

6 of the parent Act give the officer of the department power to destroy any plant which may bring in disease.

Mr. Teesdale: Or bulbs?

The MINISTER FOR AGRICULTURE:

Yes. Apparently the bulbs brought in by the hon. member were specified as plants that produced a certain disease, and the department took steps accordingly. This occurred some years ago. I am not prepared to say that the department did not act without some reason.

Mr. Teesdale: It is usual for an officer to be present when plants are burnt?

The MINISTER FOR AGRICULTURE:

Yes, both in the case of plants and animals. No doubt there is a possibility of plants being destroyed when in quarantine, but these steps must be taken in the interests of the State. I hope the member for Swan will not move his amendment.

Question put and passed.

Bill read a second time.

House adjourned at 9.57 p.m.

Legislative Council,

Thursday, 26th August, 1926.

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

RESOLUTION — FINANCIAL RELATIONS, COMMONWEALTH AND STATES.

Debate resumed from 24th August on the motion by the Chief Secretary that the Council concur in the following resolution of the Assembly:—

That this House is of the opinion that there should be no departure from the basis upon which the financial relations of the Common-

wealth and States have vested without the fullest consideration at a constitutional session of the Federal Parliament and the approval of the people by referendum; and that no financial scheme should be assented to by the States which does not provide for their receiving from the Commonwealth Government an annual payment of not less than 25s. per head of population.

And on the following amendment moved by Hon. E. H. Harris: That all the words after "rested" in line five of the resolution be struck out, with a view to inserting the following words:—

Unless and until a convention has been summoned by the Prime Minister and held, at which an equal number of representatives of five States elected at joint sittings of both Houses, and a like number at a sitting of the Legislative Assembly of Queensland shall so resolve.

HON. J. E. DODD (South) [4.35]: I had not intended to speak upon the motion, but the amendment has raised one or two issues upon which I would like to say a few words. They will be very few. I will deal with that part of the amendment which seeks to delete the provision for the referendum. To be frank, I do not think that the referendum is the efficient instrument in legislation that I once thought it was. I am satisfied that in a State like Western Australia, with its sparse population and widely scattered centres, it is very difficult to get the proper opinion of the people by way of a referendum. Although I believe that, I am satisfied it would be unwise for this Chamber to delete the provision for the referendum. I once introduced a measure to provide for the introduction of the initiative and referendum and, although I am not satisfied now that that provision is the efficient instrument I once imagined, still, I am not satisfied that the referendum is an absolutely inefficient instrument. I would draw the attention of hon. members to the fact that the Commonwealth Parliament came into being by means of a referendum, and, further, that no Constitutional alteration can be made without a referendum. Those are two points we can well remember. Again, for other reasons, it would be unwise for the Council to delete the reference to the referendum. We are essentially a Chamber of review. I know perfectly well we have extensive powers, almost equal to those of another place. Despite that, however, we are essentially a Chamber of review. It seems to me, therefore, that to seek the deletion of the referendum would be doing something that might be used later to the

material disadvantage of the Legislative Council. If we insisted upon that being done, it would certainly be used against the Council. I would point out to hon. members that this Chamber itself has insisted many times upon the use of the referendum. I need refer only to the Arbitration Act Amendment Act that was before us last session. In that instance we had the Council standing firm against the abolition of the referendum with reference to unions taking cases to the Arbitration Court. The Council insisted that the referendum provision should remain in that measure, and when it came to the final conference of party managers to determine the fate of the Bill, we still found the Council insisting upon a form of referendum, and also adding the initiative. A provision was inserted that so many members of a union could demand a referendum to decide whether or not a case should be sent on to the court. Then, again, we have the referendum proposal in our municipal legislation. We passed a law dealing with municipalities in which provision was made for the initiative and referendum. Within the last 12 months, a referendum was taken in the municipality of Perth with reference to Forrest Place. That referendum was taken under the provisions of an Act that had been passed by the Legislative Council. Then with reference to the early closing of shops, we inserted a provision in the legislation dealing with that question, setting out that so many people could demand a poll and a referendum would have to be taken. Then with the liquor reform problem, the principle of the referendum was laid down in the legislation affecting that question. That measure was also passed by this Chamber. Thus it would be unwise indeed for the Council to agree to the deletion of the referendum as provided for in the motion. Inevitably the reply would be that the Council was afraid to trust the people. I would like to quote a remark made by the late William Ewart Gladstone, that great British statesman, who said on one occasion, "We who have been governing England for the last 100 years or more have usually been wrong, and in the final analysis, the people have always been right." I am not sure if I have the quotation accurately, but it was to that effect. Again, objection has been taken to the referendum because of the confusion that seems to have arisen regarding the present proposals before the people. Mr. Harris pointed out that men like Mr.

