

means. With planning assistance and outside financial help Kalbarri could be developed into one of the most pleasant holiday resorts with an all-year-round climate attractive to tourists.

I have always believed in local government that the elected member should always be accessible to the people he represents. With this in mind I have established an electorate office in the centre of my electorate through which I hope to give good representation to the electors of Greenough.

Mr Speaker, I sincerely thank you and members for the courtesy extended during this, my maiden speech, and for the honour of moving the motion.

MR CRANE (Moore) [9.06 p.m.]: I formally second the motion.

Debate adjourned, on motion by Mr J. T. Tonkin (Leader of the Opposition).

### ADJOURNMENT OF THE HOUSE: SPECIAL

SIR CHARLES COURT (Nedlands—Premier) [9.07 p.m.]: I move—

That the House at its rising adjourn until 4.30 p.m. on Tuesday, the 30th March.

Question put and passed.

*House adjourned at 9.08 p.m.*

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## Legislative Council

Tuesday, the 30th March, 1976

The PRESIDENT (the Hon. A. F. Griffith) took the Chair at 4.30 p.m., and read prayers.

### STANDING ORDERS COMMITTEE

#### *Report*

THE HON. J. HEITMAN (Upper West) [4.40 p.m.]: I desire to present a report from the Standing Orders Committee which after several meetings has recommended certain amendments. These are included in the report together with reasons for such amendments in a schedule appended to the report.

At this juncture it is proposed to submit two motions to the House, the first of which will be that the report be received, and the second will provide that it shall be printed and distributed to members for consideration by the Council at a subsequent sitting.

I move—

That the report be received.

Question put and passed.

THE HON. J. HEITMAN (Upper West) [4.42 p.m.]: I move—

That the report be printed and that consideration of the report be made an order of the day for a subsequent sitting.

Question put and passed.

*The report was tabled (see paper No. 104).*

### QUESTIONS (7): ON NOTICE

#### 1. INDUSTRIES ASSISTANCE COMMISSION

##### *Reports*

The Hon. R. F. CLAUGHTON, to the Minister for Education representing the Minister for Industrial Development:

- (1) Is the Government aware that the Australian Associated Chamber of Manufactures has opposed the decision of the Australian Government not to publish final reports of the Industries Assistance Commission as had been the practice of the previous Labor Administration?
- (2) Has the Government received representation on this matter from the Western Australian Chamber of Manufactures?
- (3) Has the Western Australian Government protested to the Australian Government in support of the Chamber of Manufactures?
- (4) If not, will it do so?

The Hon. G. C. MacKINNON replied:

- (1) Yes, the Government is aware that the Associated Chamber of Manufactures of Australia has opposed the decision of the Commonwealth Government to publish "draft" reports of the Industries Assistance Commission rather than "final" reports.
- (2) No.
- (3) No, the Government has not protested to the Commonwealth Government.
- (4) Action by the Government will be considered at the appropriate time.

#### 2. KINLOCK SCHOOL

##### *Accommodation*

The Hon. CLIVE GRIFFITHS, to the Minister for Education:

As many parents are concerned at the accommodation problem which necessitated the changing of the boundaries for the Kinlock Primary school at the beginning of this school year, and in view of the continuing high rate of home building in the Ferndale area, would the Minister advise—

- (a) what steps his department intends taking to ensure that next year no parents, or

children currently attending Kinlock school, will be confronted with a similarly traumatic situation as that experienced by several families at the beginning of this school year;

- (b) is it intended that a new primary school will be built in the Ferndale area in time for occupation at the commencement of the 1977 school year; and
- (c) if the answer to (b) is "No" when is it proposed that a new school will be provided?

The Hon. G. C. MacKINNON replied:

- (a) The school boundary as gazetted in the *Government Gazette* of 31st December, 1975, will apply for the 1977 school year. Any parent who claims to be disadvantaged by this boundary may apply to the Education Department for exemption. Such applications will be sympathetically considered.
- (b) No.
- (c) The establishment of a new school in the Ferndale area will be dependent on residential development in the area.

### 3. RAILWAYS

#### *Guildford Station: Residence*

The Hon. LYLIA ELLIOTT, to the Minister for Health representing the Minister for Transport:

- (1) Which Government departments expressed opposition to retaining the old Stationmaster's house at Guildford as an Aboriginal community centre?
- (2) What was the attitude of the Swan Shire Council to the proposal?
- (3) How many residents of Guildford expressed opposition to it?
- (4) On what date was the final instruction given to the contractor for the demolition of the house?
- (5) Why did the Minister refuse the application to retain the Guildford house for an Aboriginal community centre, when the Claremont Town Council was permitted to acquire the old Stationmaster's house in that suburb for a community centre?

