clear enough. It is designed to cover the familiar case of a man who sells shares, particularly mining shares, and hands the transferee, or the broker of the transferee, the transfer, usually signed in blank. Very often these transfers are not registered. They may pass from hand to hand, the transfer being blank. The transferor remains liable in the event of the company going into liquidation. He is the person on the register of shareholders. He may want to have the share certificate and the transfer on it brought into the company, to have the transfer registered so that the transferor would be taken off the register of members, and be relieved of his liability in the case of the company going into liquidation. I think that is the reason for this provision.

Mr. WATTS: I have looked at Section 66 of the Victorian legislation from which these words are taken and judging from the wording of that section the word "transferor" is rightly used in this clause for the reason stated by the member for West Perth.

Clause put and passed.

Clauses 90 to 94—agreed to.

Clause 95—Perpetual debentures:

Hon. N. KEENAN: I would like to draw the Treasurer's attention to this clause. It keeps in existence a mortgage debt notwithstanding that the whole scheme of a company may alter, that it might be in a position to pay off the debt and borrow money at a lesser rate of interest, or might be in a position to redeem it without borrowing at all.

Clause put and passed.

Clauses 96 to 102—agreed to.

Progress reported.

House adjourned at 11.32 p.m.

Legislative Council.

Thursday, 27th November, 1941.

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

QUESTION—TAXATION.

Betting Fines as Allowable Deduction.

Hon. J. CORNELL asked the Chief Secretary: In view of the admission by the Premier that fines imposed by the law courts in connection with illegal starting-price betting are allowable deductions for income taxation purposes, will the Chief Secretary inform the House whether these deductions are applicable to the actual person fined, or are they allowed to the persons who control and conduct the premises wherein the offences occur?

The CHIEF SECRETARY replied: The deductions are applicable to the proprietor whether the fine is against the proprietor or his employee.

BILLS (3)—THIRD READING.

1, Rights in Water and Irrigation Act Amendment.

Returned to the Assembly with amendments.

2, Plant Diseases (Registration Fees).

Returned to the Assembly with an amendment.

3, Law Reform (Miscellaneous Provisions).

Passed.

BILL—METROPOLITAN MARKET ACT AMENDMENT.

Report of Committee adopted.

BILL—FACTORIES AND SHOPS ACT AMENDMENT.

Second Reading.

Debate resumed from the 25th November.

HON. C. F. BAXTER (East) [4.38]: Once again the Government has introduced a Bill containing contentious matter, notwithstanding its pledge given at the outbreak of the war to refrain from doing so. Apart from one or two innocuous amendments, the clauses in the Bill now before the House to amend the Factories and Shops Act are contentious in the fullest sense of the term. Amongst the revolutionary reforms contained in the measure, are such matters as preference to unionists, the general application of a forty-four hour week, the compulsory taking of holidays—notwithstanding what may be prescribed by the Court of Arbitration in its awards—to say nothing of an attempt, by Act of Parliament, to brush aside a court decision regarding the employment of females in night cafeterias. The parent Act is a "hotch potch" and a genuine attempt should be made to rectify the anomalies therein contained. Instead of seeking amendments to the Act to remove those anomalies, the Government merely seeks amendments which, if passed, would have the effect of adding further impossible and costly burdens to industry.

One of the anomalies, for instance, is that Section 33 of the Act allows boys under 16 years of age and females, irrespective of age, to be worked on holidays, whereas males 16 years of age and over are prohibited from being so employed. With milk supplies now regulated by a board, the Act cannot be abided by. This House would support a Bill for a complete overhaul of the Act to meet present day conditions, but would—rightly so, too—strenuously oppose any innovations and revolutionary ideas which the Government would be sure to endeavour to "run in" as "good measure" should it attempt to do the right thing by recasting the Act.

Notwithstanding that one or two of the amendments in the Bill do not call for comment, I shall endeavour to have it thrown out because it contains many clauses which undermine the jurisdiction of the Arbitration Court. For example, quite recently a new award by consent of the union and the employers concerned was delivered by the court governing the hours, wages and working conditions in the butchering trade in the metropolitan area. This award sets out the trading hours as from 6 a.m. to 6 p.m. on Monday to Friday inclusive, and from 5 a.m. to 1 p.m. on Saturday. I repeat that these hours were agreed to by the parties. This Bill seeks to set aside that agreement, even before the ink is dry on it, by fixing the trading hours in the butchering industry within a 30-mile radius of the G.P.O., Perth, at 7 a.m. to 5 p.m. on Monday to Friday, and 6 a.m. and 12 noon on Saturday. As the Act governs the closing time of shops, and, therefore, over-rides an award of the court in that direction, I say that this Bill is aimed at interfering with the jurisdiction of the court. The oft-repeated slogan "Hands off the Arbitration Court" apparently has no further application.

