

Legislative Assembly,

Tuesday, 9th October, 1934.

Bill: Road Districts Act Amendment (No. 2), 1R. ...	PAGE
Leave of absence	712
Annual Estimates, 1934-35; Committee of Supply	712
	712

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

BILL—ROAD DISTRICTS ACT AMENDMENT (No. 2).

Introduced by the Minister for Works and read a first time.

LEAVE OF ABSENCE.

On motion by Mr. Wilson, leave of absence for two weeks granted to the Premier (Hon. P. Collier) on the ground of ill-health.

ANNUAL ESTIMATES, 1934-35.

In Committee of Supply.

Debate resumed from the 2nd October on the Acting Treasurer's Financial Statement and on the Annual Estimates; Mr. Sleeman in the Chair.

Vote—Legislative Council, £1,593.

HON. C. G. LATHAM (York) [4.34]: We have just finished a week of festivities, when we in common with the rest of the people of Western Australia have had the opportunity very heartily and sincerely to welcome Prince Henry, Duke of Gloucester. I feel sure that the son of His Majesty the King has left the State with a knowledge that this portion of the Empire, although so far removed from the Homeland, is certainly not lacking in loyalty to and affection for the Throne. His Highness the Duke, by his charming and winning personality, has carved an indelible impression upon the people of the State, to say nothing of the children of the people of the State, and we are indeed grateful to His Majesty for the honour he has bestowed upon this portion of the Empire by the very important and memorable visit which has just been completed. The Budget that has been presented to us has in it much in common with other budgets.

Hon. W. D. Johnson: Will it ever be otherwise?

Hon. C. G. LATHAM: I told hon. members on the last occasion that whilst we might pretend to have control of the financial position in this House, actually that is not so. The hon. gentlemen opposite are wholly and solely in charge of the finances, and they in turn are bound by Acts of Parliament, the Public Service Act, and Arbitration Courts. We have delegated the powers of this House to outside authorities. It does not matter, therefore, how much we may feel we have control over the financial position, because actually we have very little.

Hon. W. D. Johnson: The authorities you quote are only circumstances compared with the Loan Council.

Hon. C. G. LATHAM: That has nothing to do with it. If Western Australia does not desire to borrow money the Loan Council does not force money upon it.

Hon. W. D. Johnson: That has no bearing on the matter.

Hon. C. G. LATHAM: The interest we have to meet on our Loan indebtedness has been created by the legislative enactments we have passed over a number of years.

Hon. W. D. Johnson: The main factor dealing with control is the contributions towards the balancing of the Budget.

Hon. C. G. LATHAM: If we were going to depend upon that entirely we might go on indefinitely. All that Governments would have to do would be to create huge deficits, and then go to the Commonwealth and say, "We want more money." We shall be unable to do that very much longer.

Mr. Raphael: Did you do that when you were in power?

Hon. C. G. LATHAM: The fact that it was done during the three years of our term of office does not justify its being done to-day.

Mr. Raphael: And if you get back you will not continue to do it.

Hon. C. G. LATHAM: We hoped to balance our Budget, as I think we could have balanced the Budget for this year. The financial position of the State to-day is quite different from what it was in 1931, 1932 and 1933. The Financial Statement that has been placed before us bears that out.

The Minister for Justice: It is not totally different.

Hon. C. G. LATHAM: I am going to quote from some of the statements made by

the Acting-Treasurer to show what I mean. These deficits appear to be of annual occurrence. As suggested by the member for Victoria Park (Mr. Raphael) and the member for Guildford-Midland (Hon. W. D. Johnson), an annual deficit seems to have become a permanency, and it is time the taxpayers forced the Government to do something to bring about a better state of affairs. Year after year, and particularly at election time, members of political parties go before the people making all sorts of wild promises, to which the people succumb. As a result of these promises we borrow a great deal of money, and spend it in placating the public. At no distant date the financial position will force us into unification whether we like it or not. We cannot go on in this way much longer. The Financial Statement clearly shows the road down which we are travelling. Unless we do something I feel that within another decade we may find ourselves in queer street. The matter is a vitally important one. We shall have to do things that prove unpopular, for if we fail in that direction someone else will do them for us. The sooner we get together and do the right even if the unpopular, thing the better will it be for our people and the industries with which they are connected. According to the Financial Statement submitted to us the position is alarmingly serious.

The Minister for Justice: You ought to see what the people on the goldfields are doing.

Hon. C. G. LATHAM: Unfortunately they are assisting very little to balance the Budget, although they are providing a good deal of the employment by the proposals submitted to the House the Government intend to get revenue to the extent of £80,000 from sources that will be provided by the goldfields people. Last year we had a deficit of about £784,000, and this year the deficit budgeted for is £644,000, although we are providing for a great deal more revenue as well as for additional taxation.

Mr. Cross: What did we have when you were in power?

Hon. C. G. LATHAM: The hon. member can read that for himself. I do not propose to enlighten him.

Mr. Raphael: You do not think it possible to do so.

Hon. C. G. LATHAM: I admit there has been an improvement in the State's financial position, for that has been revealed in the statement presented to us. If members have not read it for themselves I suggest they should do so. It is probably the most interesting statement of its kind that has been submitted to the House in recent years. It is also very informative. It contains returns which have not previously been presented to the House. I hope these will be printed annually, so that members may obtain the information they should have in such complete form. It is proposed to provide more financial assistance for those who have had cuts imposed upon them under the Financial Emergency Act. I will deal with that later. I now propose to touch upon a point raised by the Acting Treasurer, and make a comparison between the year 1923-24 and 1933-34. His statement showed that in 1923-24 the sum received from income tax and dividend duties amounted to £719,000. At that time the income tax was considerably more than it is now. It was reduced by the Treasurer in 1924 or 1925 following upon the grant made by the Federal Government. In order that the Disabilities Grant might apply equally to the people of the State the Government decided to reduce the income tax by 33½ per cent. In 1933-34 the amount received, instead of being £719,000, was only £364,000, a matter of half what it was ten years before. The public indebtedness has a material bearing upon the position. At the 30th June, 1924, the indebtedness per head of the population was £146 13s. 6d., whereas at the 30th June last it had risen to £193 4s. 2d., an increase of £47 per head. Meanwhile, the population had increased by 78,000, so that our indebtedness is growing very much faster than the increase in the population. Had the population remained as it was in 1923-24, and had things gone on as they were going then, the indebtedness would have increased by another £41 per head. We have to be very careful lest we lose our population. Whatever can be done to retain it must be done if the people are to carry the financial burden that is being heaped upon them.

