

Legislative Council

Tuesday, 23rd July, 1957.

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

ADDRESS-IN-REPLY.

Presentation.

The PRESIDENT: I desire to announce that, accompanied by several members, I waited on His Excellency the Governor and presented the Address-in-reply to His Excellency's Speech, agreed to by the House. His Excellency has been pleased to make the following reply:—

Mr. President and hon. members of the Legislative Council: I thank you for your expressions of loyalty to Her Most Gracious Majesty the Queen, and for your Address-in-reply to the Speech with which I opened Parliament.

RAIL CLOSURES MOTION.

Presidential Remarks on Point of Order.

The PRESIDENT: In connection with the point of order raised by Hon. A. R. Jones on Thursday last, I have obtained copies of the speeches made by Mr. Jones on Tuesday, the 16th July, and by Hon. F. J. S. Wise on Thursday, the 18th July, and will quote from both those speeches. On Tuesday, the 16th July, Mr. Jones had this to say—

It was rather surprising to me, and I cannot suggest the reason for it, that the Premier did not even have the courtesy to reply to my letter until after that rail service had been discontinued. When he did reply, he said that all he had promised had been taken care of and that investigations had been made. That was, of course, a deliberate lie. They had not been taken care of and no investigation had been made at the level which the Premier promised the deputation a few weeks before would be made.

On Thursday, the 18th, Mr. Wise said—

Much of that has been said; but members have studiously avoided the uncomfortable things that affect them, and they have been pleased to pillory the Minister—never mind this soft-soap solace that they express in connection with what he has to put up with; the Minister has been attacked as a liar—and say that he has told lies in this matter. So why be finicking about things that are relevant but that have not been raised!

I suggest the matter be not proceeded with.

QUESTIONS.

RAILWAYS.

(a) Tonnages Handled, Kalgoorlie Goods Sheds.

Hon. J. M. A. CUNNINGHAM asked the Minister for Railways:

(1) What tonnage of paying goods was handled through the Kalgoorlie goods sheds in the 12 months ended—

- (a) the 30th June, 1912;
- (b) the 30th June, 1956?

(2) What work force was employed to handle such goods in these sheds for the respective periods?

The MINISTER replied:

Details for the year ended the 30th June, 1912, are not available. For the year ended the 30th June, 1956, the figures are: tonnage, 26,400 tons; staff, 35.

(b) Tonnages of Timber, etc., Transported from Wundowie.

Hon. N. E. BAXTER asked the Minister for Railways:

What was the total tonnage of—

- (1) timber;
- (2) pig iron;
- (3) other commodities,

transported from Wundowie to—

- (a) the metropolitan area;
- (b) any other places,

during the years ended the 30th June, 1956 and 1957?

The MINISTER replied:

(1) Timber—

| | 1955-56. | 1956-57. |
|-----------------------|-------------|-------------|
| (a) 5,951 loads | 5,951 loads | 5,144 loads |
| (b) 560 loads | 560 loads | 625 loads. |

(2) Pig Iron—

| | | |
|-----------------------|--------------|--------------|
| (a) 12,757 tons | 12,757 tons. | 14,908 tons. |
| (b) Nil | Nil | Nil |

(3) Other—

| | | |
|--------------------|----------|-----------|
| (a) 390 tons | 390 tons | 389 tons. |
| (b) Nil | Nil | Nil |

(c) *Suburban Diesel Services and Number of Passengers.*

Hon. A. R. JONES asked the Minister for Railways:

(1) What was the schedule to which passenger trains ran between Bellevue and Perth before December, 1956?

(2) How many diesel locomotives or diesel coaches were used on the service at that time?

(3) What is the schedule to which passenger trains are running today between Bellevue and Perth?

(4) How many diesel locomotives or diesel coaches are used in the service at the present time?

(5) Is there any appreciable increase or decrease in the number of passengers carried between the 1st July and the 31st December, 1956, as against from the 1st January to the 30th June, 1957?

The MINISTER replied:

(1) and (3) The time-table which I will table shows the schedules prior to December, 1956, there having been no variations between then and the present, except minor timing alterations.

(2) and (4) No diesel locomotives are used on suburban services. Twelve diesel cars are rostered daily for service on all suburban lines including the Perth-Bellevue section, and are interlinked through all services.

(5) The increase in passenger journeys during the period from the 1st January, 1957, to the 30th June, 1957, compared with the period from the 1st July, 1956, to the 31st December, 1956, was 91,784.

ALBANY REGIONAL HOSPITAL

Acreage Secured at Spencer Park Site.

Hon. J. McI. THOMSON asked the Chief Secretary:

(1) How many acres of land has the Government secured at the Spencer Park site for the Albany regional hospital?

(2) In planning the lay-out of this proposed building, has the Public Works Department taken into full account the expansion, and lay-out of the future hospitalisation that will be required to meet the needs of the increased population contemplated within the Albany regional area in the years to come?

The CHIEF SECRETARY replied:

(1) An area of 22 acres.

(2) Yes.

PHYSICAL EDUCATION.

Staff Employed, Salaries, etc.