Dealing with the clauses of the Bill, I offer several comments. The amendment to Clause 2 (a) (ii) appears unnecessary as the definition of "factory" covers the manufacture of paint. As to the mixing or spraying of paint, the proposed words would be wide enough to cover a private individual who, being a handy and versatile sort of person, decided to paint his fence on Saturday afternoon. After buying a tin of paint, he might not like the colour of it, and would promptly buy another tin of, say, a lighter colour, and mix the two together to obtain an exotic tone, more in harmony with and calculated to tickle his artistic taste. If this amendment is accepted, his home would become a "factory" because he "mixed" paint on it. Taking this a step further, if the same individual decided to attach a spray to a vacuum cleaner, or used a fly tox spray to spray the walls of his bathroom with paint—we know of many handy men who do these jobs at home—his bathroom would become a "factory," subject to inspection by those authorised under the Act. This is too absurd.

As Clause 3 reads all inspectors would have to visit a factory by day and night, which appears to me to be ridiculous. The proposal in Clause 4 (a) is an unwarranted interference with the functions of the Arbitration Court. It would mean that every new industry starting in Western Australia must limit its operations to a 44-hour week despite the fact that it may be starting out in competition with other States where 48 hours

are worked weekly. This is an obvious penalty upon a new industry and cannot possibly be justified. In any case, no industry of any dimension exists within the State that is not covered by an award of the court. The presence of the new words in the Bill would not leave the court, as Parliament intended it, in an untrammelled position to deal with industry.

The Act makes special provision for workers employed in getting up steam for machinery in a factory or making other preparations and for special trades referred to in the Third Schedule. The provision in Clause 4 (c) would completely nullify the effect of Section 28. In any case, the court frequently awards time-and-a-quarter as an overtime penalty. Sometimes it awards time-and-a-half for all overtime; sometimes it prescribes overtime only after 44 or 48 hours have been worked, at time-and-a-quarter or time-and-a-half. Surely the court, with all its years of experience, can be trusted to deal with new industries! All such industries must of necessity be adversely affected if this proposal is accepted. In any case, the court should be left untrammelled.

The proposal in Clause 7 to insert three new sections in the Act must be regarded as an attempt on the part of the Minister to give a little in exchange for much. The proposed new Section 30B (1) fixes a mandatory rate for a shift-work loading. As provision is made that this shift-work is limited to the afternoon shift concluding at 11 p.m., the loading for it should be that usually fixed by the Arbitration Court which is 5 per cent. in addition to ordinary rates.

The proposed new Section 30B (2) provides for preference to unionists. This is probably the real bargaining point of the Bill by which the Minister says, "We will give you certain machinery amendments if you will help us build up the coffers of the unions." In other words, if he were to speak truly, he must say this is a Bill to help the unions and not, as he said in his speech, to help the war effort. Whichever way we look at this provision, it must be revealed as a poor measure of assistance to the war effort.

Incidentally, it is not right for the Minister to assert that this clause would over-ride the Arbitration Act and the awards and agreements of the court. That is not true: This still is and must remain the province of the Arbitration Court, so that it shall fix the ordinary hours of work, overtime rates and other general conditions. The Act at present over-rides the court to the extent that it restricts the overtime of females and boys up to 16 years. It is not, therefore, until the court has fixed standard hours for an industry that overtime is ascertainable. For instance, notwithstanding that the Act limits weekly hours to 44 for females there are awards of the court quite recently issued, which provide 48 hours per week for females, though the Bill seeks to reduce the weekly hours for all workers to 44. The Minister's reference in this connection to munition annexes cannot surely be taken seriously. Can anyone imagine the employment of hundreds of workers on munitions production without a governing award? Furthermore, it is safe to assume that, as the employer will be the Commonwealth Government, a Federal determination will be promulgated.

The proposed new Section 30C implements the powers proposed in new Sections 30A and 30B to be vested in the Minister. The whole of the new provisions asks us to trust the Minister for Labour (Hon. A. R. G. Hawke), who, at best, can hardly claim to be an experienced industrial adjudicator. With regard to the proposal for preference to unionists, it should be observed that although the court has jurisdiction to grant such preference, it is a power very rarely exercised, the court having ruled that special circumstances must exist before preference to unionists is granted. The court is the authority to determine matters of this nature, not members of Parliament.

There is a further encroachment in Clause 8, affecting the principles of arbitration, in that the clause fixes crib time at 45 minutes in a continuous process plant, and limits work without crib to 4½ hours. In the main industries working continuous processes, which have been operating for many years, crib time is fixed at 20 minutes or less. It is also provided that crib shall be taken at such times as will not interfere with the continuous process. The workers are paid for a full eight-hour shift and are expected to work in such a way as to meet the requirements of the job.

Surely, in the interests of continuity of production, it is advisable that, by arrangements made in the factory, crib time should be staggered. If we adopted a staggering process and this new provision were passed, then it would be quite conceivable that a man would get two crib times in an eight-

hour shift. The only alternative to this would be a complete cessation of production for forty-five minutes. A continuous process is generally regarded in industry as one that runs "round the clock." The Act describes it as one running for not less than sixteen hours a day.

Clause 9 makes provision for payment of tea money to all workers, including males. The present Act relates only to females and boys. Here, again the Arbitration Court has established definite principles such as—

1, That tea money shall not be paid if the worker is notified on the previous day that he will be required to work overtime beyond the usual hours.