Mr. Raphael: Are you suggesting everyone should have a large family?

Hon. C. G. LATHAM: I suggest the hon. member should keep quiet for a while. The Deputy Treasurer points out that in

1923-24 the expenditure on interest and sinking fund was £2,834,000, while interest earnings, that is to say earnings from the investments, were £2,158,000. For last year, 10 years later, interest and sinking fund payments had increased to £3,548,000, showing an increase of £714,000, or nearly £2 more per head of the population. In the interim there has been a reduction of the interest rate by 2 per cent.

The Minister for Justice: In some instances.

Hon. C. G. LATHAM: In most instances.

The Minister for Justice: No. There was an average reduction of 22½ per cent. in the rates of interest.

Hon. C. G. LATHAM: A tremendous amount of money has been borrowed meanwhile. The increase in the indebtedness of the State from 1924 to 1934 represents a very large amount indeed. Many of the rates of interest have been reduced from 6 per cent. to 4. The average reduction of 22½ per cent. represents a considerable decrease in the rate of interest.

The Minister for Justice: The position is, not as the Leader of the Opposition states, because those people who had 6 per cent. stock were given a premium.

Hon. C. G. LATHAM: I have not the figures here at the moment, but I can get them. The annual saving in interest represents a large amount.

The Minister for Justice: The reduction was 22½ per cent.; not 33 per cent., not from 6 per cent. to 4, as the Leader of the Opposition said.

Hon. C. G. LATHAM: A great deal of the reduction applied to recent loans. At all events, interest and sinking fund payments increased from £2,158,000 to £3,548,000, in spite of a reduction of 22½ per cent. in interest rates. I think that is right. The reduction brings the rate down to 4 per cent. In 1923-24 the total of Commonwealth assistance was £585,723, representing per capita payments £442,269, special grant for the year £116,301, and interest on transferred properties £27,153. I wish to show that the Commonwealth is not the enemy of Western Australia some hon. members think it is. In contributions to interest and sinking fund this State in 1933-34 received £610,258, besides a special grant of £600,000, making a total of £1,210,258 contributed by the Common-

wealth towards enabling Western Australia to make up its leeway. In 1923-24 £676,000 had to be found from taxation and other revenue to make up the deficiency, while last year £1,728,000 had to be found. But, taking into consideration the extra contribution by the Commonwealth to the State, £624,535, the net difference between 1923-24 and 1933-34 amounts to only £427,465; and we have, of course, increased population to carry that debt. Therefore it is useless to blame the Federal authorities, as the member for Guildford-Midland (Hon. W. D. Johnson) suggested we should. Instead of doing that, let us examine what we ourselves can do to bring about at all events a closer balance of our Budget. When the Acting Treasurer points out the disabilities of to-day in comparison with those of 1923-24, hon. members will do well to bear in mind the disabilities of the last Government, at a time when there had been, as pointed out in the Financial Statement, a falling off of national income from £99.5 per head of the population to £78. Then hon. members will realise how little money the previous Government had to draw upon even as compared with to-day, when it is estimated that the earning capacity of the people has gone back to nearly £90 per head. The estimated revenue for the year is set down at £8,846,607, showing an increase of £364,910 on last year's revenue, although there is still a deficit. As compared with 1932-33 the revenue for this year is £514,454 greater. So there does not seem to be any excuse for the Government to budget for so large a deficit. In addition, the loan money available this year is £3,070,000, plus £150,000 which it is anticipated will be obtained for extension of the East Perth power house. That makes a total of £3,220,000 of loan money, representing an increase of £470,000 as compared with last year's allocation, and an increase of £1,265,000 as compared with 1932-33. It will be seen, therefore, that after allowing for reduction in the deficit the Government will have, on revenue and loan account, over £1,500,000 more than was available in 1932-33, and £1,737,000 more than was available in 1931-32—this last being an answer to the member for Victoria Park (Mr. Raphael). With that additional money it is reasonable to expect that the State should get

nearer balancing its Budget than we are endeavouring to do. The estimated deficit for the current financial year is £644,452, an improvement, certainly, of £144,160 on last year's figure. Last year, as hon. members know, the deficit was £788,912. The improvement has been rendered possible by an increase in the Commonwealth Disabilities Grant from £500,000 to £600,000, which is evidently intended to be more or less permanent, and by this year's special grant of £133,000, of which last amount £100,000 is to be used in reduction of the deficit. But, besides those things, the Government have increased revenue from taxation equal to £272,930, increase in earnings of public utilities of £140,860, and increase in territorial revenue of £30,182. The Estimates also show a falling off in departmental earnings of £199,554. These figures give hon. members some idea of the additional revenue the Government anticipate collecting. Whether they will collect that amount of money remains to be seen. With the present outlook of the agricultural industry I should say the probabilities are that the increase will be considerably less than the Government are budgeting for. Taxation in all forms is estimated by the Government to show substantial increases this year over the amounts received last year. Firstly there is the uninterrupted operation of financial emergency taxation, which will operate for the full year as against nine or ten months last year. There are also the increased receipts the Government expect from dividend duty. There is the £80,000 taxation to be imposed on gold profits. Further, they expect to receive about £30,000 more from probate duty. For 1932-33, the year of its introduction, the financial emergency tax yielded £202,336 in seven months. Last year the amount collected was £411,716, or more than double the amount received the year before. This year it is estimated the amount will be £550,000. I suggest it will be nearer to £600,000 than to £550,000. This is highly interesting, in view of the promises made by the Government at the last general election. It would be just as well to quote some of those promises, so that hon. members will know where they stand in that respect. The Premier, in his policy speech delivered at Boulder, charged the previous Government with having increased tax-

tion, and said that the best guarantee of what could be expected from a Labour Government was to be deducted from what Labour had done when previously in office, when it had reduced taxation by £48,000. The hon. gentleman boasted of having reduced taxation. I am sorry the Minister for Employment is not in the Chamber, as he made a much more pregnant statement on the hustings. He is reported to have said that instead of refraining from adding to the burdens of the people Sir James Mitchell had put seven extra taxation measures through the last Parliament. I am glad the Minister for Employment has come back, because he ought to hear what he said in opening his election campaign in East Perth.

