

obvious hardship upon one party. In my opinion at least 90 per cent. of the transactions I have in mind are not fair and should not be regarded as safe from interference.

Mr. KENNEALLY: I hope the amendment will be agreed to. We are endeavouring to inaugurate a system determining the equity of a purchaser in a repossessed machine. That being so, why should we let the fear of breaking a contract deter us from achieving our object? I hope the amendment will be carried, for it will bring relief to many sufferers. Farmers are losing their machines daily, and workers are losing their furniture. What benefit will it be to those sufferers if we pass legislation that will not apply to existing contracts?

The MINISTER FOR LANDS: We cannot play fast and loose with this class of legislation. We ought not to pass retrospective legislation. Already there is on the statute-book an Act under which the vendor of a machine cannot repossess for 12 months. There are in this State persons who have held machines for three years without paying a penny-piece on them. If we agree to this amendment, merchants will repossess their machines forthwith. I cannot agree to the principle in the amendment, for if we accept this there will be nothing to prevent other retrospective legislation that may do a lot of harm. The Bill has been asked for year after year for the last ten years. We have it here now, and straightway we are told it should have been here three years ago.

Hon. A. McCallum: How many machines have been repossessed this year?

The MINISTER FOR LANDS: Very few. There will not be the repossession that some members fear, for no firm wants a lot of secondhand machines on its hands. We ought not to do anything that is morally wrong. Certainly it is wrong to allow people to enter into agreements and then by legislative enactment set aside those agreements. I hope the Committee will not agree to the amendment.

Mr. KENNEALLY: The Minister seems to be very much concerned about altering anything that exists. He was not much concerned about the Farmers' Debts Adjustment Bill, or about the Government bringing down legislation breaking con-

tracts by reducing the workers' wages 2s. a week when those wages had been fixed to the end of June. Already under the Landlords and Tenants Act we have to break agreements.

The Minister for Lands: No agreements were broken under those Acts.

Mr. KENNEALLY: They were. By permitting farmers to obtain stay orders, agreements could be broken. What is the difference between that and the amendment? The clause will afford no relief to people affected unless it is altered as suggested.

Mr. DONEY: There can be no hardship if existing agreements are made amenable to conditions that are to govern future agreements. Only 300 or 400 farmers are under the Farmers' Debts Adjustment Act, and they are a small proportion of the whole.

Amendment put and passed; the clause, as amended, agreed to.

Title—agreed to.

Bill reported with amendments.

*House adjourned at 11.5 p.m.*

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## Legislative Council,

*Tuesday, 2nd June, 1931.*

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

### MOTION—PRODUCTION COSTS.

*Action to Reduce.*

Debate resumed from May 27, on the following motion by Hon. J. J. Holmes:—

That, in the opinion of this House, drastic steps should be taken to reduce the cost of primary production, affecting particularly the pastoral and wheat industries of the State, so that they may continue to exist in competition with similar industries in other parts of the world.

**HON. H. SEDDON** (North-East) [4.35]: One cannot help thinking that although this motion deals particularly with primary production, there is linked up with it the whole question of the future policy of the Commonwealth, and the position in which Australia finds herself. We have definitely to choose between whether we are going to follow the old system of trying to retain the Commonwealth as a self-contained and self-enclosed economic unit, or whether we are going to follow what has been the policy of the States, to develop them as part of the international economic system. The whole system of developing this State has been by overseas borrowing in order to assist our primary industries. Those industries have now advanced beyond the stage when they merely suffice for our own local requirements, and they can live only in conjunction with and as part of the world's markets. For that reason the fall in the world's prices has not only affected us severely, but has brought us right up to the point where we have to make a decision. Much of the present depression is due to the fact that there is still a conflict being carried on in the Federal sphere to retain the idea of a self-contained continent, and at the same time preserve the financial balance of the country. Unfortunately we cannot meet our overseas obligation—it is no use blinking our eyes to the fact—unless we can first of all place these exporting industries on a basis where they can be carried on properly. Perhaps the position has been brought more prominently forward because of the very sudden fall in the price of wheat in the world's markets. This fall has made the position of the farmers very acute. We have been approaching our present position in Australia since 1928 when the London loan market was definitely closed to us. That was a signal for all Governments to readjust their policies and administrations. We find that instead of so doing they took advantage of temporary advances, and the position consequently became more acute. With the advent of fallen prices for oversea products, it actually became critical. These remarks may be obvious to everyone, but I wish to make them because it is necessary to see whether there is not something arising out of the position upon which we can improve, and lessons from which we can deduce something that will enable us to alter