The Hon. N. E. BAXTER replied:

- (1) Police Department, Railway Department.

- (2) Swan Shire Council approved in principle use of dwelling but doubted its suitability. It expressed the opinion that the final decision should be made after problems involved had been studied.
- (3) Protests were received from professional, business and residential sources.
- (4) March 24, to Westrail who carried out demolition.
- (5) Leasing of the vacant Stationmaster's house at Claremont to Claremont Town Council was not referred to the Minister for Transport for decision. However, this house is in good condition, has been leased under agreement whereby the Council is responsible for its maintenance, and has been recorded by the National Trust as a building whose removal should be avoided. The old Stationmaster's house at Guildford did not come under any of these categories and was unsuitable for leasing for any purpose.

### 4. SWANBOURNE MENTAL HOSPITAL

#### *Guildford Ward Patients*

The Hon. D. J. Wordsworth for the Hon. C. R. ABBEY, to the Minister for Health:

- (1) Is the Minister aware that non-criminal patients are currently being confined with criminally insane patients in the Guildford ward of the Swanbourne Mental Hospital?
- (2) Would he please supply the House with the reasons why this situation exists?
- (3) Are there currently any plans to change the situation?
- (4) If so, when will such plans be implemented?

The Hon. N. E. BAXTER replied:

- (1) Guildford House accommodates ordinary patients in addition to a varying number of patients who may be either under sentence for criminal behaviour, or who have been found not guilty, or not liable to punishment, because of being not of sound mind at the time the act or omission alleged to constitute the offence occurred.
- (2) Guildford House is a ward of Graylands Hospital, offering safe custody accommodation to patients of both sexes. In addition to housing patients requiring such accommodation solely because of the stage of their psychiatric illness, other persons may be admitted either under Section 653 of the

Criminal Code or from prison under Section 54 of the Prisons Act.

Guildford House is the only ward within Graylands Hospital which can be classified as a safe custody area. No patient is detained in this area longer than is considered in his or her interests, and, when appropriate, patients are placed in open wards, or returned to prison. The former case requires variation in the order under which patients were admitted, in those instances where referred under Section 653 of the Criminal Code.

(3) No.

(4) Answered by (3).

## 5. RIGHTS OF INDIVIDUALS *Committee of Investigation*

The Hon. GRACE VAUGHAN, to the Attorney-General:

- (1) Has an approximate date been set for the constituting of a committee to peruse existing laws and projected legislation in order to ensure the rights of individuals?
- (2) As the Parliament was told that the supervision of such a committee was one of the justifications for enacting legislation to increase the size of the Cabinet, what progress has been made in this matter?

The Hon. I. G. MEDCALF replied:

- (1) As a prelude to a more comprehensive investigation into the related matters of Privacy, and Freedom and Responsibility, the Government last year set up an inter-departmental committee to examine the question of Privacy and data banks within the State Government.

The report by this committee should be available early in April. Together with other action being taken, the report is expected to provide the basis for the setting up of an organisation as referred to in the Honourable Member's question.

- (2) This is one of the commitments referred to by the Hon. Premier in his News Release yesterday when he said— "Cabinet today set a deadline—June 30—when the Government would make a full statement to the community of what had been achieved and what it planned to finalise during its current term in office."

In the meantime, draft legislation is examined in the normal way by existing systems to detect any suggestion of unnecessary intrusion into individual rights, and the Hon.

Premier has requested that I add his comment to this answer that the advent of an Attorney-General has already facilitated this work.

## 6. INDUSTRIAL DEVELOPMENT *Recession Trends*

The Hon. R. F. CLAUGHTON, to the Minister for Education representing the Minister for Industrial Development:

- (1) Is the Minister aware of a survey reported by the Australian Associated Chamber of Manufactures for the March quarter 1976 which revealed—
  - (a) a less than satisfactory trend in industry, typified by a shortage of new orders, lower rates of output and employment; and
  - (b) because of higher average unit costs and selling prices in the March quarter, unexpected further costs and price rises in the next three months?
- (2) Will he advise what actions have been initiated by his Government to counteract these trends?