Mr. Moloney: What the Minister said was true.

Hon. C. G. LATHAM: He said that from the tax of 1½d. in the pound on wages the Government had paid £100,000 per annum to Consolidated Revenue, and that from the later tax of 4½d. in the pound they had extracted £400,000. In reality the amount was £202,000. The Minister went on to say that this levy of £500,000 should have been raised by income tax methods, with the deductions. Since then the hon. gentleman has associated himself with a Government that has not only carried on that form of taxation but claims to have paid into Consolidated Revenue last year an amount of £156,000 from the proceeds of the hospital tax. Of course the Government did not pay that amount into revenue at all.

The Minister for Employment: Owing to increased prosperity brought about by change of Government.

Hon. C. G. LATHAM: Then increased prosperity means increased taxation of the same form as the Minister condemned on the hustings at East Perth.

The Minister for Employment: We gave relief in other ways.

Hon. C. G. LATHAM: I like that form of giving relief. Instead of collecting £202,000 it is estimated that this year the Government will collect £550,000 from financial emergency taxation. I have already said that I believe the amount will be closer to £600,000. But instead of continuing the tax at 4½d., they have doubled it, raised it to 9d., and they have not used income tax methods, subject to deductions, in collecting. They have taxed everybody.

I wonder what the Minister for Employment will have to say on that aspect when next he goes before the people of East Perth. The pernicious system that on the hustings he condemned, he has not only condoned and continued, but even extended. It is just as well for him and the Chamber to know that that has been done.

Mr. Moloney: The present Government have taken the burden off the poor. You do not mention that.

Hon. C. G. LATHAM: The poor are always with us. When we get to the vote of the Minister for Employment I will show how he has treated the poor. I have a bundle of letters dealing with that subject, and it is well that the people should know what is contained in them. There is that departmental order for 2d. wages which the Minister said I did not have in my possession. I will produce that order, an order for wages amounting to 2d. The additional taxation has been continued by the Government even though this year's estimated receipts exceed those of 1932-33 by £513,135. They have continued the form of taxation which they condemned when they went to the people at the last general election.

The Minister for Employment: What is the hon. member quoting from?

Hon. C. G. LATHAM: These are figures which I have checked with the Budget, with the tables submitted with the Estimates. I got my figures from them. The falling off in departmental revenue of £199,554 is largely on account of the shortage in interest collections, and the proposal not to take into revenue from Agricultural Bank capital repayments, interest on abandoned properties. If the Royal Commission appointed to inquire into the affairs of the Agricultural Bank achieved any good at all, they have certainly stopped that system, which I suppose every member of this House believed, as I did, to be wrong. Railway earnings are expected by the Government to increase by £115,469 but I notice that that prediction is not borne out by the results of the first three months of the current financial year.

The Minister for Justice: It is so, compared with that period of last year.

Hon. C. G. LATHAM: The returns are certainly higher, but last year's returns were due to the wheat being railed later.

The Minister for Justice; And the Treasurer had knowledge of that when he framed his Estimates.

Hon. C. G. LATHAM: I hope that is so.

The Minister for Justice: It is so, and you know that was the position.

Hon. C. G. LATHAM: There has been an increase in revenue, but I notice that it has been counterbalanced by an almost equal amount of increased expenditure. The railway revenue has been £147,438 higher for the first three months and the working surplus was £103,508 above that of the first quarter of last year. So, if there has been an increase this year, it has been due almost entirely to the wheat traffic.

The Minister for Justice: You know how the expenditure was incurred. It was caused through work having to be done that your Government could not do.

Hon. C. G. LATHAM: As to that——

The Minister for Justice: I am not blaming your Government for not having carried out that work. You did not have the money to spend.

Hon. C. G. LATHAM: We have heard a lot about belated repairs in connection with the railways and naturally there must always be work of that description to be carried out in a concern in which so much capital is involved.

The Minister for Justice: Not to that extent. Your Government could not undertake the work, and no one would blame them, because they had not the money.

Hon. C. G. LATHAM: But we were blamed, and in this Chamber too. At any rate, I am glad that money was spent in effecting a useful purpose, because so much has been spent in directions that are useless. The contributing cause advanced by the department in explaining the increase is the carriage of wheat that was held up. It is very interesting to read just what the Government say——

Railways were short by £115,469, and the Harbour Trust by £33,147, mainly the outcome of holding up wheat in the country, caused by the farmers' unwillingness to sell at the low prices ruling.

Members may just as well know what the cause really was. It was not only low prices; we did not have markets for the wheat. It would have been a bad proposition to put the wheat on the boats and set them afloat, at the same time asking the people at the other end what they would give us for the

grain when the wheat arrived. Every shipment that was sent from the State by the Western Australian Wheat Pool was sold before it left here. The great difficulty last year was to find markets for our wheat. It was not a question of holding the wheat up because the prices obtained were not satisfactory, but of getting markets wherever possible.

Mr. Wilson: And the prices obtained were not too good.

Hon. C. G. LATHAM: No, nor are they very satisfactory to-day.

Mr. Wilson: We will have to get that bonus from the Federal Government.