H. Gregory, M.H.R., and Mr. Gray are on the same platform. I do not know that that is altogether a calamity. I am inclined to think it is all for the good of the community at large. Those men are not free in the ordinary sense of the word, but are more or less bound by party ties on ordinary questions. When men are freed from party fetters, they are able to meet on the same platform in the exercise of their free will. Mr. Gregory and Mr. Gray have views entirely antagonistic on many political questions, but when freed from party politics they are able to meet on the same platform. I could also mention Sir Henry Barwell and Mr. Lundie of South Australia, Mr. Bruce and Mr. Charlton, Sir Arthur Robinson and Mr. Seullin, Mr. Watt and Mr. Garden. All those men hold extremely divergent political views, but are able to meet on the same platform when they are not bound by party fetters. Thus we are getting the real opinions of these men. We could not get them were they bound by party considerations. It is not worth while making the deletion as suggested, and I hope the Council will not do it. After all, the Federal Parliament represent the final arbiters in this matter. On the general question, I desire to make it clear that I do not like the latter part of the motion. It implies that we cannot get anything better than the 25s. per capita basis. I do not like that. Sir William Lathlain, Mr. Seddon and others, pointed out how detrimentally that provision might operate. The instances they gave could be multiplied. I shall mention one or two others. Sir William Lathlain referred to the number of people who are working in Newcastle, and in respect of whom New South Wales is receiving per capita payments that the State should not receive. I could also mention the building of war ships and other Commonwealth activities carried out on the Eastern side of Australia. No other State than Victoria and New South Wales receives per capita payments in respect of those operations. Most of us will agree that the per capita payment basis is neither fair nor equitable. I could mention also the small arms factory, the aeroplane depots, and so on. They all mean to the Eastern States population that should be distributed over the whole of Australia. Again, as I pointed out on the Address-in-reply, the tariff that has led to the establishment of large secondary industries in

the Eastern States really necessitates our keeping large numbers of people over there. That seems to be a very un-Federal spirit and it is certainly an un-Federal spirit for any one State to demand that a capital city should be built on the fringe of one side of the continent. That also will mean a large population for which the capitation grant should be distributed over the whole of Australia. I am one of those who voted for federation and I am one of those who believe that Australia should be federated, but with the experience we have, I certainly would not vote again for federation on the present basis. I should like to see some more equitable arrangement than exists at present regarding the finances of the States. A circumstance has arisen since we federated to which due attention is not being paid. It has been mentioned by several members during this debate, but we are prone to forget that there has been a war since 1901 and that it has made all the difference to Federal finance. The wisdom of the people was shown by their not compelling the Federal Government to return to the States three-fourths of the Customs and Excise revenue and by their not insisting upon a provision to that effect being placed in the Constitution. Had such a provision been included in the Constitution there would have been no hope of the Federal Government financing their share of war as they did. It made all the difference and the Federal Government were able to finance £400,000,000 on the war. We must give them some latitude to meet that debt.

Hon. V. Hamersley: But an alteration was made before the war.

Hon. J. Cornell: Not long.

Hon. J. E. DODD: The point that troubles me is that, if the 25s. per head of population is surrendered, there is no guarantee or certainty that the fields of direct taxation that the Federal Government will relinquish will not be again invaded by some other Federal Government.

Hon. V. Hamersley: Hear, hear!

Hon. J. E. DODD: If an amicable arrangement could be made by some constitutional session, I should feel more satisfied, though after all the Federal Parliament is the final arbiter in the matter. It has been said that Mr. Bruce did not make the abolition of the per capita payments part of his policy speech. At the last Federal elections we can take it for granted that he did not. At that time there was

only one issue before the people and members were elected upon that issue. But Mr. Bruce did refer to this matter in the first policy speech he delivered in Western Australia. That speech was delivered in the Prince of Wales Theatre, Perth, and I believe Sir William Lathlain was in the chair. Mr. Bruce there announced his proposal to withdraw the capitation grant. The proposal was not insisted upon afterwards, but for all that Mr. Bruce did mention it and did make it part of his programme on that occasion. I agree with Mr. Cornell in what he said of Mr. Bruce. I consider Mr. Bruce is the fairest and most democratic Prime Minister Australia has ever had, and that is saying a good deal.