The Hon. G. C. MacKINNON replied:

- (1) The Minister for Industrial Development is aware of the survey reported by the Associated Chamber of Manufactures for the March quarter 1976 and has studied it in considerable detail. In doing so he formed a different impression of the results from that held by the Hon. Member.

Whilst the report revealed that the rates of operation of manufacturing industry were still down in the first two weeks of March, 1976, manufacturers confidently predicted a recovery in the general business situation in the next six months and an upturn in their own operations in the three months to June. For the first time in three years the majority of respondents to the survey predicted a marked improvement in output, new orders and employment.

- (2) As the Hon. Member is no doubt aware, the general prosperity of the economy is largely dependent upon the Federal Government's economic policy.

It is clear that the election of the new Commonwealth Government at the end of 1975 has already begun to have an impact on the business community. The Federal Government's immediate implementation of the 40 per cent investment allowances, its anti-inflationary policies and other moves to enhance private industry have obviously restored confidence to the manufacturing sector.

## 7. COCKBURN SOUND NAVAL BASE

### *Nuclear Vessels*

The Hon. R. THOMPSON, to the Minister for Education representing the Minister for Conservation and the Environment:

- (1) Did the respective State and Federal Ministers reach agreement prior to the announcement that the Cockburn Sound Naval Base would be made available for nuclear-powered warships?
- (2) If so, would the Minister advise of the date and text of the agreement?

The Hon. G. C. MacKINNON replied:

- (1) and (2) I refer the Hon. Member to the answer given by the Hon. Attorney-General to the question without notice asked by him on Thursday, 25th March, 1976.

## ADDRESS-IN-REPLY: SECOND DAY

### *Motion*

Debate resumed, from the 25th March, on the following motion by the Hon. M. McAleer—

That the following address be presented to His Excellency—

May it please Your Excellency:

We, the Members of the Legislative Council of the Parliament of Western Australia in Parliament assembled, beg to express our loyalty to our Most Gracious Sovereign and to thank Your Excellency for the Speech you have been pleased to deliver to Parliament.

**THE HON. D. K. DANS** (South Metropolitan—Leader of the Opposition) [4.59 p.m.]: It is a rather strange situation for me to be standing here this evening replying to the motion for the adoption of the Address-in-Reply, because there have been some changes on this side of the House as you, Mr President, will appreciate. As a result, I have not had much time to consider my speech.

Before I proceed may I pay a tribute to the previous Leader of the Opposition, the Hon. Ron Thompson. He carried out his duties in this House to the best of his ability and all of us on this side are sorry to see him retire from his position. However, things move along and I am now charged with the responsibility of replying to the motion before us.

Before I refer to some items in the Governor's Speech, may I place on record my appreciation of some of the points made by the Hon. M. McAleer in her reply to that speech. Miss McAleer will be aware that I would not agree with all the comments she made, but I am certainly interested in what she said concerning the

setting up of standing committees, not only of this Chamber but, indeed, of Parliament in general. I am sure everyone is aware that if Parliament, as an instrument of our democracy, is to remain and flourish, then committees will have to be set up in the very near future. This will retain confidence in the institution of Parliament.

With just a little consideration, one will realise the great amount of time these standing committees could save Parliament. More information and expertise would be available to this Chamber, and the fact that people would be able to put their point of view before committees from time to time would certainly allow us to make decisions based on the views of the people at large. That is essential in the future and, indeed, it is essential right now. However, I am not one of those who expect these rather dramatic changes to be made tomorrow, next week, or even next month. Suffice it to say that despite the fact we believe we probably influence the course of human history, it is really the other way around—the will of the people is exerted on us as well as on society in general. The will of the people, in the long term, and indeed in the short term, brings about the changes which are so vital for the survival of the system under which we live. For these reasons I hope the Government will pay some heed to the call made by the Hon. M. McAleer in her Address-in-Reply speech.

I am fully aware that the honourable member is not the first member of this Chamber, and certainly not the first member of her political party, to make such a call. Provided people are willing to listen and to examine the merits of a suggestion, eventually some real progress will be made.

The other side of the coin is that a system of standing committees will involve more members of Parliament in the decision-making processes. When I use the term "members of Parliament" I mean all members in this Chamber who are not members of the Cabinet. As I have so often been reminded by Mr MacKinnon, the Cabinet is the Government. Some system of standing committees is essential because at the present time the confidence of the people is being eroded and the role of members of Parliament is being downgraded. I often have the feeling that at worst we are highly paid messenger boys, and at best we are highly paid welfare and social workers. Many of the problems we handle could be better handled by people trained in welfare and social work.