the position of our primary products. The first question is: Is this the line we have to adopt for the future? Are we going definitely to pledge ourselves to reduce the cost of primary products? If we do not do so, primary production cannot be carried on. If primary production cannot be carried on, in what position shall we find ourselves? If it cannot compete in the world's markets, the only prospect for it is that it will gradually decline, until primary production will simply be supplying our local needs. Our wheat-growing acreage in Western Australia will be reduced to about one-fifth of the present area. Even with the advantage we have in a world's monopoly of fine wool, unless we can get our costs down, the pastoral industry will be diminished in importance, because areas now occupied will have to be abandoned, and only those areas that are favourably circumstanced and are able to produce (because of their natural advantages), under world's conditions, will be capable of producing. There is an aspect of the situation which our Labour friends have stressed, and which we cannot ignore. It is that the fall in the world's prices has taken place not only in primary products, but also in the manufactured products, and the whole world is passing through a period of depression. Australia is competing at a distance of 12,000 miles in wheat and wool against Canada, which has only to transport its products to the seat of the Empire over a distance of 3,000 miles. The Argentine is producing wheat under conditions which I think are very much better than ours, and it also is closer to the markets which we desire to supply. Then there is the aspect of slave-grown wheat in Russia. This undoubtedly has upset the whole position and the calculations of those who felt they were able to forecast the position of the wheat market. If all these countries are competing in the world's market, and are allowed to do so freely, what will be the result? It can only be that those countries which can produce the cheapest will remain in production; the other countries will be penalised. The disadvantage we have in a 12,000-mile transport, and the very heavy charges of local transport and of handling our products, all constitute heavy handicaps. On the other hand we have two great advantages. The first is that the quality of our wheat is so high that it commands a better price on that account.

The second is—one is glad to recognise this—that our wheat farmers to-day are covering a bigger acreage per man than perhaps most other countries. Owing to the equipment they possess it is possible for a farmer to-day to work between 800 and 1,000 acres without assistance, except at seeding or harvesting. That is an economic advantage which may, perhaps, compensate for the disadvantages. In spite of that fact I cannot help thinking there is no possibility of our farmers being able to compete in overseas markets unless there is a considerable reduction in the direct cost affecting the production of wheat, as well as the production of wool. On the other hand the Federal policy is definitely directed towards protection. There is no doubt the farmer has a strong grievance in that he finds protection seriously affecting his costs, first of all with regard to the price of equipment and machinery, and secondly as to his operating expenses, because they are rendered higher than they should be by reason of this Federal policy. Either we have to be prepared to come down to some extent in our living standards on the farm in order to compete with the low-standard countries and face what is an economic war, or we have to ask certain sections of the community who are benefiting by the protectionist policy to bear a greater share of the burden, and thus enable the farmer to produce at a lower cost. These are the two alternatives. For the last three years the benefit in Australia has been entirely in the direction of those who are engaged in secondary production and in commercial fields, rather than in the direction of the farmer. The conditions under which he has to live, which everyone on the land has to accept, are very serious handicaps. We must recognise that, and realise the benefits that the city people have enjoyed. The latter will have to be prepared to make sacrifices to enable primary industries to carry on. They have to be carried on if only for the purpose of paying our overseas debts and paying for the imports that are necessary. We have to export our goods in order to pay those debts. The question arises as to what chance we have of reversing the present Federal policy. There has been considerable agitation in favour of free trade, but the tariff proposals now before the Federal Parliament and the manner in which they are being handled, do not seem to afford much indication of relief being extended to prim-

ary production. Then again, should the Federal policy be reversed and there be substituted a free-trade policy—

Member: That would be a miracle.

Hon. H. SEDDON: It is suggested that that might represent a miracle, but miracles have been known before in times of economic stress. Should there be substituted a policy of free trade, there is not the slightest doubt that while there will be benefits to the farming community, it is just as undoubted that the secondary industries will be placed in the position of having to fight for their lives. There is another point. At the present time, farmers in common with all other primary producers are benefiting by exchange rates. If the tariff barrier be removed, the question arises as to whether the exchange will remain at its present figure, namely, £30 per cent. There is this about it, that if by some miracle the Australian Governments manage to have a loan floated in London, there is not the slightest doubt that the £30 per cent. exchange premium would vanish in a night because the money would be found in London itself.

Hon. E. H. Harris: The Governments say they cannot pay the interest on what they have already borrowed.

Hon. H. SEDDON: The point is that advantage is derived from the £30 per cent. exchange premium, but that would be wiped out if a loan were floated in London.

Hon. W. H. Kitson: Do you think the primary producers are benefiting to the full extent of the exchange?

Hon. H. SEDDON: I think they have benefited very considerably, because but for the exchange, the price of wheat generally would be lower, having in mind world prices to-day and the cost of marketing. They would certainly be lower than they have been.

Hon. J. J. Holmes: And that applies to wool and other forms of production.

