible to achieve these results.

The Minister for Justice: And this concern is registered under the Companies Act.

Hon. W. D. JOHNSON: Yes. I have not said much about the Rochdale centenary. I have kept off that subject because I propose to read and have incorporated in "Hansard" a booklet prepared by the Corrigin District Farmers' Co-operative Coy., Ltd.

Mr. SPEAKER: Order! Is this company registered under the 1903 Act?

Hon. W. D. JOHNSON: No.

Mr. SPEAKER: Very well, the hon. member may continue.

Hon. W. D. JOHNSON: This is a co-operative company, and what I am trying to do is to get the House to appreciate that registration under the 1929 Act is not restricting or hampering the growth and work of the co-operative movement in the country districts. We must have a little more latitude in the rural areas than is necessary in the industrial centres. Therefore, I want the House to realise that it is wrong to perpetuate what the Government of the day declared necessary when it repealed the Co-operative and Provident Societies Act and brought into being the co-operative sections of the Companies Act. That is unsuitable for the metropolitan area; it will not fit in, and it will cause people throughout the world to question the sincerity of the set-up of the industrial co-operative movement of Western Australia.

The Minister for Justice: It makes no difference in administration or profit.

Hon. W. D. JOHNSON: No. The only difference is that under the societies Act the trading must be on a cash basis because at any time that a worker gets out of work and moves from the district he can withdraw his share capital. If he has allowed his divi-

dends to accumulate he can withdraw them in addition. By registration under the Companies Act that is not possible. Therefore we cannot function as a result of registration under the Companies Act as we would like in the industrial centres, but we can by registering under the societies Act. The Corrigin Co-operative Society has this to say in its booklet:

One hundred years ago, 28 weavers of Rochdale started this world-wide co-operative movement in a little shop with the very small capital of £28. With all their great enthusiasm and faith in their policy, they could never have believed that their ideas of mutual support would have such far-reaching results.

The result has proved that their belief in man's loyalty to his neighbour is indeed a concrete foundation on which to build. On that foundation we have great co-operative wholesale houses with their annual turnover running into millions of pounds; we have peoples raised from dire poverty to moderate affluence. We have seen the peoples of Denmark and Labrador brought to a standard of living never even contemplated by their forefathers. We have seen the working classes of the United Kingdom becoming the owners of their own homes, and obtaining a greater degree of the ordinary social amenities of life.

All by mutual support, and an inherent faith in the basic honesty of their fellow men. Co-operation is the direct antithesis of capitalism in that its results are spread over all its trading members, whereas with capitalism a few shareholders who may never trade with the company in which they invest their capital gain all the benefits. Co-operation is as near to common ownership as we are likely to get without direct legislation and Government control; and it is better than any such control, in that co-operation is free and open to all without any compulsion, and only calls upon those who are desirous of building a new social order by their own voluntary endeavour in a genuine desire to help not only themselves, but their neighbour.

The co-operative principle has a foundation solidly built on unified efforts, honesty of purpose, and a great sense of human equality in regard to the distribution of the world's wealth in direct ratio to effort and ability.

Mr. Watts: According to you, only four companies in this State are true co-operative concerns.

Hon. W. D. JOHNSON: I do not say that. This is published by the Corrigin Co-operative Coy. which is registered under the Companies Act.

Mr. Watts: It has shareholders.

Hon. W. D. JOHNSON: Yes, on a co-operative basis.

Mr. Watts: They cannot call in their capital if they leave the district.

Hon. W. D. JOHNSON: No.

Mr. SPEAKER: Order!

Hon. W. D. JOHNSON: The booklet continues—

This principle simply requires that an individual join with his neighbours in building a structure which will bring tangible benefits to each member in that enterprise, no matter what that enterprise might be. In practice the matter is very simple: that is, a few or many individuals may join themselves together and agree to work for a certain end, either the formation of a trading company, a creamery, market gardening, dried fruit collection and distribution, butter factory, or any venture where the members are also the consumers or producers. Then, on their efforts such profit made would be equally distributed amongst them on a pro rata basis according to the business done by each member. This is definitely self-help, and there is no limit to the extent of its growth.

It has been proved by individuals in every country, where it has been put into practice, that it is definitely the answer to unequal distribution of the profits of individual effort. The co-operative principle states that those who make the profits shall be the only people to receive them. Investment, therefore, is not just the purchase of shares or debentures in some enterprise to gain dividends or interest without any active part in the production of those dividends, as in capitalism, but is the direct individual effort in the purchasing from one's own co-operative company; or in the selling of one's productive work through one's own distributing company together with one's fellow men who have the same ideal, and thereby gaining the benefits of that co-operative effort.