I listened with interest to the Governor's Speech which appeared to me to be a resume of things that have gone before. It certainly did not paint a very rosy picture of the future. When the Governor discussed the legislation to be introduced this session, it seemed to me that the economy is not moving in the right direction, and I am reinforced in my opinion

by what I read in the daily Press. One day we are told that industry is on the upswing, the next day we are told that it may take a little time for things to stabilise, and the following day I read that things are not improving. Any member who has recourse to the history of the last great depression will realise that we are being told what the community was then told; prosperity is just around the corner. While I would like to believe that, the real problem facing not only our State but the rest of the western democracies is that the capitalistic economic system is under severe challenge. It is suffering from two major ills—constantly rising prices and unemployment. Australia is part of that economic block and Australia, along with everyone else, will not be able to arrest this situation in either the short or long term without some major surgery—and that does not seem to be forthcoming.

The Hon. D. J. Wordsworth: You did not mention the irresponsible unions.

The Hon. D. K. DANS: It has not taken me very long to settle down in my new position, and I am very grateful to Mr Wordsworth—if he waits long enough I will come to the irresponsible unions, as he terms them. I will dwell also on the irresponsible statements made about the unions by some people and I may even spend some time on the irresponsible attitude of certain people in the rural communities.

The Hon. H. W. Gayfer: That will be good.

The Hon. Clive Griffiths: Are we allowed to interject on your maiden speech as Leader of the Opposition?

The Hon. S. J. Dellar: You can have a go.

The Hon. D. K. DANS: I will return to the comments I made a few moments ago about the sad state of the economy. I would like to quote from the Governor's Speech and endeavour to understand what he was trying to say. He said—

The Government is most concerned about the present nation-wide inflation and unemployment.

I have just referred to those two major ills. The Governor continued—

While the recession and unemployment has been less severe than elsewhere in Australia, Western Australia still suffers an unacceptable level of inflation and unemployment.

The State Government will co-operate with the Commonwealth Government in its efforts to abate and control inflation, as the key to rebuilding investor and consumer confidence, and ultimately, improved employment prospects for the people of Western Australia.

The Hon. D. W. Cooley: They have not turned on the lights yet.

The Hon. D. K. DANS: I do not know about that. I do not want to be disrespectful to the Governor, but this is a lot of waffle and it does not say anything at all.

The Hon. Clive Griffiths: I think it does.

The Hon. D. K. DANS: It says simply that the Government of Western Australia will go along with the Australian Government, and the Australian Government's avowed intention—whether it has said it or not—is to saddle the ordinary people of Australia with the responsibility for inflation.

Every day in the Press we see comments about the irresponsible actions of unions. One can arrive only at the conclusion that a fair amount of sparring is going on and if there is a nation-wide confrontation with the union movement, Western Australia will go along with that. Let me remind the House that the same kind of situation arose in Britain, as I have told members before, and the vehicle for the confrontation on that occasion was the British miners. Of course, it is history now that the Heath Government failed and, as a consequence, it was put out of office.

The Hon. G. E. Masters: What about the Wilson Government?

The Hon. D. K. DANS: That Government seems to be going better. There is a social contract in the United Kingdom, whether or not the unions like it. I have had the opportunity to speak recently with members of some of the British trade union movements, and although the unions do not like the social contract, it is being observed. Of course, if the Australian Government embarks on a similar plan of campaign, it will fail also. However, that was not the question. The question raised by Mr Wordsworth, by way of interjection, was about irresponsible unions. I suppose that certain members of the union movement could well be considered to be irresponsible, depending upon where one stands. However, let us look at the irresponsible statements of other people, and I will commence with the irresponsible statement made the other day by our Premier (Sir Charles Court) because we seem to have moved right across the political spectrum. First of all we had communist unions, then there seemed to be a more evil intent and they were called militant unions, and then, not to be outdone, the other day—

The Hon. N. McNeill: Could you clarify that? What was the evil intent?

The Hon. D. K. DANS: That term was supposed to convey to the public that there is something sinister about the unions. However, that was not the end. In one of the weekend papers the unions were referred to with some Nazi connotation. I agree with the Prime Minister (Mr Malcolm Fraser) in his call for national unity, but he will never achieve national unity while we have this type of name calling.

The Hon. N. McNeill: Prior to the 13th December, which people mostly used the terms "Nazi-like" and "Nazi"?