Hon. H. SEDDON: Yes. Overseas borrowing would affect exchange and to that extent it would, if anything, be to the disadvantage of the farmers to the extent by which the price of their products would be reduced. It has been pointed out that it is unlikely we will be able to go on the London money market. The decisions of the Federal Loan Council, if for no other reason, will have the effect of closing that market to us. We have, in Melbourne and at Canberra, the spectacle of the representatives of Australia as a whole considering,

certainly in times of economic stress, the question of reducing interest rates, and to that extent departing from the bargains they made with those who lent them money in the past. To be sure, the proposal at present is confined to internal bond holders. It must be realised that the overseas investor cannot, in these circumstances, help being apprehensive, because he will say, "If they are going to reduce interest on internal loans, it is only a matter of time when the Australian Governments will consider the question of reducing the interest paid on overseas loans." Bond holders have regard to the point that they have invested in the various loans on the understanding that certain obligations will be carried out. If the obligation is too heavy for a Government to shoulder, there is a way of reducing that burden, and at the same time standing to the contract. The whole policy of Australian Governments has been such that any confidence that existed in connection with Australian securities has been steadily undermined and reduced until at present I doubt if we could launch a conversion loan in London—and that is the only honest way in which we could effect a reduction of the interest burden. Unless we give the investor the right, if he so wishes, to withdraw his money when we vary the terms of the transaction, we will not fulfil our obligations or maintain the high standard of commercial integrity that is characteristic of the British community. If any question of alteration in the interest payments is to be honestly dealt with, it can only be by means of floating a conversion loan in London, giving the investor the right, if he so desires, to receive his money back. The conditions that have been created for Australian securities are such that we would not have a chance in the London market of floating a conversion loan, unless we clear up the whole position. While desiring to recognise the serious position in which Governments find themselves, I cannot help feeling that much valuable time has been lost, and that our own State Government, in conjunction with the Federal Government, have adopted a course calculated to undermine, rather than establish, confidence. My reason for saying that is that in August last the Premiers of the States and the representatives of the Federal Government met in conference. After the Premiers had listened to a statement placed before them by Sir Otto Niemeyer, they arrived at certain conclu-

sions, some of which have been commented upon already. I wish to read one of the decisions that was mentioned. The resolution of the conference to which I refer read as follows:—

That the several Governments represented at this conference declare their fixed determination to balance their respective Budgets for the financial year 1930-31, and to maintain a similar balanced Budget in future years. This Budget equilibrium will be maintained on such a basis as is consistent with the repayment or conversion in Australia of existing internal debt maturing in the next few years.

Further, if during any financial year there are indications of a failure of revenue to meet expenditure, immediate further steps will be taken during the year to ensure that that the Budgets shall balance.

Hon. W. H. Kitson: Has it not been generally admitted that that was impossible of fulfilment?

Hon. H. SEDDON: I do not think so.

Hon. G. W. Miles: What necessary steps were taken to deal with the position?

Hon. H. SEDDON: I want to deal with that phase. We are now at the beginning of June, the last month in the financial year. What has been the position of the monthly financial figures? They were as follows: In July and August, there was a combined deficit of £565,000; in September, there was a surplus of £23,000; in October, a deficit of £205,000; in November, a deficit of £251,000; in December, a surplus of £97,000. The Parliamentary session closed in December, and up to that time no immediate steps had been taken to correct the position. At the same time, I wish to give the Government credit for, as far as they could, endeavouring to reduce expenditure in Government departments and introducing very severe cuts and economies. The fact remains that there was another aspect relating to the balancing of the ledger that I contend was never considered. I shall continue giving the monthly financial results from the time the Parliamentary session terminated. In January there was a deficit of £165,000; in February, a deficit of £149,000; in March, a deficit of £160,000; in April, a deficit of £51,000, and in May, a deficit of £153,000.

Hon. J. J. Holmes: What was the total?

Hon. H. SEDDON: The total deficit to date is £1,580,000 odd. I have read those figures because I want to draw particular attention to the promise made in August

last that State Governments, should the financial results indicate that the revenue would fail to meet the expenditure, would take immediate steps to correct the position so as to ensure that budgets would balance. On the 12th May a statement was made by the Premier, Sir James Mitchell, in which he referred to the question of raising loans and also dealt with Government deficits. Under the latter heading, he pointed out how certain aspects had had the effect of increasing expenditure. He pointed out that the exchange rate of £30 per cent. had affected it considerably. Our interest bill in London is now about £2,000,000 a year at par but the £30 per cent. exchange rate has been operating since January last. Up to that time the exchange rate was much lower. The fact remains that the increased rate has meant an additional financial burden to the State since the commencement of the year. Not only has the £30 per cent. exchange rate to be paid in respect of our loans, but it affects other payments overseas as well. In addition to that, of course, there has been the necessity to find money for sustenance payments to men who are out of work. For my part I say that the Government's policy is entirely responsible for the position. There is not the slightest doubt, in view of the critical position the State is in, that the Government should have legislated for the imposition of an unemployment tax collected in the same way as the hospital tax. The Government should have employed that method and placed that additional extraordinary charge on the community because of the stressful conditions ruling, and taken advantage of extraordinary taxational means. The point about the Premier's statement to which I wish to draw special attention is to be found in the following extract:—

Security has been issued for Government overdrafts and the £43,000,000 (including £28,000,000 of deficits) is as much an addition to the national debt as was the £41,000,000 borrowed in 1928-29. In one instance, bonds were issued for the loans. Today we are giving short-dated Treasury bills as security . . . The same amount is being added to our indebtedness by deficits as was added when we were raising loans; the same amount of added interest has to be met, while the money, as it is now being spent, is neither providing work for the people nor stimulating trade as it should be doing.