It is estimated that there are 2,000,000 individuals linked to the co-operative movement in Australia, and it is still considered to be in its infancy. A great step forward has been made this year in the formation of an all-Australian co-operative federation with a secretariat at Canberra. This means that there will be a unified buying power which should bring enormous benefits to all those who are members of the Australian co-operative movement. One can quite easily grasp that in the near future this movement will reach back to the raw materials and establish its own factories and so establish consumer control.

This all-Australian federation was the result of the work done by the Western Australian federation. Apparently a lot of people are unaware that in this State the co-operative movement, although consisting of many separate co-operative companies, with their own capital and boards of directors, have been for many years welded together in one co-operative federation for mutual support and strength.

The work done by this federation has been very pronounced and distinctive, and is not sufficiently known. The Hon. T. H. Bath has issued a booklet entitled "The Co-operative Way," which is well worth the time anyone is prepared to give to its reading. In that booklet Mr. Bath clearly shows what has been

accomplished, not only in Western Australia, but in the world.

Out of seventy co-operative companies and agencies in this State, fifty-three are paying bonus and interest to their members—

The number is 57, not 53.

—There are forty trading companies and thirty agency companies. The forty trading companies have a total yearly turnover of approximately £700,000. It should and could be considerably higher and will be when each individual realises that the power is in his or her hands to effect a fair and just distribution of profit, when one says to himself, "I make profits for someone when I do my daily business, why should I not make these profits for myself?" It only requires some thought to realise that the individual can combine with those already in the co-operative movement to become a recipient of those benefits. The more business you do with your co-operative company, the more you take out, and what is more, the greater your assistance to your neighbour.

To give full co-operative service to its members it is, of course, necessary for the country co-operative to have an outlet for the disposal of the farmers' production, and this is effected by our affiliation with the Westralian Farmers Ltd. who are also a member of the Co-operative Federation, being the wholesale house for the co-operative movement. By this unity we form ourselves into a producers' and consumers' co-operative. Therefore a farmer can sell through this organisation his skins and hides, wool, live-stock, oats, barley, hay, chaff and wheat.

The skin and hide floor has a disposal of approximately 500,000 skins and hides per year, and the wool floor passes through its hands over 60,000 bales each season. These figures are increasing yearly, and show that a great deal can be accomplished in the future when more people become convinced that co-operation does pay. Recently a full plant has been placed in operation for the manufacture of all stock and poultry foods and this, whilst giving the production of a scientifically well-balanced food, is also the means of providing a market for the raw materials which the farmer produces.

The history of Co-operative Bulk Handling is well known, and no other venture anywhere has so effectively assisted the wheatgrowers, both in time and money; and no other country has so far given to its members such a valuable asset as this bulk handling system recently handed over to the members in W.A.

We give you the figures of the Corrigin District Farmers' Co-op Ltd. You will see that from the inception of this company to March, 1943, the members have received £7,122 worth of bonus shares and £10,452 6s. 6d. in actual cash; or a total of £17,574 6s. 6d. on the small capital investment of £1,534.

It is very clear that those who built this company, and those who trade with it day by day, have been responsible for this, and have had a distribution of the profits made on a pro rata basis. There are, of course, people who trade with the company who have not taken up shares, and to these we suggest mem-

bership that they also may gain some of these benefits. The profits, it must be remembered, have not gone to people who have just invested their money in the company; they have gone to those who co-operated together to build it and have given their business to it.

We publish these figures because this is the centenary year of the co-operative movement and because we are proud to belong to this movement, believing that it can, if allowed to do so, go a long way towards stabilising the economic life of the post-war world, and assist in creating a better social order for the future generation.

By reading the contents of this pamphlet, I am putting into "Hansard" information as to the views of this concern with regard to the operations of the co-operative movement as practised in Western Australia. I have also given figures relating to the registered societies still existing, have shown that they are flourishing, and that they are all members of the federation.

Mr. Watts: You have almost convinced me that the Bill is unnecessary.