The Hon. D. K. DAns: I am making this speech, and I am not referring to any actions before the 13th December. At the moment I am confining my remarks to what is happening in the State of Western Australia. As this session continues, I am sure there will be ample opportunity to debate at length the events that happened prior to the 13th December, as well as all the things that have happened since the 13th December, and are likely to happen in the future.

The point I am making—and I have stressed this point before—is that I do not believe we will get anywhere with that kind of talk, especially when we hear it from responsible leaders in the community. It does not impress anyone and the only reaction is a feeling of dismay amongst the people. If ever there was a time in history that we needed to endeavour to arrest the two major problems I referred to earlier, it is now. I do not see how we can solve those problems by using the media to make outlandish statements that impress no-one and tend only to inflame the public.

The Hon. G. C. MacKinnon: Do you think this effort of yours ought to be regarded as a maiden speech?

The Hon. D. K. DAns: I suggest that Mr MacKinnon would be the best judge of that. I do not know in what context he is using the term "maiden".

The Hon. G. C. MacKinnon: Out of sheer affection.

The Hon. D. K. DAns: In the Governor's Speech we come across another little gem—Industrial and Resource Development. It concerns the north-west shelf and the gas and oil which is reported to be there and in fact has been proven to be there. Prior to the 13th December the then Australian Government was charged repeatedly, without people being in command of all the facts, with holding up the development of the north-west shelf. I think all members can read so I do not wish to weary the House by quoting again from the Speech all the excuses that we have heard as to how long it will take to develop the north-west shelf. Of course it is an interesting subject because I understand that the Burmah Oil Company recently showed another major loss. The Burmah group is part of the BP group. The British Government, those horrible socialists of Wilson's, owned 51 per cent of British Petroleum. It sold 2 per cent and its holding went down to 49 per cent. But in order to save the Burmah company it bought another lot of shares. I imagine that the holdings of the British Government not only in BP but also in the north-west shelf must be well in excess of 51 per cent. If the United Kingdom Government can find the wherewithal and the

technology we may see some action on the north-west shelf, I hope in the not too distant future.

The Hon. N. McNeill: Can you enlighten me as to why Woodside-Burmah may have been in this situation when it needed to be saved?

The Hon. D. K. DAns: I cannot tell the Minister that, but I think it would be best if members read it for themselves. The company got itself into this kind of situation by investing heavily in a tanker fleet which is no longer working round the world. It is in the Press for members to read from time to time. It did not get itself into this situation through drilling on the north-west shelf. I might add that it is not the only company which is in this unfortunate situation. At present I believe more than a quarter of the world's tanker fleet is tied up.

One other situation, in which a lot of companies in the world find themselves and which took its toll of Woodside-Burmah, is very high interest rates. But I am not talking about Woodside-Burmah; I am talking about the Burmah company, the parent company, which is a different situation. There follows another little snippet which, when one reads it, really says nothing. It is like a little story which says that this may or may not happen.

Then I come to the greatest gem of all which reads—

The Government, following consideration in Kununurra by a Cabinet Committee and advisers, of an interim report by C.S.R. on sugar growing and milling potential in the Ord Valley, has decided to proceed with a sugar cane pilot farm.

Field and research work on some other promising crops like rice and peanuts, will also be set up.

I am one of those people who would dearly like to see the Ord progress, but, if I remember correctly, many years ago there was a research station on the bend of the Ord. It had very nice tennis courts. One of the crops which were grown most successfully in this area was sugar. It used to grow very high.

The Hon. N. McNeill: You would not call it a crop. You would do better to describe it as a plot.

The Hon. D. K. DAns: I stand corrected. It was a plot, but it used to grow quite well. Mr McNeill will remember that they also used to grow wheat with a very high yield, which surprises some people. Now we will go into this exercise again.

One of the questions that is not posed in that remarkable little snippet from the Governor's Speech is where we are to sell the sugar, because as I understand from inquiries I have made the acreage of the Queensland sugar farms is still rigidly controlled. So it appears to me that we would have to break into that kind of

area to sell some of the produce of the Ord River basin, if the project is successful. I hope that it is successful but what worries me is that these are just words. The Government is saying, "We are going to grow a pilot crop; we will see how it goes; we will continue planting peanuts and we will also look at some rice." Perhaps Mr Withers will be able to tell us later whether the geese still eat the rice as quickly as they used to. They used to eat it pretty quickly when they were first introduced at Humpty Doo Station. The geese have not changed very much and neither has the rice. Again this seems to be a little bit of grandstanding.