Those remarks were made by the same gentlemen who attended the conference with

Sir Otto Niemeyer and agreed with the other Premiers that if during any financial year there were indications of a failure of revenue to meet expenditure, immediate steps would be taken during the year to ensure that Budgets should balance. I contend that with the progress of the deficit figures during the year, which I have already quoted, it was distinctly up to the Government to take the steps indicated, and introduce special legislation to increase the revenue. If hon. members examine the financial returns issued for the nine months ended the 31st March last, they will appreciate the fact that the greatest trouble has been on account of the falling revenue. The receipts from taxation were down by £207,000. When we turn to the territorial figures, we find the figures down again. Land rents were down by £58,000 and the returns on account of timber were down to the extent of £42,000. Departmental fees seem to have been collected fairly well because they showed a favourable balance compared with the last financial year. The Government utilities disclosed a deficit of £542,000. All this could have been foreseen. The financial results last year were down compared with the returns of the previous year, and that fact must have been an indication of what was to come this year; and the extent to which they were down was an indication to this Government of what they might expect with regard to revenue. Instead of rising to the occasion and imposing emergency taxation on that section of the community which is paying nothing towards income tax, and making those people bear a fair share of the burden and carry their responsibilities, and in that way doing much towards meeting the existing position, the Government were satisfied to carry on as they were doing and to allow the deficits to pile up month by month. At the same time Parliament was allowed to remain in recess until the beginning of May, when it should have been called together at a much earlier date. In South Australia the Government have imposed a Poll tax because of the emergency conditions. Western Australia should have imposed a similar tax. If such a tax had been collected each month, it would have been instrumental in keeping down the deficits, and then, in conjunction with an unemployment tax, we would have been able to go close to balancing the ledger. In that way we should have established con-

fidence overseas, in spite of any action of the Federal Government. We would have been meeting our obligations and we would have convinced the world that we were prepared to make any sacrifice to balance the ledger, and in that way stand out as an honest community. A system of Government finance which allows year after year the creating of deficits, which the Premier has declared are simply loans and do not represent any asset, is not honest finance. Until we get back to commercial honesty in Government finance, we cannot expect to establish confidence, then only can we expect our people to realise in what direction they are going when they support a Government that bring forward schemes imposing heavy burdens on the community. I consider that the effect of the deficit is inevitably going to increase the cost of primary industries. The deficit, sooner or later, will have to be funded. Even at the present time the primary industries, directly or indirectly, are bearing the increased interest. Under the Financial Agreement deficits can be funded, carrying a special sinking fund of 4 per cent. So we see the burden we are imposing on the people because the Government refuse to meet the position as it arises. There never was a time more than at present, when fearless action was required to handle the finances, and especially in Western Australia which, undoubtedly, and in spite of all her troubles, has a better chance of getting out of those troubles quicker than any of the other States. I say this because Western Australia has amongst her resources one that is not possessed by any of the other States, and that is gold mining. I wish to refer to the fact that we have very little chance of reversing the Federal policy because of the pressure and the voting power of the two strong States, Victoria and New South Wales. On the other hand, I contend that we have strong cards that we can play at the Loan Council. The Loan Council is occupying a very important position to-day in Australian finance. The state of affairs in Australia at the present time is rather peculiar, in this way, that the States suffering the greatest trouble through the depression are New South Wales and Victoria, the States where manufactories have been established to a greater extent than in any other. It is in the secondary industries that the depression is being felt more severely in those two States. With regard to our

overseas trade, the four other States are in this position: They have credits overseas as against their imports, whereas with regard to internal trade the imports from the stronger States are higher than the exports. This especially applies to Western Australia. We are in the position that, if we retained control of our exports and handled them entirely as a State, we should have credit overseas and would meet our obligations, and still have money to spare to sell to the other States. In my opinion it is a distinct disadvantage to Western Australia that she entered into the proposal to pool exports in order to assist the Governments to finance. Western Australia would have been well advised to get greater consideration from the Loan Council in that respect. We should not have been a party to that pool; it would have been preferable, to do our own financing. There is not the slightest doubt about it that the industry that has stood to us is that of gold mining. At the present time it is increasing by leaps and bounds and, most important of all, gold is maintaining its value in the markets of the world. The gold production for the year ended the 30th June, 1930, was £1,562,000, and for the nine months ended the 31st March last it was £1,363,000. To that must be added the gold premium which has been paid since last January. We must remember, too, that we produce about 70 per cent. of the gold of the Commonwealth. When the Federal Government passed a Bill commanding gold, the idea was to prevent certain commercial interests exporting that gold overseas. By doing that they inflicted on Western Australia a serious disability because Western Australia produces 70 per cent. of the gold of Australia, and in that respect, therefore, is in a strong position to meet her obligations overseas.