Hon. N. E. BAXTER asked the Chief Secretary:

(1) What is the number of staff employed by the Education Department in connection with physical education—

(a) in the country;

(b) in the metropolitan area?

(2) What is the total amount of salaries per annum paid to such staff?

(3) How many motor-vehicles are used by such staff; and what is the cost per annum of operation and maintenance of the vehicles?

The CHIEF SECRETARY replied:

(1) The number of advisory staff employed by the Education Department in connection with physical education totals nine.

(a) In country—2.

(b) In metropolitan area—1.

(c) Half-time country, half-time metropolitan area—6.

(2) Total salary per annum—£10,995.

(3) Officers concerned use their own cars or public transport.

LEAVE OF ABSENCE.

On motion by Hon. F. R. H. Lavery, leave of absence for 12 consecutive sittings granted to Hon. E. M. Davies (West) on the ground of private business.

On motion by Hon. H. K. Watson, leave of absence for 12 consecutive sittings granted to Hon. J. G. Hislop (Metropolitan) on the ground of private business.

BILL—SUPPLY (No. 1), £21,000,000.

Second Reading.

Debate resumed from the 16th July.

HON. C. H. SIMPSON (Midland) [4.45]: The Supply Bill was introduced in this House a week ago, and I think it must have been accompanied by the shortest speech on record; it occupies 27 lines in Hansard.

The Supply Bill seeks approval for supply to the Government of an amount totalling £21,000,000, which is an increase of £2,000,000 over the amount asked for last year. The sum requested for Consolidated Revenue is £15,000,000 as against £13,000,000 last year; the amount requested for loan funds is £4,000,000, the same as last year; and the Treasurer's Advance is £2,000,000 which, again, is the same as last year. We have also been assured that the Estimates will be presented early.

The reasons given for the increase are increased costs, notably of health and education. I will deal later with some of the reasons why, in my opinion, the cost of such services will have been increased. No mention was made in the introductory speech of the anticipated extra deficit of the railways, which is about £2,500,000 more than this year, or the year before. I shall also make reference to that later in my speech. It seems odd that that amount should not have been specially mentioned, in view of the fact that it is a pretty considerable sum; and, as I have said, I will deal later in my speech with the various issues raised.

As I would not like this speech to be wholly couched in terms of complaint or adverse criticism, I will start off by giving a bouquet to the Government for the work it is doing on the Guildford-rd. and particularly, on that dog leg bend at Whatley crossing, which has been a headache for some years. Now that work is proceeding, it will make quite a good road at that point and avoid that awkward turn—I might say dangerous turn—which has been troublesome for some years.

I would like to qualify my remarks with this comment: A Bill giving the Government power to effect repairs on this very important road was passed—I speak from memory—in 1953. It must have been that year because the following year was the year of the Queen's visit. The Royal cavalcade proceeding to Northam actually travelled over that road, the first section of which was then in the process of being done. It seems a long time for a road only seven miles in length to have been under construction, for it is still only half completed. However, for what has been done, we are very grateful. It has been a very good job.

Members will recall that the debate on the Address-in-reply collapsed suddenly. I think it was a case of some members waiting for others. However that may be, it is quite probable that opportunity will be taken on this Bill to say a good deal of what some members desired to say on the Address-in-reply. Up to a point I shall be no exception to that rule.

One matter I certainly would have mentioned is the need for urgent attention to the Geraldton harbour. The Minister knows all about the particular wants of that centre, and up to a point he has been considerate. He went there and examined the position thoroughly; and he was instrumental in getting fendering done on the wharf which, so far as it goes, will be a decided improvement.

I think, too, he realises that on this No. 2 harbour in the State—it is second only to Fremantle—a great deal more work has to be done to make it properly seaworthy for the vessels coming in there. The tendency these days is to build larger and larger ships, with the result that, while the harbour was quite safe for vessels some years ago, today the tendency is for quite a number of ships to by-pass it, and this is affecting the trade in the port. I shall not labour this point, because I spoke on it last year, and the position is still much the same as it was then.

Another item of interest to Geraldton is the suggestion that if the Commonwealth Government does agree to the export of iron ore, attention will be given to a considerable deposit of high-grade ore at Talling Peak. This is easily the nearest iron ore deposit to Geraldton, and I would say that Geraldton is probably the nearest point to the ultimate destination of the ore.

The Talling deposit is located near Mullewa or Pindar, at which centre I carried on business for a long time; and it is well known to be high grade.

I made inquiries about it when I first entered the House, and was given some details in regard to the deposit; and I had further inquiries made when I was the Minister in charge of the department, the result of those inquiries confirming the information I already had. But owing to the attitude of the Federal Government, which is soundly based, there is the question of getting permission to export large quantities of iron ore; and those of us who are directly interested are hoping that the claims of Talling Peak will be recognised. After all, I understand it is departmental policy, other things being equal, to work the smaller and more accessible deposits rather than to deplete the big reserves such as those at Koolyanobbing.

Another point of interest to the district I represent is the question of light land development. No opportunity should be lost to remind, from time to time, the Government or the Agricultural Department of the claims of those who are trying to develop holdings in this area. Some of these people are having a lean time.

