

at which it was placed in our Education Act in this State more than 70 years ago. Even from the lowest point of view it must be recognised that the extension of mechanical devices has cut down opportunities of employment for the unskilled worker. Greater skill is required for everyone and therefore a higher education is more necessary now than previously. It has happened more than once not only in this country but also in England that one of the greatest difficulties in meeting the unemployment problem was lack of skilled labour.

Under modern conditions, having to face world competition as we shall have to do after the war, we cannot afford not to give our young men and women the best possible chance of learning trades and generally developing their minds. Then there is the combination of training with teaching. I think that one of the greatest disservices done to the youth of Australia was the non-operation of the sections of the Defence Act of 1904 which provided for the military training of all boys from the ages of 12 to 19. A Labour Government suspended that portion of the Act, and successive Nationalist Governments lacked the courage to re-introduce it. I do not think any greater disservice was done to the youth of Australia than the stoppage of that compulsory training between the ages I have mentioned. There are many other angles from which a Select Committee might investigate this question of juvenile delinquency aiming, on the one hand, to secure for offenders treatment better calculated to be of a reformatory character and, on the other, to protect society and to inquire as to the methods that might be adopted in the education and bringing-up of children which will remove as far as possible juvenile delinquency. It is only by improving the general mental, physical and moral standard of youth that there is a certain hope of decreasing juvenile delinquency, and I repeat that I believe the best way of doing that is to reform our methods and to recognise the obligation there is upon the State to see that children in the most critical period of their lives before school and after the compulsory leaving age has been reached, have an opportunity to improve themselves. Children of well-to-do parents may be said already to have that opportunity, but what I want is that the children of all parents shall have it, and that can only be done by a State activity.

I trust the Chief Secretary will not oppose the appointment of a Select Committee, and that the mover of the motion will agree to the amendment I propose to move. I move an amendment—

That paragraph (c) be struck out with a view to inserting a new paragraph.

The PRESIDENT: I would ask hon. members now to confine themselves to the amendment, and for the simplification of the debate suggest that the amendment be dealt with one way or the other as early as possible.

Amendment put and passed.

HON. SIE HAL COLEBATCH: I move an amendment—

That the following new paragraph be inserted in lieu of the paragraph struck out:—“(c) The problem of juvenile delinquency generally.”

On motion by the Chief Secretary, debate adjourned.

#### ADJOURNMENT—SPECIAL.

THE CHIEF SECRETARY: I move—

That the House at its rising adjourn till 2.15 p.m. tomorrow.

Question put and passed.

House adjourned at 4.47 p.m.

## Legislative Assembly.

Tuesday, 9th March, 1943.

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The SPEAKER took the Chair at 2.15 p.m. and read prayers.

#### QUESTIONS (2).

##### RAILWAY POLICY.

*As to Effect of Road Competition.*

Mr. NORTH asked the Minister for Railways: 1, Has the competition between

motor transport and the railways modified railway policy to any extent? 2, If so, to what extent? 3, Are there any railway routes in this State which as a result of experience in the last decade could better be served (under normal peace conditions) by motor highway and road transport? 4, Is it yet possible to declare the length of route, short of which motor transport is the more economical and efficient and beyond which the railway remains supreme?

The MINISTER replied: 1, No. Railway policy has never been static. It is adjusted as necessary to meet changing conditions. 2, Answered by No. 1. 3, No. 4, No.

### DEHYDRATED APPLES.

#### *As to Imports.*

Mr. SAMPSON asked the Minister for Industrial Development: 1, Is he aware that dehydrated apples, grown, prepared, and packed in Tasmania, are on sale in Perth, and this notwithstanding there is an alleged shortage of shipping and a surplus of apples? 2, Will he look into the matter and take such steps as may be required to protect this State from what is wasteful transport?

The MINISTER replied: 1, As far as can be ascertained, there have been no imports of dried apples into Western Australia since November, 1941. 2, Steps are being taken and will continue to be taken to ensure that all available shipping space is utilised to the best advantage to the State.

### MOTION—GOVERNMENT BUSINESS, PRECEDENCE.

**THE PREMIER** [2.19]: I move—

That for the remainder of the session Government business shall take precedence of all motions and Orders of the Day on Wednesdays as on all other days.

**MR. WATTS** (Katanning): I have no objection to this motion, because the Premier has been good enough to say an opportunity will be afforded to deal with what private members' business is now left on the notice paper. On that I rest content.

Question put and passed.

### NORTH FREMANTLE PROPERTIES AND WHEAT STORAGE SELECT COMMITTEE.

#### *Report Presented*

Mr. Tonkin brought up the report of the Select Committee, together with a typewritten copy of the evidence.

Report received.

#### *As to Printing and Consideration.*

**MR. TONKIN** (North-East Fremantle): [2.22]: I move—

That the report be printed and its consideration made an Order of the Day for the next sitting of the House.

**THE PREMIER**: I have no objection to the motion. I understand that the report is concise and that the printing will not involve a large expenditure. The hon. member does not desire the evidence to be printed. It will be available to members in the same way as the evidence taken by the Commonwealth Powers Bill Select Committee has been. In view of the fact that not much expense will be involved in giving effect to the motion and that members should have an opportunity of securing copies of the report, I have no objection to the report being printed.

Question put and passed.

### BILL—COMMONWEALTH POWERS.

#### *In Committee.*

Resumed from the 4th March. Mr. Marshall in the Chair; the Premier in charge of the Bill.

Postponed Clause 2—Reference of matters to Parliament of Commonwealth (partly considered):

The CHAIRMAN: Progress was reported after paragraph (f) had been agreed to.

Paragraph (g)—The production (other than primary production) and distribution of goods, and, with the consent of the Governor-in-Council, primary production, but so that no law made under this paragraph shall discriminate between States or parts of States:

**MR. WATTS**: Originally when subscribing to a certain part of the report tabled by the Select Committee some days ago I recommended the rejection of this paragraph in toto, but I have had occasion to reconsider that aspect of the matter and feel that there may be

some justification for the paragraph if the amendment I have moved be accepted. I notice that in the Select Committee's report the Premier and Minister for Labour, referring to the evidence, on page 9 of the report state—

This evidence overlooked the important fact that Commonwealth Governments in the past have had no direct responsibility for the development of the industries or the promotion of the welfare of the people of any particular State. Where any State has considered it was entitled to assistance from the Commonwealth, the people and Government of that State have had to place their claim before the Commonwealth and rely upon its sense of fairness and justice for adequate recognition of the claim. On the following page of the report, after mentioning what the Bill proposes, they state—

As a result, the Commonwealth will be given definite legal and direct responsibility to advance the welfare and progress of the people of Western Australia by operating a policy in this State as in other States.

Later they state—

This placing of great and direct responsibility upon the Commonwealth in respect of the industries and the people of Western Australia will assuredly, we think, ensure a very great measure of Commonwealth help for this State during the dangerous period of post-war reconstruction.

I cannot say that I agree with that point of view nor do I think the arguments advanced by the hon. gentlemen entirely logical. It is a well-known fact that during the war, which has now been with us approximately 3½ years, the Commonwealth Government has had the widest possible power to promote the industries and develop the welfare of every State in the Commonwealth. Yet it has been pointed out by many persons, among them the Premier himself in the speech delivered by him in this House in November last, that Federal policy, notwithstanding the power the Commonwealth Government has achieved by reason of its defence authority, has not acted in the direction of the encouragement of the development or even of the preservation of the existence of industries in Western Australia. I also find certain relevant references to this matter in the issue of the "West Australian Mining and Commercial Review" of February last.

Mr. Boyle: Is that the issue with the photograph in it?

Mr. WATTS: That is the one. I say on the authority of that journal, which cannot be said, I take it, to have any particular

leanings politically, that there has been a long and difficult struggle conducted by the Minister for Labour, whose photograph adorns page 19 of the publication in question, in order to preserve some semblance of development in connection with Western Australian industries. I feel I cannot allow this paragraph to pass, having as it does reference to the production and distribution of goods, without making some reference to comments appearing in the journal in respect of that question. Referring, of course, to the Minister for Labour, the journal says—

Against Federal opposition, he proved the value of the wooden ship-building industry to this State and has now the satisfaction of seeing this idea being placed into operation. He has fought a long and continuous battle to help local gas-producer manufacturers until, even in the face of the Federal Constitution which emphasises that trade between States must be free and unhampered, he has secured protection for local producers.

The problem of waste shipping space has also exercised his attention. Here he sought and received the support of Federal Ministers. He had a local shipping board appointed and, after much correspondence and argument, secured the interests of W.A. and local manufacturers.

Through his efforts, many industries have been started or given a fresh impetus. Fish-canning, fruit-canning and dozens of others have been started through him.

Mr. Patrick: Started—but stopped.

Mr. WATTS: I am sure, on the strength of this well known and highly regarded journal that, if there has been any development of Western Australian industries during recent years, it has been occasioned by the efforts of a member of the Western Australian Government and against the strongest opposition on the part of the Federal authorities, clothed as they have been with the fullest possible powers under the defence authority. It is extraordinary that the Minister, knowing this aspect—he must have known because surely otherwise they would not have been referred to in this journal—would contemplate for one moment the idea that the passing over to the Commonwealth of further powers after their defence powers had ceased to exist would be in the interests of the development of the industries of Western Australia.

Mr. Warner: That will take some explaining away!

Mr. WATTS: But because I do not want it to be said that as the Commonwealth had not the right it could not develop industries in Western Australia, I intend in a moment

or two to move an amendment to the paragraph which will give the Commonwealth an opportunity to act along those lines when the amendment is read in conjunction with the wording of the paragraph itself, while preventing it from in any way discriminating between this and any other State of the Commonwealth. Before I do that, I would like to make further passing reference to the apparent inability of the Commonwealth to recognise the arduous struggles of the Minister for Labour in his effort to overcome the apparent Federal prejudice against Western Australia in connection with gas-producers. It will be recollected that the article I quoted contained the following words:—

He has fought a long and continuous battle to help local gas-producer manufacturers until even in face of the Federal Constitution which emphasises that trade between States must be free and unhampered, he has secured protection for local producers.

This question raises two points. The first is that if we pass the Bill now before the Committee, whether it be amended or be not amended, there will still remain the provisions of Section 92 of the Commonwealth Constitution which sets out that trade and commerce between the States must be absolutely free. Therefore the passage of the Bill will not improve the Federal powers in that respect. Its defence power is still presumably subject to that difficulty. Equally so, power granted by means of the Bill now before the Committee will continue to be subject to that difficulty. The second point is that I can hardly believe that a Western Australian firm or company dealing in gas-producers will go to considerable expense in advertising the availability in Western Australia of gas-producers of a certain type that I will name in a moment, unless the efforts of the Minister for Labour, arduous though they appear to have been, have failed in their objective. I find that in a publication by the Postmaster General, issued at the end of last month, to wit, the Telephone Directory, the following appears on the front cover:—

Fit a "Nasco" gas-producer. "If better gas-producers are ever built—General Motors will build them." Approved by the authorities throughout the Commonwealth of Australia. Sydney Atkinson Motors, Ltd. . . . Distributors for Western Australia.

I can hardly believe that a firm like Sydney Atkinson Motors Ltd. would involve itself in the very considerable expense of an ad-

vertisement on the front page of the Telephone Directory as late as February of this year, unless it had "Nasco" gas-producers available for distribution to the people of Western Australia. So, whether it be known to the Minister for Labour or not, it would appear that arrangements have been made, notwithstanding the efforts for which he has been responsible, to bring supplies of these Eastern States gas-producers, concerning which there has been much debate in this House over the last few months, to Western Australia for sale. Therefore I cannot find comfort anywhere, to be quite plain and honest, in the argument that, if we give the Commonwealth further power, it would be likely to utilise it in the interests of this State, which, as I have said, was the basis upon which the Premier and the Minister for Labour succeeded in their section of the Select Committee's report in advocating the adoption of this particular paragraph. I propose, if it be possible with the assistance of the Committee, to place upon the Commonwealth a measure of responsibility in regard to the industries of this State and the development of its resources in order to prove or disprove, as the case may be, that the Commonwealth will or will not assist if given extended authority in the direction to which I have referred.

There is another aspect I desire to mention before moving my amendment. It was suggested by the Premier last week that it might be necessary after the war to institute rationing of certain articles in which there was, for one reason or another, a shortage of supply, and that one of the reasons why certain paragraphs were included in the Bill was to ensure that that privilege or power should be available to the Commonwealth Parliament if it seemed right to exercise it. Should the Commonwealth Parliament be prepared to declare, by resolution, that there is a shortage of some commodity after the war, so that rationing would be desirable in the public interest, I do not think we should refuse to allow the Commonwealth Parliament to do it. If the Commonwealth Parliament is prepared to declare—for in a matter of this kind I am not prepared during peacetime to accept a Ministerial ukase such as we have to take notice of now in wartime—that there was a real and emergency shortage of supply, I would be ready to accept that resolution.

On those two grounds I propose to move amendments which, if carried, will make the paragraph read, "rationing of goods, of which the Parliament of the Commonwealth declares there is a shortage of supplies and the encouragement of production and of the establishment of new industries, but so that no law made under this paragraph shall discriminate between States or parts of States." Accordingly I move my first amendment—

That all words after the word "the" in line 1 down to and including the word "production" in line 4 be struck out with a view to inserting other words.

My desire is ultimately to ensure power for the rationing of goods of which the Commonwealth Parliament declares that there is a shortage of supplies, and the encouragement of production and the establishment of new industries.

The PREMIER: I fear we shall not be doing the right thing by Western Australia if we limit this power to wartime, especially as we understand that the Bill has passed both the Queensland and the New South Wales Parliaments, which States therefore have given the Commonwealth the right to establish industries in them. If we do not pass the paragraph as printed, we cannot expect to get any industry established here by the Commonwealth. Such is the attitude adopted by the Premier of South Australia in that State's Parliament. Body-building has been established in South Australia, and if South Australia, or Western Australia, should by local circumstances be placed in an advantageous position the Commonwealth may, in the interests of Australia as a whole, establish factories either in South Australia or here. The Minister for Industrial Development, and the Government on his recommendation, have urged that Western Australia is peculiarly advantageously situated for the establishment of the cellophane industry. We have enormous quantities of timber, with water supplies in close proximity. In Australia it is necessary, instead of depending upon importation from places all over the world of this cellophane, to manufacture the article here. There is a big demand for it, and Western Australia is peculiarly favoured regarding possibilities of establishing the industry.