Hon. W. H. Kitson: Do you think the bonus has helped gold production?

Hon. H. SEDDON: The gold bonus does not come into operation until the beginning of next year and on the lines upon which it is proposed to distribute it, it will not be of any very material benefit to the industry.

Hon. W. H. Kitson: My question was whether you think it has helped gold production.

Hon. H. SEDDON: The assistance it has been to the industry is negligible. It is the

30 per cent. premium that is responsible for so many people who are out looking for gold to-day, and those people are working deposits that have been known to exist and which, without the premium, could not be worked profitably in the past.

Hon. H. Stewart: And as the premium decreases, the cost of production will have to go down.

Hon. H. SEDDON: Yes, and many of those who are at present working with inefficient equipment will no longer be able to carry on. They are battlers themselves and they are able to bring in their crushings simply because of the benefit they are receiving from the premium. As far as the larger mines are concerned undoubtedly the position is promising. The application of the latest method of flotation will materially reduce the cost of treatment. It is proving a success at Wiluna, and it will add materially to the gold production in the coming months. There is another aspect, and it is that we are getting new methods introduced into the mines. During the last few months I had the pleasure of meeting two visiting engineers who had been inspecting Western Australian mines and they told me that the position in this State is such that there can be considerable cost reductions made as far as mining practice is concerned. The method of mining adopted in other parts of the world where mining costs are low is the outcome of the employment of high technical skill at the place where ore is being extracted. They have introduced the latest efficiency methods which result in the amount of drilling per man being increased, and the output can be increased threefold what it is to-day. The whole matter of mining practice is going to be revised, and the result will be a reduction of costs which cannot but have a generally beneficial effect on the continuity of mining and also in respect of production. As has been recognised, if it is necessary to bring these methods into practice, we must have the latest equipment, and that means capital. That brings me to another question, the encouragement of capital from overseas. Our practice in the past has been that we have really discouraged the employment of private enterprise and the introduction of private capital in our industries by our attitude. Thank goodness that is going to stop, and I am glad that out of the exist-

ing depression there will be one result at least, and it is that Governments will be kept off the London market, and if not altogether, then at any rate the amounts that they will be able to raise will be considerably reduced. Australia thus will be thrown on her own resources with regard to raising capital for her own requirements. That will be for the good of all. But there is an opportunity in Australia—and the sooner we recognise it, the better—for the investment of private capital. If we are going to recover from our depression quickly, one of the lines that we must adopt is to encourage people to come here and invest their money in enterprises. We must make it our business to see that they get every assistance from every section of the community towards making their enterprises a success.

Hon. H. Stewart: Do you think such people have received much encouragement in the past?

Hon. H. SEDDON: Apparently whatever encouragement has been given in the past, has not been sufficient to induce them to come here.

Hon. H. Stewart: They are getting it in the secondary industries mostly.

Hon. H. SEDDON: The Eastern States at present are in a bad position because they have got their secondary industries established. It may seem a paradox, but I think there is an opportunity here in Western Australia whereby we can increase our employment, and that is by increasing our secondary production. After all, there is a great deal of work that could be done here. We have a population of 420,000, and as far as I can see no attempt has been made to explore just exactly what possibilities exist with regard to providing ourselves with products that were formerly obtained from overseas. There is a considerable amount of manufacturing here, but I believe that it could be materially increased. In my opinion, there is an opening for the importer and the manufacturer to come together and see whether they cannot find some common ground for their mutual benefit, whereby certain commodities that were formerly imported might be made locally and our people thereby provided with employment. There is, I understand, an Unemployment Committee consisting of Government officers. A great deal might be done by a Parliamentary committee of inquiry along those lines. After all, God helps those who help them-

selves; and there can hardly ever have been a time when we should be helping ourselves more than the present.

Hon. H. Stewart: What about the section of the Federal Constitution that permits dumping?

Hon. H. SEDDON: I am glad the hon. member raised that point. It has been stated in the past that a considerable amount of dumping takes place in Western Australia by old-established Eastern States firms. That is a defect of our present system, but I think it might be possible to encourage those firms to come here and establish branches of their factories in this State. There is no reason why they should not do so if we offer them inducement to come here. There is no reason why they should not develop the market locally and invest their capital here.

Hon. Sir Edward Wittenoom: There is the Arbitration Court.