Hon. J. R. Brown: I think he is the worst.

Hon. J. E. DODD: The Bruce Government have been fairer to the States than have any other Government. It is only right to give credit where credit is due.

Hon. J. R. Brown: They will not give us a gold bonus.

Hon. J. E. DODD: Although I say that of the Bruce Government, I believe in the State Government doing everything possible to get the best deal from the Commonwealth. I trust that some constitutional method may be devised whereby the Commonwealth payments to the States will be fixed on some better basis than that of population. The motion is merely an expression of opinion and I think we would be wise to carry the motion as it stands. I cannot possibly support the amendment.

HON. J. NICHOLSON (Metropolitan [450]): The amendment now before us has necessarily involved the consideration of many points raised by the original motion. Every possible reason has been advanced for and against the motion as well as the amendment, and it would be delaying the House unnecessarily to traverse the ground so fully and ably covered by former speakers. I have followed the various reasons advanced with considerable interest. In order to get a clear vision of what is before us, it is necessary to direct attention first to the motion and then to the amendment. If one examines the wording closely it will be found that the motion does not express entirely the wish of every member of this House. I applaud the Premier for having taken the stand he took—in common with other Premiers—to protect the rights of the State. Still I do not believe that the Premiers of

the other States were actuated entirely by the same motive. Nor do I think the same reasons impelled them as influenced our Premier in the attitude he adopted. As I said when speaking on the Address-in-reply, the principle of the per capita payments is unsound. There is no good reason, from the point of view of this State—and that is what we are chiefly concerned about—why the per capita payments should be maintained if we can get a just allowance fixed definitely by other means.

Hon. J. Cornell: Summed up, the position is should the per capita system continue or go.

Hon. J. NICHOLSON: I do not wish to see the per capita system go absolutely until I am assured that this State will receive some just and definite payment for a specified number of years. This is necessary in order that the financial position of the State may be assured.

Hon. J. R. Brown: That is what we all require.

Hon. J. NICHOLSON: I am glad that the hon. member shares that view, because he will probably share also the views I am about to express on the amendment. The motion embodies much with which I disagree. I share the views of many other members in taking exception to the wording of the motion. I do not think it will attain the end we desire, namely, the improvement of the financial position of this State. It is true a conference was held and it proved abortive, but is that any reason why other efforts should not be made to arrive at a satisfactory understanding? The proper method is to look at this matter from a constitutional standpoint. Here we are bound together by a Federal bond, and our State Premiers, in consultation with the Federal Prime Minister, failed to arrive at a basis of understanding which we had wished they would reach for the betterment of the States in general. The motion suggests, among other things, that a referendum should be taken. I listened attentively to Mr. Dodd's remarks. He certainly advanced sound and logical arguments why he could not support the amendment, but I suggest that Mr. Dodd's arguments were based on statutes that provide definitely for polls or referenda to be taken under certain conditions. Is the position similar in this case? I venture to say that the case of the per capita payments and the suggestion to refer the question to a referen-

dum of the people is not analagous to the cases he cited.

Hon. J. E. Dodd: It was the subject of a referendum at one time.

Hon. J. NICHOLSON: It was the subject of a referendum prior to federation.

Hon. G. W. Miles: And since, namely in 1910.

Hon. J. NICHOLSON: Yes, there was a referendum in 1910; but we have to bear in mind that that was necessary because of the Constitution. The Federal Constitution cannot be altered without a referendum of the people. Mr. Dodd mentioned the polls under the Licensing Act, the Municipal Corporations Act and other statutes. All those statutes lay down distinctly that the people have a right to demand a poll in certain circumstances. If a municipality wishes to raise money, a certain number of people have the right by statute to apply for a poll. Similarly under the constitution of companies shareholders have a right to demand a poll, and they have that right not only under table "A" of the Act, but under their own articles. What is the position? It is entirely different. A referendum of the people was taken when the question of the per capita payment ceased. That was necessary under the Constitution Act.

Hon. J. E. Dodd: My point is the un-wisdom of holding it.