Hon. C. G. LATHAM: The estimated expenditure for the current financial year is £9,491,056, and if we work that out on a population basis, we find it represents £21 10s. per head. That is a substantial amount to budget for to carry on our public utilities and Governmental activities generally. That shows an increase of £220,450 compared with last year. The expenditure, exclusive of the Estimates, anticipated under special Acts shows an increase of £95,527, which, of course, is made up principally of interest and sinking fund payments. Of that amount, £80,527 is made up in that way, and the remainder represents savings on overseas loan flotations that have been carried out during the last 12 months, including the reduction in interest on loan conversions. The expenditure on public utilities will be £203,818 more than last year and of that amount, the railways account for £193,336. I presume the Minister will tell us that that money is to be spent on belated repairs. I notice that in the Financial Statement only £15,000 is shown as the increased expenditure on effecting belated repairs. The balance of £178,336 has not been explained. Probably the Acting Treasurer will be able to explain that to us later on. It is probably due, I should think, to the recent basic wage increases and the proposed relief to be granted under the Financial Emergency Act, which the Government propose to amend. I suppose that will mean £58,000. If one may judge by the Estimates, that is to operate for nine months.

The Minister for Works: I think the figure is £42,000 or something like that.

Hon. C. G. LATHAM: Yes, I see the amount is £45,000; I had taken the wrong figures. The relief will not operate during

this half year because the Act itself does not expire until the end of the year, unless the amending legislation is to be made retrospective. I do not see how it will be possible to effect any relief at all during this quarter of the year. Under the heading of Governmental Expenditure, I note there is a decrease of £78,895 due to the reduced expenditure from revenue on unemployment relief, amounting to £132,192, and savings on account of exchange and loan redemptions of £29,710. I notice the Education Vote is to be increased by £37,704. Last year the vote was £576,296, and this year it is proposed to spend £614,000. The reduced expenditure on unemployment relief, which is given as £132,192, is due almost entirely to the additional loan funds that the Government have at their disposal, which is approximately £1,750,000 more than the loan funds the State had in 1931-32. These savings will be considerably offset by the interest and sinking fund payments in respect to our greatly increased borrowings. What we ought to do with our unemployed is to provide for them out of revenue instead of borrowing and spending loan funds on works that are not interest-earning. In the Financial Statement, reference was made to the banking figures. These show an improvement of deposits over withdrawals in the savings bank. This is the first time that has been achieved for three years. It is certainly encouraging, because it indicates that the workers have now some money to set aside instead of having to draw upon their reserves as in the past. On the other hand, the figures respecting the Associated Banks are less encouraging. Deposits, as the Minister pointed out, exceeded advances by £1,500,000. That is an indication that there is a lot of money awaiting investment and that the investments offering or the securities available have not been attractive enough to encourage the use of that money. Obviously, the intention of the persons who have money available for investment is to leave it lying idle at the bank at a small rate of interest or else in current account. I remember the Acting Treasurer, after returning from a meeting of the Loan Council, telling us of the great wealth of Australia, how much money there was held for investment, and how it was possible to raise money quickly. The explanation is that attractive investments were not offer-

ing to permit of the money being absorbed in that way. I think those figures speak more effectively than I can, to indicate what the position is to-day. It is merely a reflection of the economic conditions that prevail. If investments were offering, as they generally are, there would not be that money lying idle in the banks. I notice that the Government propose to grant further relief from the operations of the Financial Emergency Act. They intend to extend the relief, already granted to those in receipt of a salary the equivalent of £293 or less at the 30th June, 1930, to those receiving salaries up to and including £500 per annum. However, those persons are to be made subject to the variations in the basic wage as declared by the Arbitration Court. Those in receipt of salaries above £500 will have applied to them the provisions of the Financial Emergency Act as in the past. It is estimated that the remissions will cost £45,000 but in reality it will represent £30,000 only, because the remissions will not operate until the beginning of next year. I want to point out to the Government how unfairly this will operate respecting the lower paid officers. I have drawn up a table that members may peruse, for it will more clearly indicate what I wish to point out. I will take the classification of the Public Service as at 1930. The man receiving £288 was reduced by the Public Service reclassification to £270 and, with the Financial Emergency Act deductions, was reduced by £57 12s., making his net salary £230 8s. Last year he was granted relief to the extent of £15 12s. That brought his salary to the present figure of £246, or £24 below his £270 classification. His taxation percentage is 8.8. Then there is the man on £280 under the reclassification, who previously received £300. His reduction under the reclassification, with the financial emergency deduction in addition, was £60, bringing his salary down to £240. He received no relief from the previous restoration, and under the Government's present proposal he will receive £18, so that his salary will be taken to £258. His taxation percentage will be 7.85. The man on £450, who was previously in receipt of £480, experienced a reduction of £96, bringing his salary down to £384. He will get relief to the extent of £54, restoring his net salary to £438, only £12 below his classified salary. That man's taxation percentage will be only 2.66. If

we are to extend relief, the lower paid officers are those most entitled to consideration, and, in doing so, we should not take into consideration the rise and fall of the basic wage as it may affect him. Never before has the alteration in the basic wage been applied to the civil servants, and it seems unfair to make it affect those in receipt of the lower salaries. A man who, prior to 1930, was on £288 is to-day receiving £246 and making a contribution of £24 in taxation as against the man who, previously on £480, is making a contribution of only £12.

The Minister for Works: But he would be £40 better off than he was previously.

Hon. C. G. LATHAM: I am talking of the Financial Emergency Act. A man on £270 will lose £24 on this adjustment.

The Minister for Works: You mean on the cost of living.

Hon. C. G. LATHAM: No, the net benefit he will receive is £15 12s., which will bring him £24 less than his classification.

The Minister for Works: But he will get his whole salary, less any reduction in cost of living.

Hon. C. G. LATHAM: He is contributing 8 per cent.

The Minister for Works: He is contributing nothing.

Hon. C. G. LATHAM: I have checked over this table, and I know it is right. If the Minister will consult it he will see that the man on the lower salary is contributing more under the Financial Emergency Act than the man on a higher salary.

The Minister for Works: You are taking the cost of living.

Hon. C. G. LATHAM: No, I am referring to the Financial Emergency Act. It is proposed to remit the deduction under the Act, less the basic wage variation. Incidentally, I ask the Minister will any variation of the basic wage affect these officers?