Hon. H. SEDDON: I do not know that there are any insurmountable obstacles as regards the Arbitration Court. After all, it is a question of efficiency in production rather than restriction from the Arbitration Court.

Hon. Sir Edward Wittenoom: The employers think the Arbitration Court an obstacle.

Hon. H. SEDDON: I am quite convinced that as regards the employers, the matter could be revised in the light of our present position. The whole thing boils itself down not so much to the effect of the restrictions, as to the ability to organise production on efficient lines. Efficiency is the factor that controls the cost of production. Reference has been made to the fact that State and Federal Government activities exist side by side, and that Australia has too many Parliaments. We hear on every side that there are too many Parliaments in Australia. After all, our present Parliamentary system has grown up and developed in course of time. In the first place we had our State Parliaments, and on top of them the people developed a Commonwealth Parliament. At the time when that Commonwealth Parliament was established, however, the ideals and objects aimed at were such as were intended to operate by the Federation and States working in conjunction. There was no idea that the Commonwealth Parliament should obtain control of the State Parliaments and make them super-

fluous. Examining the present Parliamentary system, we have this fact staring us in the face, that the Federal Government, through the Braddon Blot, have had reserved to them a tremendous advantage in that they have the field of indirect taxation entirely at their disposal. To that extent the impositions which the Commonwealth is making on the community, and the additions which are being made to primary costs through the tariff, are not apparent, because the direct results of those impositions are to a large extent concealed. It is not possible to arrive at the exact figure they represent. The Commonwealth has the advantage of the field of indirect taxation in the form of the tariff, and on top of that has also the right of entry into the field of direct taxation. For instance, it has imposed a Federal income tax and a Federal land tax.

Hon. H. Stewart: And an entertainments tax.

Hon. H. SEDDON: Yes, and also the sales tax.

Hon. Sir Edward Wittenoom: And primage.

Hon. H. SEDDON: The fact remains that the Federal Government have entered the field of direct taxation, which in my opinion should have been reserved for the States. It is true that the Federal Government are bearing a considerable amount of expenditure by way of defence and pensions, and in other respects. In other spheres, however, numerous services are being rendered to the citizens by the State Governments, who require revenue to meet the cost of those services. I consider the time is long overdue when there should be another convention between the State and Federal Governments on this subject. I do not see why the Loan Council could not deal with it. The object should be to define the field of taxation in which each of the Governments shall operate, and to prevent overlapping.

Hon. Sir Edward Wittenoom: The original idea was that the Commonwealth would return a certain proportion of Customs revenue to the States.

Hon. H. SEDDON: That was the original idea; but in course of time, through amendment after amendment to the Constitution, the Commonwealth has obtained control of the whole of the direct revenue of Australia. On the other hand, we



have the State grants; but there is a great deal in the objection which has been made to one Government raising money and then distributing it among other Governments. The time has arrived when each Government should stand on its own feet, and have its own fields of taxation and operation securely defined. There has been a great deal of overlapping. On the other hand, there has been a good deal of co-operation lately between departments. But the field should be exploited to the advantage of the States, the Commonwealth, and the citizens as a whole, thus materially reducing the cost of government, and thereby substantially lowering the costs under which our citizens at the present time are labouring. Reference has been made to the question of secession. Will secession enable us to overcome our difficulties? Will secession reduce the costs of our primary producers? I have read many figures and arguments in favour of secession, but I am not sure that secession will lessen the difficulties under which we at present labour. After all, a great deal of benefit has resulted to this State from its association with the Federal authority. We must bear in mind that the huge area of Western Australia demands a large capital expenditure on postal facilities, for example, and also on defence. Those factors have to be taken into consideration. The amount of expenditure in Western Australia on postal facilities is much higher per head than in other States. The very size of Western Australia has involved that obligation on the Federal Government. Had this State to face that expenditure and to provide those facilities, one of two things must have happened—either the cost would have been heavier on the community, or many of the facilities now enjoyed would not be available to the people. It seems certain that essential expenditure would have been deferred, because, after all, our loan expenditure has been more or less directed by the parties we have returned to power. Those parties have spent the loan moneys they raised along the lines they thought best for the country. However, it certainly has not proved so. I do not know that as regards loan expenditure we could have counted on any better deal had Western Australia been separated from the Federation.

Hon. G. Fraser: Is it not a fact that the whole of the money spent in the South-

West was earmarked for that purpose when it was lent?

Hon. H. SEDDON: I think so, but I do not think it was intended, at the time the money was expended, that it should be written-off. Two Governments have handled the question of group settlement, and I do not think the results are to the credit of either of them. Certainly the State has to bear the burden of interest and sinking fund for 58 years on the £3,000,000 written-off the group settlements. The fact remains that had we had our own Government, instead of forming part of the Federation, we would have had a tariff; and there is not the slightest doubt that that tariff would have had to be high in order to meet the expenses of government in this State; that is, if we had had these additional burdens on our shoulders. We have that aspect to consider, and before we plunge into secession we must look at our own performances. In those performances there is no assurance that we would have done any better under a local government than we have done under Federal Government.