2, That it shall not be paid until overtime exceeds one hour.

3. That it shall not be paid unless the meal is required.

A man ceasing work at 3 p.m. in normal circumstances would have his evening meal with his family at 5.30 p.m. or 6 o'clock. A point that should also be considered is that where a worker lives in close proximity to his work, he does not require meal money. Paragraphs (a) and (b) of Clause 10, forcing workers to take holidays, would strike very hard at continuous process plants not covered by an award, such as electric lighting concerns in country towns and the industries mentioned in Sections 35 and 36 of the Act, for males cannot be worked on holidays, whereas females and boys may be so worked. This is, of course, an anomaly in Section 33 of the Act. The same remarks apply to Clause 11 as apply to the preceding clause. In other words, all electric lighting plants would be compelled to close on weekly half holidays.

Clause 14 deals with the mandatory closing time of butchers' shops under the Act, notwithstanding that the union and the employers agreed within the last month or so to something entirely different, as I pointed out earlier in my remarks. The proposal savours of a move by some small suburban trader jealous of the business done by city butchers and anxious to over-ride the wishes of the union and the principal employers. Surely the public interest should be considered, that is, the city worker who shops between 5 and 6 p.m. and 12 and 1 p.m. on Saturdays.

The amendment in Clause 15 is aimed at completely over-riding the Court of Arbitration, which fixes award holidays. At present, the Minister may gazette a holiday but cannot prevent the employer from working his employees behind closed doors where an award does not provide for such holiday. The present Minister hopes to add to the annual holidays and this clause would give him power ruthlessly to over-ride the decisions of the court and consent agreements arrived at by the parties. In any case, does not this abrogate the effect of Section 163 of the Act, which was designed by Parliament to leave in the hands of the court the untrammelled right to make independent awards?

This House should not agree to interfere with the Arbitration Court, as is proposed in Clause 16, by agreeing to the reduction from 48 to 44 of the weekly working hours for all workers. The provision for 48 hours should remain in the Act. Members are well seized of this position, so I need not waste time on it.

Paragraph (b) of Clause 16 aims at preventing females from working in industry after midnight, and it is a virulent display of the Minister's dislike of the authority vested in the Arbitration Court, which has made awards, for instance, governing night cafes and ratified agreements in other industries in which females are employed after midnight. The Government included a similar clause in the Bill dealt with during the 1939 session, but it was defeated. As was then pointed out, this proposal is framed to over-ride a Supreme Court decision given against one of the unions. As the union in question has not applied to the Court of Arbitration for an amendment of its award, one must conclude that the conditions of that award are satisfactory. Why then seek, by Act of Parliament, to do what the union in question does not desire? Otherwise it would apply to the court for what the Government seeks to provide in this Bill. The principle of short-circuiting the Court of Arbitration is bad and should at all times be opposed by this House.

Paragraphs (a) and (b) of Clause 21 should be strenuously opposed. A similar provision, under a different cloak, was rejected in 1939. Many workers remain on the employer's premises at meal times in rest-rooms in his establishment. Many live in, such as workers in hotels or boarding-houses or caretakers in warehouses or factories. The interests of the workers in each case are amply protected by the relevant awards, and

hotels and boarding-houses are "shops" under the parent Act.

I trust that I have been able to prove to members that the Bill should be rejected outright. I again repeat that I would support a recast of the Act, as this is long overdue, but any attempt by the Government to introduce contentious matter will meet with my strongest opposition. When the Government established a Department of Industrial Development, which it did in the knowledge that the development of secondary industries in this State meant a step in the direction of a balanced State economy, we all thought that a real effort to help our secondary industries would result. I, for one, with many others, thought that in order to foster local industries in this State, conditions would have been made easier for those industries already established, those about to start and those in the experimental stages. What we do find, however, is that the Government is constantly introducing legislation of a type that hampers instead of helping industry. The Bill is a fair example of what I mean. Only last year two important industries were lost to the State through burdensome industrial conditions.

The present Minister for Industrial Development is urging the establishment of industries, yet every session finds him the sponsor of industrial Bills imposing further burdensome conditions on already overloaded industries. The experience he must have gained that the great drawbacks to the advancement of industry in this State are excessive costs and conditions that are unfair in comparison with those of the Eastern States has apparently been of no value. His one desire, which is so evident, is to continue extending privileges to workers.

The Department of Industrial Development has advanced substantial sums to foster many small industries. Some of these industries have failed and others have made considerable losses, which the taxpayers have to bear. To the failure of these governmental "babies" the ever growing burdens and restrictions imposed by the Government on industry from time to time have largely contributed. Preference to unionists, for example, cannot help industry. On the other hand, one can visualise its having a contrary effect, should it ever become law—which God forbid! Job control would flourish, resulting in loss of efficiency in any industry where such control raised its ugly head.