The Minister for Works: That will depend. The public servants have asked permission to go to the Arbitration Court. If they get that permission, they will come under the variations of the basic wage.

Hon. C. G. LATHAM: Does that mean scrapping the Public Service Act?

The Minister for Works: If they go to the court, they will be subject to the basic wage. We have not yet decided whether

we will agree to it, but that is the request of the public servants.

Hon. C. G. LATHAM: I am sorry they have decided to go to the court. Until quite recently they have always been regarded as a profession, but if they are to come under the term "workers," they will be subject to all sorts of conditions.

The Minister for Works: You do not suggest they are not workers, that they do not work?

Hon. C. G. LATHAM: Certainly not; but it will mean a considerable difference in status. There is a wide difference to-day between the public servants and the workers; otherwise we should not have both salaries and wages. I should like to know whether it is proposed by the Government that where this relief is given, the salaries will be varied according to the basic wage variations.

The Minister for Works: If the request of the public servants be agreed to, those variations will apply.

Hon. C. G. LATHAM: Reverting to this table, it is seen that an officer on £480 suf-

fered a reduction of £96 under the Financial Emergency Act. Of this amount it is proposed to restore £54, which means a 56 per cent. reduction, whereas an officer on an automatic range of £288 suffered a reduction of £58 under the Financial Emergency Act. Of this amount £15 has been restored, which equals 28 per cent of his reduction, while the other man secures a reduction of 56 per cent.

The Minister for Works: But the cost of living variation will affect all men equally. You cannot argue on percentages, because the cost of living reduction is a general one.

Hon. C. G. LATHAM: Yes, I know that. At all events, I will hand this table to "Hansard" so that all members may be able to consult it. It sets out the present classification and that of 1930; the deduction under the Financial Emergency Act, the net salary, the relief that was afforded under the last amendments, and the relief that will be obtained under the proposed amendments; what the salary will then be, and the contributions they will still be making.

Present Classification.	Classification at 1930.	Fin. Emergency Act, 1931.		Relief.	Present net Salary.	Amount below present Classification.	
		Reduction.	Net Salary.			Money.	Proposed percentage Taxation.
£	£	£ s. d.	£ s. d.	£ s. d.	£	£	£
270	288	57 12 0	230 8 0	*15 12 0	246	24	8-8
280	300	60 0 0	240 0 0	18 0 0	258	22	7-85
290	312	62 8 0	249 12 0	20 8 0	270	20	6-89
305	324	64 16 0	259 4 0	22 16 0	282	23	7-54
315	336	67 4 0	268 16 0	25 4 0	294	21	6-66
330	348	69 12 0	278 8 0	27 12 0	306	24	7-27
340	360	72 0 0	288 0 0	30 0 0	318	22	6-47
360	384	76 16 0	307 4 0	34 16 0	342	18	5-0
380	408	81 12 0	320 8 0	39 12 0	366	14	3-68
405	432	86 8 0	345 12 0	44 8 0	390	15	3-7
430	456	91 4 0	364 16 0	49 4 0	414	16	3-72
450	480	96 0 0	384 0 0	54 0 0	438	12	2-66

This percentage is based on the 1931 Classification shown in column 1.

An officer on £480 p.a. at 30th June, 1930, suffered a reduction of £96 p.a. under the Financial Emergency Act, 1931. Of this amount it is proposed to restore £54 p.a. which equals 56 per cent. of his reduction.

An officer on the automatic range of £288 p.a. suffered a reduction of £58 p.a. under the Financial Emergency Act, 1931. Of this amount £16 p.a. has been restored, which equals approx. 28 per cent. of his reduction.

* This relief was granted early this year. In the present Budget it is not proposed to grant any relief whatsoever. This also applies to all grades under £270.

On page 3 of the Financial Statement, I notice the Government realise what the wheat farmer means to Western Australia.

The Treasurer points to the falling-off in the yield and also in the monetary value of that yield. I know the Minister will say it

is not usual to assist the farmers under these Estimates, that it generally comes in the Loan Estimates. But let me read to the House what the present Treasurer, when Leader of the Opposition in 1931, said in moving the adjournment of the House to discuss the serious position of the farmers. On that occasion Mr. Collier said—

It is admitted on all sides that the position of our farmers is desperate in the extreme. Unless something more than it appears at present can be done to assist these people in their difficulties, I am afraid the solvency of the State will be endangered.

Every thinking man must have no other conclusion than that there is nothing but stark insolvency facing the Commonwealth if the primary producers are driven off their holdings by being unable to carry on. No sacrifice is too great in order that that should be avoided.

He goes on to say—

The position of our wheatgrowers and their prospects for next year (1933) are such as justify Parliament in taking strong action. I would supplement the Commonwealth Grant by making available for assistance to wheatgrowers the sum of £100,000. I would make £100,000 available to the wheatgrowers, and by so doing I would increase the deficit by that amount, making it £863,000. I would then go to the Loan Council and fight them on it.

I would make the £100,000 available, and I would go to the Loan Council and say, I am very sorry, but I have not been able to live within the amount you have allowed me. I have expended an additional £100,000, which I made available for the assistance of the wheatgrowers of Western Australia.

The Premier: You know that under the Financial Agreement I have to get the money first, month by month.

Mr. Collier: I know that. It is all very well; they cannot say "We will not allow you that deficit."

The Premier: I have to get the money every week to pay the workers, and so on.

Mr. Collier: I urge the Premier to make available £100,000, which will be added to the deficit, and then let the Loan Council take the responsibility of forcing him to default. Unquestionably, if relief is not afforded the farmers, and large areas go out of cultivation, the deficit next year will be quite £1,500,000.