Hon. J. NICHOLSON: The right to share in Customs and Excise duties was created under Section 87 of the Constitution Act. That section is known as the Braddon blot, but it was a very good section, and I am sorry it is not in force to-day. Though it has been called a blot, we have every reason to regard the section as a wise provision and it would have been a good thing if we could have revived it, for we would share to a greater extent than we are doing under the 25s. payment. When the right granted by the Constitution to the States to share in three-fourths of the Customs and Excise Revenue was deleted, it was followed by a provision made in the Surplus Revenue Act, 1910, under which there was no provision for a referendum of the people on the question as to whether or not that payment which was submitted should be continued. Power was given under that Act for the Federal Parliament to continue that right for ten years from 1910, and thereafter until the Federal Parliament should otherwise provide. The Commonwealth authorities say they are making another provision, but there is no right to a referendum so far as that provision is

concerned. In the resolution before us it is proposed that there should be a referendum on the question. A referendum would undoubtedly not achieve the result desired because to be of any real value, it would require to be taken on a compulsory poll. We see at the present time what the effect of a referendum of the people is likely to be. We have a confusion on the various issues that have been put before the people. Those issues are so confused and so conflicting to the electors, that they hardly know exactly which way to vote, and it is doubtful indeed whether a plain understanding will be conveyed to the people in time for them to appreciate exactly what to do when polling day arrives. For these reasons I say that a referendum on a question such as this—the financial relations of the States—can be made even as difficult as that upon which the people are being asked to vote within the next few days. It would be a mistake, and instead of doing good to the State, might possibly do a considerable amount of harm. Because of this, the amendment is preferable to the resolution which has been sent to us for adoption. The amendment proposes to strike out all the words after “rested” and to insert the words which appear on the Notice Paper. Those words make it quite clear that it will then be the opinion of this House that there should be no departure from the basis upon which the financial relations between the Commonwealth and States have rested until a convention has been held, and until that convention so resolves. When the convention meets, one hopes that the representatives to be elected under the terms of the amendment will see the wisdom, in the interests of Australia, of arriving at a sound basis whereby we can have our wrongs redressed. We hope, too, that those representatives who may go from here, if the amendment be carried by another place as well,—

Hon. J. Ewing: What about Mr. Hughes's proposal?

Hon. J. NICHOLSON: I cannot say.

Hon. J. Ewing: You know that he went back on it and that will happen again.

Hon. J. NICHOLSON: I know that when negotiations between two parties or Governments fail, it is the duty of those Governments to use every effort to bring about an understanding and to act with a degree of reason.

Hon. J. Ewing: They do not always do so.

Hon. J. NICHOLSON: They do not, but I think the result of this discussion may be of benefit to the Premier of this State and show him that whilst we all support him in the attitude he has adopted in seeking to protect and maintain our rights, we want to help him and the Government to get a better financial relationship established as between ourselves and the Federal Government. I for one do not subscribe to the idea that the per capita payment of 25s. is sufficient. It is not enough, remembering the great obligations which rest upon us, to develop this huge territory, and as I previously remarked I hope that the representatives who may be appointed to attend the Convention—I sincerely trust that it will be possible for the Convention to be held—will seek to convey, as I am sure they will, the position of this State and that the representatives of the other States will appreciate in no doubtful way the great obligations which rest not only upon us here, but upon themselves to aid us in carrying out those obligations, not necessarily for the protection of Western Australia, but for the protection of the whole of Australia. Those obligations are undoubtedly serious, and they should be appreciated by all true Australians whether they be residents of Victoria, New South Wales, or any of the other States. Their interests as well as ours extend to the development and the populating of our empty spaces so that we may protect Australia as a whole.

Hon. J. Ewing: I wish we could make them think that.

Hon. J. NICHOLSON: We want to try to convert them to that idea. The duty devolves upon us to see that the others who may attend the Convention will be duly impressed. The amendment will achieve a much better result than the resolution which we have been asked to adopt, and because I hold that view I intend to support the amendment.