A wave of prosperity is at present sweeping industrial Australia, due unfortunately to the lamentable fact that we are at war. Australia is advantageously situated in as much as the country has not been subject to the ravages of war. It is her golden opportunity. Her secondary industries should be given every chance of developing and expanding so that when the war is over, she can take her place in competing for outside markets with her products from secondary industries and thus rise above being a granary only. We shall need this source of income from outside markets when the time comes to pay for the war. Industry should, therefore, be helped and not hindered.

To summarise, I would point out that this House has good reasons for rejecting the Bill on the following grounds:—

(a) It contains many clauses affecting the jurisdiction of the Arbitration Court. That tribunal is the only body properly constituted to deal with the relationships between master and man.

(b) It seeks to hamstring the court by fixing a general working week of 44 hours. It is the court's function to fix hours of work.

(c) It asks Parliament to override industrial agreements made at round table conferences and awards of the court regarding overtime.

(d) It attempts to brush aside an award arrived at between the union and the employers in the butchering trade by lessening the daily spread of hours agreed to by the parties.

(e) It overrides the practice of the court in regard to the payment of meal money when overtime is to be worked.

(f) It contains provisions to compel workers to be absent from work on holidays, thereby automatically closing down country electric light plants, whose attendants now have to work on holidays and receive overtime payment for such work.

(g) It upsets court practice in regard to crib time for shift workers and lays down conditions for crib time which I feel sure the workers themselves would object to.

(h) It seeks airily to brush aside a Supreme Court decision, which the union concerned appears to be happy about, otherwise it would have approached the proper authority, the Arbitration Court, for an amendment of its award.

(i) It provides preference to unionists. The Arbitration Court has power to grant such preference and has done so in special cases.

(j) It also prescribes unworkable clauses relating to employees who remain on the employer's premises and who actually reside thereon as in the case of hotels, coffee-palaces, boarding houses, to say nothing of caretakers,

notwithstanding the fact that the court makes provision in its awards for this to be done.

The Bill is a masterpiece of interference with the liberty of the subject, as exemplified by the paint-mixing clause to which I have previously referred, and also the attempt at compelling workers to join a union before they can be employed. Mainly because of the Government's attempt to interfere directly with and hamstring the jurisdiction of the Arbitration Court, the Bill should be rejected. I trust that after due consideration of the measure, such as I have given it, members will see that there is only one thing to do with the Bill in order to protect industry in this State. The Arbitration Act is one of the best measures we have on the statute-book, but it will be gradually whittled away unless more care is taken.

Hon. J. J. Holmes: How will the proposed change of hours affect country storekeepers?

Hon. C. F. BAXTER: Only the butchers in the metropolitan area are affected, though, of course, the holiday provisions will apply to the country districts. One thing is certain: If this practice continues there will be a breakdown.

Hon. J. J. Holmes: Will not the provision for a 44-hour week affect the country districts?

Hon. C. F. BAXTER: Yes, absolutely! There is no question about its being very far-reaching. How can we afford to adopt a 44-hour week when we have to engage in competition with other States that have a 48-hour week? How can new industries be established under such conditions? But for the vigilance of this House the industrial position in Western Australia would be impossible today. If this sort of encroachment is to be allowed to continue, it will break down of its own weight. Who knows what the future has in store for us? Is this the time to be tinkering with industrial legislation and extending concessions when we do not know what is before us? Of course it is not.

Why cannot this contentious legislation be laid aside? Let us continue to enjoy the freedom we have had in the past instead of continually having such measures brought before us, measures that stir up contention. I do not so much mind the desire of the workers for more wages because the higher the wages paid the better it is for the country. But the other conditions it is sought to secure for the workers are legion and can only have the effect of hamstringing new industries.

We were told that new enterprises would be established here by Eastern States people. The Minister for Industrial Development went to the Eastern States and came back with glowing reports as to what would be done. But what happened? There has not been a single sign of any captain of industry from another State establishing a business here nor is anything of the sort at all likely. Are people with money invested in industry in the Eastern States likely to transfer their industrial efforts here where the cost is so high that for them to carry on would be impossible? Of course not! We need industries in this State to provide employment for hundreds of people who will be seeking it when the war is over. We must prepare for that time, which I hope will be soon, by relieving the position of local industries instead of making it more difficult. We should make use of the extension that is taking place in industry so that we may produce a surplus for export. But is any man game to say that we can export our products in competition with outside interests? Of course not! The sooner the Government discontinues tinkering with our industrial Acts, the better it will be for the country, and the sooner our workmen, who are second to none in the world, will be put on an equal footing with those elsewhere and so enable us to compete with the other States and with countries outside Australia.

HON. J. CORNELL (South) [5.12]: A superficial glance at the Bill would lead one to assume that it was entirely a Committee measure, but I have compared it with the consolidated Factories and Shops Act and I consider that it contains more high explosives to the square inch than any Bill that has been before this Chamber for a considerable time. I desire to make my protest against the efforts of the Government fundamentally to disturb the status quo on the pretext that the measure is designed to meet war conditions. If anyone analyses the Bill as I have done, he will discover that 80 per cent. of it consists of party propaganda. It is a result of resolutions carried at a party conference to the effect that the laws should

be amended in certain directions, and it has little to do with the war.