Hon. W. D. JOHNSON: The hon. member will find some excuse to advance! We recognise that there may be weaknesses; if there is none, the Leader of the Opposition will doubtless endeavour to make one. I hope he will not adopt that course in regard to this matter. The co-operatives that he knows of in Katanning and Broomehill are registered as companies and are flourishing. The hon. member knows that. I want him to assist me to promote the co-operative spirit so that it will prevail in the metropolitan area. I know we will be able to get through, but the world always wonders, when we go into an industrial centre for the purpose of supplying consumers' needs, why we operate by registering under the Companies Act. We cannot publish to the world why it is done, and why this is necessary. There is no part of the world where the producers and consumers pull together better than they do under the co-operative movement in Western Australia. Admittedly that is not always so in other parts. The co-operative movement in Scotland frequently quarrels with the consumers in England.

Mr. Seward: That will not affect you here.

Hon. W. D. JOHNSON: That is so, but I am pointing out that in Western Australia we have got over that difficulty. The producers work with the consumers and the consumers sympathise with and help the producers. We have there the true co-operative spirit. The movement is well

organised in the country districts. It is true we have them on the company basis; they are flourishing—and we cannot keep explaining the position. While it is all right at Collie, Leonora or Gwalia because societies exist there, the position is not satisfactory at Bassendean because the concern there is a company. I hope the House will appreciate the difficulty. It is quite all right for the companies registered in the country districts but under existing conditions we are not able to expand as we wish in the metropolitan area.

I want the House to remember that we are closely associated with the International Co-operative Alliance, which is a huge organisation representative of the whole world. In the publications of that alliance, Western Australia is repeatedly quoted. The Hon. T. H. Bath is a regular contributor to the publications issued by the International Co-operative Alliance. We want to be in a position in the centenary year to declare that we are now expanding our movement in the metropolitan area. We have done our work in the producing centres. We want now to serve the workers in the metropolitan area. For that purpose we have come to Parliament with a request to remove the restriction that interferes with our organisation, with our ambition, and with a true conception of how a consumers' co-operative should be administered. I know that I cannot expect members generally to share my proud enthusiasm regarding the wonderful movement we have in Western Australia.

Mr. Thorn: You have rather let us down now!

Hon. W. D. JOHNSON: The member for Toodyay knows that I might let him down in a number of things, but never in connection with the co-operative movement.

Mr. Thorn: You told us last week you would not be here today.

Hon. W. D. JOHNSON: That is true. I thought when I went to attend a big co-operative meeting—

Mr. SPEAKER: Order! The hon. member is now getting away from the Bill.

Hon. W. D. JOHNSON: The Bill deals with co-operative registration and I went down to a co-operative society registered under the 1903 Act.

Mr. SPEAKER: Order! If it was registered under the 1903 Act, it has nothing to do with this Bill.

Hon. W. D. JOHNSON: Well, Sir—

Mr. SPEAKER: Order! This Bill provides only for companies not registered under the 1903 Act but which could be registered when the section is repealed. The hon. member must confine himself to the Bill.

Hon. W. D. JOHNSON: I cannot expect members to share my enthusiasm and pride in the co-operative movement. It is very difficult for those who are not students and are not co-operatively minded to show the interest they should. I wish to point out in conclusion that I was brought up in the trade union movement.

Mr. SPEAKER: Order! The trade union movement has nothing to do with the Bill.

Hon. W. D. JOHNSON: I must draw a comparison between the collective bargaining done under co-operation and under trade unionism. It is essential that I establish this illustration for the information and guidance of members. The trade union movement and the co-operative movement both advocate collective strength, collective bargaining and mutual help in all matters. When I was in the trade union movement, I worked with my fellow tradesmen to form a union so that I could sell my labour under the best possible conditions. Individually I could get nowhere; individually I was not getting the full results of my labour. Therefore I collectively sold my labour and got my true value, or as near to it as was possible.

This Bill is to give the workers an opportunity of registering to use their collective strength in spending the money that the trade unions help them to earn. The trade unions teach the workers how to earn it; the co-operative movement teaches them how to spend it. Therefore there is need for a measure of this sort. We want to educate the workers of the State in co-operation. We are proud of the educational effect of co-operation in this State, but we cannot form co-operative concerns in the metropolitan area because of legislative limitations. Consequently I ask members to assist me in passing this measure, as I believe they will do, and enable us to extend co-operatives into the metropolitan area and thus serve the metropolitan area in the same way as we have served the producers throughout the State. I have pleasure in moving—

That the Bill be now read a second time.

On motion by the Minister for Justice, debate adjourned.

BILL—EVIDENCE ACT AMENDMENT.

Second Reading.