A further question of interest to my district is the suggested west coast road which might run from Dongara to Yanchep, and which would be of tremendous assistance in opening up the country between the Midland line and the coast. After all, it is about 70 miles at the widest point from the Midland railway to the coast; so one can see that if there is any possibility of development in that area, there is ample room for an additional road to run parallel with the existing railway.

Something else that requires attention is the making of roads, which were approved years ago, in various places along railway lines. One I have in mind is the section from Northam to Mullewa, which has been surfaced in places, here and there, and now requires only a relatively short number of leads to be attended to—not a big mileage in all—to make it an adequate alternative to the present road from Perth to Geraldton. This would appreciably lessen the amount of traffic which is now carried on the Geraldton-Perth road.

There is, I notice, a proposal to give attention to the Albany regional hospital, which is long overdue; but I remind the Government that the Geraldton regional hospital is also in the same category, and that we have a claim for some attention in that respect, too.

I do not want to labour the railway questions—they were very fully discussed last week—but I do repeat the question which was posed to the Minister then: Will he explain the £7,300,000 anticipated deficit for this year? In reply to a question asked by me, the Minister explained that the railway deficit for this last year was £4,600,000, in round figures.

The Minister for Railways: That was for 1956-57.

Hon. C. H. SIMPSON: That is the full amount?

The Minister for Railways: Yes.

Hon. C. H. SIMPSON: In 1955-56 it was, in round figures, about £4,700,000, approximately the same amount. As the Government has declared its intention to effect all possible economies, one would think that an increase of, say, £2,600,000 in a year—a year when economies, presumably, would be coming into effect—

The Minister for Railways: When we are not allowed to effect them, you mean.

Hon. C. H. SIMPSON:—would be a matter which would be referred to in the speech asking for Supply; but in any case the question as to why this wide discrepancy, which represents a 50 per cent. increase should be estimated for this year, is important enough to warrant a full explanation being given to the House.

The other night my friend, Mr. Wise, took me to task for having achieved a record cost per train mile—I presume he meant for the year 1953. This reference is quite legitimate. But I do suggest that in this instance it is taken out of its context; because, if we estimate the cost per train mile on a reduced mileage, which was the effect of the railway strike, then we must also take into account the corresponding increased revenue per train mile during that period.

The strike, admittedly, finished in 1952—which was part of the 1952-53 financial year—but it took about 15 months to recover from the effects of the strike; and during that time engines were gradually being brought back into service, and it was not until well into 1953 that the full complement of engines was restored to the railways. This naturally had a considerable effect on the miles run by the trains.

It may be said that the strike need not have lasted so long, irrespective of what its effects may have been. But what was the alternative? This was a strike, which, undoubtedly, was fomented and kept going by subversive elements from the Eastern States. Those people raised exactly the same questions in their own States, but the strikers went back to work within a very short period of weeks.

Here the strike was kept going for 5½ months, and to have acceded to the strikers' demands would have meant a cost to the railways alone of £1,250,000 per year. If we had agreed to their terms, every other industry affected would have been brought into line and would have had to make similar concessions. That would

have been the position had we surrendered, and it could have affected the stability of the whole Commonwealth.

The Minister for Railways: What did it cost?

Hon. C. H. SIMPSON: It is hard to estimate the cost, because it was a cost not only to the railways but also to those people who had to cart their own goods or pay the extra for cartage by road.

The Minister for Railways: But they did not protest about it.

Hon. C. H. SIMPSON: It would be hard to estimate the total cost of the strike, but it was probably anything from £5,000,000 to £8,000,000. That was the considered estimate at the time. I leave the question at that. While Mr. Wise's figure was undoubtedly correct, and I accept it as such, there is an explanation for the figure; and if one divides a reduced number of train miles into expenses or revenue, one gets a correspondingly higher figure.

I was most interested in Mr. Wise's remarks about the potentialities of the North. One point which I did pick up was the statement, which he repeated, of Mr. Calwell, the Deputy Leader of the Federal Opposition. Mr. Calwell said that the Commonwealth might, with advantage, spend £60,000,000 a year on the Northern Territory. Mr. Calwell occupies a very responsible position and could, in years to come, be the Prime Minister of the Commonwealth. So it is only common-sense to treat what he says with great attention. Mr. Wise rightly said that treatment like that could be extended to the whole of the North. I entirely agree with him, and I am wondering what the hon. member had in mind.

Was he suggesting that the North of our own State, as well as the Northern Territory, be placed under Federal control? Because, if he was, there is a considerable body of opinion which might agree with him. I am not saying that from any political angle, but from the angle that a territory which is directly the concern of a body which makes finance available has a voice in stressing its needs from time to time, and usually makes better progress than when it is part of another territory which, by and large, is subject to the limitations of the various formulæ imposed by Federal and State Governments.

Hon. F. J. S. Wise: I neither inferred it, nor did I support it.