I think it can be said that Clause 7 is the only provision that actually sets out to alter the existing law to meet the exigencies of the times and the demands that might arise out of the war. Not much exception could be taken to the clause if the statement made by the Honorary Minister when introducing the Bill could be accepted, that its provisions did not conflict with the Industrial Arbitration Act as they affected only workers who could not join an appropriate union and who were not subject to any Arbitration Court award or industrial agreement. Whether wittingly or unwittingly, that was a mis-statement. In proposed new Section 30B appear the following words:—

> Preference of employment shall be granted to financial members of unions registered under the Industrial Arbitration Act, 1912-1935, or the Commonwealth Conciliation and Arbitration Act, 1904-1930: Provided that, in any case where a worker not having been a member of a union as aforesaid applies for membership within seven days after his engagement, it shall be deemed that no question of preference has arisen unless and until his application for membership is rejected for good cause.

If that is not preference to unionists by statute, I do not know what is. I recognise it as an old friend. It has been before members more than once. To say that the Bill now under consideration provides safeguards for workers in factories who are not members of industrial unions, is so much piffle. Shorn of all verbiage the Bill represents an attempt to establish preference to unionists by statute. The position today is that the State Arbitration Court, after hearing all the facts, has authority to grant preference to unionists, and has done so. The Commonwealth Attorney General, Dr. Evatt, according to newspaper reports, proposes to issue regulations under the National Security Act to give the Commonwealth Arbitration Court similar power to grant preference to unionists after investigating all the appropriate facts. We are now asked to put that principle aside and to deal with the matter in a Parliamentary enactment.

Throughout I have followed the line of reasoning that the granting of preference to unionists is desirable where an industrial union has organised the workers, prepared its case and moved the Arbitration Court to issue an award governing the applicable industry. The people who pay to secure that result have some right to consideration and to some degree of preference in employment. But that is not all that the Bill deals with. My own opinion regarding preference to unionists is that if an industrial organisation is not sufficiently strong to exercise a restraining influence upon the employers in the industry affected, the mere granting of preference to unionists will act as a deterrent and not as an asset. That is my considered opinion after 50 years' experience of industrial matters.

Although operating under the provisions of the Factories and Shops Act one section of workers on the goldfields has been commended over and over again for its war work. The Kalgoorlie Foundry is a factory and the men who are working there—they have engaged upon very extensive war work—do not, I venture to assert, desire this measure. Those men are working 12-hour shifts and that is done under a mutual arrangement arrived at with the employers. I understand that that is the objective the Commonwealth Government has in view in connection with Australia's war effort and not to declare by statute that unionists shall enjoy preference. Rather does the Commonwealth Government intend to provide for preference to unionists where it can be secured by mutual arrangement and in a spirit of give and take. After all, reason is the only factor that matters in war or peace and is the only one that will get us anywhere.

Hon. T. Moore: There is not much reason apparent in the present war.

Hon. J. CORNELL: We reason that the other fellow is wrong; he reasons that we are wrong. When the time comes, and it will come as surely as night follows the day, just as it did after the 1914-18 war, peace terms will have to be arranged on the basis of reason. That will have to be so, just as an industrial strike is fixed up by a few people sitting at a conference table and reasoning together on a hard matter-of-fact basis.

The Bill includes quite a number of minor amendments that could with advantage be adopted, but even so some of them will have a very far-reaching effect, far beyond that of the present law. What I have to ask myself is: Where a union has fought down the years and has secured improved hours and working conditions, either by way of negotiation with the employers or by means

of an award of the Arbitration Court, and now is standing up well to the appeals made to it to aid the national war effort, and, in doing so, more or less puts aside some of the advantages it has gained, what is to be its position? I instance the apprenticeship question as indicative of the setting aside of industrial advantages gained in past years. In that and other matters unions have put aside benefits for which they have fought and for the retention of which they are entitled to hold out.

In light of war-time requirements such benefits have been put aside by the men who have said, "Well, circumstances confronting us today demand that we shall help the national war effort and in order to help we are prepared to give up a good deal for the time being and relinquish much that we fought for and won." Mr. Seddon will bear me out that if it had been suggested 2½ years ago to moulders and others employed in the Kalgoorlie Foundry that they should work 12-hour shifts, they would have promptly expressed the wish that we would repair to the netherworld. Yet we find that the moulders and others at the foundry are working 12-hour shifts, and the same applies to other foundries as well. Notwithstanding that, we are asked by the Bill to agree to something that is rather reverse of the policy the unions have adopted in resorting to reason.

What is fundamentally wrong with the Bill is that more than 80 per cent. of it has been drafted as though there was no war in progress. It is time the Government woke up and viewed the situation in the light that the average worker does today. Unless hardship is being imposed upon factory workers—I have not heard of anyone dying from any such cause, although Dr. Hislop may know of some—we should leave well alone. If there are hardships that should receive attention, then legislation should be introduced to remove the disabilities. In the light of existing circumstances, I do not feel inclined to agree to altering conditions to make them easier than they are today. I regard it as mere subterfuge to say that there are many workers engaged in factories who cannot belong to any union. Anyone closely associated with the industrial movement knows that organised labour controls factories largely through Arbitration Court awards. While I am prepared to vote for the second reading of the Bill, it embodies features that I shall strenuously oppose when the measure reaches the Committee stage.