Hon. H. Stewart: We could improve the Federal Government if we had a different Electoral Act.

Hon. H. SEDDON: I shall not enter further into the question of secession, because I think it will come up later. I just raise these points in passing, because one of the strongest arguments raised against Federation is the effect of Federation on primary production. Analysing those arguments I find that most of them—I should say, 90 per cent. of them—are arguments against Protection rather than arguments against Federation.

Hon. V. Hamersley: The Eastern States have not considered Western Australia.

Hon. H. SEDDON: All I can say is that judging by the distribution of population in Western Australia, with secession and with our own Government we would have just about as high a tariff under our own State Government as under the Federal Government.

Hon. H. Stewart: That is a possibility.

Hon. H. SEDDON: All the arguments advanced in the Federal Parliament would have been advanced in this Parliament, and the voting power is in the towns.

The DEPUTY PRESIDENT: I take it all these references to secession are by way of illustration.

Hon. H. SEDDON: I am raising these points because it has been stated that under secession our primary producers would have lower costs than they now have under the Federal authority. I am merely questioning that contention.

Hon. Sir Edward Wittenoom: Is a single one of the investments in which we have our £71,000,000 of borrowed money paying at the present time?

Hon. H. SEDDON: The State Ferries, I understand, are paying. I may seem to be rather wandering around the subject, but it appears to me that one has to consider all those aspects with regard to primary production. As far as Western Australia is concerned, the fact of our overseas obligations, without any other factor, makes it essential that primary industries should carry on, and carry on at a profit. One of the greatest factors in the reducing of costs of primary production is the introduction of that principle of efficiency in industry about which we have talked a great deal, but which, unfortunately, has been brought into practice very little in the past. After all, if the economic depression is causing us to look more closely into our activities, Government and private, and thereby inducing us to become more efficient, it is all to the good, and we shall get over our troubles the more quickly. We have to adapt the principle of encouraging a man to do his best, whether as an individual or as part of a team in the Government service or in a private concern. Above all, we have to encourage the investment of private capital in Western Australia, especially in the gold-mining industry. There is at present no other industry which offers better opportunities for the employment of large numbers of men than does the goldmining industry. With that industry developed, there is no reason why we should not have employed on the goldfields the same population as we had 30 years ago.

Hon. Sir Edward Wittenoom: Especially if we do away with the Arbitration Court.

Hon. H. SEDDON: That seems to be a pet scheme of the hon. member's. The fact remains that, after all, the dominating question is that of efficiency in industry. Personally I am satisfied that the Australian workman can stand alongside any other workman, provided he is properly led and given due encouragement.

Hon. H. Stewart: That might not apply abroad.

Hon. H. SEDDON: It certainly applies in Australia. We have an educational system of which we are justly proud.

Hon. Sir Edward Wittenoom: A very expensive system.

Hon. H. SEDDON: As the result of that educational system we are turning out highly-trained young fellows who can, say, go to work in our mines for a little while—only for a little while—and then leave this country and take important positions overseas, in which very frequently they distinguish themselves. The result has been a strong demand in the mining industry for young Western Australians, and so, too, in the engineering and agricultural industries.

Hon. V. Hamersley: When they can get away from the Arbitration Court they are all right.

Hon. H. SEDDON: Those young men are not much concerned with the Arbitration Court. Any young man who wishes to make his way will find in this State educational facilities that compare favourably with those in any other State of the Commonwealth. In the past those young men have not had much opportunity in Western Australia to make use of their training, but have gone overseas, where many of them have made names for themselves. That is an export that is all to our interest, for it means a great advertisement for Western Australia. The time has arrived when we should be revising our industrial system and looking to see what can be done to make use of this technical and scientific education which the State provides, and to encourage the keeping of those young men within our own State by finding them satisfactory positions. Not only would that help us out of our financial troubles, but also it would help our farming industry. Because, after all, the application of science to farming has materially reduced costs, and will reduce them to an even greater extent in the future. I want to say, in all seriousness, that the existing unemployment is in itself a very heavy burden on the Government. I would say again, as I have said before, that in my opinion this unemployment problem is being handled on entirely wrong lines. The present method of giving the unemployed work for a day, or a day and a half, or even two or three days, and then letting them stand idle for the rest of the week, cannot

be justified. Nor can we justify the employment of those men on work by no means necessary, when there is plenty of the most necessary work to be done. We cannot justify the sending of a group of men into the country where they have to live in tents 30 miles from anywhere, asking them to work for two or three days and then stand down for the rest of the week. That is putting the men into the worst conditions and giving them the worst possible incentive to work. I do not know whether the Government have considered an idea which I have, but certainly it is worth exploring. It is that the unemployed be asked whether they will be prepared to work a full week and allow a certain proportion of their pay to be deferred. For long past we have been trying to float local loans. What is the matter with trying to float a loan with men who, as the result of that loan, would be furnished with full-time work? I would ask a man to take on a job, and I would give him a contract to do the work, paying him portion of his wages as at present, in the form of sustenance, and allowing the remainder to accumulate, giving him a bond for it. Many men, I am sure, would be content to work under those conditions until they could get back into the work to which they are accustomed.