HON. N. KEENAN (Nedlands) [9.4] in moving the second reading said: This Bill is of somewhat short compass, but it will be absolutely necessary in order to obtain convictions in certain cases. Although the Bill is of very small compass, it is of considerable importance under certain conditions that arise in this State. The measure seeks to amend Section 101 of the Evidence Act, which states—

(1) In any civil or criminal proceeding, or in any inquiry or examination in any court, or before any person acting judicially, where any child of tender years—

The word "child" means any person under the age of 21.

—who is tendered as a witness does not in the opinion of the court or person acting judicially understand the nature of an oath, the evidence of such child may be received, though not given upon oath, if in the opinion of the court or person acting judicially such child is possessed of sufficient intelligence to justify the reception of the evidence and understands the duty of speaking the truth.

That relates to evidence of a child of tender years and the age is not fixed, simply because it is impossible to fix it. In many instances children of 13, 11, or even 10, are more intelligent than are others at 16. So the matter is left entirely to the court. Subsection (2) is the portion that the Bill is designed to amend. It reads—

No person shall be convicted of any crime or misdemeanour on the testimony of a child who gives evidence under the provisions of this section unless the testimony of such child is corroborated by other evidence in some material particular.

Speaking generally, that is undoubtedly a wise provision because some children, although truthful and although the court might reasonably come to the conclusion that they understand what the truth is and intend to speak the truth, nevertheless are subject to imagination, and the imagination is so strong that it carries them away. Therefore it is wise, as a general principle, that the evidence of a child should not be sufficient to warrant conviction unless there is a corroboration of that evidence in some material particular. In the Evidence Act, also, provision is made for taking the evi-

ence of an aboriginal. Strange to say, although we do not allow a conviction to follow evidence given not on oath by a child, we do allow evidence not on oath given by an aboriginal to warrant a conviction. Strangely enough we even go further because we allow the evidence to be taken down and a mark to be made on it by an aboriginal, and that evidence to be tendered, although the witness is not present and is not therefore subject to any cross-examination, but is subject only to the limitation that the jury or the judge considers that the evidence is open to some doubt because of the lack of cross-examination. The amendment asked for is to Subsection (2) of Section 101 and provides that after the insertion of preliminary words "Save as herein provided" at the beginning of the subsection, the following proviso be added to the subsection:—

Provided that on the hearing before a Police, Stipendiary or Special Magistrate sitting alone or before a Judge of the Supreme Court sitting with or without a jury on a charge of criminal assault—

The words are wrongly printed here—

—or of indecent exposure in the presence of a child of tender years, the testimony of a child who gives evidence under the provisions of this section may at the absolute discretion of such magistrate or Supreme Court Judge be held to be sufficient to warrant a conviction without any other evidence in corroboration having been called in support of such testimony.

With that addition, Subsection (2) would read—

No person shall be convicted of any crime or misdemeanour on the testimony of a child who gives evidence under the provisions of this section unless the testimony of such child is corroborated by other evidence in some material particular. Provided that on the hearing before a Police, Stipendiary or Special Magistrate sitting alone or before a Judge of the Supreme Court sitting with or without a jury of a charge of criminal assault on or of indecent exposure in the presence of a child of tender years, the testimony of a child who gives evidence under the provisions of this section may at the absolute discretion of such magistrate or Supreme Court Judge be held to be sufficient to warrant a conviction without any other evidence in corroboration having been called in support of such testimony.

The evidence of the child would be sufficient only if the court deems it sufficient to warrant a conviction. No corroboration is necessary under such circumstances. There has been an unfortunate series of recurrences of this offence in the metropolitan area. In

the neighbourhood of the Hollywood School, no less than four cases have been reported; of course there have been other cases not reported. In the Subiaco School, the head-teacher informed me, there have been four cases. The position is the same as regards the Claremont School.

It is impossible to get convictions if the law remains as it stands today, because the offence is committed in the absence of adults. The man who commits it, as the Commissioner of Police informed me when I waited upon him as a member of a deputation in this connection, has the one trick of mind to avoid the presence of adults. He is practically a madman, a mental; but he has extraordinary acuteness in that he keeps off his offence whenever there is an adult present. He wants to safeguard himself, and of course the offence does not require in any way the presence of an adult. So it is almost, if not quite, impossible to get a conviction as the law stands. It is not quite impossible because there might appear a child who, although of tender years, might be of sufficient intelligence for the court to allow an oath to be administered. But that is extremely rare. So it may be said that in all circumstances, as the law stands, it is impossible to stop this beastly crime. A Police or Stipendiary or Special Magistrate, or a Judge of the Supreme Court, is specially trained for the purpose of administering the law; each of them is specially qualified to give a clear and competent decision as to the reliability of such evidence. In that case whoever is sitting, whether Police or Stipendiary or Special Magistrate or Supreme Court Judge, has to form the conclusion, under Subsection (1), that the child clearly understands the necessity and duty of speaking the truth. If the child does not, the court cannot take the evidence.