On motion by Hon. J. M. Macfarlane, debate adjourned.

BILL—MAIN ROADS ACT (FUNDS APPROPRIATION) (No. 2).

Second Reading.

Debate resumed from the previous day.

HON. H. SEDDON (North-East) [5.25]: The Bill is one that is very familiar to all of us and seeks once more to secure the consent of the House to the transfer of traffic fees. Associated with the proposal has been a certain amount of reference to the Commonwealth Grants Commission and its reports. In fact, that has constituted one of the principal features of the debate. Personally I think that the attitude of local governing bodies has been very strenuously stressed to the House ever since the Main Roads Act was placed on the statute-book. From the very first inquiry instituted by a select committee of this Chamber, the fact was demonstrated that local authorities were very concerned about the interference with their revenue, which was even then proposed. Although the Bill now under consideration proposes to make up the revenue which will be taken from the traffic fees by a corresponding contribution from the Commonwealth Main Roads grant, the fact remains that local authorities are very concerned about any attempt to interfere with existing conditions. Local government finance is largely dependent upon traffic fees, especially in connection with bodies operating in the outer areas. In Western Australia the road districts are very large with scattered populations. It is necessary that they should have the full benefit of the revenue from traffic fees, and on that account alone—even the Government recognises that—any attempt to interfere with the revenue of country road boards would be disastrous.

There is this feature about main road work that has been more or less kept in the background. It is that much of the road construction has been undertaken as relief work. When we remember that fact, we realise that the argument that local authorities should bear a share of the capital charges

associated with that work rather loses much of its weight, because relief work affords an opportunity to the Government to carry out its policy. We can reasonably expect the Government to meet its share of the expenditure by construction of road works.

Reference has, of course, been made to State disabilities. In my opinion, the greatest disabilities of Western Australia are those of area and of small population. I rather deprecate the idea of suggesting that Federal policy has a great deal to do with our disabilities. On that point I would like to stress that as regards the development of our secondary industries much of the disability under which those industries labour is due to the Government's industrial policy. That point has been stressed in the debate on a previous Bill today. The point was driven home by the Commonwealth Grants Commission when it indicated the effect of the industrial policy of the Government in establishing a loading on secondary industries. From that angle the State Government must accept its responsibilities. We have to remember, with regard to the competition of Eastern States products, that there is a natural protection between the Eastern States and ourselves in the form of freight and handling charges. In spite of this complaints are made of the severity of competition between the Eastern States and our secondary industries.

There is another feature also that we might well take into consideration. We have a big advantage, at any rate in one respect, over South Australia. Western Australia has a natural fuel, which South Australia has not; and that should be a factor enabling us to secure a very great advantage over South Australia and over the manufactures carried on in that State. Reference has been made to the differences in Commonwealth grant allocations. It is interesting to note how the question of the Commonwealth grants has varied since the Commonwealth Parliament first established the Commonwealth Grants Commission. Members will recollect that at that time the great point made was that this State was suffering disabilities through Federal policy. It is well to note that the Commonwealth Grants Commissioners in their report point out that the basis has varied in its approach from the standpoint of disabilities due to Federal policy to the question of the financial needs of this State. In their last report there is an indication that the Grants Commissioners are going even further. In his reply to the letter from Sir Hal Colebatch which appeared in the Press, Sir George Pearce on the 2nd October indicated that intention, and pointed out that one of the factors which the Grants Commission was taking into consideration, and in fact one which had influenced it in the making of grants, was the question of efficiency of administration. In my opinion that is a very important step forward.

If we view the relative grant which should be made from that angle, we perhaps will not be so keen to criticise the apparent disadvantages that the Grants Commission has placed on Western Australia. In the Commission's latest report, on page 57, paragraph 124, reference is made to that aspect. There the Commission, alluding to the relative financial positions of the States, indicates that one of the factors is the standard of economy in expenditure. The Commissioners further subdivide the question into scale of social services and cost of administration. They also refer to the standard of effort in raising revenue, which involves severity of taxation, including local government taxation, and the scale of payments for services. Lastly they mention the maintenance of capital equipment.

It will be readily recognised that those factors are definitely efficiency factors, and therefore I was rather surprised to hear members, in the course of their remarks on this Bill, stress that the State was being penalised because of its policy with regard to the transfer of motor fees, while they entirely ignored what they had repeatedly stated on other occasions.

Hon. A. Thomson: That was a statement made by the Premier.

Hon. H. SEDDON: Again and again members have deplored the constantly rising Government expenditure in Western Australia, and the chasing of that expenditure by revenue year after year, and the Government's efforts to increase the revenue so as to overtake the expenditure which it authorises. Again and again members have pointed out the Government's record of rising expenditure year by year, but there has been no indication that we have received increasing value for that increase, nor have I heard the Government, in defending itself against those

charges, put forward any plea of efficiency. Obviously if grants to States are to be based on the question of efficiency, that is a highly important factor, and one which will have to be considered by our State Government in the future, if Western Australia is to receive better consideration from the Commonwealth Grants Commission.