Unless this power were given, the Commonwealth would not take a hand in establishing in Western Australia industries

which have never existed in Western Australia previously, in order to cater for the requirements of the Commonwealth. This industry is one which has many items in favour if it here, items which do not exist in any other Australian State. The Government spent £1,000 in securing an expert to come here and report on the whole project, and furnish estimates regarding machinery required and other things. Numbers of Western Australian financial interests banded together prepared to do something in that regard, but the war nipped the project in the bud. However, it may be that after the war, when machinery is available and can be brought here, the Commonwealth might say, "There has been imported into Australia £1,000,000 or £2,000,000 worth of cellophane, and our desire is to have the industry established in Australia, and in the best geographical position available, taking into consideration all the circumstances of all the States." On the information we can put before the Commonwealth Government it will have to declare that Western Australia is the best place for the establishment of that industry; but if this power is not granted to the Commonwealth Government, it will not establish the industry here but will go to another State where it has that power. That is a situation which I do not wish to see created. I want Western Australia to be at least on a par with what can be done in other States. Therefore the paragraph should not be limited as proposed by the amendment. Other Parliaments have passed the paragraph as printed, and it will not be revoked except by way of referendum. It has been stated that various causes militate against the Commonwealth establishing industries here. Cellophane being light, freight represents an infinitesimal part of the total cost, and therefore it could be sent to the other States at small expense. However, to limit the paragraph as suggested by the amendment would not be in the best interests of Western Australia.

Mr. McDONALD: In view of what has been said by the Leader of the Opposition, I propose to support his amendment. I may be doing the Premier an injustice, but I think that all the prejudices which he apprehended as possible to result to the State could not arise under this amendment. The Premier is apprehensive that, lest we pass this paragraph as printed,

this State may be barred from Federal assistance to establish new industries.

The Premier: No, lest the Federal authorities be barred from establishing industries themselves.

Mr. McDONALD: Let me deal with that point. As far as this amendment is concerned, the Commonwealth Government would be empowered and invited to establish and encourage new industries in this State. Of course, it has always had extensive powers ever since the start of Federation, under Section 96 of the Commonwealth Constitution, to make grants to any State for the purpose of assisting the State. It has always had that power; but apart from the aid given to the States through the Grants Commission—which is a kind of charitable aid—the Commonwealth has shown a marked reluctance to do very much to assist this State to develop its secondary industries to something approaching the standard which the State is entitled to expect. By this amendment the Commonwealth Government will be given added and specific power to assist in the introduction of industries in this State. I do not propose to traverse what has been said so often in this Committee regarding the general principle of these powers.

The Premier says that New South Wales has passed this Bill as printed and that, if we do not pass it, we may lose advantages which the State of New South Wales will gain. That is the point I do not propose to traverse again, because it comes back to a matter of principle: What is good for New South Wales may be fatal for Western Australia. I have endeavoured to point out time and again that New South Wales virtually controls the Commonwealth Parliament. It has the Federal capital in its own territory; it has the Commonwealth Parliament and the administrative offices in its very midst and these are easily accessible to it. It is a matter all the time of balancing for this State the advantages we might gain through added legislative powers and administrative powers conferred on the Commonwealth Parliament, and the disadvantages that would ensue through the lives and the activities of the people of this State being regulated by a Parliament and administrative heads situated such a great distance away. There is a strong body of opinion—a reasonable and thoughtful body of opinion—which has felt

that, in view of the past experience of Federation in this State and of such things as the Leader of the Opposition read out about the battles of the Minister for Industrial Development to secure any justice to this State in the past, we are not going to part with the control of our affairs, for the time being at all events—I hope not at all. But I have said that I have maintained throughout that, in making the reference, it is not necessarily the last word in references.

From time to time, as the situation alters, it may be desirable in the interests of our State to grant some additional power to the Commonwealth Government. The Leader of the Opposition has pointed out that perhaps rationing might be such a power. Rationing, of course, can be done by the State Government; but I am not going to disagree with him that there might be some advantages in rationing in the post-war years being the responsibility of the Commonwealth Parliament. Therefore, I am prepared to support the amendment, but I still maintain most strongly my general principle that the past experience, the documentary experience, the declared experience of this Parliament and of practically every man in public life in Western Australia for the last 40 years, has been that this State has suffered many disadvantages solely as the result of Federation and the distant control of administrative matters. I propose to continue the attitude that I previously adopted, that is, to give away power over national matters, but otherwise to retain for the people of this State the management of their own affairs.

Mr. W. HEGNEY: I hope the amendment will be defeated. As I interpret it, it is a negation of what the Bill sets out to do. As I read paragraph (g), dealing with the production and distribution of goods, that power would enable the Commonwealth Government in peacetime to carry on with a system of rationing of goods in short supply. I believe the people of Australia will agree that the Commonwealth Government should give them the same protection against profiteers and vultures in peacetime as they have in wartime.

Mr. Watts: This paragraph has nothing to do with profiteering.

Mr. W. HEGNEY: I very rarely reply to interjections, but there is an indication that profiteers, if given the opportunity, will hold

sway after the war. The paragraph dealing with profiteering and prices was passed without amendment, and the paragraph dealing with production and distribution of goods has at least an indirect relationship to profiteering and prices. It has been said that the Commonwealth Government is restricted as far as the establishment of industries in this State is concerned. The Leader of the Opposition forgot to suggest that it was unfair to compare the action of the Commonwealth Government, with all its difficulties in wartime with any action it might take in peacetime. At present the Commonwealth Government has not power to establish industries under the Commonwealth Constitution. I propose to read some extracts from the report of the inter-State Commission appointed during the 1914-18 war. These will show that there is every necessity to have a central power restricting and controlling peacetime activities in the interests of the people, more especially on the cessation of hostilities.

In listening to the discussion, I have gained the impression, rightly or wrongly, that some members do not desire the Commonwealth Government to have any power at all, as soon as peace is restored, to regulate private industry in any way whatever. Under the paragraph dealing with production and distribution of goods, the Commonwealth will have power to instruct private industry as to a zoning system. It will be able to say what industries should or should not be established immediately following the war. The inter-State Commission to which I referred submitted its report to the appropriate Minister. I am aware that my experience in this Chamber is of short duration, but I know that the reading of long extracts is rather boring to those compelled to listen to them. I shall, therefore, make my quotations as short as possible, while at the same time endeavouring, if I possibly can, to enlighten members who may be opposed to this paragraph as it stands. The inter-State Commission inquired into the commodity of rice. It referred to price and manufacture. Rule 13 of the Rice Manufacturers' Combination—that is, the manufacturers' union during the last war—was as follows:—

The Premier: Where was the union established?

Mr. W. HEGNEY: In New South Wales. The rule reads—

During the first week in every month commencing with the month of November, 1914 . . .

That was about two months after the outbreak of war, so the combination did not lose any time—

. . . every member shall forward to the secretary a certificate, signed by him or by his responsible manager, setting forth that from personal knowledge, after due and diligent inquiry, all sales made during the preceding month other than between members were in strict conformity with the association rules and regulations, and that the prices charged for same were strictly in accord with the prices notified by him to the secretary.

With regard to control, the executive heads of the organisation would no doubt meet and fix prices for the following month without any regard to the public, but only with an eye to profits. Provision was made for penalties should any member transgress the rules of the organisation. Salt was another item dealt with by this Commission. It may be pointed out that there was an organisation known as the Salt Refiners and Manufacturers' Association. This is what the Commission's report discloses with respect to the ramifications of that body:—

The association has an agreement binding the above refiners and manufacturers to certain methods of distribution, territory to be supplied, and to such prices as may be arranged by them at duly authorised meetings from time to time. Each firm has one vote, and all questions are determined by the unanimous vote of delegates present personally or by proxy. A fidelity and guarantee bond has been created, by which each member of the association has to contribute the sum of £250, which is held upon trust, to secure the fulfilment and observance by each party of any agreement that is come to, and to enforce the discharge of each member's obligations.

That is an indication of how production, distribution and prices can be fixed by an organisation, and that is how it was done during the last world war. The Commission also investigated the operations of the people engaged in the sale and distribution of condensed milk. There is no doubt that in more ways than one these manufacturers were on a sweet thing. The Commission reported as follows:—

During the taking of evidence, an agreement, dated the 1st April, 1915, was put in by which, in effect, all the Australian manufacturers, except one company, sell through one agent, the Nestle and Anglo-Swiss Condensed Milk Company and apportion the amount of trade to be done by each.

The principal matters provided for in the agreement are as follows:—Clause 1: The companies are bound to abstain from competition with one another. Clause 4: Eliminates the Standard Company and the Australian Milk Products, Ltd. from competition in unsweetened condensed milk and other milk products.

They are to "concentrate" on sweetened condensed milk. Clause 5: Defines the proportions in which the products of the different companies should be sold. Clause 11: Debars the Nestle Company from making any contract for delivery outside the assigned proportions.

There is an indication that the combine said that one may trade just as the combine decides, and shall operate in whatever territory is set out. Competition, of course, is entirely eliminated. Dealing with the same combine, the report goes on to say—

In the present case various instances were given of an oppressive and almost unfettered control of the market enjoyed by the combine—unfettered, of course, except as to the maximum price. It was shown that Nestle's brought pressure to bear on grocers in order to force them to buy more freely than they wished the brands of the other parties to the combine. The companies sought to force the grocers of Melbourne to buy a milk labelled with a price which would have prevented them selling above the market price, and so limited their gross profit to 5.7 per cent., though the grocers' costs of selling are said to be nearly three times that percentage.

The Chief Commissioner, apparently, was not satisfied with the extent of the report and he wrote an addendum, which has direct relation to the question of production and distribution of goods. It reads—

The juggling with labels in this trade is a serious matter. In 1912 and 1913, before the combine, Nestle's whose position was and is a commanding one, sold certain second-grade milk to a jobber in New South Wales, who described it on his labels, not as second-grade milk, but as "Suitable for Infants." The Board of Health discovered this, and on its complaint the label was altered. On another occasion, the same company sold their milk under the name of their accountant, whose name and private address appeared as the guarantor under the Pure Foods Act of New South Wales, though he had nothing to do with the manufacture. The Board of Health objected to a dummy name as guarantor, and the milk was then sold as second-grade Nestle's. The reputation of Nestle's milk, which, in its Swiss home, was the pioneer of the industry, is higher than that of any other brand, whether it has any intrinsic superiority or not. The result is that it commands both a larger market and a higher price. In 1914, during the drought, Nestle's company, "because we could not fill current orders," bought 4,000 cases from the Australian Milk Products Company, put its own labels on the tins and sold the milk to the Australian public as their own at the higher price that it regularly brings.

There is a definite indication by the Commission showing fraud as well as profiteering, in regard to the distribution and sale to the public of a commodity. Here is another extract from the report which deals with the

profits of Australian manufacturers, and of wholesalers and retail distributors—

The abnormal conditions of trade and shipping occasioned by the war, involving restricted supplies, have enabled manufacturers and distributors, with rare exceptions, to increase their profits, and these conditions have been availed of for that purpose in certain instances to a remarkable extent. As the profits of manufacturers and ordinary trading largely increased, so apparently those directly interested became conscious of the undesirability of disclosing, in the ordinary manner, the increasingly profitable nature of their returns. This led in many cases to marked alterations in the character of the information displayed in the various balance sheets. Reserves from profits, hidden as well as open, were created; watered stock issued; unreasonable amounts were written off as depreciation of assets; in one case at least a large amount, hidden from view by including it under "sundry creditors" was alleged on cross-examination to have been set apart to meet possible claims under the war profits tax. These and other similar methods suggest somewhat strongly that there was a fear in the minds of those responsible that a clear and informative statement of their trade operations, intelligible to the ordinary citizen, would court comment and criticism. The results of trading operations and the profits derived therefrom show that the profits were excessive.

Those are all the extracts that I propose to read from the report, but in addition to the items I have mentioned the Commission dealt extensively, and in a very critical manner, with the excessive prices obtained for footwear, wearing apparel, soft goods and hides and skins. I make these remarks and quote from the report of the Commission to show that, when the Commonwealth did not have this power, the private concerns and financial interest of this country had regard to profits first and the public last.

The State Parliament has, to a certain extent, clipped the wings of some of these vultures, but I believe that the question of the production and distribution of goods should be in the hands of the Commonwealth Parliament so that when its wartime powers cease it will be able—and there will be no passing on of the responsibility from one authority to another—to control in a reasonable degree the production as well as the distribution of goods. It was shown during the last war that shiploads of commodities from England passed through a number of hands and each transferor made a profit, and in the final analysis the people of Australia, as the consumers, had to pay increased prices, including the middleman's profit. I hope



the Committee will not agree to the amendment, but will pass the paragraph as printed, and that Parliament will refer to the Commonwealth Parliament the power to make these laws and to control the production and distribution of goods in the years immediately following peace, as it does now. If that is done this State will be in a better position, comparatively, than if we decline to refer these extensive powers, and so give the Commonwealth Government a reasonable and valid excuse for not extending to Western Australia that consideration to which it is entitled.

Mr. WATTS: The member for Pilbara wants six barrels to his gun, whereas the ordinary man is usually satisfied with two. He has two already; this Committee has agreed to them. The hon. member first talks about what is done by combines, as reported upon in the interesting papers he read. The Committee has already handed over to the Commonwealth, by this Bill, the control of trusts, combines and monopolies. If those combines continue to perform these nefarious tricks then the Commonwealth will be entitled to take care of them under paragraph (e). He then talks of the profiteering that is going on, or is likely to arise. But he loses sight of the fact that the Committee has already committed to the Commonwealth paragraph (f) which provides for the control of profiteering and prices. Both of the things that the hon. member wishes to ensure will be dealt with, will I have no doubt, if this Bill becomes law, and can be very capably handled under paragraphs (e) and (f). He neglects the matter which should be impressed upon the Committee. We want to ensure that the Commonwealth will encourage production and the establishment of new industries in this State. What has the Commonwealth done in that regard? There has been no suggestion of any encouragement. It is only because I am prepared to say that I do not want to afford it an excuse—and it would be only as excuse—to say that it has not the right to encourage production, that I am moving this amendment.

The Minister for Labour: You sounded much better in your previous speech.

Mr. WATTS: I was endeavouring then to perform a disagreeable task in an agreeable manner. Apparently I succeeded better than I thought. I would like to deal now with some of the remarks made by the Premier

in regard to the position in South Australia and the establishment of industries there. The amendment I have put before the Committee came from the Bill as passed by the House of Assembly in South Australia. It adopted the phraseology—

The encouragement of production and of the establishment of new industries.

It goes on—

The continuance by the Commonwealth of industries carried on by the Commonwealth at the time of the cessation of hostilities but so that no law made under this paragraph shall discriminate between States or parts of States. In South Australia they adopted that paragraph and placed it in the Bill.