That was the statement made by the present Premier while Leader of the Opposition, notwithstanding which very little is being done to assist the farmers now. Not only did the Government fail to carry out their promise to help them, but when the Government had opportunity to assist the farmers with their bulk handling, they refused to

grant them sites for which the farmers were prepared to pay rent. That would not have involved any expense to the Government, but indeed would have been a means of providing revenue. If the Government had permitted the farmers to continue putting in bulk handling facilities, the farming community would have saved £250,000 in the cost of corn sacks alone, or 10s. per head of the population. And the scheme would have cost the Government nothing at all. But not only did the Government refuse to grant additional bulk handling sites, but they allowed the Railway Department to impose an additional freight of 9d. per ton on all bulk wheat carried over the railways. Had the bulk handling scheme been extended, the probability is that the Government would have received a great deal more revenue in Agricultural Bank interest and in land rents.

The Minister for Works: But the bulk handling people pass on the cost to those wheatgrowers who have to bag their wheat.

Hon. C. G. LATHAM: I am speaking of what the farmers would have saved in bags.

The Minister for Works: But the farmers have lost 5/8d. per bushel, which has gone to the bulk handling people.

Hon. C. G. LATHAM: That is not so.

The Minister for Works: It has occurred with me, and with everybody else growing wheat.

Hon. C. G. LATHAM: I say it has not.

The Minister for Works: I am prepared to produce correspondence to prove it.

Hon. C. G. LATHAM: I still say the Minister's statement is not correct. Bagged wheat and bulk wheat have been kept separate.

The Minister for Works: I have a letter from the Wheat Pool to say they pay no more for bagged wheat than for bulk wheat. The difference in price, therefore, is 5/8d. per bushel.

Hon. C. G. LATHAM: No, there has been no difference in price between the two, or not for the greater part of the time.

The Minister for Works: They are paying only the same for bagged wheat as for bulk wheat, which means that the man who has marketed his wheat in bags is taxed 5/8d. per bushel.

Hon. C. G. LATHAM: The Minister has misunderstood the correspondence, and I suggest that he writes to those people again, for his statement is inaccurate. The accounts have been kept separately. Of course, there

have been many savings made in bulk wheat. What I have been referring to is the saving that would have been made if the system had been allowed to extend—over £250,000.

Mr. Moloney: But you argue that we have to import goods before we can export wheat.

Hon. C. G. LATHAM: No, what I say is that if we can relieve the farmer, we ought to do it. We pay far too much for some goods of Australian manufacture which we buy, when we should be selling our wheat overseas and there buying goods very much cheaper.

Mr. Moloney: As, for instance, in Japan.

Hon. C. G. LATHAM: Even Japan offers a market for our surplus goods. When Western Australia reaches the position where she cannot export her goods, half the people in the State will starve. We have to remember that.

The Minister for Works: The position will be the same in every other country.

Hon. C. G. LATHAM: But at the moment I am not concerned about other countries. Return No. 11 attached to the Financial Statement is quite new to me, and is well worth the consideration of members. It sets out clearly the classification of our loan assets. It shows the undertakings that are fully reproductive, the total surplus being £150,564, and also those undertakings partially reproductive and totally unproductive. I wish to refer to the Agricultural Bank, against which a deficiency of £125,397 is shown. If we could have saved to the farmer the cost of cornsacks, representing a quarter of a million of money sent out of the State, the probability is that the Government would have received a considerable sum towards making good the deficiency of the Agricultural Bank. The Government owe assistance to the people on the land. I know of no section of the community who have been called upon to make sacrifices equal to those made by the wheatgrowers during the last three years. They have carried on a national work, and have done so knowing that at the end of the year they would show a deficiency instead of a surplus. The Government, even at this late hour, should endeavour to grant farmers the facilities for bulk handling, so that they may make a saving in their costs. To do so would not cost the Government anything, but the saving would mean much to the farmers and would enable them to bring their expenditure and revenue closer to-

gether. Reverting to return No. 11 I urge members to peruse it, and hope a similar return will be submitted to us annually. It clearly shows how the loan funds have been expended and with what result. For instance the State Quarries not only do not pay interest or sinking fund, but last year were a charge on revenue to the extent of £535. I suggest that the Minister might table relative figures covering the last ten years. The Wyndham Freezing Works, in addition to not paying interest or sinking fund, were a charge on the revenue to the extent of £5,651. Details are given of other undertakings. The total amount of loan liability considered to be totally unproductive is £3,035,732. To this amount, I consider, should be added the items under the heading "Reconciliation with public debt," including advances to Consolidated Revenue Fund £3,623,000—which is evidently the amount taken from loan funds to meet the losses—and the balance of general loan fund £2,052,470. Those three items give a total of roughly £8,000,000. That total of loan liability does not contribute any interest or sinking fund whatever, which amounts the general revenue has to make good and sums have even to be provided to meet operating losses. I agree to a certain extent with the statement made by the Minister for Works regarding our relationship to the Commonwealth. The existing arrangement is very unsatisfactory. Year after year we have to go along to the Commonwealth, cap in hand, asking them to make good our losses. It is time the smaller States got together and endeavoured to convince the Federal authorities of the necessity for evacuating certain fields of taxation occupied by them and enabling the States to raise their own revenue from taxation sources. The present procedure merely bears out what is so often said of Governments that, immediately they have losses, they go to the Commonwealth Treasury to get them made good. That does not tend to good financial management. If we feel that we can obtain assistance from the Commonwealth year by year, we shall have less incentive to balance our Budget, and there will come a time when we shall not have the requisite funds to finance the services now being provided for the people. Most of the money will be eaten up in interest charges on loans. I have already pointed out that 50 per cent. of our revenue is being absorbed in interest

and sinking fund charges, and thus little is left to finance the services that the people have become accustomed to expect from the Government. Instead of the Commonwealth handing out money to the States—as the Minister said, giving the States the crumbs from the rich man's table—an adjustment should be made, the Commonwealth evacuating certain fields of taxation in favour of the States. Then the Government would know exactly where they stood. If we pursue the present course much longer, I am afraid the Commonwealth will have to assist the States in some other way. I do not consider that many people in Western Australia believe in unification, but the financial relationships between the smaller States and the Commonwealth are driving us into unification quicker than anything I know of. If this continues, there will be no alternative. We shall have to do what Newfoundland did when Great Britain was asked to resume control of the government of that country. In conclusion let me say a few words about our loans and loan expenditure. It is a serious matter that we are borrowing between £3,000,000 and £4,000,000 a year, and that much of the money is not being expended on reproductive works. Every time we build a mile of road, we are spending money on a work that is not revenue producing. Rather does it tend to become a charge against the revenue of the State.