Interesting figures have been stressed in this Chamber and have been used in the report of the Commonwealth Grants Commission as to our expenditure in comparison with that of other States, and as to our loan expenditure and loan losses. These again are efficiency factors of great importance. What has been the Government's record with regard to finance? Has it not year after year raised the income tax until at the present time the income tax includes the financial emergency tax as well as the ordinary tax? For the last three sessions Bills have been brought forward in which the Government, having exhausted the proceeds of direct taxation, has endeavoured to filch revenue from other bodies and authorities. We had the attempt to take the traffic fees. We had the attempt, in a Bill which has gone through, to make local governing bodies and the insurance companies shoulder some of the Government's responsibilities. Recently we had the Bill dealing with the Perth tramways. All these Bills indicated that the Government had exhausted its powers with regard to direct taxation and was endeavouring to encroach on the field of local authorities.

Hon. J. J. Holmes: The Government had £300,000 more revenue last year than in the year before.

Hon. H. SEDDON: In support of that argument may I refer to the chapter of the Grants Commission's report dealing with sources of taxation. On page 61 we find a table setting out an index of the severity of taxation for the years 1939 and 1940 in various States. From that index we find that the State of South Australia, with which comparisons have been made in this Chamber, has a severity index of practically 117, whereas that of Western Australia is 109. When we get down to the actual figures of per capita expenditure from Consolidated Revenue, South Australia's is shown at £21 12s. and Western Australia's at £24 3s. Corrected to a comparison on the basis of purchasing power, expenditure from Consolidated Revenue per head in South Australia was £13 5s. 8d. and in Western Australia £14 16s. 6d. Thus it will be seen that in both sets of figures the comparison is to the detriment of Western Australia. Coming to the question of debt charges per head of population, we find that South Australia is fifth on the list of the States with a mere £8 15s. 9d., and that Western Australia's charge is £9 12s. Again the comparison is to the detriment of Western Australia. Now turning to loan losses per head during the same period, South Australia's proportion is one-eighth and Western Australia's one-third. Those are highly significant figures. They are figures which give us cause for serious thought, especially today, when we are supposed to be conserving every penny we can in order that the money may be devoted to war services.

Another significant comparison appears on page 127 of the Commission's report, in a table which points out that the increase in loan expenditure during 11 years was 18 per cent. for South Australia and 39 per cent. for our State. In the text of their report the Commissioners point out that in 1940 Western Australia had the unenviable record of no less than £27 per head of loan expenditure over a period of five years, compared with a Commonwealth average of £14. It is interesting to note that the Federal road grant for South Australia was £449,559, and that for Western Australia £855,522. The Government of this State, so far as Federal road grants are concerned, in comparison with the amounts received by South Australia, has no cause for complaint. There is a table on page 117 of the Commission's report dealing with the payments to various States, and one or two outstanding items may be referred to. With regard to payments for iron and steel, it appears that Western Australia has received a sum of £370, compared with nothing received by South Australia. In the matter of wire-netting, Western Australia has received £83. On the other hand, South Australia received £16,753 to help her with regard to the sulphur industry.

As members know, this State for years has been allowing thousands of tons of sulphur to go to waste every year. There is no reason why if we had applied a little technical knowledge and efficiency to that branch

of our secondary industries, we should not have had a proportion of the bonus that has gone to South Australia. With regard to wheat, South Australia received £436,667, compared with Western Australia's £497,888. There are other items that could also be compared. The significance of the table is this: The total amount of Federal money paid to South Australia, £7,500,000, compared with £5,750,000 paid to Western Australia, works out on a per capita basis at £13 for South Australia and £12.9 per head for Western Australia.

We may justify the adoption of a higher industrial standard in Western Australia than has been applied in the other States, but if we do, why not let us say so rather than endeavour to obscure the position by casting the blame on the Federal Government or the Commonwealth Grants Commission? The attitude of the people who blame the Commission because they do not get as much as they expected is very undesirable. It is something like the spoilt child who growls because his brother has received more than he has. We have heard from time to time references to the mendicant States. I am sure the attitude adopted by many people in this State tends to encourage those references. It is entirely wrong.

Hon. A. Thomson: Did not the Commission say we were penalised to the extent of £60,000 because we did not do certain things?

Hon. H. SEDDON: The Commission did make such a reference. I point out that that is only one item compared with the much more important items of our industrial policy, our loan expenditure, our Consolidated Revenue expenditure, the efficiency of our administration and, most of all, the question of our thriftless and mis-directed policy.

Hon. W. J. Mann: This State has no monopoly in that.

Hon. H. SEDDON: I do not say so. The correct attitude for us to adopt is to direct our attention towards the establishment of efficiency in administration and efficiency throughout the community. By adopting such a policy we may then feel that the Commonwealth Grants Commission, which in turn adopts that policy in dealing with grants to the States, will recognise what we are doing and extend to Western Australia consideration on the basis to which at present we are not entitled. The position is judged by results.