I would like to say, too, that this point of view, about the Commonwealth desiring to establish industries, was never suggested by the spokesman for the Commonwealth Government at Canberra. When dealing with paragraph (g), the production and distribution of goods, Dr. Evatt at page 173 of the report of the Convention, said this—

So far as concerns production, the only Commonwealth power under the Constitution as it now stands is with respect to bounties. Power is needed, however, as an element in any policy of full employment and development.

I have stretched the point as far as I can, and have gone to the extent of saying that there shall be encouragement of production and the establishment of new industries. Dr. Evatt went on to say—

It may also be necessary, in the exigencies of post-war conditions, to provide for the rationing of raw materials, and even consumers' goods.

For the reason mentioned, I am prepared temporarily, to hand over that authority. Dr. Evatt nowhere speaks about the Commonwealth establishing industries as an essential part of any policy that he had in mind, if he had one. Then he went on to say that it had been decided to exclude primary production except with the consent of the Governor-in-Council, and after that he proceeded to define what in his opinion primary production is. It is quite clear that if the amendment is passed, the Commonwealth will have all the power requisite to ration goods in short supply and all the power that will be essential to encourage the development of industries and the increase of production. Those are the two things I am most concerned about. I look back over the past, and I cannot regard the future other than in the light of past experience. I find that in the past there has been no attempt in peace or

war to do very much for this State, and as a citizen of Western Australia I am prepared to give the Commonwealth power to develop this State but not to restrict its development.

Mr. SEWARD: I was surprised at the speech of the member for Pilbara, because on his remarks he should be prepared to support the amendment. He gave all the reasons for supporting the amendment but then said he would vote against it. The hon. member gave a number of instances, which have nothing to do with this matter, of prices that ruled for various articles in the Eastern States during the 1914-18 war. In ten years' time one will be able to quote many of the prices ruling today and contend that they were too high, and undoubtedly one would be right in doing so. The prices were too high in those times, though very likely they were controlled. However, to take a few extracts from their context and read them off as the hon. member did will not get us anywhere. Nevertheless, he was quite prepared to hand over the matter of production and new industries to the same authorities that permitted the many malpractices in the past. The hon. member must have sublime faith in the Eastern States, or in the Commonwealth, if he is prepared to hand over all these matters.

As was pointed out by the Leader of the Opposition, we have had many instances of the inability in this State not only to establish industries but also to carry them on. I need not go further than remind members of the wheat industry. Western Australia is the only State where wheatgrowing has been restricted by the very authority to which we are now asked to hand over control. I am being told every day of farmers being thrown out of production because a license cannot be obtained to grow wheat. This is a very serious matter for the State, and it will become a very serious matter for the Government—the abandoning of farms, coupled with the fact that any farmer not now growing wheat cannot get a license to grow it in future.

The Premier: That is, at the guaranteed price.

Mr. SEWARD: No, a hundred farms might have gone out of production, but another farmer cannot get a license because he did not have one before. The only safeguard is for us to retain the control we have. The proposal in the Bill will prevent, to a large extent, the exercise of that control by

the State, but the amendment will give some little hope. The provision in the Bill simply refers to the production and distribution of goods. The production and distribution of goods can be carried out elsewhere than in Western Australia without there being any differentiation between the States. It can be claimed that industries may be established in the Eastern States and that no hindrance is offered to their being established here. If we accept the amendment, we shall provide for the encouragement of production and the establishment of new industries so that there is no discrimination between the States. That will be infinitely better than the provision in the Bill, and I hope members will support it.

A statement was made by the Premier to the effect that we must pass the Bill in the form in which it has been passed in Queensland and New South Wales. The representatives of those two States could not get home quickly enough from the Convention to pass the Bill. It was eminently suitable for those States. However, there is a provision in the Victorian Act that if there is any variation between the State enactments, then the Victorian Act will not take effect.

The Premier: Those States which have passed the measure will get the advantage.

Mr. SEWARD: No; in the absence of unanimity, the whole thing will be put back into the melting-pot. So far, two States only have passed the Bill.

Mr. Watts: And one has rejected it.

Mr. SEWARD: Yes. Either another Convention must be held or the Commonwealth must alter its proposals. I appeal to the Committee not to leave the State at the mercy of those people who have not a pennyworth of interest in Western Australia. I appeal to them to preserve some control over matters here so that we can get established some of the new industries that we badly need and so that some of our languishing industries, not excluding the primary industries, will receive encouragement. I hope that members opposite who in the main represent secondary industries, will profit from the experience of the primary industries. We have had experience of the Barley Board, and of the local growers having obtained permission to form their own control board simply because of the intolerable manner in which the Barley Board was being managed by people on the other side of the continent. I commend the amendment and hope it will be carried.

The MINISTER FOR LABOUR: I listened with interest to the first speech of the Leader of the Opposition on this amendment. Seemingly at the week-end he rambled around the Porongorups in shirt and shorts, and breathed deeply the beautiful air of those surroundings, and returned to Perth yesterday or today with his mind made up to give us some bright interludes in the hope that the severity of this debate might, to a great extent, be softened, and that more progress might be made this week than has been made in the last two or three weeks.

Mr. Doney: You also must have been down there.

The MINISTER FOR LABOUR: The Leader of the Opposition quoted from the "Mining and Commercial Review."

Mr. Watts: You will remember that I showed it to you on Thursday last.

The MINISTER FOR LABOUR: Yes, and it rather embarrassed me. I was surprised to find the Leader of the Opposition and the Leader of the National Party quoting from that journal, as if it were a Bible containing something in the nature of Holy Writ insofar as my activities and those of the Commonwealth Government are concerned. The article is in some respects quite inaccurate and altogether exaggerated. In criticism of the Commonwealth Government, it states that the Commonwealth opposed for a considerable time the suggestion that small wooden ships should be built in this State.

Mr. Watts: And pointed out how to overcome the difficulty under the Constitution regarding the sending of gas-producers here from the Eastern States.

The MINISTER FOR LABOUR: It is true that the Commonwealth opposed the suggestion by this State that small wooden ships should be built here, but the Commonwealth took that attitude only because of the advice it received from the technical officers of the Navy Department. I presume that if the Leader of the Opposition had happened to be the Commonwealth Minister concerned during the last two or three years, he would have given some consideration to the strong recommendations and technical advice of the most highly placed men in the Navy Department. Subsequently, however, Commonwealth Ministers, including the Prime Minister, appreciated the need for having small ships made available for the carriage of cargo and the

transport of munitions and troops, and decided that arrangements should be made with the State Governments of Tasmania and Western Australia to put into operation a programme for the construction of small wooden ships in each of those States. Thus the Commonwealth lack of approval, which existed for some time, no longer prevails, and the Commonwealth is co-operating with the Governments of the two States mentioned to have a considerable number of wooden ships constructed.

Mr. Willmott: When is a start being made?

The MINISTER FOR LABOUR: A start has been made to build ships, both here and in Tasmania, and I understand that these activities might be extended to more than one part of Western Australia. The Leader of the Opposition and other members have stated that neither in peacetime nor in wartime has the Commonwealth done anything to establish industries in this State or to encourage their establishment. That is not correct. In a serious discussion of this kind, we should try to state the position as accurately as possible. For many years before the war the type of Government in control of the Commonwealth was one entirely opposed to the establishment of industries by Governments. One of the foremost planks of the policy of such Governments declared that the establishment and expansion of industry were the sacred and sole rights of private enterprise. So it is not surprising that in all the years following the 1914-18 war up to the outbreak of the present war, Commonwealth Governments did nothing to establish industries in this State.

Mr. Watts: How do you know we cannot have a similar Government during the period when this legislation will be in operation?

The MINISTER FOR LABOUR: I do not know for certain that we may not have a similar type of Government during the period of five years after the war. If we do have that type of Government I should like it to be in possession of such powers as would enable it to do something of a major character in the direction of trying to establish in Western Australia secondary industries of an important nature.

Mr. Watts: Is not your whole case based upon that type of wishful thinking?

The MINISTER FOR LABOUR: It is not a question of wishful thinking. It is a case of trying to establish the position

under which the Government of the Commonwealth during the period of post-war reconstruction will have power to do these things if it has the will and the spirit to do them. It has to be remembered that the Commonwealth Government over the last 12 or 18 months has co-operated absolutely with the Government of this State in establishing the potash industry at Lake Campion. I say this afternoon without any hesitation that had it not been for the absolute co-operation and full support of the Commonwealth Minister for Supply and Shipping, Mr. Beasley, we could not possibly, as a State Government, have obtained the plant and equipment essential to enable us to undertake production at Lake Campion. Members will readily understand that at this stage of the war it is a matter of the utmost difficulty to obtain plant and equipment. Particularly is it a matter of the utmost difficulty to obtain some of the intricate plant and equipment we must have at Lake Campion to enable us to produce potash at that centre. Some of that intricate plant and equipment has had to be imported from America and from England. Members will require to give that matter only a second's consideration to realise how extremely difficult it has been, even with the full assistance of the Commonwealth Government, to get that equipment manufactured first of all in America and England, and in the second place to arrange for shipping space on ships coming to Australia in order that the plant and equipment when manufactured may be transported to this country. The Commonwealth Minister in question, acting with the full knowledge and support of the Prime Minister, has been 100 per cent. on our side right through in connection with this matter.

Mr. Patrick: That is to produce something which cannot be imported.

The MINISTER FOR LABOUR: I do not know that it makes any difference what the industry is going to produce.

Mr. Patrick: It is a war necessity.

The MINISTER FOR LABOUR: That may be so, but this industry when established will remain and continue, and will be a very big industry for Western Australia.

Mr. Patrick: What financial assistance has been given?

The MINISTER FOR LABOUR: The Commonwealth Government did not give us any financial assistance; we are financing

the industry ourselves. The Commonwealth raised no objection to the State Government expending its loan funds on the industry. As a matter of fact it encouraged us in every way to establish the industry, and helped us in every way possible to obtain the necessary plant and equipment. In connection with this industry we owe a measure of thanks and appreciation to the Commonwealth. It is, therefore, quite wrong and altogether unfair to state, as has been stated this afternoon, that the Commonwealth never has either in peacetime or in wartime done anything whatever to establish industries in this State, or to assist their establishment. Members know what is going on in some parts of Western Australia today under the control and direction of the Allied Works Council. I think they know that in various parts of the State big undertakings are under way, and that those undertakings will be valuable not only during the period of the war but very valuable to us when peace comes again.

The undertakings now being established will be permanent to Western Australia. They are being established at the absolute cost of the Commonwealth Government. It is finding all the money and is organising all the works, works that will confer a great benefit upon the State during the war, and confer even greater benefits upon the State when the war is over. The Commonwealth has also done a great deal in this State in connection with the equipment of Government and private workshops so that those workshops may play a more vital part in the war effort. As a result, we are in a position in this State to undertake much more work than would otherwise have been possible, especially in connection with the repairing—a very important undertaking—of ships which come here from time to time. If members care to inquire further into the matter today they will find that the Commonwealth Government has, especially in the last year or two, helped Western Australia tremendously in the direction of bringing about a greater output from these workshops and factories, and making it possible for us to play a more important part in the war effort.

It may be argued that the Commonwealth has done these things out of necessity, but from our point of view it does not matter whether they were done out of necessity or choice, so long as the result is that our in-

dustries are being expanded and new industries for us are being established. It is, therefore, not correct to say that the Commonwealth Government has done nothing because during the war period, at any rate, especially since Mr. Curtin has been Prime Minister, the Commonwealth has done a very substantial amount of work in this State and granted to us in connection with our secondary industries a very valuable amount of assistance. As I read the amendment of the Leader of the Opposition, it proposes almost entirely to disembowel paragraph (g). The words which the Leader of the Opposition proposes to delete are "the production (other than primary production) and distribution of goods, and with the consent of the Governor in Council, primary production." He proposes to delete all those words so that any control or direction in the production and distribution of goods will not be within the power of the Commonwealth Government to deal with. In place of these words the Leader of the Opposition proposes to insert words which will give the Commonwealth Government some power to ration goods in short supply, some authority to distribute goods which are not available in sufficient quantity for everyone to get enough. I think that if the Chairman of Committees were in his seat in the Chamber he might say that the proposal of the Leader of the Opposition, by his amendment, is one to give the Commonwealth power to ration poverty.

Mr. Watts: Oh, no!

The MINISTER FOR LABOUR: I say I think the Chairman of Committees might have said that about the amendment if he had been in his seat in the Chamber. What the Leader of the Opposition proposes to do is to deprive the Commonwealth of the power to control and direct production and distribution, and to give it only the power to control and deal with under-production—the rationing of goods in short supply. I ask members to look back upon their experience of the last depression. Some will recollect and will agree that that depression came to the world because of the failure adequately and properly to distribute the abundant production that was available in most countries of the world. This is the power we propose to refer to the Commonwealth under paragraph (g), that would give it the right to legislate in respect of

the production of goods wherever it thought necessary, and to legislate also in respect of the distribution of goods wherever and whenever it thought such action was necessary. After the war is over and production becomes more normal the problem in respect to the distribution of the goods will not be in the distribution of goods short supplied, but in the distribution of goods which appear on the surface, at any rate, to be over-produced. I think the Commonwealth would need that power, and not the power to ration poverty or to distribute goods under-supplied.

It may be that after the war, in the post-war period, the Commonwealth may not of itself establish many industries in a direct way, but I imagine it would want to play an important part in directing where new industries may be established. If there be anything at all in substance in what the leaders of all parties in the Commonwealth arena have been saying in recent months regarding the decentralisation of industry and the decentralisation of population, it seems to me that, no matter what class of Government is in power in the Commonwealth in the immediate years of the post-war period, that Government would be pledged to do what was reasonably possible to require new big industries to be established within Australia in such places as would give direct effect to all the declarations about the decentralisation of industry and the decentralisation of population. I would want the Commonwealth authorities to have some power of direction in regard to the location of new industries. That is why I think we should give to it some power of control and direction over the production of goods.

I visualise also that after the war we may find that Australia's industries will be developed on an unbalanced scale unless there is some public direction over the development of industry. We may find that Australia will gain very largely in respect of luxury and semi-luxury industries, and gain very little in the field of essential industries producing essential requirements for the people. I do not know whether members have given much consideration in the past to just how our industries and trade and commerce were developed within Australia before the last war. A section of trade, commerce and industry which dominated Australia in the years before the war was the luxury or semi-luxury rag industry. I

refer to that industry's production in Australia and its distribution through the wholesale houses and retail shops and also, of course, to its importation of luxury and semi-luxury rags or clothing from other countries of the world. Everybody knows that the big retail shows in the Eastern States were dominating the Press of those States, because the big retail establishments in the rag industry had thousands of millions of pounds to spend in advertising in those newspapers for the purpose of trying to sell the rags—if I may use that term—or the clothing of which they had so much to sell.