THE CHIEF SECRETARY (Hon. J. M. Drew—Central) [5.11]: The motion and the amendment are so interwoven that it is almost impossible intelligently to discuss one without discussing the other. It will be admitted that this is a question of supreme importance; it vitally concerns the interests of both Commonwealth and States. In the introductory remarks of one of the speakers who is opposed to the motion, he

said he was opposed to it because he felt that the Commonwealth were justified in throwing the States on their own resources to finance their respective administrations. But the concluding portion of his speech showed clearly that that was not his view. This member's objection to the motion is not as I first anticipated, that it asks too much from the Federal Government, but that it asks too little, and no doubt that member's speech has had considerable influence in bringing about the amendment that has been moved. He is opposed to the per capita system, not because he considers it would prove an unfair strain on the revenue of the Commonwealth, but because he feels it would not give Western Australia as much as she is entitled to receive. He says the grants to the different States should be based upon area instead of population. No doubt those arguments well advanced have had a considerable influence in bringing into existence the amendment we are now discussing. That member had no difficulty in proving what a great advantage it would be to Western Australia if the question were decided on the basis that he suggested, but would it not be a pure waste of time to start a new agitation on the lines which hold out no possible hope of success? If the States are to be successful in their demands for justice from the Commonwealth, they must certainly present a solid front; they must submit proposals on which there is unanimity of opinion amongst themselves. There would be no unanimity of opinion if Western Australia made such a claim as has been suggested by that hon. member. There would not only be division of opinion, but there would be violent antagonism to such a scheme from all the smaller States. The revenue to be distributed is the surplus revenue and the thickly populated States of Victoria and New South Wales which are contributing the bulk of that revenue, could be pardoned for objecting to the lion's share of that revenue being handed to Western Australia simply because she has a vast area of territory sparsely populated under her control. Under the new Federal road grant, area to a certain extent has been taken into consideration, but only to the extent of our developed territory. Even then we have to find 15s. for every pound of the Federal grant. This new principle has been fiercely opposed by some of the larger States, and

in certain of their newspapers articles have appeared under the heading "Eastern money for western roads."

Hon H. Seddon: Did you expect anything else?

The CHIEF SECRETARY: We would expect much more if we sought more than we have been receiving; much stronger would be the hostility displayed if the principle were applied to the distribution of revenue for the ordinary purposes of administration. Western Australia undoubtedly is suffering disabilities under Federation. That has been recognised by the Commonwealth Government and, quite properly, it is being dealt with by that Government through special legislation. The distribution of surplus revenue by the Commonwealth is a matter upon which no provocation should be given for quarrels between the States. Such a development would play into the hands of the Federal Government and others who see in the financial difficulties of the State an easy road to unification. There was another proposal by the hon. member that I consider a dangerous departure from the principle previously recognised. With Sir Edward Wittenoom, I agree that the State Premiers in 1909 made a great mistake in foregoing their right to a share of the Customs and Excise revenue and agreeing to the substitution of the per capita payments.

Hon. J. Cornell: But they got a pretty good share at that date.

The CHIEF SECRETARY: I admit that, but there have been great developments since then. In the circumstances, the most the States can now do with safety is to content for a continuance of the existing system. We shall not be acting with wisdom if we strive to introduce new matter of a highly contentious nature, such as is indicated by the amendment, which seeks a great deal more than we have received in the past. Dr. Saw said he failed to see how the taxpayer could make any objection to the Commonwealth proposals if the amount of tax he now pays is the same as he will have to pay under the new scheme. In my opinion if the taxpayer takes that view, he is very short-sighted indeed. With the immense surplus the Commonwealth has annually, after paying the per capita amounts to the States; with money to burn, in fact, the central Government before long would be compelled by the sheer force of

public opinion to reduce taxation year by year until it could scarcely be felt by the people. On the other hand, if the State has to make up the loss of the per capita payment by additional heavy taxation, there is very little prospect of the State being able to reduce its taxation during this or the next generation. We are also faced with the danger, indicated by Mr. Dodd and others, that some other Commonwealth Government, which may not see through the same spectacles as do the Bruce Ministry, will reimpose the taxation that is to be dropped under the scheme of the Federal Government.

Hon. J. Cornell: That is a contingency that could not be provided against.