The Police or Stipendiary or Special Magistrate, or Supreme Court Judge has to come to the conclusion, before he allows a statement to be made, that the child who is to make it understands clearly and absolutely the necessity of speaking the truth. And then, of course, he is able to judge by the manner and demeanour of the child, and also to judge by cross-examination, which is always allowed—but which is unnecessary in the case of an aboriginal—to form a conclusion as to the reliability of the evidence. In those circumstances the risk taken by altering the law in the manner I ask it to be altered is extremely small; and the necessity

for it is extremely great, because without this alteration the beastly form of offence which for some horrible reason has recently roamed beyond all bounds can never be stamped out. So I ask the House to accept this measure. I move—

That the Bill be now read a second time.

On motion by the Minister for Justice, debate adjourned.

MOTION—SOLDIER SETTLEMENT.

As to Commonwealth Policy.

Debate resumed from the 30th August on the following motion by Mr. Thorn:—

That Parliament views with deep concern the failure of the Commonwealth Government to announce some definite policy in respect to soldier land settlement and what financial assistance will be available to assist ex-members of the Forces who desire to take up primary production. This apparent lack of policy is bringing hardship to many Western Australian ex-servicemen and it is also against the best interests of Western Australia, where there is so much suitable land available at moderate prices.

MR. LESLIE (Mt. Marshall) [9.18]: First of all I wish to say that I do not know whether to compliment or to condemn the member for Toodyay for the way in which he has worded his motion. Perhaps he is deserving of both compliment and condemnation. As a member of the R.S.L. State Executive and the Land Committee, he must be aware of the extreme agitation existing today not only in R.S.L. circles but among the people of the State generally for a definite announcement from the Commonwealth Government of a land settlement policy for the men at present in the Fighting Forces. From that angle there may be reason for condemnation of the hon. member for having worded the motion so mildly. On the other hand, he deserves complimenting because the very restraint evident in the language of the motion indicates to my mind, and I am sure to that of most members of this Chamber, that the hon. member wishes to secure full support for the representations this motion will be the means of making to the Commonwealth Parliament for immediate action to be taken in order to achieve something definite in connection with soldier land settlement. The motion is, in my opinion, worded with extreme and highly commendable moderation. It expresses deep concern at the failure of the Commonwealth Government to announce some definite policy

with respect to soldier land settlement, and proceeds to say—

The apparent lack of policy is bringing hardship to many Western Australian ex-servicemen and it is also against the best interests of Western Australia.

I support the motion and ask other members to do so. Let us consider the matter from the point of view of our returning soldiers and from the point of view of the State and its future development. As an indication of the worry and thought that this matter is occasioning throughout the State, I point out that on the agenda paper for this year's annual congress of the Returned Soldier's League there are 19 motions dealing with soldier land settlement, of which no fewer than ten deplore the absence of an announcement of Government policy with respect to soldier land settlement. More than 50 per cent. of the motions dealing with soldier settlement which members of the league in Western Australia are submitting to the annual congress deplore the absence of such an announcement.

Hon. W. D. Johnson: No doubt influenced by the failure after the last war.

MR. LESLIE: There is no doubt about their deep concern over the failure of land settlement after the last war. I propose to deal with that aspect in the course of my remarks.

Mr. Thorn: It was really only a partial failure.

MR. LESLIE: Yes. The conflict in Europe is moving forward so rapidly that we cannot afford any longer to delay in formulating a policy for settling our returning soldiers on the land. Today, tomorrow or next week we may see the war in that theatre ended; and I suggest that then it will not be long before the conflict with Japan is brought to a successful conclusion. There is, therefore, a need for urgency. The mover and I are not dealing with this motion in any party spirit. The fact that there is a different shade of politics in power at Canberra is not influencing us in any way.

Mr. J. Hegney: That is always the story!