Hon. C. H. SIMPSON: I just asked the question. Touching now on the question of finance, with which this Bill deals, I shall mention Commonwealth-State relationships; and I would like to quote from some figures which I have showing that the Commonwealth, on the whole, has been generous so far as Western Australia is concerned. The figures I intend

to quote should be summarised under five headings—remarks regarding Western Australia; Commonwealth tax collections; Commonwealth expenditure; Commonwealth percentage under each heading; and a final paragraph to show that Western Australia, per capita, is treated better than any of the other States. The first extract reads as follows:—

The ratio of rural income to total income in Western Australia is much higher than the Australian average. Rural incomes are subject to wide fluctuations being directly correlated to prices in the open world market. Our capacity to influence these prices is almost nil. Therefore Western Australia is a dependent economy to a greater extent than Australia as a whole.

That is true of our staple exports such as wheat, wool, gold, minerals, etc.

The marked inequality of income in Western Australia during the boom in primary products prices, mainly wool, of 1951-52 meant that under a system of progressive taxation our collections for the tax year ended the 30th June, 1952, and the 30th June, 1953, almost doubled from the figures for the previous year. Whilst rural incomes were only 25 per cent. of the total incomes they accounted for 50 per cent of the tax.

In regard to the second point—to show the whole picture—the total tax collections from all sources in the Commonwealth for the period under review—that is from 1952 to 1956—were as follows:—

| Year. | Amount. |
|-----------|-------------|
| | £ |
| 30/6/1952 | 934,000,000 |
| 30/6/1953 | 895,000,000 |
| 30/6/1954 | 889,000,000 |
| 30/6/1955 | 930,000,000 |
| 30/6/1956 | 997,000,000 |

It might be interesting to see how the figure for the year 1956—£997,000,000—was made up, and how it was spent. In addition to the £997,000,000 in taxation, other revenue amounted to £43,000,000, making a total income of £1,040,000,000, made up as follows:—

| | Per Cent. |
|--------------|-----------|
| Income tax | 56 |
| Customs duty | 8 |
| Excise | 16 |
| Sales tax | 10½ |
| Pay-roll tax | 4½ |
| Estate duty | 1 |
| Other | 4 |

making a total of 100 per cent. The split-up of expenditure was as follows:—

| | £ | % |
|----------------------------|-------------|----|
| Defence | 191,000,000 | 19 |
| Repatriation | 125,000,000 | 12 |
| Distribution to the States | 220,000,000 | 21 |

| | £ | % |
|----------------------------|-------------|----|
| Social services | 215,000,000 | 21 |
| Business undertakings loss | 39,000,000 | 3½ |
| Territories | 20,000,000 | 2 |
| Commonwealth departments | 53,000,000 | 5 |
| Bounties and subsidies | 17,000,000 | 1½ |
| Capital works and services | 62,000,000 | 6 |
| Loan consolidation | 62,000,000 | 6 |
| Interest and sinking fund | 9,000,000 | 3 |
| Immigration | 8,000,000 | |
| Miscellaneous | 19,000,000 | |

Those last three items together made 3 per cent., and the total was £1,040,000,000. That shows what revenue the Commonwealth received, and how that money was spent. Referring again to Mr. Calwell's suggestion that £60,000,000 per annum be spent in one part of Australia, I am wondering how the Commonwealth Government could do it.

The Minister for Railways: The Commonwealth Government had a surplus, did it not?

Hon. C. H. SIMPSON: I was just asking. I have outlined the manner in which the money is collected, and I have shown the calls that are made on it—they are represented by the actual spending.

The Minister for Railways: I thought there was over £100,000,000 surplus.

Hon. C. H. SIMPSON: For 1956.

The Minister for Railways: Yes.

Hon. C. H. SIMPSON: Those are the amounts that are set out in the Budget as the intended expenditure. Whether the money was spent, I do not know. However, that sort of thing occurs with all budgets; and small amounts, under different headings, are not spent in different years. But that does not alter the fact that, generally speaking, the commitments are set out; and sometimes those commitments are carried forward to the next financial year.

As regards grants to the various States, the road grant to Western Australia from the petrol tax was £6,160,000, and other grants amounted to £1,315,000. The figures reveal that the tax reimbursement per head to Western Australia is £17 13s. 7d., with a special reimbursement of £2 4s. 8d., and a disabilities grant of £13 8s. 8d., as well as £12 5s. 6d. for road grant, other grants, etc., making a total per head of £45 12s. 5d., which, under every heading, is the highest for the Commonwealth.

It might be interesting to know exactly what amount per head is distributed to the other States. As I have said, the amount for Western Australia is £45 12s. 5d., and for the other States it is as follows:—

| | £ | s. | d. |
|-----------------|----|----|----|
| New South Wales | 22 | 10 | 1 |
| Victoria | 21 | 2 | 11 |
| Queensland | 26 | 5 | 4 |
| South Australia | 31 | 4 | 3 |
| Tasmania | 36 | 5 | 7 |

The average per capita for the whole of the States is £25 12s. 2d. I might state that the system of allocating amounts to the various States, and particularly in recognising the claims of the claimant States against those of the standard States, operated before uniform taxation and would continue to operate if uniform taxation were abolished. The figures are assessed by the Grants Commission.