The CHIEF SECRETARY: Still, we must keep it in mind in considering these proposals. The position is that if we stand firm and succeed, the Commonwealth will have to reduce taxation; whereas if we do not stand firm, if we fall, we shall have heavy additional taxation by the State for years to come. Several hon. members said they had no confidence in a referendum. It is doubtful whether the referendum is as sound in practice as in theory. Unless the issue be a simple one, it is difficult for the people to grasp it, and so the influential Press is apt to become a decisive factor. But, whether we like it or not, as Mr. Dodd has told us, it is here, and here to stay, and we must recognise that the referendum is a fundamental principle of the Federal Constitution. There is no means of amending that Constitution without a vote of the people, and it seems to me desirable that whatever financial arrangements may be arrived at between the Commonwealth and the States, they should be so big as not to be liable to alteration at the mere whim of any Parliament. Another hon. member began his speech by asserting that not sufficient consideration had been given to the question by the State Premiers who, he said, had taken up the attitude of surly schoolboys. Such comment shows that that hon. member is not acquainted with the facts of the case. In May last Mr. Collier was suddenly summoned by the Federal Treasurer to Melbourne to attend a Premier's conference called to consider the financial proposals that the Federal Treasurer would put before them. Mr. Collier was given no prior information as to the nature of those proposals; he had no idea as to what they were until he reached South Australia,

where he read of them in the newspapers. Eventually the proposals were submitted to the conference, and the Premiers were given to understand that there could be no alteration of the principle laid down by the Federal Treasurer, namely, that the Commonwealth would evacuate portion of the field of direct taxation and would discontinue the per capita payments. The Premier could consider the question as long as they liked, but there could be no alteration of that principle. They were practically told they could take or leave what the Commonwealth Government offered them, and that if there was an agreement it would have to be only until the end of the financial year. That meant that only five or six weeks would elapse before the new financial proposals came into operation. In face of those facts, is it fair to say that the Premiers did not give sufficient consideration to the question, but took up the attitude of surly schoolboys? The same member said that in moving the motion I did not refer to the war indebtedness of the Commonwealth; and he added that in view of that indebtedness it could not be said that the Commonwealth had any surplus revenue. That is a remarkable statement. It should be widely known that the war was financed from loan money, and that the people are taxed to meet the interest and other charges on those loans; and that after all these debits have been made there have been big surpluses every year for the last few years. If it can be said that because they have raised money by loan the Commonwealth Government have no surplus revenue, notwithstanding that they have met all necessary charges on those loans, then no country in the world has ever had a surplus, and no commercial business a profit while it owed money to its banker. I scarcely think the hon. member was serious in making such a statement. Another hon. member committed the same error when he said the Premiers had met and refused to discuss the financial proposals, and so had shown themselves in a very bad light. I have already pointed out that the Premiers were given clearly to understand that they could either take or leave what the Commonwealth offered them. Hence, any discussion of proposals that could not be accepted would have been farcical in the extreme. It was in consequence, doubtless, of some such remarks made by hon. members that Mr. Harris was influenced in

moving his amendment. However, it is pleasing to note that neither Mr. Harris nor those who support him are opposed to the continuance of the per capita payments. Perhaps because of this, there is a good deal of similarity between the motion and the amendment. On the other hand, the amendment asks that unless and until a convention has been summoned by the Prime Minister and held, at which an equal number of representatives of five States elected at joint sittings of both Houses, and a like number at a sitting of the Legislative Assembly of Queensland shall so resolve, etcetera. That is the text of the amendment. Mr. Harris started out by telling us that if we had a referendum on the question the electors would be completely in a fog. I do not agree with that. On some questions, I admit, the electors might find difficulty in forming an opinion on the subject under consideration. The issue here is simplicity itself. He or she would be very stupid who could not come to a decision as to whether it was equitable or not that the State should retain 25s. per head of the population, which is the grant now received from the Commonwealth, or whether that grant should be abolished and direct taxation imposed instead.

Hon. J. Cornell: The Commonwealth have put forward their side.

The CHIEF SECRETARY: Be this as it may, it must not be forgotten that the referendum is a fundamental principle of the Commonwealth Constitution. It appears to me to be unreasonable to suggest that the people of the States are not actuated by sufficient interest in the States to protect the welfare of those States.

Hon. W. T. Glasheen: The per capita grant is not in question in the referendum.

The CHIEF SECRETARY: We want it in the Constitution so that there can be no amendment except by the process of appealing again to the people.

Hon. J. Cornell: The Federal Parliament would first have to agree to that.

Hon. J. Nicholson: Would it not be better to have a convention or conference as suggested?