The figures I have quoted are taken from the reports of the Commission. They confirm other figures which have been placed before the House from time to time when Government finance has been under discussion. There is a line of approach there in the direction of pressing for efficiency of administration and of expenditure, rather than placing the blame on the Commission, and endeavouring to hide that inefficiency by asking the Commission to grant us further financial assistance, ignoring the fact that that body has already given us favourable consideration in other directions.

In the interests of local authorities we should be prepared to oppose this Bill. My main reason for that view is that the work that has been carried out by the Main Roads Department has been constructed in accordance with the Government policy of relief work. Local authorities should not be asked to bear the capital charges associated with such work, which is a matter of Government policy and should be borne by the whole State. Although the proposal is to make up to the local authorities through the Federal money what they will lose in the way of traffic fees, the fact remains that the revenue from petrol has materially declined, and the local authorities would be well advised, as we would be well advised in assisting them, to retain the revenue they receive from motor fees, leaving it to the Government to make its own adjustments. I oppose the second reading.

HON. G. B. WOOD (East) [5.52]: I do not intend to go into facts and figures with regard to the Commonwealth Grants Commission or to deal with the question of whether that body has forced this State into a certain position. Perhaps the Government might have taken a stronger stand instead of giving way and endeavouring to induce Parliament to do something which I regard as highly undesirable. I have opposed measures similar to this in the last few years, and I offer the same opposition to this one. Usually we receive a number of letters from local governing bodies asking us to oppose these particualr Bills. On this occasion, however, I do not think members have received such communications. Probably so much pressure has been brought to bear upon us in the past that the local authori-

ties have left it to our good judgment to do what we think best on the present occasion.

Metropolitan boards will not suffer by this legislation, because what is taken from them on the one hand will be passed back to them on the other. Country road boards will, however, suffer to a certain extent if this Bill becomes law. Mr. Craig said that most of the work in the country had already been done. I take strong exception to that remark. The work may have been done in the South-West, because I think that part of the country has had more favourable consideration than any other part of the State has so far received.

Hon. H. Tuckey: There is still plenty of work to do down there.

Hon. G. B. WOOD: I am very glad to hear that interjection. If there is plenty of work to do in the South-West, there must be ten times as much to do in other places. As an illustration of that I would refer to the road from York to Bruce Rock, a very important thoroughfare. The shocking condition of that road demonstrates that everything has not been done in the country districts. I know of other roads in a similar condition.

If we pass this Bill, country road boards will definitely suffer. It may be said that the men are not available in the country to do the work, and that no bitumen, etc., is obtainable. The time will come, however, when we shall require every penny we can get to complete the programme of road works that has already been arranged. I know that Mr. Tindale had certain ideas on this subject and had a programme of works mapped out. It is desirable that that programme should be completed.

Hon. A. Thomson: A programme has been laid down?

Hon. G. B. WOOD: Yes. We should not interfere with the plans that have been made for the expenditure of this money on roads. I am not going to be a party to placing this Bill on the statute-book, and therefore oppose the second reading.

HON. J. A. DIMMITT (Metropolitan-Suburban) [5.55]: The Government can at least be credited with consistency and persistence in its advocacy of the transfer of traffic fees to other purposes.

Hon. G. B. Wood: I hope you do not think that makes the position right.

Hon. J. A. DIMMITT: The Government has to some extent been put on the spot by the Commonwealth Grants Commission. The Bill constitutes a move to take 22½ per cent. from the metropolitan traffic fees, which would normally go to the Commissioner for Main Roads, pay that money into Consolidated Revenue, and then take from the petrol tax fund the equivalent amount, and reimburse the Commissioner for Main Roads. That to me savours of cutting off one end of a blanket and sewing it on to the other end, leaving the blanket the same length as it was before.

Surely the Government does not hope to deceive the Commonwealth Grants Commission by such action, and surely, too, the Commission does not intend to attempt to deceive itself. If the Commission is going to be satisfied with such financial jugglery, it is time that body was very closely reviewed. It is so narrow and sectional to ask motorists of the metropolitan area to hold themselves responsible for paying into Consolidated Revenue a sum of approximately £30,000, which is virtually what this Bill asks for. The principle is, I contend, wrong.

If we pass this measure, I am sure we shall be accepting as a principle something that may react very unfavourably on some future occasion, such as a financial emergency or a time of great stress. Should such a set of circumstances arise, the precedent that will be established if this Bill be passed would lead any Government to make further inroads into the traffic fees, until the time may arrive when all the traffic fees will find their way into Consolidated Revenue. If such an unhappy state of affairs should eventuate, the local governing authorities would be forced to go cap-in-hand to the Government to ask for that to which they have a statutory right today.

Hon. A. Thomson: Or increase their rates.

Hon. J. A. DIMMITT: One or the other. I sympathise with the Government because of its need for finance, but I am going to be just as persistent and consistent in my opposition to this measure as it has been in its advocacy of it.

On motion by Hon. V. Hamersley, debate adjourned.

House adjourned at 6 p.m.