I now intend to quote—because it is a matter concerning Western Australia and the question of Commonwealth-State relationships—some short extracts from a memo submitted to the Commonwealth committee dealing with the question of the Federal Constitution. Those remarks were furnished by Hon. Sir Harold Seddon, and I think they will be interesting to most people and of special interest to members of this House because of that gentleman's long association with this Chamber. He said—

The present conditions differ in many respects from the original intention of Federation. Governments, State and Federal, have extended their activities in many directions. The lives of the people have been affected and at least one very serious economic crisis developed. The Australian currency is now managed currency and is at a discount, compared with sterling, of 25 per cent. There is no longer a free market for gold, nor is the citizen allowed to hold more than a very small amount of gold coin. His freedom of employment has seriously suffered. He now pays many taxes including Federal income tax, unknown at the time of Federation. The Australian economy is very seriously out of balance. The number of persons in proportion to the population who are directly or indirectly employed by Government, Commonwealth, State, Semi-governmental or local and metropolitan is very large and is still increasing.

The rural industries, exporting industries including goldmining are only able to carry on by direct or concealed subsidies. The outer areas suffer many disabilities compared with the capital cities. Their opportunities for employment are very limited. Educational

facilities again are limited. The concentration of population in metropolitan areas has absorbed expenditure which should have been devoted to the needs of the outer areas.

The Arbitration Court awards have given the sheltered industries large advantages in remuneration and hours, conditions and amenities. The exporting industries have to take the world's market prices for their products. Their costs are largely affected by the burden of the prices created by the sheltered industries.

At the time of federation the fields of activity and the responsibility for finance were clearly defined. The burden of development fell on the States. The raising of loans was a matter for individual States, and competition for many years was not adverse to sound finance. At present the competition for funds between the States at the Loan Council and the attacks on the Commonwealth for a greater share in Commonwealth revenues have created a vicious position which is exploited for political purposes. The position where one authority collects money and another spends it is becoming more and more intolerable. It is deliberately used to cloud the issue and conceal the responsibility for extravagance by the State governments. The areas and directions of expenditure should be separated and clearly defined.

Sir Harold goes on to suggest a formula under which new States could be formed. He says:—

The provision should be made for portion of an original State to become separate if its people so desire, regardless of the wishes of the rest of such State; the determination of a formula on which such a portion may take action; the method of taking action and the basis on which a favourable vote may be declared; the need for government of very thinly populated areas to be taken over by the Commonwealth as territory; the extent to which the loan investor is being penalised by loan conditions, the absence of means for discussing terms and disabilities; the unfavourable effect of the attractiveness of other forms of investment, the deception due to the use of funds for other purposes than those advertised; to use the provisions of Sections 101/103 to empower an interstate commission to approach the High Court on any law or regulation promulgated that appears to encroach on individual citizens' rights without protection of Parliament.

While the idea of election of both Federal Chambers by adult franchise was adopted at federation, the Senate was intended not only to be a House of Review but also to see that the

sovereignty of the States was not interfered with. It was never intended to be a Party House.

Time has shown that this objective has been entirely lost. Adult franchise with compulsory voting has serious defects, not least of which has been to make the Senate a Party Chamber. The introduction of proportional representation has fastened the party system on the Senate. Independent representation cannot exist. Compulsory voting shows the people do not value the franchise, and many persons are not interested in the candidates or the principles which are at stake.

The best results under the bi-cameral system have come from elected Chambers with a differing franchise. There is urgent need for an informed public opinion among the electors for the second Chamber.

He goes on further to say:—

I suggest the Senate franchise should be any person qualified as an elector for the House of Representatives who is the registered owner of a Commonwealth bond of not less than £10. The bonds should be accepted at face value in payment of probate and estate duty. No matter how much he has in bonds the elector only gets the same vote as the minimum.

To encourage larger investment, probate and estate duty should be limited to a maximum equal to the per capita national debt. This will remove one of the serious objections to the present maxima and rates. The burden on businesses and dependants at present can be very severe. The Senator elected on this basis, under the present Constitution, will find the position restored very largely to the original conception on which that House was constituted.

I read those quotations at length because they deal with a subject which is of great interest to members. I happened to meet Senator O'Sullivan in the Eastern States after he had received this submission. He said it was a most interesting statement, and the committee would study it very closely. Naturally he could go no further than that; nor did I expect him to. As the question of Commonwealth-State relations is very important, and as the question of finance as far as the States are concerned is tied up with the amount of money distributed by the Commonwealth authorities, that statement can be said to be apposite to this particular Bill.

One thing that has been talked about a lot—but not, I am afraid, with any degree of knowledge on the subject—is the question of a standard gauge railway. It has been preached so often by so many that, in the absence of any information to the contrary, it has been accepted as something on which no argument could

be raised. It is the old Hitlerite technique that if one makes a statement often enough, whether it be true or false—but especially if it is false—and it is repeated long enough, not only will one persuade other people but also oneself that it is entirely correct.

It is interesting in reviewing the pros and cons of standard gauge to hark back to the very beginning of the railway system in Australia and to see exactly what happened. In 1849 the first railway in Australia, a private line, was built in Sydney. It was called the Sydney Railway Company. It adopted the standard gauge. It engaged an Irish engineer named Shields to operate the line. He persuaded the company to change to a 5 ft. 3 in. gauge. I do not know why, but that is on record. He was the engineer for three years, and then resigned. He was succeeded by a Scottish engineer named Wallace who persuaded the company to readopt the 4 ft. 6 in. gauge.