The CHIEF SECRETARY: We are again told what the Commonwealth have done for the States in the way of old age and invalid pensions, maternity allowances and other services. It is unnecessary to point out that such arguments have no bearing whatever on the question now under consideration. I admit they would

have a bearing, and an important one, if the Federal Government had regular deficits; but they have not had regular deficits but regular surpluses, after meeting all their engagements. These surpluses have been brought about mainly by increased Customs and Excise revenue, to which every person in the Commonwealth contributed. Mr. Gregory, who has always been a consistent battler for State rights in the House of Representatives, recently made a remarkably able speech in that Chamber in opposition to the proposals of the Commonwealth Government. If there be a referendum on the question, the upholders of State rights ought to see that this speech is reprinted and given a wide circulation. I will read a short extract from his speech.

Hon. J. Ewing: He is one of our best representatives.

The CHIEF SECRETARY: Mr. Gregory said—

In the Federation the Commonwealth authority has control of all national matters, and the State authorities control all domestic matters. The State Governments have borrowed some £600,000,000, and have to pay £29,000,000 every year in interest on their loans. The money they borrowed was expended on development. The State Governments have built railways, harbours and schools. In 1923 they spent £9,663,000 upon education. Do hon. members desire that educational facilities should be curtailed? Does the Treasurer say to the States, "We shall not in future pay you all this money, but the Commonwealth will take over the work of education?" He does not. That work is still to be left to the States; and is the high standard we have built up to be destroyed by the forced poverty of the States? In 1923 the amount spent by the States on charities, hospitals, asylums and the care of neglected children was £6,471,000. They spent on police £3,000,000, and on the administration of justice £430,700. These amounts, added to the interest bill of £29,000,000, make up a total of £52,500,000, which the States in 1923 had to provide in connection with the domestic concerns of the people.

Mr. Rodgers: They also subsidised municipal authorities.

Mr. GREGORY: I did not bother to take out the amounts spent by the States in that way, but I have shown that in 1923 the States had to find, for the purposes I have mentioned, £52,500,000. Now I ask hon. members to consider the marvellous growth of our Customs and Excise revenue. In 1909 it amounted to eight millions or nine millions; but last year it amounted to approximately 40 millions, even after allowing for the added expenditure of the Commonwealth. The States undertake expenditure for the development of the country, and every man who comes to Australia with a wife and three children is worth at once £32 or £33

to the Commonwealth, but is not worth a fraction to the States for probably 20 years. In view of the enormous growth of our Customs revenue—£13,000,000 more than in 1922, when the present Treasurer assumed office—there should be no question of the absolute moral right of the States to a proportion of that revenue.

There is a good deal more in a similar strain. That is a complete answer to those who contend that the time has arrived when the States should paddle their own canoes. Mr. Harris is not numbered amongst those who have not a proper appreciation of the rights of the State. His amendment is a recognition of those rights. The method he proposes for defending them is different from that which is proposed by another place. Mr. Harris would take the whole matter out of the hands of the State Premiers, and put it into the hands of a convention, elected at joint sittings of both Houses of the Parliaments, except in Queensland where there is only one House.

Hon. J. Cornell: The motion puts it into the hands of the Federal Parliament.

The CHIEF SECRETARY: It is easy to see that under such a scheme the Premiers and Treasurers of the several States could be altogether excluded from the convention. I do not think such a thing would happen here.

Hon. G. W. Miles: There is no party feeling.

The CHIEF SECRETARY: I am pointing out what might happen. It would not arise here, but it might occur in some of the States where the antagonism between the two Houses is very strong. Where it did occur, the chosen representatives of the people in those State would be shut out from all discussion.

Hon. Sir William Lathlain: Our resolution would not control the people in the other States.

The CHIEF SECRETARY: Would it be wise to confine the personnel of the convention to members of Parliament?

Hon. G. W. Miles: This does not say so.

The CHIEF SECRETARY: Whilst members of Parliament represent different sections of the people, they do not enjoy a monopoly of financial genius. The outside assistance of Under Treasurers from the different States would certainly be needed in this business.

Hon. E. H. Harris: Who suggested it should be limited to members of Parliament?

The CHIEF SECRETARY: I draw that conclusion from the wording of the amendment.

Hon. E. H. Harris: You have a vivid imagination.

The PRESIDENT: Order! I would remind members that when they are speaking the Minister invariably refrains from making any interruptions. I ask them to extend to him the same courtesy that he extends members when they are speaking.

The CHIEF SECRETARY: I have drawn the conclusion that they would be members of Parliament.