MR. LESLIE: I personally dissociate myself from any condemnatory remarks which may refer to the State Government's supposed inaction in connection with soldier land settlement. This is essentially a Federal matter; and I believe that our Minister for Lands, who is the Chairman of the Rural Reconstruction Commission, which has

issued a very fine report on this subject, is so alive to the problem that he could hardly have failed to deal with it from the State point of view. Until such time as the Commonwealth Government announces its policy on soldier land settlement, we cannot be critical of the State Government for any action it might or might not have taken. I believe the Minister for Lands is wholeheartedly behind the idea that primarily this is a Federal responsibility. We support him in that respect. To prove that the matter is a Federal responsibility, and because of the unequal burden it imposes on Western Australia is left to the States as principals, I shall quote some figures dealing with land settlement after the last war. The enlistments in this State totalled 32,231, and of these 23,670 men returned. Our casualties were 26 per cent. of our enlistments. Of the 23,670 men who returned, 5,213 were assisted to settle on the land; in other words, 22 per cent. of the men who returned from the previous war became assisted soldier settlers.

The Minister for Lands: Thirty-seven thousand.

Mr. LESLIE: I am dealing with Western Australian figures only. I agree with the Minister for Lands that 37,000 was the total for the Commonwealth, which is about nine per cent. of returned men over the whole Commonwealth who were assisted soldier settlers. Western Australia, with a population of less than 400,000, had to carry a burden in this connection of 22 per cent. of soldier settlers, against the Commonwealth's 9 per cent. average. I shall quote New South Wales's figures which show that returned men there numbered 88,608, of whom 9,800 odd became soldier settlers. That was only 11 per cent. of the men who returned. Members will therefore note that the land settlement scheme after the previous war imposed an unequal burden on this State.

Mention was made by way of interjection of the failure of land settlement after the last war. According to Mr. Justice Pike's report in 1929, 71 per cent. of the soldiers settled on the land were still carrying on their properties, 29 per cent. having abandoned them. In Western Australia at that time 70 per cent. still remained on the land. I therefore do not think that Western Australia can be blamed for not having done everything possible to keep its soldier settlers on the land, especially when one takes

into account the unequal burden which this State was carrying. Unfortunately the position today presents a sorry picture. I cannot compare the position in the other States as I have not the figures, but today we have only 33½ per cent. of our soldier settlers in this State remaining on the land. In 1929, however, we still had 70 per cent. on the land; and members will recall that it was in 1929 and 1930 that we struck the period of depressed prices. It is therefore exceedingly difficult to say how much of the failure since 1929 has been due to wrong methods and how much to the adverse conditions which then affected all the primary producers throughout the Commonwealth.

Mr. Cross: How many settlers died in that period?

Mr. LESLIE: Not many, but numbers found themselves unable to carry on their holdings because of ill health, no doubt. I suggest that the prospect of Western Australia, with a population of 400,000, again carrying an unequal burden like that is too severe. New South Wales, with a population of just under 2,000,000, had only 9,800 soldier settlers. Western Australia, with a population of fewer than 400,000, had 5,200 soldier settlers. We must consider what may be the aftermath of this war, and that the burden may be greater. It has not been possible for me to obtain accurate figures of the number of enlistments from Western Australia, but we know that the percentage is higher than that of any other Australian State. We know that the members of the Fighting Forces at present are very nearly twice the number of those that took part in the last war.

Our casualties in the last war for the whole of Australia—that is, men who were killed or reported missing—totalled 26 per cent. of the whole of the enlistments. So far, the casualties in this war total only 3 per cent., excluding prisoners of war. If we say that out of our 50,000 Western Australians—that figure is a guess—only 3 per cent. will not return, that leaves us a figure—taking our 22 per cent. average of the last war as potential soldier land settlers—of 11,000 to 12,000 men likely to seek assistance to go on the land. In case some people think that is pure conjecture, let me say that I am speaking from knowledge based on actual experience of what is probable. When I was with the Forces, the question of land

settlement for soldiers was earnestly discussed. My mind goes back to days when we had little to do but watch dust storms and keep beetles and bugs away. Most of the fellows with me were young men. They talked of the days to come—and in 1940-41, the Tobruk times, we did not think the end of the war was so far away—and discussed what they were looking forward to.

Nine out of ten of the men who were with me visualised a home of their own on the land. They looked forward to independence and freedom. They were not concerned with coming back to look for a job. They believed we had a Government which would live up to the promises that were made that these men should come back to something better; that the resources of the country they were fighting to save would ensure provision for their future; that they would be cared for. I speak from that knowledge when I say I am satisfied that it is conservative to estimate that at least 22 per cent. of the men who return will apply for assistance to enable them to go on the land. Victoria has already estimated that it will have 25,000 land settlers on this occasion, as compared with 11,000 previously, and New South Wales has increased its figure to more than double. The Rural Reconstruction Commission's report estimates that from 50,000 to 70,000 soldiers are likely to seek assistance to enable them to settle on the land, and I suggest that that is a conservative estimate.