Mrs. Cardell-Oliver: Would you put Mr. Coles in that category?

The MINISTER FOR LABOUR: I think he may have been in it to some extent though I do not know that his stores sell much in the way of clothing, but I would put him in. I would put them all in. So it is conceivable that in the five-year period immediately following the war we shall find new luxury and semi-luxury industries being established in Australia and other industries, far more important and more valuable to this country, will not be receiving the attention they should receive. For the future welfare of Australia, for the future safer and better development of a well-balanced industrial structure it may be advisable—indeed I think it would be—for the Commonwealth to have some power of direction as to how the industrial structure of Australia is to be developed.

I think our experience as members of Parliament over the last ten years has taught us to believe very strongly in proper planning of industry both in respect of production and distribution, and the establishment and operation of a proper price system, particularly in connection with primary producers who in the years before the war were the one big section of people in Australia who had no protection at all. They produced their goods, had to shoulder all the costs of production involved in producing those goods, and then had to hand them over to some firm or combination of firms to take whatever was offered to them for what they had produced. I think that after this war the systems set up during the war in Australia to give growers of primary products a guaranteed minimum price will be continued. They will have to be retained if the primary industries of the nation are to

be continued on a sensible and systematic basis. So it seems to me that the Commonwealth must have, particularly during the five years immediately after the war, the power of direction at any rate in regard to the production and distribution of goods. To deny the Commonwealth that power and to hand to it the power only to distribute goods in short supply would be something that would bring upon us as members of this Parliament a flood of ridicule that we would richly deserve to receive. I hope the amendment will be defeated. I have yet to be convinced that the Leader of the Opposition has put it forward in all seriousness. The subject-matter and tone of his first speech this afternoon indicated to me that to some extent at any rate there was an element of gaiety in the air, as it were, and that he had put this amendment up for the purpose of getting out of his system the over-supply of balmy air which he had picked up in the Perongorups in the week-end.

Mr. WATTS: I would have made no further reference to the Minister's remarks except for what he said in conclusion. Unfortunately I was not in the position he was in to venture forth into the balmy sunshine during the week-end. I was obliged to remain in the metropolitan area and so regret that I did not meet him. There seems to be some distinct misunderstanding as to the intention of the amendment. The Minister persists in the belief that the idea of rationing is foreign to the Commonwealth Government's views on this subject.

Mr. McDonald: It was the only reason given by the Commonwealth Government for the provision.

Mr. WATTS: Precisely! It was the only reason given by Dr. Evatt as to why he wanted this power.

The Minister for Labour: I have given you more reasons.

Mr. WATTS: The Minister has given me reasons why he does not want the amendment. This definitely was the only reason Dr. Evatt gave. He made no suggestion whatever that he was to develop any Australian industry or do anything in the way of establishing Government industries, as has been suggested. He said—

It may take a considerable time after the war to produce a sufficiency of goods and services to satisfy all the demands of the community, and it may be necessary to have power

to direct production during this period into the provision of the more essential and desirable goods and services.

So he said in effect that the intention is to direct production of goods which are in short supply. He went on—

It may also be necessary, in the exigencies of post-war conditions, to provide for the rationing of raw materials, and even consumers' goods.

There is no suggestion that the Commonwealth Government or Dr. Evatt on that occasion or any other occasion had any desire to start Government industries or to develop any type of industry, but only that it was desired that the Commonwealth Government should be in a position to deal with a set of circumstances that might be in existence where there was for one reason or another a shortage of supplies; to be in a position to regulate and control such goods. I am prepared to give the Commonwealth Government that authority believing that those circumstances may arise although I hope heartily, and possibly more than does the Minister, that those circumstances will not arise. If they do, I am prepared to let the Commonwealth have that much authority, and in addition to give it authority to encourage the production and establishment of new industries in this and every other State.

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

Ayes .. .. .	17
Noes .. .. .	19
Majority against .. .	2

#### AYES.

Mr. Boyle	Mr. Sampson
Mrs. Cardell-Oliver	Mr. Seward
Mr. Keenan	Mr. Shearn
Mr. Kelly	Mr. Thorn
Mr. Mann	Mr. Warner
Mr. McDonald	Mr. Watts
Mr. McLarty	Mr. Willmott
Mr. North	Mr. Doney
Mr. Perkins	

(Teller.)

#### NOES.

Mr. Berry	Mr. Nulsen
Mr. Collier	Mr. Pantom
Mr. Coverley	Mr. Sleeman
Mr. Fox	Mr. Tonkin
Mr. Hawke	Mr. Triat
Mr. J. Hegney	Mr. Willcock
Mr. W. Hegney	Mr. Wilson
Mr. Leahy	Mr. Withers
Mr. Millington	Mr. Cross
Mr. Needham	

(Teller.)

Amendment thus negatived.

Mr. BOYLE: I intend to ask the Committee to oppose this paragraph. I notice that the provision is aimed very clearly at

secondary production, rather than primary production. That is a very significant distinction. Dr. Evatt drew up a list of questions and answers and left nothing to the imagination in regard to this matter. On page 86 of his book, "Post-War Reconstruction," he points out that it will be necessary—

(5) To co-ordinate production, in kind and quantity, to meet the most urgent needs of Australia and of a war-shattered and impoverished world; to re-build markets, at home and abroad that have been suspended or ruined by the dislocation of war; and to do all this with an eye to the welfare, not only of Australia, but also of the Allied countries and of the world at large.

On page 87 appears the following:—

Q.—Can a plan for post-war reconstruction give everyone a job?

A.—Yes. So long as consumers want more food to eat, more clothes to wear, more houses to live in—and so long as the community wants more roads and bridges built, more factories and machines built—we can go on employing men. It needs only Government initiative to set unemployed men to work to produce these goods and services.

Continuous employment, in the sense that everyone is always at work, is impossible. At any time there will be people moving from one job to another. There will be people physically unable to work because of sickness, physical or other incapacity, but the Government can and should ensure that there is a demand for all the labour available in work of a worthwhile character. There is no lack of things that can be done to develop our national estate and to improve the conditions in which we live.

That is a set-up of the position, and undoubtedly it means the entire socialisation of all the secondary industries of Australia. Let us examine for a moment what that has meant previously to Western Australia in view of the conditions we are faced with today. I listened with interest to the remarks of the Minister for Labour, despite which we must all recognise that in Western Australia our fight ever since the inception of Federation has been one of self-preservation.

Our primary industries are, fortunately, indigenous and no one knows better than the Minister that we have had to struggle, year in and year out, to conserve our interests. We have seen the stream of manufactured goods pouring into Western Australia from the Eastern States to such an extent that last year the manufactured goods brought here represented a value of £14,000,000. In return we sent to the Eastern States raw materials representing a

value of £1,500,000, while the quantity of manufactured goods we sent East was infinitesimal. Notwithstanding that, we are asked to give the Commonwealth power absolutely to control Australia's production. If we take 1937 when in Western Australia we had a prosperity loading of 5s. per week on the basic wage, it will be conceded that that is a fair year to select for purposes of comparison. We find that in that year the value of Australia's secondary industries was £451,000,000 whereas the value of raw materials, which had to be found by the primary industries of Australia which are not to receive protection under this provision, was £260,000,000. The producers of £260,000,000 worth of goods are not to be protected at all, whereas that protection is to be accorded the producers in secondary industries who turned out goods valued at £450,000,000. In Western Australia the value of production of our secondary industries in that year was £18,000,000, or 4 per cent. of the total.

Thus from the point of view of secondary industries this State counts for very little in the scheme of things. Notwithstanding this we are asked to surrender entirely this power to the Commonwealth that in 43 years had done no better than that for Western Australia. After 43 years of Federation we have one-third of the area of the Commonwealth to deal with and about one-fourteenth of the population. The statement has been made that in view of war conditions and during the reconstruction period after hostilities cease, control by a centralised Government is essential. To my mind the position should be rather the reverse. With a centralised Government we will have centralised industries. Of the £450,000,000 worth of secondary industry products turned out in Australia during 1937, £162,000,000 worth was produced in New South Wales and £140,000,000 worth in Victoria, thus accounting for over £300,000,000 worth, or 75 per cent. of the total for Australia. The member for Pilbara mentioned something about combines and false trade descriptions. So far, the present Commonwealth Government does not seem to be very hostile to the great combines. It has handed over the whole of the work of power-alcohol distillation from wheat to the Colonial Sugar Refining Company for five years. That company is one of the greatest and most oppressive combines in Australia today. Yet

it has been given complete control of the power-distillation operations from a commodity with which it has nothing whatever to do. Despite that, it has the monopolistic control of the new industry handed over to it by the Commonwealth Government.

Western Australian primary industries are operating under one of the highest tariffs in the world without any protection whatever. We are in the unhappy position of having to carry on with costs inflated beyond all reason by high tariff considerations. Under the paragraph now before the Committee, we are to have no protection whatever for our primary products and the Commonwealth is to have the monopoly. Dr. Evatt evidently does not want to have anything to do with primary production. He insists that the Governor-in-Council must consent to anything being done. The position is different regarding secondary industries. Why not be honest and say that the whole production of Australia should be dealt with in this way? Dr. Evatt lets the cat out of the bag when he says in another paragraph of his booklet that the whole reason for the move is the desire to secure the diminution of the hours of work in secondary industries throughout Australia. That is what is aimed at. That diminution of hours can only be accomplished at the expense of primary industries.

Mr. Fox: You are a pessimist!

Mr. BOYLE: If I am a pessimist my pessimism is well based. In this continent with 7,000,000 people in grave danger of extinction arising out of the conflict with the Japanese, it is suggested that there shall be a diminution of the hours of work in secondary industries. That is what ruined France. When the Blum Government first took office, it restricted the hours of labour whereas its neighbours across the border were increasing the hours of work. In France a 40-hour week was made a national law applicable to all secondary industries. I do not object to shortening the hours of labour provided the decrease applies all round and that the conditions of industry are equal. But I object to those who are producing the real wealth of Australia—I refer to the primary producers—being relegated to the position of "hewers of wood and drawers of water." I do not suggest that we would like to see conditions obtaining in Australia that applied elsewhere when men had to work for 12 hours a day with no holidays whatever



and so on; but we must remember that in Western Australia today there is a section working under those conditions. A 12-hour day is normal in most primary industries. I am utterly opposed to the proposal to permit the Commonwealth Government to take over the entire control of the production and distribution of goods in the Commonwealth.

Question put and a division taken with the following result—

Ayes	..	..	..	..	19
Noes	..	..	..	..	17

Majority for	..	..	2
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# AYES.

Mr. Berry	Mr. Millington
Mr. Collier	Mr. Needham
Mr. Coverley	Mr. Nulsen
Mr. Cross	Mr. Panton
Mr. Fox	Mr. Sleeman
Mr. Hawke	Mr. Tonkin
Mr. J. Hegney	Mr. Triat
Mr. W. Hegney	Mr. Willcock
Mr. Leahy	Mr. Wilson
Mr. Marshall	

(Teller.)

# NOES.

Mr. Boyle	Mr. Sampson
Mrs. Cardell-Oliver	Mr. Seward
Mr. Keenan	Mr. Shearn
Mr. Kelly	Mr. Thorn
Mr. Mann	Mr. Warner
Mr. McDonald	Mr. Watts
Mr. McLarty	Mr. Willmott
Mr. North	Mr. Doney
Mr. Perkins	

(Teller.)

Question thus passed; the paragraph agreed to.

Paragraph (h)—The control of overseas exchange and overseas investment; and the regulation of the raising of money in accordance with such plans as are approved by a majority of members of the Australian Loan Council:

Mr. WATTS: I frankly confess that I have always understood that the Commonwealth Government has sufficient authority to deal with overseas exchange. It has been a matter which, by some means, has been effectively controlled by the Commonwealth during the last 11 or 12 years at the very least. I have no difficulty in agreeing to a continuance of that control, which is no new thing and the inclusion of which in the Bill appears to me quite unnecessary. But in case there should be any ground for its inclusion, I have no objection to that course. In regard to oversea investments I recognise the necessity, after the war, to attempt some regulation. A considerable measure of control is now exercised by the Commonwealth per medium of its powers through the Defence Act. If that measure of con-

trol is to be continued after the war, there is necessity for making it perfectly clear that a consensus of opinion exists that the plan should be adopted by and have the blessing of a majority of members of the Loan Council. In 1928 we handed over to the Commonwealth, through the control of the Loan Council, all concerns regarding the raising of public loans; and the Loan Council, on which each State has representatives, has administered that aspect of public finance fairly satisfactorily over the intervening period of years.

I admit that the power then given to the Commonwealth, notwithstanding the intervention of the Loan Council, has in many cases imperilled the policies of State Governments, because it has enabled the Loan Council, when it could obtain the authority—and the Commonwealth has had very substantial authority on that body—to dictate State policies in many matters by either withholding or granting public moneys to the States. One has to consider carefully whether a continuance of that type of thing will prove advantageous to the States or not. Still, weighing up the matter I have come to the conclusion that provided the majority of members of the Loan Council are agreeable to a plan for the control of oversea investment, we should not object to that plan being put into effect. It will be observed that a majority of members of the Australian Loan Council is not the same thing as a majority of votes. That is quite a different thing, because the Commonwealth has two votes on that council, and also a casting vote, and therefore is able, with the aid of two States, to over-ride the decision of four States. That is not a desirable condition of affairs in regard to the proposals of this Bill. I move an amendment—

That after the words "exchange and" the words "In accordance with such plans as are approved by a majority of the members of the Australian Loan Council the control of" be inserted.

The Premier: What difference does the phraseology of the amendment make in regard to the effect of the clause? I have not quite caught the full import of the amendment.

Mr. WATTS: As the clause now stands, the only thing requiring the consent of the majority of members of the Australian Loan Council is the raising of money. Oversea exchange and oversea investment require no such consent. I do not propose to tinker

with the control of oversea exchange at all, but I do ask the Committee to declare that the control of oversea investment shall be subject to the decision of the Australian Loan Council before any plan concerning oversea investment is put in operation.