The Minister for Works: Indirectly it may provide a little revenue, but not much.

Hon. C. G. LATHAM: That is so. Great care will have to be exercised in future. Having had three years' experience as a Minister, I sympathise with the Government in the difficulties that confront them in trying to finance the State and provide work for the unemployed. The people are looking to the Government for assistance, and I assure Ministers that we members of the Opposition are here, not to indulge in carping criticism, but to assist them. If they consider it necessary to do something unpleasant, let it be done, but let us both share the responsibility, instead of one party going to the electors and claiming that they would or would not have done this or that. Thus I offer the Government any assistance we can give them in order to bring about a better control of the finances of the State to the end that Western Australia may be enabled to remain an independent State.

Otherwise, I fear that before long we shall be forced into unification and have only such powers to exercise as the Commonwealth authorities think fit to delegate to us.

MR. McDONALD (West Perth) [5.38]: I do not propose to attempt to dissect the Budget in the manner in which the Leader of the Opposition has done, but I should like the House to bear with me while I make a few remarks about the financial position of the State generally. I do so with some reluctance for two reasons. The first reason is that I agree with the remark of the member for Northam (Mr. Hawke) when he said that our powers in the matter of finance were so small as to be hardly worth talking about. The other reason is that a private member must feel a certain handicap in dealing with the subject of finance because he has not access to all the figures that the Government possess; nor has he the advantage which the members of the Government have obtained from conversations in the Loan Council where, I take it, from time to time the representatives open their hearts and say exactly what they think of the future. The debate on the Agricultural Bank showed that the time is due for an overhaul of the financial position of that institution. I think the debate conveyed a further lesson, namely, that the time has arrived for making a general overhaul of the financial position of the State, and a general consideration of whither we are going. The Premier some time ago made a remark which was very candid and for which I was very grateful to him. He said that the Government and the State were marking time and that nobody could do any better. Unfortunately I am not able to agree with the Premier's statement. If we were marking time, I would not mind, but I am afraid we are walking backwards, and all the time we are doing that, we are getting into an increasingly difficult position. My remarks are made without regard to any particular Government, but on the general financial position of the State. When the depression first came we formed an economic plan called the Premiers' Plan, and it was based on certain foundations. One was that the depression would be of short duration; the other was that the period of trouble being short, deficits and borrowing were permissible expedients to break the shock of the depression to the people. The

objective was an equilibrium of budgets inside of three years.

The Minister for Works: There is no record of that having been said.

Mr. McDONALD: It was generally understood that the plan aimed at attaining budget equilibrium in three years. The whole substratum of our first economic plan has been removed. The Premiers' Plan has been abandoned by the Federal Government. They were the first to abandon it by restoring salary deductions because they had a surplus, thereby forcing the States who have deficits to follow suit. The other foundation that has disappeared is the expectation that recovery would be a matter of a few months or a year or two at the outside. We now know that recovery is going to be a very protracted experience extending over perhaps many years. Another factor which is helping to nullify the Premiers' Plan is the facility enjoyed by Governments to borrow money. That was learnt during the war. By appeals to patriotism Governments found that they could tap great sources of money, and by almost a paradox they found after the war that they could tap great sources of money at a low rate of interest, because people, rather than invest their money in private enterprise, sought safety of investment in Government loans. That dangerous facility which Governments found to exist, enabling them to borrow money freely, has tempted us to maintain a rate of expenditure that I consider circumstances really do not justify.

Hon. C. G. Latham: Our industries do not justify it.

Mr. McDONALD: Our industries do not justify it, and neither does our trade. So the Premiers' Plan has gone by the board, and it seems to me that the time has now come when we should present a new front to the depression, and determine upon a new plan. The necessity for this is shown by our State finances. In 1928-29 we had a peak revenue of £9,947,000. We reduced our expenditure from that peak year by something like £1,000,000, until yast year when it was £9,270,000. If to-day we had the revenue of our peak year, and still retained our reduced expenditure, we would be able to show a surplus of £677,000. But last year we spent out of loan money £2,664,000, and we had a deficit of £788,000, or a total expenditure from loan

and deficit of £3,452,000. So that even if we had the revenue of our peak year, and our present reduced expenditure and surplus, we would still have gone to the bad by something like £3,000,000. Assuming the revenue remains as it is now, and we continue to go to the bad to the extent of £3,000,000 a year, and assuming we pay the same rate of interest, then I think it will take about 20 years from now for our interest bill and exchange to absorb the whole of our revenue. But long before that we would have to face a critical situation and devise means for meeting it. I believe that our finances could be restored if we dealt with them now; but if the restoration be delayed, we shall meet extreme difficulty in getting back to financial stability. The chief embarrassment, of course, in this State is unemployment, and there again we have entered upon a position that we did not expect was going to come about. We adopted a system of relief for unemployment as a temporary measure, though not we alone, but all the other States, and every other country, and this system of relief has gone far beyond what was originally estimated, since we now have the prospect, unless some other scheme is embarked upon, of having unemployment existing amongst us for perhaps a considerable time. We have accepted as a maxim that the care of the unemployed is a matter for the State. Nobody questions that. Our loan expenditure, taking it by and large, is only justified in the present state of our finances as a means of creating employment. The real position is that the Department of Public Works has become subsidiary to the Department of Employment. That is the position to-day. We have a system of sustenance, relief work, child endowment, and help for widows. We have, in fact, evolved a scheme of national insurance in this State without contributions, except contributions through the unemployment tax; and we have arrived at that stage by administrative act. I do not complain about that. Parliament has voted Loan Funds for the relief of unemployment, but the basis of contributions, and the conditions under which we give assistance to unemployed or indigent people, have not been discussed by Parliament. These are matters which are, in fact, far-reaching. The department controlled by the Minister for Employment is

the largest spending department in the State, and so was practically the senior Minister. We have established a measure of national insurance by a sort of accident; we have drifted into it.