Hon. G. W. Miles: That was not intended.

The CHIEF SECRETARY: I am open to correction. A convention created on the lines indicated by the amendment would get us nowhere. There would be between 30 and 40 members of Parliament, many of them holding diverse views, struggling by various means to impress upon the Prime Minister the course by which he should mete out justice to the different States. The whole thing would end in confusion. Unless by the intervention of Providence, the convention would resemble a delegation from the builders of the Tower of Babel and would make just as much progress as did those zealous but misguided craftsmen. Mr. Nicholson thought there ought to be another conference, and that we should insist upon it. There is no reason why there should not be another conference of Premiers if they are invited by the Prime Minister to meet, and he is willing to depart from the attitude he previously assumed. No doubt the Premiers would welcome such a conference, and I hope it will be held, and that as a result of it there would be no necessity to continue this agitation. Unanimity amongst the States as regards the method of dealing with the question is most essential to its success. There must be concerted action. It would never do for one State to pull one way and another to pull in the opposite direction.

Hon. G. W. Miles: Are the other States putting up similar resolutions to this?

The CHIEF SECRETARY: Victoria has taken the lead in the matter. A few weeks ago a motion was carried unanimously by both Houses. The resolution I have submitted is a copy of theirs. Everything in the Victorian motion is in mine, but the former goes much further, and contains controversial matter

that we deemed it advisable to omit. The Victorian motion reads as follows:—

That, inasmuch as the duty of developing the resources of their respective States by means of land settlement, soldier settlement, railway construction, irrigation, and other public works devolves upon State Parliaments, and they are charged with the responsibility of maintaining education and charity systems, and providing for the administration of justice and other services, the financial obligations connected with which will inevitably increase with the growth of population, it is the opinion of this House that no financial scheme can be assented to by the States which does not provide for their receiving from the Commonwealth Government a fixed annual payment of not less than 25s. per head of population.

Our motion makes two slight verbal alterations in the text of the Victorian resolution. Instead of saying "no financial scheme can be assented to" we say "that no financial scheme be assented to"; and instead of "a fixed annual payment of not less than 25s.," we say "an annual payment of not less than 25s." The Victorian resolution proceeds—

That this House is of the opinion that there should be no departure from the basis upon which the financial relations of the Commonwealth and States have rested without the fullest consideration at a constitutional session and the approval of the people at a referendum.

Hon. J. Cornell: Is Mr. Hogan's amendment embodied in that?

The CHIEF SECRETARY: Mr. Hogan's amendment was not carried—

That this House asserts emphatically that the Commonwealth estimates of the value to the States of the fields of taxation to be evacuated by the Commonwealth cannot possibly be realised.

That part does not appear in our motion, because it may be regarded as debateable matter and in any case has not much bearing on the question. The Victorian resolution then goes on to say—

That this House considers the Commonwealth proposals will delay necessary reduction of taxation by the Commonwealth Government. On the other hand, the finances of the States will be disorganised, and they will have to revise their whole scheme of direct taxation, the incidence of which will have to be radically changed. That this House is of opinion the burdens of taxation will be increased.

The unanimous acceptance of the foregoing resolution is proof that the question is not regarded from a party standpoint in Victoria. The Premier of that State, as we know, is not a member of the Labour Party, but a member of the Country Party; and though in the Victorian Legislative Council the Labour

Party have very little influence, that House adopted the resolution I have just read.

Hon. G. W. Miles: What about the other States?

The CHIEF SECRETARY: I have no information on that matter. If we had framed the motion ourselves, it might in the opinion of some members be a reason for examining it closely, so as to ascertain whether it was loaded for party purposes; but in view of the fact that all there is in the motion has been assented to by the Victorian Parliament, there can be no ground for suspicion. It should be superfluous to say more on the subject. I hope that Mr. Harris will withdraw his amendment, or that, if he does not withdraw it, the Chamber will reject it.

Amendment put and negatived.

Question put and passed.

BILLS (2)—FIRST READING.

1, Soldier Land Settlement.

2, Vermin Act Amendment.

Received from Assembly.

House adjourned at 5.53 p.m.

Legislative Assembly,

Thursday, 26th August, 1926.

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

QUESTION—CAVE HOUSE.

Mr. BARNARD asked the Premier,—In view of the fact that, for a number of years past, the accommodation at the Cave House, Yallingup, has been totally inadequate in