The PREMIER: This power is something which has been under the control of the respective Governments of the respective countries for a long time. We have less control of finance in Australia than Great Britain or America has, or than France had before the war, inasmuch as Governments wanting to make arrangements in regard to transfer of money, or rates of exchange, or other financial matters between countries made such arrangements direct between the Governments concerned. In Australia we have drifted into a position that the Commonwealth Bank, which is not directly under the control of the Government, makes arrangements which have a tremendous effect on the economic condition of the country. Therefore the Australian Government itself, and not the Bank, should have control of that matter. At present the Governments themselves have very little say in it. Such a power should be reserved to Governments. When an arrangement was made between Britain and the United States regarding the fall in the value of the pound sterling relatively to the dollar, that arrangement was arrived at between the Secretary of the United States Treasury and the Chancellor of the Exchequer in Britain. To allow such matters to be settled by them is the correct procedure. The arrangement ought to be that this should be the responsibility of the Government which is charged with the economic stability of the country.

The Bank of New South Wales has in the past exercised a detrimental effect on prices of New South Wales products. I have a great respect for that bank, but am not prepared to permit that sort of control by financial institutions to continue. We have to pay exchange on remittances of interest in respect of loans held oversea, and a variation of 1 or 2 per cent. in the rate of exchange might mean a difference of £10,000 or £15,000 to the State. Again, I have every respect for the members of the Commonwealth Bank Board; but, after all, they are private individuals not responsible to anyone during their term of office unless they do something outrageous. They are not subject to recall, but are appointed for seven

years. Control of Australian oversea investments means that Australians desirous of investing oversea must do so under certain conditions laid down by Australian Governments—I do not think the Loan Council enters into that phase.

Mr. Watts: Oversea Australian investments may have a great effect on other financial aspects.

The PREMIER: Yes. People have gambled on the value of British money, to the great detriment of the British people. The British Government, however, took the responsibility of preventing persons from taking sterling out of Great Britain and investing it in, for instance, dollars.

Hon. N. Keenan: Only as a war measure.

The PREMIER: No. The hon. member may recall that four or five years before the present war the finances of France were in such a condition that the country was on the verge of bankruptcy, and it required an international agreement between France, the United States and Great Britain in connection with the relationship of the units of monetary values in those three countries to avert that disaster. Britain and the United States stepped in.

Hon. N. Keenan: That was to stabilise the exchange.

The PREMIER: Yes, and also to prevent people from taking money out of one country and investing it in another. If the exchange is stabilised, that can be done. But it could all be upset if some persons had the right to take their money out of the country and put it into another, irrespective of the rate of exchange. It is now becoming generally recognised that the wealth of a country belongs to the country as a whole. Some of it may be in the control of private people for the time being, and they may be allowed to make use of it; but if they use that money, which belongs to the country collectively, to the detriment of the economic arrangements of the country concerned, at that stage the Government can step in and say, "No, you shall not take money out of this country and invest it in the United States, Canada, Mexico or elsewhere, where it might prove beneficial to you, because that would have an exceedingly bad effect on the finances of this country as a whole." That is the kind of thing which must be controlled.

Australia has not dealt in a big way in international investments. We are not a creditor country, as is Great Britain. Not

much money made in Australia is sent out of Australia for investment abroad, as there are many ways of investing it in Australia. In fact, at the time of the financial depression, when the exchange rate was against us, many people did not send money out of Australia because of the adverse exchange rate. The profits made by the huge motor firms and picture companies of the United States resulted in their accumulating big balances in Australia which they would not send out owing to the adverse rates of exchange. They hoped that in the not-too-far distant future the exchange rate would get back to normal, when they would get all their money out of Australia. This matter has been controlled ever since, to the great advantage of the primary producers of Australia in regard to their exportable products.

There must be some measure of control in regard to this matter. By this paragraph it is proposed that that measure of control shall be vested in the Commonwealth Government, and I think that we ought to pass it. In regard to large sums of money, the Australian Loan Council has control over the Commonwealth Government's civil loan expenditure, as well as control over the loan expenditure of State Governments and semi-governmental authorities. Private people, however, can borrow as they like; the Commonwealth Government does not exercise any control over them. I presume, of course, that private people can raise money; that point comes under the latter part of the clause which deals with the raising of money. It seems to me that this is a power which should be rightly exercised by a responsible Government, as it vitally affects the economic conditions of Australia. We ought to retain this paragraph as it stands because it can be utilised for that purpose.

Mr. WATTS: There is only one point I wish to make with regard to the observations of the Premier. No dispute exists between the Premier and myself as to overseas exchange. I want to make that perfectly clear first of all; we are agreed that overseas exchange ought to be available. But the Premier said the control of overseas investments ought to be in the hands of the Government—meaning the Commonwealth Government—because that Government is responsible to the people. Members of the Australian Loan Council are also responsible to the people, however, because they are the representatives of the States, and the electors

of the States have placed them in that position. It seems to me that we are justified in asking that the Australian Loan Council should have some say in this question, because they are the representatives of the people and have been elected by popular ballot in every State. We know perfectly well that the operations of the Australian Loan Council can have a great effect on the institutions and the advancement of the States of Australia.

It may be that this question of overseas investment might have an equally great effect. In fact, it is possible to contemplate a state of affairs where the effect of the control of overseas investments on an individual State would be much greater than that previously exercisable by the Australian Loan Council under the Financial Agreement governing the raising of public moneys. We should have no hesitation whatever in restricting this right to control overseas investments to a plan or plans which are or have been approved by the Australian Loan Council, which represents the people of the States, because the members of the Council have been elected by the people of the States. I cannot see what the objection is to restricting the power on those lines. Even if it may be vitally necessary to have some control over overseas investments for the reason that the Premier stated—even if I am prepared to concede that—it is still necessary and advisable that the Australian Loan Council should have a say in the plans that are to be adopted for the control in question. So I cannot do otherwise than press this amendment, as I believe it may be vitally necessary for the benefit of the States.

Hon. N. KEENAN: The same purpose which the Leader of the Opposition seeks to achieve by his amendment can be attained by removing the semi-colon which appears now in the paragraph after the word "investment," and inserting it after the word "exchange" in the first line. But whatever form the amendment takes, the object is to remove from the political arena of the Government the control of overseas investments and place it in the hands of a non-political body, namely, the Australian Loan Council. If I may say so, the Premier is astray in imagining that there was any restriction whatever in Great Britain before the war on foreign investments.

The Premier: Oh, well!

Hon. N. KEENAN: There was no restriction whatever, and if we are to introduce an age in which there will be restriction in every country on foreign investments, then God help Australia! What have we progressed on here in Australia? Investments from abroad, principally from England! Had there been power to restrain investments of English capital outside of Great Britain, what would have been the history of Australia? We would not have got any support for our enterprises. The gold-mining industry in this State would not exist, nor indeed would any industry, because all the capital required for our industries, or for those industries that have achieved any success at all, has been found from abroad. The only nations that attempted to shut their frontiers with the object of preventing capital going out before the war were Germany and Italy—the Axis. Are we going to take as our future line of action the line of action adopted by the Axis?

What the Leader of the Opposition suggests is a reasonable compromise. He does not desire to follow the Axis and allow whatever Government happens to be in power to say, "No, you shall not cross the frontier with any more money in your pocket than you had when you came into the country; or, if you were born in the country, with any more money than you were born with." On the contrary, the Leader of the Opposition says, "We will give some power of control, but it will rest not with the whim of the Government, but in the Australian Loan Council." Surely that is a reasonable compromise. I listened carefully to the Premier and could find no argument advanced by him in favour of leaving this power in the hands of the Government as against the Australian Loan Council.

The Premier: Oh, no!

Hon. N. KEENAN: "Oh, no" is not an argument. It is what the lady says.

The Premier: The Loan Council only meets once in 12 months, perhaps.

Hon. N. KEENAN: There is no reason why the Loan Council should not meet oftener, and no reason why it should not appoint a committee to deal with matters of this kind. The Premier's argument might be used as being in favour of striking out the second portion of this paragraph. If the Australian Loan Council only meets once

a year, what is the use of giving it this power at all?

The Premier: To carry out the policy.

Hon. N. KEENAN: It is not a question of policy. The amendment is simply concerned with the authority. The Leader of the Opposition merely asks that the control should be vested in the Australian Loan Council, and not in the Government which happens for the moment to be in power. If I might express a pious wish for the new order—of which of course all will be recipients and none donors, because as soon as they discover they are to be donors there will be no new order—in regard to the investment of moneys, it would not be in the direction of the strict nationalisation of money. Are we going to spend it in our own little backyard? If that is to be the policy of the world we will again be heading for war.

The PREMIER: The hon. member misconstrued what I said in regard to the control of oversea investments. I did not say that because we had control of them it should extend to prohibition, or that I expected prohibition of oversea moneys in regard to all countries of the world. This is a British community fathered and encouraged by the British nation. No British Government, in ordinary times, would dream of prohibiting investments in a British community. The hon. member seeks to imply that because the British Government may have control of the investment of oversea money, it would absolutely prohibit any moneys going from here. That is not the idea and intention at all. It is that a creditor country such as Great Britain used to be—goodness knows how she stands now—would allow its money to be used in a way that would benefit the finances of Great Britain. The oversea debtors would, by their payments to Great Britain, add materially to the wealth of that country. There would be no talk of prohibition, but of control.

If, prior to the war, someone had the idea that Japan was not going to enter into this conflict and he wanted to lend the Japanese Government a million pounds, the British Government could rightly have said, "No, the international position is such that we will not allow you to loan money or send material to Japan to build up its industrial strength." If, on the other hand, a country like Australia or Canada, which would be

friendly to Great Britain, was being considered there would be no restriction on the investment of oversea money. In these circumstances it is not a prohibition, but a control. Some individual may happen to have surplus capital and want to get cork. Spain is one of the few countries that has a plentiful supply of that commodity. This individual may want to invest £50,000 or £100,000 in the cork industry of Spain so as to be able to import cork into Australia, where it is badly needed. The Australian people would say, "No, you cannot invest in Spain. It might be involved in a war next week and this £50,000 or £100,000 which belongs to the Australian nation, although it is your personal property, cannot be dissipated in such a country. We will not allow it."

If, on the other hand, someone wanted to invest money in New Zealand for the purpose of getting something produced there and badly needed in Australia, there would be no prohibition. The Government should have control of the resources of the country. An individual should not be allowed to back his personal opinion as to international relationships, or get something for his own personal desire which may not be in the interests of the country, and which may prevent us having exchange in countries where we want to spend money in a way beneficial to Australia. Such latitude on the part of the individual should not be allowed. People can do what they like with their own money in their own country, but, when it is a question of taking money out of the country to put it into some other country, perhaps to the detriment of Australia, it is time that we had some control over it.

Mr. Thorn: They cannot do it now.

The PREMIER: No, because we want all our money for the prosecution of the war. The member for Nedlands seemed to imply that the Government did not have control over it previously. What really happened was that Great Britain, through the Bank of England, invested a lot of money in China. The Chancellor of the Exchequer had to be consulted as to whether that was a proper financial arrangement. Negotiations were entered into with the banks of the other country and of England, and the Government of Great Britain. The arrangement was sanctioned and went on in the ordinary way. I am sorry if the hon. member has

construed my remarks into what might be termed a prohibition of oversea investment. It is not that at all. If it is a good transaction for the country it will not be prohibited but encouraged. This paragraph seeks control. That is what occurs with any financial arrangements.

In France the franc dropped from 10d. to 2½d. and, in order that the trade with France could be carried on under a reasonably equitable arrangement, the Government of Great Britain lent money to France so that it could build up its currency and meet its obligations. France has always done a tremendous amount of trade with Great Britain and had not this step been taken its currency would have been depreciated to such an extent that loss of trade and unemployment would have developed in England, and the whole thing would have reacted to the detriment of the nation. This control will be exercised in the proper way; it is not a prohibition. The Government of the country is the right authority to concern itself in international relationships, and that is what this paragraph deals with.

Mr. SEWARD: If the Premier is right in what he has just said, the member for Murchison will have to take back a lot of what he has said about the Bank of England in recent years. It is true that Governments do lend money to other nations, but I do not think it is correct to say that the Bank of England could not lend money to another country without the consent of the British Government. But that is beside the point. The hon. member has frequently stated that the Bank of England lends money to whoever wants it regardless of the wishes of the nation. I am concerned with another point that the Premier touched on, because I am interested more in what the Australian Government is likely to do than in what the British Government may do. I am also concerned with Australian funds apart altogether from Government funds which accumulate in England. This paragraph does not say that it is going to give control to the Loan Council of Government money. It controls all money investments oversea. We have large commercial houses which, at different seasons of the year, receive the proceeds of produce that has been shipped away, and they get a large accumulation of money in those countries. That money has to be invested; it cannot remain idle. This paragraph means that the Government can

step in and tell such companies exactly how they must invest that money.

The Premier: How would the Government meet its oversea interest obligations to Great Britain of £50,000,000?

Mr. SEWARD: That is not the point. The money is there as the result of the sale of produce sent from Australia, and belongs for the time being to the financial house that has accumulated it. These financial houses have to invest the money for a short term and keep it in liquid form so that it can be easily converted. Unless they have control of the investing of the money, when they come to purchase goods for this country, the money will be hopelessly locked up.

The Premier: Then where would we get the money to meet our oversea debts obligations?

Mr. SEWARD: I am not dealing with that. The produce is sent oversea to be sold.

The Premier: To pay the interest on our debts.

Mr. SEWARD: Pending the use of the money, it has to be invested. Yet, while it is awaiting investment, the Commonwealth may step in and tell a financial house how it must invest the money.

The Premier: Then we would have to repudiate our interest obligations.

Mr. SEWARD: Not at all.

The Premier: Then where would we get the money?

Mr. SEWARD: The money would be in England and would be kept there and invested until it was needed to pay out for goods required in the State. I feel concerned about the short-term investment of that money. This interests me more than the question of what the British investor is going to provide for China or some other country. We want that Australian money invested while it is waiting to be paid over for produce required here. If the Commonwealth is going to tell large firms how they are to invest their surplus funds in England for a month or two, an impossible position will be created. These financial houses are more conversant with the money market than is the Commonwealth Government, and they know how to invest their funds to the best advantage. If we provide that the Commonwealth may dictate to them as to how they shall invest their funds, we shall be going beyond justifiable limits.

Mr. McDONALD: The amendment provides for the control of oversea investments,

and the argument for the control or non-control of investments is not really relevant. The difference between Dr. Evatts' proposal and the amendment of the Leader of the Opposition is that the first-named desires to have oversea investments controlled by the Commonwealth whereas we suggest that they be controlled by the whole of the composite Government of Australia. The composite Government of Australia is the aggregate of the Commonwealth and State Governments, and the body representing it is the Loan Council consisting of the Prime Minister and the Treasurer of each of the States. When, by the amendment, the Leader of the Opposition seeks to have the policy and procedure regarding oversea investments directed and laid down, his desire is to have it done not by one Government, namely the Commonwealth, which is partially sovereign in Australia, but by all the Governments in Australia represented in the Loan Council. This is an entirely democratic suggestion, bearing in mind that the consequences of any ill-advised use of this tremendous power will be felt most acutely by the State Governments, which should at least be given a say in the determination of the plan as to the manner in which oversea investments shall be directed. The amendment is a great and democratic improvement on the wording of the paragraph and I feel satisfied that had it been argued more at the Convention possibly Dr. Evatt and others would have accepted it.