In the interim Victoria had begun to be interested in railways. Following on the line that New South Wales had agreed to, under Mr. Shields' regime, Victoria decided to have a 5 ft. 3 in. gauge. When later on New South Wales went back to the standard 4 ft. 8½ in. gauge, Victoria took this attitude: "You do not seem to know what you want. You are likely to change your mind again. We will stick to the gauge on which we started off." South Australia adopted the same gauge. Later on Queensland and Western Australia came in with the narrow gauge of 3 ft. 6 in.

The reasons which actuated Western Australia and Queensland were these: Each had a big State to develop, and the question of railway operation could be a vital one to the development and expansion of these States. They decided to have a narrow-gauge railway, which had proved successful in other countries, and they chose a line which they could construct and run cheaply, even if this meant slower speed. Such a line would still perform the tasks required of it, as against the broad-gauge line with more costly construction and more costly running, but with the advantage of greater speed. That, then, was the choice made deliberately by Queensland on the one hand, and Western Australia on the other.

When I explain that less than 2 per cent of the traffic of any State crosses its own borders, it will be realised that the question of uniform gauge which carries goods from "A" to "B", from "B" to "C", and so on, is not of very vital concern—at least, not compared with the internal traffic which comprises the great proportion of traffic handled by each system. For instance, in Western Australia the internal portion of the traffic is 98.6 per cent.; the actual exchange between

here and all the other States through the railways is less than 1.4 per cent. So much for that.

In recent years, the question has been raised—first, I think, by Mr. Eddie Ward when he was Federal Minister for Transport—that a uniform gauge for all States would be a very good idea. He explained quite candidly that what he had in mind was not only the advantage to the States as he saw it, but more especially the provision of jobs for the men who were returning from World War II. As it happened, the demand for men was greater than the demand for jobs, so the necessity to create jobs to keep the men employed did not arise. That really was the position.

It has been claimed from time to time that the Commonwealth railways, which show a profit, should be a shining example to the rest of Australia. At the outset I want to show the fallacy of that argument. I have no wish to criticise the management of the Commonwealth railways; I think it is very good. But I do say that the advantages accruing to the running of the Commonwealth railways as against the running of the railways in the individual States are such that the two are not comparable. As I see it, the function of the railways is, in the first stage, to receive goods; to check them; to arrange for loading, stowing, transport; and so on. The second stage is to convey the goods and passengers from point to point. The third stage is to deliver the goods at the other end; to make adequate checks; and to provide for all the necessary accounting; and so on.

The Commonwealth railways do certainly perform the second function that I referred to, and perform it very well: that is, the conveyance of goods from point to point. But they handle practically nothing in the way of stowing or receiving goods, because there are very few points between Port Pirie and Kalgoorlie—if we omit Port Augusta—which actually have many goods going one way or the other. No doubt the Commonwealth railways would be quite capable of handling the goods if they had to. As it happens, all the goods are handed to them on a plate. They merely take the plate and deliver the goods to the other end. The people on the receiving end have to carry out delivery, accounting and everything else.

It has been estimated that the job, at one end, of receiving, loading and stowing—and, at the other end, the job of unloading, delivery and accounting—would amount to about half the operational cost of the railways. So if we recognise that the Commonwealth does not do this—or at least only to a very small extent—and that the other railways have to do it, we begin to understand that the Commonwealth and State systems cannot be compared side by side.

There is another point in connection with the Commonwealth railways—and again I have no wish to disparage the service they give—and that is this: With regard to the Trans-line there is almost an entire absence of terminal charges—that is, consigning and stowing, storing, delivering and accounting; there are relatively fuller loads; there is relief from easements of grades and curves and excessive weathering; there are fewer stopping places; and there is a greater average length of haul.

One has only to look at a relief map of any of the States to realise that when goods are transported from a capital city they have, generally speaking, to go over a barrier of some considerable height before they can reach the points of delivery. Likewise, from the country into the city there are very often the same barriers. That applies particularly to New South Wales where, within a short distance of the coast, there is a rise of 2,000 feet to 3,000 feet before the railway can be taken inland, and the same thing applies when people from the inland require to send goods to the city.

The ruling grade on the Trans-line is 1 in 130; that in New South Wales is 1 in 19. I admit that is a special case, and the average ruling grade in the States would be about 1 in 40. But it can be seen that there is no comparison between the two cases on the various counts I have mentioned. The average length of haul on the Commonwealth railways is something between 250 and 300 miles. I admit that they perform all the railway functions on the lines that go up through the Northern Territory, but the Trans-line is their most important and easily their most lucrative from a money point of view. So I say again that the running of State and Federal lines is not comparable.

It might be interesting for members to know the figures in regard to the existence of various gauges in Australia. The 4ft. 8½in. gauge represents 26.6 per cent. of the whole; the 5ft. 3in. represents 27.3 per cent.; the 3ft. 6in. gauge, 45.9 per cent.; and the 2ft. gauge, 0.2 per cent., making a total of 100 per cent. So only half of the present lines in Australia are of the narrow gauge and, in my opinion, they serve very well the needs of the people in the areas in which they are situated.