Hon. Sir Edward Wittenoom: What class of work would you give them on those conditions?

Hon. H. SEDDON: Work such as the construction of water supplies, and the re-grading of railways, thus reducing the operating costs of our railways. There are a hundred ways in which men could be employed and in which they would have been employed had the necessary loan money been available. I do not see why a working arrangement could not be established whereby those men, during this time of depression, could be kept in full-time work while accumulating savings that would bear interest.

Hon. W. H. Kitson: Would you apply that to men with families?

Hon. H. SEDDON: I understand that under the existing system a man with a family is given more work than is a single man; consequently the deferred pay for married men would be less than that for single men. It has to be realised that we have had an entire economic change, one effect of which has been to throw a large number of

men on to the labour market. So we have to create a labour pool, whereby those men can be taken care of until the situation rights itself and they can get back to the work to which they have been accustomed. If in the meantime they can be employed as I have suggested, we shall be keeping them fit and giving them an inducement to carry on. Thus we would be cutting out the present system, which is exceedingly demoralising; for nothing can be more demoralising than to send a man into the bush, where he will be given work for two or three days and will then have to idle about until the end of the week.

Hon. W. H. Kitson: Meanwhile having to keep his family in town.

Hon. H. SEDDON: That is so: whereas under my suggestion the man would be creating an asset. Then there is this aspect: the existing system of unemployment relief is all to the benefit of the man who has been a spender and a waster, and entirely to the disadvantage of the man who has been thrifty. For under the present system no man can get relief until he is entirely destitute. The relief work is reserved for destitute men, consequently many a man who is thrown out of work is not able to get relief work until he has consumed the whole of his savings. So, although an unemployed worker may be one of whom the State should be proud, he is unable to get employment or to provide food for his children until he is entirely destitute. Is that right?

Hon. H. Stewart: No.

Hon. H. SEDDON: Any system of relief should give every unemployed man an opportunity to secure work. It appears to me the system I have suggested would give that opportunity. If we have an unemployment tax, and if these men are offered work on contract rates, piece work, and if the field is thrown open to all unemployed, we shall give those men a chance to maintain their positions and standards without slipping back any farther, and to keep roofs over the heads of their wives and families. I will go farther, and say that unless this aspect of the problem is faced by the Government, they will find themselves in a parlous position. For when men who have been worthy citizens of the State are out of employment, and no attempt is made to find them employment, they will not go down to bedrock without something happening. So the sooner the Government face that aspect of the

problem, the better will it be for the State and for us all. Even at this late hour, it is possible for the Government at any rate to endeavour to balance their Budget by special taxation, and also to provide funds for the employment of the unemployed by special taxation.

Hon. Sir Edward Wittenoom: And by economies.

Hon. H. SEDDON: We understand we are getting economies, at all events in Government expenditure. Special taxation on the lines I have suggested would help us very materially, for it would serve to distribute the burden. Under present conditions, we know, 80 per cent. of the community are escaping income taxation. Those people, surely, should take their share of the burden directly. Special taxation certainly would be to the advantage of the State, for it would help us to meet our difficulties, it would give us a far better financial record, and would solve for us the vital problem of unemployment.

On motion by Hon. E. H. H. Hall, debate adjourned.

#### BILL—TRAFFIC ACT AMENDMENT (No. 2).

Received from the Assembly and read a first time.

*House adjourned at 5.45 p.m.*

## Legislative Assembly,

Tuesday, 2nd June, 1930.

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

#### QUESTIONS (3)—UNEMPLOYMENT.

*Registration, Sustenance, etc.*

Mr. PANTON asked the Minister for Railways: 1, What is the number of unemployed registered in Western Australia? 2, How many of these are receiving sustenance? 3, How many men employed by the Government on part time were on sustenance? 4, What is the average time worked by the men on part time? 5, Are any of the men on part time work included in the reply to question No. 1?

The MINISTER FOR RAILWAYS replied: 1 to 5, As these questions involve the compilation of a return, if the honourable member will give notice of motion for such return, I shall treat it as formal.

*National Park improvements.*

Mr. PANTON asked the Minister for Railways: What is the amount of money expended to date in sustenance payment to unemployed for improvements to National Park?

The MINISTER FOR RAILWAYS replied: Men who are being provided for at Blackboy unemployment camp have been employed on various works, including National Park, new camp at Hovea, firewood, Greenmount deviation, etc. Separate costs of each work cannot be obtained without a great amount of work.