Mr. Smith: On what is it based?

Mr. LESLIE: On the figures of the last war. When one considers Western Australia's small population and the limitations of finance imposed on us through our having sold our birthright to the Commonwealth under the Financial Agreement, and when one also considers that the success of primary production is largely dependent upon Commonwealth policy, it is impossible to contemplate Western Australia's being able to carry the burden of being the principal in assisting returned men on to the land. I have already pointed out that this must definitely be a Commonwealth matter. The motion expresses our deep concern at the failure of the Commonwealth Government to give us a definite policy and plan for soldier settlement. In 1941, the Returned Soldiers' League over the whole of Australia started to impress upon the Commonwealth

Government the necessity for immediately outlining a policy and preparing a plan in this connection.

We are entering our sixth year of war, but unfortunately no plan and no policy has been announced. Instead of that, we find that even as recently as the day before yesterday, articles were published in the paper referring to a conflict of opinion in regard to what the future policy of the Commonwealth concerning soldier land settlement will be. In January, 1944, the Rural Reconstruction Commission presented its report to the Commonwealth Government on soldier land settlement. That report is one of the most exhaustive that could possibly have been prepared. In their investigations, the members of the Commission went right back to the year 1929 and studied the report of Mr. Justice Pike, covering his investigations into soldier settlement failures up to that time. They contacted soldier settlers, both those who had been successful and those who had proved failures during the intervening years, and took evidence from the Returned Soldiers' League and from men who had served for years on land committees in every State in connection with the Returned Soldiers' League land operations. They studied a proposed Bill submitted by the League and criticised it. They based many of their findings upon the suggestions contained therein, and the proposals they submitted to the Commonwealth Government are on all fours with those in that Bill. More than 80 per cent. of the league's recommendations are embodied in the report.

The Commonwealth Government receive pressure from the Returned Soldiers' League in 1941, 1942 and 1943 to adopt a policy and commence a plan in regard to soldier land settlement. From January, 1944, the Government has had this report of the Rural Reconstruction Commission but today, unfortunately, we find that a chaotic condition of affairs exists. It is impossible for us to know what the Commonwealth Government has in mind. Indicating the apparent conflict of opinion in Canberra I would like to quote here a remark of the Prime Minister, Mr. Curtin. This statement was published in "The West Australian" of the 21st July last. It deals with soldier land settlement, and the report of the Rural Reconstruction Commission. Mr.

Curtin said that the soldier settlement scheme was to be carried out by the States as principals with certain Commonwealth aid. Unfortunately no reference was made as to what that aid might be. Mr. Curtin and his Government, or rather the Commonwealth Government, because I prefer not to mention any particular individual or Prime Minister as head of the Government, said on the 21st July that the soldier land settlement scheme, contrary to the recommendations of the Rural Reconstruction Commission which said that it was a Commonwealth matter, would be carried out by the States as principals with certain Commonwealth aid.

I do not wish my remarks to be taken as party criticism; I merely wish to show the lack of unity in the Commonwealth Government. As an indication of that divided opinion we find on the 28th July Mr. Forde, the Minister for the Army, reported in "The Daily News," Perth, as saying, when dealing with rehabilitation after the last war:—

With six different States tackling the problems, and a Commonwealth Government shelving its responsibilities upon the States, there was chaos, and we must guard against a recurrence.

Mr. Smith: Vote "Yes."

Mr. LESLIE: The question of the "Yes" or "No" vote does not enter into it. This is a matter for the Commonwealth to deal with. Its powers in this connection have never been queried. Any other issue brought into it is merely trying to sidetrack the main question. I hope that the Minister for Lands, who is also Chairman of the Rural Reconstruction Commission, will give us some comments in regard to his recent meetings with the Premiers in the Eastern States. I am concerned, and so are members of the R.S.L., over the following report recently published in "The West Australian":—

The Commission has made recommendations in relation to soldier settlement, and the conflict of opinion following the Department of Reconstruction's failure to accept the Commission's recommendations.