Mr. Hegney interjected.

Mr. McDONALD: I am not averse to national insurance, and I should be glad to consider any scheme to put in on a correct basis. England has had it for 21 years and has now arrived at the stage where the contributions pay the cost of sustenance for unemployed. That is a magnificent achievement.

Mr. Hegney: The Bruce Government had the same opportunity to bring it about.

Mr. McDONALD: The Bruce Government found that the powers under the Federal Constitution did not enable them to undertake national insurance, that it could only be brought into existence by an amendment of the Constitution, or the granting of enabling powers. It was desired by the Bruce Government to bring about a measure of general insurance, but the desire could not be accomplished because of constitutional reasons.

Mr. Moloney: Rather convenient for them.

Mr. McDONALD: Not at all; they wanted to bring it about but they were unable to secure the co-operation of the States. Coming back to the general consideration of finance, we find that everybody is still borrowing. The Commonwealth has a surplus, but it is still borrowing, and one thing is certain, that we cannot go on borrowing indefinitely. Regarding Western Australia, I do not think that we can reasonably expect the financial position to be restored by our unaided efforts; it can only be restored by measures involving co-operation between the Commonwealth and all the States.

Mr. Moloney: How will you get on when secession comes about?

Mr. McDONALD: I am dealing merely with temporary measures until secession comes. We can only secure our end by concerted measures between the States and the Commonwealth. If by magic we were able to banish unemployment to-morrow, we should have it again in a month's time.

Hon. C. G. Latham: In less than that because the very next train would bring more people here.

Mr. McDONALD: Yes, unemployment must assume a general level in all the States. We cannot achieve economic recovery unless it be with Commonwealth assistance. In the meantime we must do all we can to help our people. Personally, I consider that the proper thing to do is for this State to revive the question of holding a convention of all the States, and the Federal Parliament, and that the convention should agree upon a necessary and proper redistribution of powers under our Constitution, and go further, and determine upon uniform action in respect of financial measures, so as to restore financial stability not only of the States but of the Commonwealth as well. There should be no insuperable difficulty about that. To be quite candid, I cannot see any hope for us unless there is progress towards what we may regard as stable conditions, and any effort in this direction can only be done by the States in conjunction with the Commonwealth. If we should agree upon some such measure, then I see no serious difficulty in restoring Australia to a position of financial soundness, provided of course we can give the people an assurance that, if they make sacrifices which will enable us to recover our position, we can then curtail future borrowing. For the past four or five years we have been thinking about getting some new technique of currency or political economy that would show us the way out of our difficulties. That, however, has failed. If we look around all countries to-day we will find them all going back—whatever the member for Claremont might say—to what I might call orthodox economics, the idea that expenditure must be within revenue and that borrowing can only be safely done if the works upon which the borrowed money is spent will pay interest and sinking fund. I am speaking of every country. As far as we can see, America is leading the way back to the old economics of spending no more than what you have got, and borrowing less. If we had a convention of the kind I suggested, we might find a way out of our difficulties. At any rate, we should be able to determine on the manner in which our problems should be faced. The chief thing is the state of mind of the people of Australia when facing this question. Our recovery is dependent not so much upon the state of our pockets as on the state of

our minds. Our whole mentality has to undergo a change, and people must regard it as a duty to help the Government. In 1931 the nation made certain sacrifices, but the spirit of that period is rapidly disappearing. All through the country we have organised movements which are demanding from the Government benefits for their individual members without regard to any other section of the community. I think the only real hope that we have is for the Governments to unite, and, instead of promising increased benefits, to call upon the nation for greater exertions and greater contributions for the common good. By a new plan we should make the people realise the need that exists to build for the future and not to take all they can from the present, which is the general outlook of the people of Australia to day. If there is one outstanding feature about Russia, it is the willingness of her people to undergo privations and sacrifices to build a new order in the State. I do not think any land can make a rapid recovery unless it can capture something of the spirit that the people in Russia have been able to infuse into their country.

Mr. North: They are behind us a lot, are they not?

Mr. McDONALD: Yes, but they are catching up rapidly by reason of their spirit, and they have effected many magnificent achievements.

Mr. Hegney: I think even they are trying to borrow a few bob.

Mr. McDONALD: Even they are compelled to borrow, but their's is a poor country in the matter of advancement compared with ours.

Mr. Cross: They did not pay the debts they incurred before, either.

Mr. McDONALD: I do not advocate that as a method of recovery. What I have said I am candidly afraid may be visionary. It may all be hopeless. It may be impossible to get the Governments of Australia to unite in some common action. It may be impossible to call the people of the whole country to further exertions and contributions to restore the solvency of our national affairs. Whether that is so or not I believe it is the only way, and is the shortest and surest way in which we can get back to stability, and a condition where we are going to be far better off than we

are at present. I am also equally convinced that if we go on as States and Commonwealth in the way we are doing to-day, we shall not only be postponing a restoration of prosperity, but shall be endangering even a continuance of the degree of the fortune, wealth, and income we are enjoying to-day. This can only be done by an agreement between all parties, or between the great majority, to work for a common purpose. If one party—I am speaking of the hard facts of political life as I know them—were to advocate a policy of this kind, it would fall an immediate victim to any other party which followed the old technique of attractive promises to constituents. If the parties can only be persuaded to combine, or the great majority of them, to make a call upon the people, I think we could enter assuredly upon the road to better conditions. The time has come when we can no longer afford to drift, when our only hope of speedy emergency into better conditions is by concerted action of this sort. The following objectives should, I think, be kept in view and fought for, and advocated by the people of Western Australia, namely, a second plan to replace the Premiers' Plan, or first Plan, which has now gone by the board; a convention representative of the States and of the Commonwealth to frame this plan, and comprising the best brains in the country to cooperate with the representatives of the various Parliaments to bring about a united policy for the States and the Commonwealth; and a new call to the people of Australia to contribute their energies, their determination, and their means towards a policy of restoration.

Progress reported.

House adjourned at 6.5 p.m.