A recommendation in the Wentworth plan is that there be a broad gauge link connecting Fremantle and Kalgoorlie. I would like members to understand the pros and cons of this because, in my opinion, it would have a serious impact on our own railway system. At the outset I would say that anything that tended to draw revenue from our own system—which would have to be made up by the other users of our State railway line—is something that should be studied very seriously before the proposition could be endorsed by us. People who

travel by train point out that if one goes to Brisbane from here, one entrains six times. Admittedly that is so; but there are only three changes on account of gauge. The other three changes are at capital cities where, theoretically, there is no need for any change at all.

With regard to goods, those changes do not occur. The trucks containing goods are certainly rehandled at Albury and Port Pirie and Kalgoorlie; but there are very up-to-date appliances—at least at Albury—to effect that change very quickly, and little time is lost. Under the Wentworth plan, the proposal is to construct a broad-gauge link to connect Kalgoorlie and Perth. The committee recommends that it operate along substantially the same route. There was no fixed decision as to whether it should go via the Avon Valley route or via Brookton. That was left for necessary surveys to be made so that the two routes could be compared on their merits. But it is obvious that for most of the line at least there would be two railways, creating no extra traffic but simply sharing existing traffic.

It is submitted that the Commonwealth railways, with the payable Trans-section—and I suppose with the idea of keeping charges in line with the Trans-line itself—could compete more than favourably with our existing line. But before we can agree that that is a good idea, we have to consider the initial cost, which is estimated by the committee would be £18,000,000, and then to consider whether we can afford to have on the Kalgoorlie line—which is the best money-spinner we have in our railways, and which accounts for one-third of our total income—a very live competitor alongside, which I imagine would draw off a considerable amount of revenue, which would go to the Commonwealth. While it would be very difficult to assess what the figure would be, I would say that it could be in the neighbourhood of £2,000,000—and that is about 40 per cent.

The question is whether our Railway Department can afford to lose that £2,000,000, which might benefit some of the people living along the line between Fremantle and Kalgoorlie, but which would certainly confer no benefit on those living in the north or in the south or south-west. Yet, if charges had to be increased to meet a railway deficit, they would have to share the increased contribution to make up what would be lost to our competitor—the Commonwealth line.

It has been said that the line might be justified on military grounds or because, in time of war, Fremantle might be the overseas terminal for all goods coming from the west—India, Africa and England—and the point of distribution of those goods to the Eastern States. The trade which comes to Fremantle Harbour is proportional, as

compared with the other cities, to the population of the State, and would average about 7 per cent. of the Australian total. As a past Minister controlling the Harbour Trust, I know that there have been times when import restrictions slackened and there was a Rottneet queue, so that we could not deal with the amount of loading coming in.

Hon. F. R. H. Lavery: It is a long time since there was a Rottneet queue.

Hon. C. H. SIMPSON: That may be. But one never knows when there might be an upsurge of shipping again. In any case, Fremantle—with the necessary buildings and all that sort of thing—is designed to cater for 7 per cent. of the total Australian trade. How would it fare if it had a tonnage of 100 per cent.? And what would be the reaction of the Eastern States? For they have their port facilities, and they would have to agree to such a proposition before it could be implemented. One could hardly expect the interests there, which have facilities costing many millions of pounds, to agree to allow members of Parliament representing them to endorse a proposition which would so adversely affect them. So I think that for the time being we can entirely rule out Fremantle, or even Cockburn Sound, as terminal points.

As far as the military aspect is concerned, I confess I am not competent to judge; I just do not know. But in the past, military opinion at the top level has never exerted any pressure for such a line to be built. After all, there is the 3 ft. 6 in. gauge as an alternative and delivery could be very much speeded up if adequate transshipping facilities were installed at Kalgoorlie after the fashion of those existing at Albury. The present attitude in regard to defence, as expressed by the Prime Minister in his speech to the Federal House, was that they would regard the battle lost if they could not keep a fight concerned with any threat to Australia outside Australian shores.

In addition to that 3 ft. 6 in. gauge line we have a bitumen road to the metropolitan centre, which is far more flexible than a railway line would be; and in the case of an emergency we have our air services which would augment the other two.

This Bill calls for Supply, and we realise that money is needed. Last year the tax proposals that were carried—I refer particularly to land tax and probate duty—must have considerably supplemented the Commonwealth contribution to our State finances and provided a pretty considerable sum on which the Government is entitled to draw. But from what we hear, and what we see in the daily Press, and from statements made by the Premier from time to time, that is still not enough. I think we are entitled to ask

what has become of the extra money which the Government has apparently had.

A proposal has been made that the Commonwealth Government be asked to approve the sale of some ore to Japan. As the amount is relatively small, I am hopeful that the Commonwealth will allow the State to do that, because I think there is some virtue in such a request being made. There has been talk of a charcoal iron industry, being established. In view of the fact that there is a notice of motion on that subject appearing on the notice paper, I will not at present make reference to that matter. The published details of the amount of iron ore have put the figure at about 250,000,000 tons. That, I assume, would be the deposits which are reasonably accessible; because, while we may have other deposits—and quite substantial ones—further inland, there comes a time when the cost of transport to the port of shipment is so great that it pays better to import iron rather than rely on local sources of that kind.