It appears that the Commonwealth Government has definitely no policy but has left the matter in the hands of the Department of Reconstruction. The men in that department may be brilliantly intellectual but they are not practical-minded. The Rural Reconstruction Commission's report

is based on evidence from practical people of long experience. I do not want to say more in that connection. Members will agree that this is definitely a Commonwealth matter, and that the Commonwealth Government has failed, up to now, to indicate its policy and that, as a result, it has created grave concern throughout the States, particularly Western Australia, with which I am dealing, because Western Australia more than any other State, will be vitally interested in the question of land settlement after the war. We have no war industries on the same scale as those in the Eastern States which can be converted into peace-time industries and so absorb men in industrial pursuits. We have only one avenue to which we can look for these returned men, and that is the land.

The Premier: It is not quite as bad as that.

Mr. LESLIE: It might not be.

Mr. Withers: What about a market for their products?

Mr. LESLIE: That again brings us back to the fact that this is a Commonwealth matter because it depends on the Commonwealth's international relationships. In the hands of the Commonwealth Government rests the future of the whole of the Australian primary products. The impact of the Commonwealth international agreements is going to be severe. The Commonwealth Government must carry the burden of any soldier land settlement scheme. I hope members will carry this resolution in order to indicate to the Commonwealth Government that we are concerned at its failure to announce definitely at an early stage that it has a policy in hand and a plan as complete as possible to put into effect against any eventuality.

Mr. J. Hegney: The Commonwealth Government is engaged on the war effort.

Mr. LESLIE: A plan could be provided without interfering with the war effort.

Mr. Smith: What is your plan?

Mr. LESLIE: We have our plan and it is included and approved in the report of the Rural Reconstruction Commission. We have prepared that plan and all we ask is that the Commonwealth Government assume the responsibility of implementing it. That Government is evidently shelving that particular issue. We know from experience that while the war continues the people are keenly interested in the fighting men.

While they are actually engaged in battle and our country and homes are in danger nothing is too good for them! We promise, we help, and give what we can, but once that danger is passed we forget. We promise them a crown of glory and when they come back we offer them a piece of tarnished tin.

Mr. J. Hegney: That is right.

The Premier: That is not right by any means. There is too much croaking about what is done.

Mr. SPEAKER: Order!

Mr. LESLIE: Today we hear a lot of loose talk about what is going to be done for the service man. Unfortunately there is little evidence he can see of anything tangible being done. He wants to have a feeling of comfort in the knowledge that he can look to the future with confidence. So far as land settlement is concerned he cannot do that. I appeal to members, irrespective of party and creed, to join with me and say to our fighting men that we as their representatives and the representatives of the people of this State, are concerned with their welfare and will do what we can to see that some of the things that they hope for will become established facts; that we propose to leave no stone unturned to bring that about, to see that whatever promises and plans are made are not going to be subject to failure as they were the last time, and to profit from the experience of the practical men and not base the fortunes of our returned soldiers on the theories of professors.

I submit in all sincerity that this motion contains no party bias. Without in any way attempting to disparage the particular Government in power at Canberra today—had it been of another political colour it might have been just as lethargic and apathetic regarding the welfare of our men—I ask the House to support the motion purely from the point of view of the interests of the members of the Fighting Forces. I believe that no member will find it in his heart to oppose the motion, but will support it to ensure that it is forwarded to Canberra to add strength to the representations that the Premier and the Minister for Lands must of necessity have made in the interests of Western Australia.

On motion by the Premier, debate adjourned.

House adjourned at 9.52 p.m.

Legislative Assembly.

Thursday, 7th September, 1911.

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

QUESTION—MEAT INDUSTRY CONTROL.

As to National Security Regulations.

Mr. SEWARD asked the Minister for Agriculture:

(1) Has he read National Security (Meat Industry Control) Regulation recently promulgated?

(2) In view of the fact that under the definition of "owner" the owner or occupier of land on which he bred or fattened the stock only is provided for, will one who is a dealer or who has neither bred nor fattened the stock concerned be excluded from the operation of this regulation?

(3) As the regulation refers to stock which are slaughtered for—

(a) export;

(b) for frozen beef, mutton, or lamb for the Australian and Allied Services;

(c) mutton for dehydration;

(d) mutton for canning;

will the owner of stock which is intended for local civilian consumption be excluded from the regulation?

(4) If such information is not at his disposal will he obtain it from the Commonwealth authorities?

The MINISTER replied:

(1), (2), (3) and (4) These questions involve legal interpretation and are being referred to the Commonwealth Crown Law Officers. On receipt of a reply, the information will be supplied to the hon. member.