Amendment put and a division taken with the following result—

Ayes	..	..	..	..	18
Noes	..	..	..	..	18

A tie	..	..	..	..	—
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#### AYES

Mr. Berry	Mr. Perkins
Mr. Boyle	Mr. Sampson
Mrs. Cardell-Oliver	Mr. Seward
Mr. Keenan	Mr. Shearn
Mr. Kelly	Mr. Thorn
Mr. Mann	Mr. Warner
Mr. McDonald	Mr. Watts
Mr. McLarty	Mr. Willmott
Mr. North	Mr. Doney

(Teller.)

#### NOES.

Mr. Collier	Mr. Nulsen
Mr. Coverley	Mr. Panton
Mr. Fox	Mr. Sleeman
Mr. Hawke	Mr. Tonkin
Mr. W. Hegney	Mr. Triat
Mr. Johnson	Mr. Willcock
Mr. Leahy	Mr. Wilson
Mr. Millington	Mr. Withers
Mr. Needham	Mr. Cross

(Teller.)

The CHAIRMAN: I give my casting vote with the noes.

Amendment thus negatived.

Mr. WATTS: I move an amendment—

That the words "and the regulation of the raising of money in accordance with such plans as are approved by a majority of members of the Australian Loan Council" be struck out. Does anyone know what the words "raising of money" mean if this power is granted to the Commonwealth? The Australian Loan Council, even if this Bill is not passed, will continue to exercise the control over the raising of public moneys that it has exercised for many years. Therefore one concludes that the intention is to control the raising of private loans. There is little doubt that this would be unsatisfactory to the Australian people after the war. Commonwealth regulations have imposed upon the Western Australian people many restrictions in connection with the raising of money, the execution of securities, and sale of properties. There may have been some justification for these things because of the policy of Australian Governments of raising substantial loans from the people of the various States. In order to raise those loans it is necessary to restrict ordinary channels of expenditure, and to make inquiries regarding what any person proposes to do with any money he possesses other than that which he puts into war loans. We can safely assume that the authority of war regulations will not cease until some period after the cessation of actual hostilities. Let us say it will last for fully 12 months after that time. Then we can ask ourselves, what justification is there, for control to continue over the raising of public moneys—that is, if the Commonwealth Government is able to continue such control as has existed under the Economic Organisation and other regulations pursuant to the National Security Act? I find it difficult to visualise any circumstances in which such control would be desirable.

Those members of this Committee who have studied the regulations and the effect of them know that they have placed citizens of this country in great difficulty and involved them in great trouble as regards every minor as well as every major financial transaction they have proposed. The forms required to be filled in are cumbersome and involved. They ask numerous questions

which, in my opinion, are utterly unnecessary. Those questions demonstrate the Commonwealth's desire to build up a department which will supervise the every-day activities of the Australian people. They prevent the sale of property without the consent of the Treasurer. They prevent the raising of a mortgage beyond a certain small figure—now, I think, £250—without similar consent, and place restrictions on the purchase of goods by way of hire purchase and in a great many other ways. All those things must be justified because of the paramount need for raising loan moneys from the pockets of the Australian people for the prosecution of the war.

For the purposes of this argument I will admit that during the war and for a reasonable period thereafter such regulations have some justification, but I do not think they can be said to have that justification beyond the period of 12 months after hostilities have ceased. I do not think that anyone in the Commonwealth Government or elsewhere has denied that after the war every opportunity should be given for the expansion of business in Australia, and for private enterprise again to put its hand to the plough and endeavour to provide employment under satisfactory conditions for the benefit of the country. Undoubtedly the regulations to which I have referred have a seriously hampering effect on activities of that kind. People do not like being over-regulated, and they have had their fill of this type of regulation, justified, as I have said, in many cases by war exigencies. It seems to me that what is intended by the Commonwealth Government is to continue the same system after the war. I do not think the Commonwealth Government ought to have such a power. Therefore I have moved my amendment.

Mr. THORN: I hope the Committee will agree to the amendment. One would think that the present and past Governments of this State must have had quite enough of the irritating tactics of the Australian Loan Council. They have always had to go to the Loan Council cap-in-hand for the financial requirements of the State. If the Government wanted to use any of the credits that have been built up overseas by the export of our primary products then, if this power be given, the Government again will have to go to the Loan Council cap-in-hand

and ask for the use of those credits. Here is something we have already got, something that can be arranged and something which rightly belongs to us, credits which we have built up oversea by the export of our primary products.

The Premier: We dealt with that part of the paragraph while you were absent from the Chamber. We had an hour's discussion on it.

Mr. THORN: We are proposing to give away an advantage which we possess—control of oversea exchange and investments.

The Premier: No. You are talking on the wrong amendment. We have discussed that point and reached an agreement of opinion on it. We are dealing with the latter part of the paragraph.

Mr. THORN: That is what I am speaking to, the regulation and raising of money. That definitely relates to credits we have built up oversea.

The Premier: No. We have dealt with that part of the paragraph.

Mr. THORN: If we have, then we have dealt ourselves another blow.

The Premier: We may have!

Mr. THORN: I cannot understand why the Government will not accept amendments of this description, because it is in the interests of the Government to do so as well as in the interests of the State. The Premier mentioned loans in foreign countries.

The Premier: We dealt with all that.

Mr. THORN: I am dealing with it again. Unless this amendment be agreed to, we shall hamper the trading of the business establishments of the State. We can come to no other conclusion than that the outcome of this paragraph will be the socialisation of everything. That is what we are heading for. I cannot understand why the Premier will not accept amendments of this nature, as they are designed to protect the State's finances and the State Government.

The PREMIER: I am not over-enthusiastic about some of the provisions in this Bill; but the latter portion of the paragraph with which we are now dealing I consider absolutely necessary. There must be such control in the post-war reconstruction period, as we shall have to re-absorb nearly 1,500,000 people into industry. For that purpose we shall have to utilise whatever money can be raised on the Australian market. We shall have to create industries in Australia. We shall have to import fewer

commodities and manufacture more in Australia, in order to provide employment for the many people who have entered into our industrial life. That can only be achieved by the raising of capital and the directing of it into industries which will be of benefit to the Commonwealth. This paragraph is the natural corollary of Loan Council control. The Loan Council was formed so that the various Governments would not be competing with one another, but would meet together, formulate a loan programme for Australia and divide the moneys raised in a way equitable to the States and to the Commonwealth. That policy has been fairly carried out, and the States and the Commonwealth have shared fairly in moneys raised by the Loan Council.

As members are aware, there is a provision in the Financial Agreement that if an agreement cannot be reached, then a certain formula, which is set out in the agreement, shall apply; but in all my experience it has not been necessary to resort to that formula. The Loan Council also controls the borrowings of semi-Governmental bodies. For a time those bodies were borrowing larger sums than the States were, and as a consequence they were brought under the control of the Loan Council. The important matter is the re-organisation of our industry in the post-war period, and that is the reason why this control over investments is sought. It will not extend, in my opinion, beyond the reconstruction period. It may be that some person might desire to spend £200,000 on a picture theatre or on a big hotel, or possibly on a greyhound course or a race-course. Such investments might be all right from the standpoint of the recreation of the people, but they will have an adverse effect upon the ultimate prosperity of Australia.

The money resources of the Commonwealth might require to be diverted into all kinds of profitable undertakings; for instance, a steel industry, a potash industry or an aluminium industry, or possibly a paper manufacturing industry. All such enterprises will require capital; and no person should be allowed to secure an additional one-half or three-quarters per cent. by investing his money in such a way as to curtail the investment of capital in these labour-absorbing industries. Some members have mentioned small investments of £250, £1,000, £5,000 or £10,000. Such amounts would not affect the money market. But the invest-



ment of sums amounting to £40,000 or £50,000 might do so.

Hon. N. Keenan: On what do you base that statement?

The PREMIER: On the discussion which took place on this paragraph. It was decided at one stage that semi-Governmental authorities could borrow sums up to £40,000 or £50,000 without the consent of the Treasurer. Some semi-Governmental bodies, however, have borrowed sums amounting to £200,000 or £300,000. I refer to the Sydney Metropolitan Water Supply, the Hunter District Water Board, the Victorian Electricity Commission, the Victorian Metropolitan Board of Works and others. Some of them have borrowed to the extent of £1,000,000, and the investments have proved profitable and beneficial to the States concerned. But the raising of small amounts was not interfered with, nor will it be in this instance. Suppose we wanted to develop the iron and steel industry in Western Australia and, for that purpose, wanted to borrow money! Suppose, on the other hand, that somebody wanted to raise a million pounds to erect new picture shows or race-courses or hotels! Would it be reasonable for money to be frittered away in that kind of thing to the detriment of the productive capacity of this country? Rather should we exercise some control and say, "If you want to put this money into productive industry there is no objection, but we do object to your investing it in something from which you will obtain a little better return but which has no beneficial effect on the ultimate prosperity of the country."

Particularly will that be necessary in the dangerous period of post-war reconstruction when a couple of million people will have their employment changed; when men and women will be going from munition making to other industries, and members of the Forces will come back from the war and will be seeking remunerative employment. The Loan Council would not adopt the policy of preventing people with £1,000 or £1,500 from building a house. From my knowledge of the people comprising the Loan Council I would say they would be inclined to favour the investment of money in a manner directed to building up the country and would not prevent people from spending in a way such as I have indicated, which would be beneficial to themselves and to the country. So

far as putting a limit on the amount is concerned, to satisfy the member for Nedlands I would say that this would not apply to less than £25,000, because I know that is not the intention; but I do not want an amendment inserted along those lines. The policy will be to prevent the investment of money in unproductive undertakings.

This provision deals with the raising of money. It could hardly be construed as providing that if a man had £100,000 of his own he must be prevented from doing what he liked with the money; but it would be a different thing if he wanted to raise such a sum on the market or from some individual. That is what this deals with. It does not deal with the investment of people's own money, but with the raising of money for unproductive undertakings, thereby coming into competition with Governments and other people wanting to borrow to build up the industries of Australia. There is every reason why we should go this step further in the dangerous period of post-war reconstruction. The borrowings of Governments are strictly regulated according to agreement reached by the Loan Council. The Commonwealth Government and semi-governmental authorities who borrow money for electricity-making, water supply and irrigation, etc., come under that control, and it is now desired to provide that private individuals who wish to raise money and whose borrowings would have an effect on the interest rates on borrowed money should also be brought under control.

There is a difference between the construction of the body set up under this provision and the Loan Council. The Loan Council consists of a member representing each State and two members representing the Commonwealth, one of whom is chairman, with the right of a casting vote should the voting be equal. About 18 months or two years ago the Commonwealth, exercising its two votes and the casting vote, with two States supporting it, over-rode the decision of the rest of the States. That cannot happen under this measure, because the Commonwealth, like each of the States, will have one vote. That will circumscribe to some extent the power of the Commonwealth, and, as the Leader of the Opposition desired, it means that the Loan Council will have to be representative of all the States of Australia before it can decide on a common line of action.

Mr. McDONALD: The argument against this amendment proceeded entirely on the assumption that during the post-war period the State Parliament would have ceased to exist. That is the whole basis of the argument: Either we shall have ceased to exist or lost our mentality, or will be devoid of any idea whatever of doing what is proper for the State ourselves. In other words, having gone into a state of nonnage or dotage, we must at that period hand over our powers to someone much more capable of carrying on. I do not deny that there may be some necessity in the immediate post-war period for the control of the raising of money by private individuals. I hope it will not be necessary. I regard it as something to be entered on only with the utmost reluctance and dictated by the paramount needs of the people of Australia. But if it is, is not this a little matter we could ourselves do as a Parliament and Government? I happen to know in a very limited degree something of the ramifications of Commonwealth control regarding the raising of moneys and the selling of land.

I had occasion to assist with a public organisation—a non-profit-earning, educational institution—that desired to buy a little cottage. I said, "I will give you a hand." When they brought me the forms, I realised I had undertaken no small task. For a considerable time I studied the forms to find out what they meant, and that was no small task. After that, I sent the unfortunate people to go about complying with all the conditions set out in the forms. I thought to myself, "If this is going to continue after the war, I do not think this country will be a wealthy country very long, because all the people, or almost all the people, will be engaged in filling in forms and checking forms, and there will be nobody left to grow food, and run the railways, or anything else."

A little scrutiny of the total number of people who are now in the public service of the Commonwealth and the States, and the rate at which they are being absorbed, has been alarming those who are concerned with the present and future of Australia. The time can be reached when the producers will be so few that there will not be sufficient to feed, clothe and house the fillers-in and checkers of forms. My plea is that this little bit of work and responsibility might be left to the State Parliament, which is 2,000 miles away from those who would

otherwise be our masters and controllers of our destinies. The people might enjoy in this respect the opportunity—perhaps the only one—in the post-war period of being able to go to their own Under Treasurer in Perth and getting a permit to raise money to buy a house, or whatever it may happen to be. My plea is: Let us keep this little job for ourselves.

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

Ayes	..	..	..	..	18
Noes	..	..	..	..	19

Majority against .. .. 1

#### AYES.

Mr. Berry	Mr. Perkins
Mr. Boyle	Mr. Sampson
Mrs. Cardell-Oliver	Mr. Seward
Mr. Keenan	Mr. Shearn
Mr. Kelly	Mr. Thorne
Mr. Mann	Mr. Warner
Mr. McDonald	Mr. Watts
Mr. McLarty	Mr. Willmott
Mr. North	Mr. Doney

(Teller.)

#### NOES.

Mr. Collier	Mr. Needham
Mr. Coverley	Mr. Nulsen
Mr. Cross	Mr. Pantou
Mr. Fox	Mr. Sleeman
Mr. Hawke	Mr. Tonkin
Mr. J. Hegney	Mr. Triat
Mr. W. Hegney	Mr. Willcock
Mr. Johnson	Mr. Withers
Mr. Leahy	Mr. Wilson
Mr. Millington	

(Teller.)

Amendment thus negatived.

Hon. N. KEENAN: I move an amendment—

That the following words be added: "But so that no regulation or order made pursuant to the power granted in this paragraph shall prohibit or interfere with the raising of money intended for the establishment or carrying on of any industrial proposition if such raising of money has been authorised in writing under his hand by the Treasurer."