So there is a practical limit to the deposits of ore that can be utilised, and I am reliably informed that the known and anticipated available reserves of iron ore in Australia would keep our local economy going for a matter of only 50 years. I am told also that the whole of Australia's resources in iron ore would be used up in America in about four months.

One of the needs—as I see it—to assist Western Australia's development is financial help and we should not rely so much on the Federal Government—whose will to help us might be unlimited but whose capacity in that regard might be strictly limited—but should try to encourage private investigators to invest their money here. In order to persuade such investors to come to Western Australia, we must endeavour to make conditions here attractive to them. Money, like water, flows to the point of greatest attraction. As water flows to the lowest level, so money will flow to the point of greatest return coupled with the least hazard.

Although that is the rule in regard to attracting money, I would impress on the Government that it should never spend money like water; and it seems to me also that various laws that we are enacting will hamper the prospects of investors, and thus reduce our opportunity to encourage people of substance to come here. Last session we had before us the anti-profiteering measure, and we also passed a land tax Bill. We have, by what I regard as most unfair competition, created a serious position for our metropolitan private transport operators. There are so many possibilities under the anti-profiteering measure that I believe a man

with money to invest would think twice before coming here and creating local industries that might easily be threatened by the many possible charges that could be laid under that measure.

The land tax is having an effect on everyone in the State, and particularly on city folk. A man told me yesterday that the rates on his property had gone up six-fold and I know they have risen considerably on my own property. A bank manager with whom I spoke referred to a small property owned by his bank, which is in a favourable position, for which the bank had paid £97,000, and on which it had spent another £13,000 to adapt the building to bank use and to convert portion of the premises into offices that could be let.

In arranging the rentals for the portions of the premises that were to be let, the bank had to make them comparable with other rents that people would be prepared to pay; and it allotted so much for its own use of the premises, and so much for the portion used by the tenants, and entered into agreements with the tenants at a figure which represented about a 6 per cent. return on the assumed amount of capital represented by that part of the premises which the tenants used. When the land tax measure was passed, however, the bank found that, with its retrospective application, the legislation resulted in its getting a return of about 1 per cent. on the estimated capital value of the premises let to the tenants, all of whom had leases extending over some years.

The bank manager remarked to me that the only way in which they could now get a reasonable return on the premises would be to construct additional storeys at the top of the present building to provide for extra tenants, thus helping the property to pay its keep.

I will deal now with the question of metropolitan transport, and point out that for years Government tramways and omnibus services have operated at a loss while competing with private transport companies which, in the main, have given very good service and which have had to try to square the ledger and, if possible, make a profit. Furthermore, those private bus companies had additional competition when the railways entered the field with a still lower rate of fares. When I was Minister for Railways we had an independent fare-fixing tribunal, which endeavoured to establish equitable competitive rates as between Government transport and the private operators; and I think that is the only equitable and moral way in which to approach this question.

What has the Government done in this regard? It has, by running its transport business at a heavy loss, in competition

with private operators who could not afford to make a loss, practically driven them out of the field, and has taken money from other Government funds to make good its trading losses in regard to its transport concerns.

The Minister for Railways: Where does this competition exist?

Hon. C. H. SIMPSON: There is competition particularly along the Fremantle and Cannington lines, as regards the railways; and I think the Minister knows that on various routes there is fairly severe competition—for instance, in Nedlands and Wembley, where Government instrumentalities run—

The Minister for Railways: The Government transport was there before the private operators thought about it.

Hon. C. H. SIMPSON: I know; but my point is that an attempt should be made to make the Government metropolitan transport services pay, and establish fares which are reasonable and competitive with those of private operators who have to endeavour to make a profit.

The Minister for Railways: We did that in regard to Swanbourne and the bus company kept under the Government rate.

Hon. C. H. SIMPSON: I think that could have been regulated. After all, the Government keeps its rates below those of the bus companies in many other directions. When an outside investor looks at Western Australia to see what he could do to establish himself here and sees the present attitude of the Government and the trend towards socialisation, what encouragement has he to invest capital here?

Hon. R. F. Hutchison: Every encouragement.

Hon. C. H. SIMPSON: In view of Western Australia's need, above all others, to attract the investment of money in order to promote and encourage development, it should go to the other extreme, if necessary, in order to encourage investors. I would remind members that Western Australia is a primary producing State, and is at the mercy of changing conditions in other parts of the world to a much greater extent than are the other States of the Commonwealth. It is therefore vital that we should try to establish a balanced economy so that the impact of upsurges or periods of depression in the industries I have mentioned might be balanced by having something else to fall back on in order to keep the general economy stable. I will leave it at that, and suspend my attitude towards this measure until I have heard what other members have to say.

On motion by Hon. A. R. Jones, debate adjourned.

House adjourned 5.55 p.m.

Legislative Assembly

Tuesday, 23rd July, 1957.

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