As this will be a State statute, "Treasurer" there means the State Treasurer. As the paragraph stands now, without the addition of these words, notwithstanding the pious hope of the Premier and Treasurer, the regulation of the raising of money for such plans as are approved by a majority of the members of the Australian Loan Council, is not in any sense confined to any amount. It might relate to any sum, and it certainly would relate to substantial amounts, as suggested, of £20,000 and £25,000. What I am looking forward to is this: We are the most backward of all the States in secondary industrial development. If we are to have any

chance in the race with the other States we will have to make a decided spurt in our industrial development. That will require the flotation of companies or syndicates for the purpose of carrying out these new industrial intentions. If this Bill becomes law, as matters now stand, it would have to run the gamut of the Australian Loan Council; in other words, of those who have no reason in the world to depart from a policy, that has been consistent in the past, of keeping the secondary industrial world in the Eastern States. What hope would we have if there was a proposal to raise £50,000 to establish jam factories in Western Australia? Tasmania would at once be up in arms.

The Premier: I do not know.

Hon. N. KEENAN: If the Premier does not know it is because he shuts his eyes. When Mr. Rayner tried to establish a jam factory here—

The Premier: The Premier of Tasmania would not stop him.

Hon. N. KEENAN: I do not care about him; he will carry out the orders he gets from the industrial world of Tasmania. The Premier has had no education in commercial and industrial matters if he imagines for a moment that we have not had experience. I was an unfortunate shareholder in the attempt to establish jam factories here. What happened? At once the price charged by Mr. Jones was cut to a figure that made it impossible for the venture in this State, with the limited resources behind it, to succeed.

Mr. Thorn: Jones gave 12 months' credit to the storekeepers here. Who could compete against that?

Hon. N. KEENAN: He did a lot more than that, and it was done with the backing and encouragement of the Tasmanian people and Government! The same thing will happen again. An attempt was once made, and it succeeded to a certain extent, to establish a rope factory in this State. That did not suit the Eastern States and so an ultimatum was delivered, and the rope factory had to be sold. It was sold to the rope combine operating in the Eastern States. I do not ask for the right in Western Australia to appeal to the public of the State to support some proposed industrial development in our secondary industries. All I ask is that if in fact the proposal is of a character that the Treasurer of the State is prepared to authorise it in writing, it

should be approved. This will protect us. If we do not provide such protection, we shall be holding out our necks like the Chinese to have our heads chopped off. If we do not adopt the simple, honest, unobjectionable provision contained in my amendment, extending exemption only to the extent of the propositions endorsed in writing by the State Treasurer, we shall be sacrificing the interests of the State.

The PREMIER: I have no great objection to the principle underlying the amendment. Probably it is the procedure that will be adopted.

Hon. N. Keenan: Well, make a certainty of it.

The PREMIER: It is the policy that was observed before the Commonwealth defence powers came into operation. I think that procedure will apply in future; it is the policy in regard to the available financial resources of Australia, which will have to be directed along certain lines. If a beneficial proposal is submitted to assist the industrial development of Australia, it is inconceivable that the Loan Council would oppose it. The State Treasurers do not carry State prejudices so far that the Treasurer of Tasmania would object to any money being lent to Western Australia.

Hon. N. Keenan: You say it is unnecessary?

The PREMIER: I have known people in the other States to do things in Western Australia in defiance of the Commonwealth Constitution because the Commonwealth has been lax in its duty in creating an Interstate Commission. We had an Interstate Commission for some time but, because of a legal interpretation regarding some of its work, that body was allowed to go out of existence and the safeguard in the Constitution relating to trade between the States, restraint of trade and dumping disappeared. The Commonwealth failed to exercise its power to create an Interstate Commission, which had power to deal with these matters.

Mr. Patrick: The Commonwealth did create the Interstate Commission, but it had no power to enforce its decisions.

The PREMIER: It would have been better had the Interstate Commission been in existence at the moment. In saying this, I do not wish to convey that I am anxious to see any more boards or commissions appointed.

Mr. Patrick: The Commonwealth created the Commission and dissolved it.

The PREMIER: Yes; because of some small difficulty the Commonwealth abolished the Commission, or let it go out of existence by refraining from re-appointing its members. I have no objection to the principle of the amendment, though I do not think the Bill should be loaded with it. This is what I think will happen in actual fact. I am prepared to believe that the Loan Council will continue to display the reasonable and fair attitude it has adopted in the past. The Loan Council has been a model for the Australia-wide vision it has displayed regarding the many proposals submitted to it. It has been of great assistance to me as Treasurer of the State in my endeavours to get sufficient money for our developmental requirements. I am under a debt of gratitude to other members of the Loan Council, and in hardly a single instance can I complain of unfair treatment. In fact, in my experience the Loan Council has adopted a generous attitude in relation to the amount of money made available for expenditure by the States.

I do not think we shall have occasion to complain in the future. Experience does not warrant my entertaining any doubts on that score. Under the Bill each State will have one vote and the Commonwealth will have one vote; thus the interests of the State will be safeguarded. Three States and the Commonwealth or four States would have to enter into an unholy combination to do something detrimental to Western Australia. I cannot imagine that happening. Members of the Loan Council are too big to stoop to any conspiracy in the interests of Henry Jones or anybody who might wish to do something about a jam factory or a picture theatre in this State. When the proposal is a sound one, I feel satisfied that the decision of the Loan Council will be acceptable. I do not want to overburden our Bill or make it different from the measures passed by the other States, simply on the assumption that at some future time something might be construed as being detrimental to us. I have given an undertaking to endeavour to get the Bill passed in its present form. If a serious matter of principle is raised warranting amendment, then the position will be different.

Hon. N. KEENAN: The Premier is optimistic about the Bill passing in the form

as printed. In South Australia it has not been passed as printed, in another State it has been rejected, and yet another State is waiting to see what is going to happen. What mandate have we to pass the Bill any more than the Legislative Council has for its rejection? It has been said, quite genuinely, that the Loan Council can be trusted; but I have heard other Treasurers lament the fact that New South Wales is able to obtain such colossal amounts of loan money from the Loan Council. Even today we have heard a reference by our own Treasurer to the colossal claims advanced by New South Wales, of which it receives a considerable part. Our loan proposals are obliged to run the gauntlet of the Loan Council. As regards our potash deposits, Eastern States deposits are not comparable with them. Moreover, we believe the potash contents of our deposits to be far superior. Undoubtedly there has been a certain amount of resentment at the establishment of potash workings here; in fact, a Commonwealth Minister said that our deposits were too far from the coast to be worked economically. That is what we have to face. I hope the proposed addition to the clause will be accepted by the Committee.

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

Ayes	..	..	..	18
Noes	..	..	..	19

Majority against .. 1

#### AYES.

Mr. Berry	Mr. Perkins
Mr. Boyle	Mr. Sampson
Mrs. Cardell-Oliver	Mr. Seward
Mr. Hughes	Mr. Shearn
Mr. Keenan	Mr. Thorn
Mr. Kelly	Mr. Warner
Mr. Mann	Mr. Watts
Mr. McDonald	Mr. Willmott
Mr. McLarty	Mr. Doney

(Teller.)

#### NOES.

Mr. Collier	Mr. Needham
Mr. Coverley	Mr. Nulsen
Mr. Cross	Mr. Panten
Mr. Fox	Mr. Sleeman
Mr. Hawke	Mr. Tonkin
Mr. J. Hegney	Mr. Trial
Mr. W. Hegney	Mr. Willcock
Mr. Johnson	Mr. Withers
Mr. Leahy	Mr. Wilson
Mr. Millington	

(Teller.)

Amendment thus negatived.

Question put and passed; the paragraph agreed to.

Paragraph (i)—Air Transport:

Mr. McDONALD: Some power over aircraft should be ceded to the Central Gov-

ernment and the Central Parliament. It is unnecessary for me to mention the immense development of aviation, military and civil, which requires that we should now take a new view of aviation and the part it plays not only in the country's defence but also in its transport system. Civil aviation and matters referring to civil aviation will, it is clear, be regarded by every country as part and parcel of its defence policy in the future. Therefore, I think it justifiable that certain powers should be transferred to the Commonwealth Parliament and Government over air transport in the future. I move an amendment—

That at the beginning of the paragraph the words "Regulation of," be inserted.

The paragraph will then read, "Regulation of air transport." A similar amendment has been made by the South Australian Parliament. The object is that this head of power shall confer upon the Commonwealth Parliament all the power it needs, but no more than it needs. The amendment will give the Commonwealth Parliament authority to lay down a policy for civil aviation, for the construction of civil aeroplanes and for the co-ordination of the civil aviation industry with the needs of the defence of the country. If the amendment is passed, less power will be conferred upon the Commonwealth Parliament than would be the case if the paragraph was left as printed. In particular, we do not want any misunderstanding about the kind of authority we expect the central Parliament to exercise. Civil aeroplane transport, if developed by the Commonwealth Government and Parliament, could cripple the transport activities of this State now controlled by the State Government. We do not wish that to take place. We do not want to lead the Commonwealth to believe that we are prepared to welcome any kind of transport run by it which is going to undermine the economic and financial position of our State railways, or our State Shipping Service, or indeed private transport activities in which the people have been encouraged to invest their money. Therefore, I seek to insert these words to give the Commonwealth Parliament a power of regulation, which is all it needs and all it should have, and which is fortified by the opinion of the Legislature of South Australia.

The PREMIER: The effect of this amendment would be to leave the position as it

stands at present under our own State law. We have passed an Act dealing with the regulation of air transport. What is to happen after the war, when perhaps the Commonwealth may have 1,000 big transport planes on its hands that it is using effectively in this war? If the Commonwealth desires to institute an air transport system, all the necessary planes will be available. The capital for them has been found out of war expenditure. Is the Commonwealth to sit down and do nothing with those planes? They could be used commercially and effectively for the development of Australia. If this war continues for another year or two, we might possibly have 3,000 or 4,000 transport planes, all of which will then be available for civil use. We shall need many transport planes.

Hon. N. Keenan: And cargo planes.

The PREMIER: Yes. At the conclusion of hostilities the Commonwealth Government may deem the opportunity ripe to provide an effective transport system for the outback portions of Australia, and it will have the planes available for the purpose. When the Commonwealth was formed, there was no air transport. Up to that time nobody had flown in the air and aviation was not envisaged by the framers of the Commonwealth Constitution. Therefore, the Commonwealth has no control over aviation under the Constitution. This reference proposes to give the Commonwealth Parliament power to deal with interstate and intrastate air transport. That is one of the developments which will take place after the war. I have no objection to the Commonwealth obtaining control of air transport. I presume it will, after the war, desire to run mail planes. I cannot imagine that we shall after the war be content to wait for a week or a fortnight to get a letter from Brisbane. No doubt some of the planes which the Commonwealth will possess will be handed over to the Postal Department for use as mail carriers. I do not agree with the amendment. If we pass it, then we shall, having passed the Air Navigation Act of 1937, remain in our present position. I think that air transport is something we should be prepared to face. The Commonwealth Government is the proper authority to deal with the matter because it is of an interstate and Australia-wide character.

Mr. SAMPSON: It is painful to me to note that every proposition that is brought forward, the effect of which would be to reserve to the State some last lingering portion of power, is opposed by the Premier. It seems to be an obsession with him that whatever might be done by this State would be wrong. No amendment brought forward which has as its object the protection and development of Western Australia has any virtue in it. The planes to which reference has been made could be allocated or sold to different States, and I do not suppose that the services would be any the less efficient because there was something in the nature of competition, not the competition of ordinary business, may be, but the fact that different States were operating would have a big effect.

The Premier knows at least as well as any member in this Chamber the success achieved by the MacRobertson-Miller fleet of planes. I travelled in one of those planes with the Premier, yet he has no faith in anything unless it is controlled by the Government. That is a wrong attitude to adopt. If it were not the Premier I would say it suggested a degeneration in regard to a realisation of what private enterprise has done and is doing. There is no doubt that the MacRobertson-Miller company and other companies in Australia have done a very great deal, and the Commonwealth owes much to them, but today when it is suggested that there should be some protection so far as this State is concerned the Premier is disinclined to believe that any good can come out of anything at all unless there is Commonwealth control. I am afraid it is futile to hope that the amendment, which is very wise and useful, will receive respectful consideration and that at long last there may be some faint glimmering ray of appreciation of what this State can do in comparison with what the Commonwealth can do.

Mr. WATTS: The observations of the Premier are very worrying to me. He appears to consider that the Commonwealth after the war, having a large number of transport planes in its possession, and not being quite clear what to do with them, should be at liberty to conduct air transport services in various parts of the Commonwealth which must necessitate their being conducted in the various States. The whole conflict between the Government and Op-

position sides of the House on this question revolves around our differing ideas of what is necessary for the protection of State instrumentalities. I will refer to the railway system of this State. A sum of £26,000,000 is involved in the railway services. As progress continued we found that motor transport was occasioning very heavy losses to the State railways, and the Parliament of this State saw fit to control that competition under what is known as the State Transport Co-ordination Act. The underlying reason for that control was to prevent competition between a more modern and in some ways more desirable transport method and the State railways. The Act has apparently succeeded in its objective. The fact that it created certain injustices and in some respects stood in the path of progress, were counts against it. But it was brought in by a Government of which the Premier was a member with, I think, the expressed intention of preserving the State railways, in which so much capital was involved, from the competition of motor transport.

There is another type of transport which is coming more and more into its own, and that is air transport. Yet the Premier does not want to put the Commonwealth in the position of disposing of these aircraft that he speaks of to the State so that the State itself could use them in supplementation of its railways, or, if it thought fit, instead of that system in some areas of the State. He appears to think that the Commonwealth should have the right to do this thing. As one who wants to see Western Australia's position preserved as much as possible, even though I may to some degree be opposed to State trading, I feel that to contemplate competitive transport by the Commonwealth in the circumstances I have just cited, is utterly ridiculous, and therefore I must support this amendment which will only enable the Commonwealth to regulate air transport, whether it be air transport of the Commonwealth, of the private individual, of an incorporated company or of the State itself. I am quite prepared to permit uniformity of regulation. The Commonwealth has not the right to legislate as a Commonwealth Parliament for the regulation of air transport. I am prepared to give it that right to legislate, to pass an Act of Parliament to deal Australia-wide with methods by which air transport shall be carried on, whether by private persons or companies or

by the State. But we should certainly not consider for one minute the suggestion of the Premier that the Commonwealth, having a large fleet of useful aircraft at its disposal, should be able to use it as it pleases.

The Premier, as Treasurer, seems to have lost sight completely of what might happen, and his attitude is in complete contrast with the attitude of this Government concerning motor transport. I regard the amendment as most important, and I do not think—or I hope not, anyway—that the Premier's idea of what the Commonwealth is likely to do is in the minds of members of the Commonwealth Government. The only evidence we have of what is in their minds is the Convention record, and there is no suggestion there of any intention to do what the Premier suggests. But he has put the idea into our heads that that is what is intended, and I am determined it shall not be done. I hope that in the interests of this State, of the millions of capital invested and of those engaged in the industry in this State, every member will support the amendment.

The PREMIER: I can imagine no more important thing in the future life or death of Australia as a nation than the proper regulation, control, and exploitation of all forms of air transport. The defence of Australia, as has been demonstrated even in these last few weeks, depends almost entirely on the condition of our Air Force. After the war the Commonwealth will not simply sit down and say, "We will build so many planes of a certain character for defence purposes." It will have many planes and trained air personnel. It will keep going investigations in different countries so that the latest information on aviation practice will be at its disposal, and in the event of a future war we will be equipped with planes adequately to defend this country. Is the personnel, which will be trained in the science of aviation, simply to fly around the skies for practice?

Mr. Sampson: Private enterprise gave us the nucleus of our present Air Force.

The PREMIER: Private enterprise is not fighting this war but public enterprise as exemplified by the Australian Government. Private enterprise provided planes that have been of tremendous assistance to the Commonwealth in the war. The aeroplane service between here and the Eastern States has on occasions been cut off for a week,

ten days or a fortnight, when all commercial planes were diverted for something necessary to the defence of Australia. The supplies for the taking of Kokoda and the advance between Kokoda and Buna were delivered by aeroplanes, and a lot by privately owned aeroplanes commandeered for the purpose. Many wounded men were brought back to hospitals in Australia by quick air transport. I do not grudge commercial air transport anything that it has done for Australia; in fact I give it every credit. In the future we will have 50,000 to 100,000 men in our Australian Air Force. What shall we do with them? Surely we will not just fly them around the skies!

Mr. McDonald: You have all that power now under the Defence Act; that continues after the war.

The PREMIER: Not for commercial undertakings.

Hon. N. Keenan: What do you propose?

The PREMIER: I do not propose anything, but if the Commonwealth desires to utilise the Air Force planes in the development of Australia and at the same time to train people in the art of flying, it should be allowed to do so. It will all be for the benefit of Australia. If we have 20,000 planes—and I cannot imagine Australia with its big coastline having no armament at all after this war, because it has been said that we will never be caught again by disarmament—there will be many people in training to fly them, and are we going to make use of them for the development of the country, or will they just be like a fire brigade, ready for when a fire breaks out and doing nothing in the meantime? If it cannot run an air transport service, even for its own mail, it is limiting the enterprise of the Government to do something in its own interest.

This air power is necessary and will be used wisely. It may possibly detrimentally affect our State. Under our system of Government at the present time if the Commonwealth does something which detrimentally affects our financial position it can be, and has been, to a large extent rectified by the Grants Commission which makes a financial adjustment. To a great extent such grants made to the State have kept its finances in a sound condition during the last three or four years. I do not think the Commonwealth would enter into competition with our railways, but if it did it would have to make a grant to Western Australia to

adjust our financial position. The Commonwealth has taken over the responsibility of guaranteeing the payment of interest on our debts. If the position became so bad that we lost £2,000,000 or £3,000,000 in interest on our railways, the Commonwealth would have to meet the deficiency. I am quite prepared, on behalf of the Government, to acknowledge that air transport, as included in the Bill, should be agreed to.

Hon. N. KEENAN: Does the Premier wish to finish this paragraph?

The Premier: We will go on for another hour if you do not mind.

Hon. N. KEENAN: If I understand the Premier correctly he is prepared to adopt this attitude: When peace is established it will be necessary for the Commonwealth to maintain a large military force in the form of an air force.

The Premier: And trained pilots.

Hon. N. KEENAN: Naturally! The Commonwealth is to be encouraged to use these pilots in competition with commercial ventures in the State.

The Premier: No.

Hon. N. KEENAN: They are to be encouraged in the carriage of passengers and goods, and of course they would take the most highly payable form of freight and passenger traffic.

Mr. Withers: Private enterprise has done that already.

Hon. N. KEENAN: Private enterprise is restrained, but there will be no restraint in this. This has some comic features about it because we can scarcely imagine an air force pilot carrying passengers at 450 miles an hour, except at very great danger to them. The commercial enterprise of the air, and the military preparations of the air are totally different. The class of pilot required by the military is a reckless young devil who will pitch himself into the void without caring what may happen. It is true that he generally has a parachute, but I do not suppose it is suggested that commercial passengers carried by air will be given parachutes and instructions in their use, and other safeguards against danger. The important part is that the whole policy, which the present Government and the Government preceding it had enforced in this country, is going to be abandoned—the policy of enabling the State railways to carry on with reasonable

prospects of success. I do not imagine for a moment that the Commonwealth Government would recognise any claim on the part of any State to be reimbursed for capital losses.

If the whole of our railways, in which £25,000,000 has been invested, were scrapped would anyone imagine that a claim for the reimbursement of that amount or even part of it would be entertained? Yet we are going to invite the Commonwealth, after peace has been declared, to compete against our railways with cargo planes and reduce the railways to a state of absolute bankruptcy. There will be no power of intervention on our part. If tomorrow private enterprise or Commonwealth enterprise carried a cargo from Perth to Wiluna by air, selecting as it would the best class of freight, to the serious detriment of our railways, we could interfere and stop it but, when we give this power to the Commonwealth, our power will disappear. There might be an air service between Perth and Wiluna that will rob the railways of passenger traffic and of every pound of payable freight. That is a most vital matter. What reason have we for conceding this power?

To say that it is necessary to give this power for the future defence policy of the Commonwealth is absurd because the Commonwealth does not require it. Anything in the nature of defence will be equally within the powers of the Commonwealth after the war as it is today. The Commonwealth may prepare for any future war in any way and to any extent it likes. The Commonwealth will be given the power to destroy the State railways and without accepting any responsibility for the loss. It looks as if we are deliberately committing suicide. We can avoid that disastrous end, but apparently members are determined to shut their eyes to what is clearly going to happen and allow it to happen. No one knows to what extent air carriage will be developed. In a paper entitled "The Aeroplane," it was chronicled that an aeroplane in England took off with a 50-ton load. Even here in Australia it is well known that 25-ton tanks were carried by air from the mainland to Papua. Future developments are beyond all conceivable limits.

The only drawback at present to carriage in the air is that a satisfactory engine has not been invented. If a Diesel engine can be designed to operate a cargo aeroplane



satisfactorily, it will be possible to carry freight by air at infinitely less cost than is possible on the ground. The actual cost of running an aeroplane with a 25-ton load by Diesel engine is comparatively little per mile and there is no cost of construction involved in providing a highway. It is simply a matter of maintaining an aerodrome at each end. Yet it is proposed that we leave ourselves open, without the smallest shadow of protection, to competition in air carriage at the sweet will of the Commonwealth.

Mr. McDONALD: It is proposed to give to the Commonwealth Government full power to regulate air transport. In these wide terms we are going beyond the power that we gave under the Air Navigation Act of 1937. The Premier said that after the war the Commonwealth might have many thousands of aeroplanes that it would want to use in civilian aviation. If that is so, let the Commonwealth approach the States and make an agreement as to the terms and conditions on which those aeroplanes may be used. When that is done, we can state, as a condition to the use of the aeroplanes by whatever authority or individual they may be used, that we desire to be protected in certain respects. We must be protected, so why not, as a responsible governmental authority, meet the situation now and be able to secure protection when the time comes? In 1937 we gave attention to the question of conferring on the Commonwealth power to make regulations that would be of a uniform character throughout Australia.

The Premier: And adopt new regulations as they might be adopted internationally.

Mr. McDONALD: Yes. I remember the extraordinary care with which the Government safeguarded the rights of the State on that occasion. Let me quote from the speech of that sterling patriot, the then Minister for Works, who introduced the Bill in this Chamber. Referring to the Federal Conference that preceded the agreement to pass the legislation through the State Parliaments, he said—

As one of the representatives of this State, I said that the Government of Western Australia were quite prepared to co-operate with the Commonwealth, and to give to the Commonwealth power to pass legislation dealing with the safety and design of machines, the examination of pilots and engineers, and the oversight of services, interstate as well as within the States, and to pass the necessary legislation to refer such powers to the Com-

monwealth, the whole idea being to get uniformity and to make aviation as safe as possible within the Commonwealth. I made it clear, however, that we desired to retain full control of commercial planes operating in Western Australia to the same extent as the powers we have over land transport.

That was the view of the Government in 1937: Hands off anything that is going to interfere with transport in this State! The Minister went on to state what the Premier's view was, and he made mention of the referendum that had recently been put to the people of Australia as to granting to the Commonwealth Parliament power over aviation. The Minister for Works said—

The Premier of this State pointed out at the time that if they (the Commonwealth) assumed complete power, they would have power over air transport in Western Australia. We desired to retain that power which we have already taken under the Transport Co-ordination Act. We, therefore, opposed the granting to the Commonwealth of complete power.

Those arguments are more valid today than they were in 1937, and they completely support the amendment which I have moved.

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

Ayes	..	..	..	..	16
Noes	..	..	..	..	19
Majority against					3

## AYES.

Mr. Boyle	Mr. Perkins
Mrs. Cardell-Oliver	Mr. Sampson
Mr. Hughes	Mr. Seward
Mr. Keenan	Mr. Shearn
Mr. Kelly	Mr. Thern
Mr. Mann	Mr. Watts
Mr. McDonald	Mr. Willmott
Mr. McLarty	Mr. Doney

(Teller.)

## NOES.

Mr. Berry	Mr. Needham
Mr. Collier	Mr. Nulsen
Mr. Coverley	Mr. Panton
Mr. Cross	Mr. Slecman
Mr. Fox	Mr. Tonkin
Mr. Hawke	Mr. Triat
Mr. J. Hegney	Mr. Wilcock
Mr. W. Hegney	Mr. Withers
Mr. Johnson	Mr. Wilson
Mr. Leahy	

(Teller.)

## PAIRS.

AYES.	NOES.
Mr. Abbott	Mr. Holman
Mr. Hill	Mr. F. C. L. Smith
Mr. North	Mr. Rodoreda
Mr. Patrick	Mr. Wise
Mr. J. H. Smith	Mr. Raphael
Mr. Stubbs	Mr. Styan
Mr. Warner	Mr. Millington

Amendment thus negatived.

Hon. N. KEENAN: I move an amendment—

That after the words "air transport" the following words be inserted:—"but so that

no law made under this paragraph or regulation under such law shall allow of competition with a State instrumentality in the carriage of passengers or goods except on terms approved of by the State."

I do not intend to speak to that amendment, because the ground has been fully covered during the discussion of the last amendment. But this amendment makes it definite whether we want to take any steps to protect ourselves, although we know that otherwise the inevitable result will be that our State instrumentalities will suffer grievous harm.

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

Ayes .. .. .	16
Noes .. .. .	19
Majority against .. ..	3

## AYES.

Mr. Boyle  
Mrs. Cardell-Oliver  
Mr. Hughes  
Mr. Keenan  
Mr. Kelly  
Mr. Mann  
Mr. McDonald  
Mr. McLarty

Mr. Perkins  
Mr. Sampson  
Mr. Seward  
Mr. Shearn  
Mr. Thorn  
Mr. Watts  
Mr. Willmott  
Mr. Doney

(Teller.)

## NOES.

Mr. Berry  
Mr. Collier  
Mr. Coverley  
Mr. Fox  
Mr. Hawke  
Mr. J. Hegney  
Mr. W. Hegney  
Mr. Johnson  
Mr. Leahy  
Mr. Needham

Mr. Nulsen  
Mr. Panton  
Mr. Sleeman  
Mr. Tonkin  
Mr. Triat  
Mr. Willcock  
Mr. Wilson  
Mr. Withers  
Mr. Cross

(Teller.)

## PAIRS.

AYES.  
Mr. Abbott  
Mr. Hill  
Mr. North  
Mr. Patrick  
Mr. J. H. Smith  
Mr. Stubbs  
Mr. Warner

NOES.  
Mr. Holman  
Mr. F. C. L. Smith  
Mr. Rodoreda  
Mr. Wise  
Mr. Raphael  
Mr. Styants  
Mr. Millington

Amendment thus negatived.

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

Ayes .. .. .	19
Noes .. .. .	16
Majority for .. ..	3

## AYES.

Mr. Berry  
Mr. Collier  
Mr. Coverley  
Mr. Cross  
Mr. Fox  
Mr. Hawke  
Mr. J. Hegney  
Mr. W. Hegney  
Mr. Johnson  
Mr. Leahy

Mr. Needham  
Mr. Nulsen  
Mr. Panton  
Mr. Sleeman  
Mr. Tonkin  
Mr. Triat  
Mr. Willcock  
Mr. Withers  
Mr. Wilson

(Teller.)

## NOES.

Mr. Boyle  
Mrs. Cardell-Oliver  
Mr. Hughes  
Mr. Keenan  
Mr. Kelly  
Mr. Mann  
Mr. McDonald  
Mr. McLarty

Mr. Perkins  
Mr. Sampson  
Mr. Seward  
Mr. Shearn  
Mr. Thorn  
Mr. Watts  
Mr. Willmott  
Mr. Doney

(Teller.)

## PAIRS.

AYES.  
Mr. Holman  
Mr. F. C. L. Smith  
Mr. Rodoreda  
Mr. Wise  
Mr. Raphael  
Mr. Styants  
Mr. Millington

NOES.  
Mr. Abbott  
Mr. Hill  
Mr. North  
Mr. Patrick  
Mr. J. H. Smith  
Mr. Stubbs  
Mr. Warner

Question thus passed; the paragraph agreed to.

Progress reported.

### BILL—PUBLIC AUTHORITIES (RETIREMENT OF MEMBERS).

Received from the Council and read a first time.

*House adjourned at 6.59 p.m.*

## Legislative Council.

*Wednesday, 10th March, 1943.*

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The PRESIDENT took the Chair at 2.15 p.m., and read prayers.

### BILL—COAL MINE WORKERS (PENSIONS).

*In Committee.*

Resumed from the previous day. Hon. V. Hamersley in the Chair; the Chief Secretary in charge of the Bill.

The CHAIRMAN: Progress was reported after Clause 1 had been agreed to.

Clause 2: Interpretations:

Hon. L. CRAIG: Before I deal with the amendments standing in my name, may I congratulate the President on the success and gallantry of his son, as recorded in this morning's paper? I am sure he must feel gratified that he has such a remarkably efficient son who so far has come through a most dangerous part of the fighting. I would personally like to congratulate him on