The Hon. D. J. Wordsworth: You have been destructive. Now be constructive. What would you do?

The Hon. D. K. DAVIS: I really do not know. That is also the sum total of what is in the Governor's Speech. The Government has said: "What do we do? We do not know. Let us make a statement. We will try some sugar. We will say that there are a few peanuts and some rice there." I think all of us have seen the peanuts growing in that region. I have certainly looked at the sugar and I looked at the rice some years ago. I have not seen the rice on the Ord but I have seen it at Humpty Doo. The words in the Governor's Speech are just a resume of wishful thinking. I wish it were more than that because it really does not say a great deal at all.

To be quite fair about the matter we can read through the Governor's Speech and find quite a nice little paragraph on housing. It speaks of the magnificent job that the State Housing Commission is doing. I agree with that. The section of the Governor's Speech ends thus—

Meanwhile, Government policies are geared to meeting the demands of prospective home-owners by ensuring a continuing flow of serviced residential lots on to the market.

I do not know what we are going to do about land because I do not think anyone in this Chamber, no matter on which side of the House he sits, can see much future for young couples in the near future if the price of land continues to rise. At the risk of being called a raving socialist maniac, which is the normal course of events, I say that if any one thing should be controlled which would have a terrific effect on inflation at least in the metropolitan or urban areas it is the strict control of land prices. This is where most of the problems start, but I do not wish to go on and on with the same dreary recital.

I should like to turn to some of the problems that beset myself and the people of Fremantle. I make a plea to the Government to look at the 3 per cent levy on the Fremantle Port Authority. I am led to understand, without any way of knowing

for sure, that the Fremantle Port Authority will make a loss of approximately \$1 million by the end of this financial year. This is the first loss of that magnitude for the port authority that I can recollect. Whilst I appreciate that the Government must obtain funds from somewhere, if the authority is to pick up that loss it can do so by only one means, which is by increasing port charges.

Members of the Government would know the dicey position of container companies. I am not talking about interstate container companies but overseas container companies which are under heavy pressure because they have too many ships. For any excuse at all they will bypass this port with disastrous results to the port of Fremantle and to the economy of Western Australia; and one of the best excuses would be an increase in port costs. I appreciate—I am sincere in my appreciation—the need to raise finance. But I think this is one area where the 3 per cent levy could be taken off. I know the difficulties of renegotiating contracts if it could not be taken off. I do not point the finger of scorn at anyone. It is about time that people in Cockburn Sound with oil refineries and other instrumentalities should at least come to the party and say, "We are quite prepared to pay a small percentage of the pilotage fees which are incurred in the servicing of our industries."

All members are aware that the refineries pay no pilotage fees and that the overall loss to the port authority, and as a consequence to the people of this State, is tremendous. I do not suggest for one moment that we could repudiate those contracts which were made in good faith some years ago. But at least when we find ourselves in the situation in which we are today, as an act of good faith and an act of confidence in the future of this State those people quite voluntarily should say they will meet the costs. I do not think that would be asking too much particularly as everyone has been asked to tighten his belt.

Quite obviously I am interested in this area but we just cannot go on losing \$1 million a year. If harbour dues are raised and the level of shipping falls off, as it must do, surely the port quotas of waterside workers and other people associated with the area must fall off, giving rise to further unemployment.

If one knows about shipping at all—and most members do—one knows that its level of activity is reflected in the rural industry and has a snowballing effect. Before we know where we are we will be paying very dearly for that 3 per cent surcharge which has been put on the Authority. It was not put on very long ago, but after all it is there. We resent it very much because we do not see it doing any good for the port. We certainly see it doing harm in promoting unemployment

in the port area, but more significantly we see it doing harm to the future of this State. I hope that Mr McNeill will take note of what I have said and will perhaps concede that it is doing harm.

I agree that to offer inducements was necessary to get the refinery under way, but I believe the time has arrived for the industries there, as an act of good faith and confidence in the future, at least to meet some of the costs of pilotage. Perhaps then it would not be necessary to incur a loss of \$1 million and the 3 per cent levy may well be able to remain and generate some income for the State.

The Hon. N. McNeill: You are not specifically talking of the refinery?

The Hon. D. K. DANS: I mentioned the refinery.

The Hon. N. McNeill: That was the one that was the subject of the contract?

The Hon. D. K. DANS: If the Minister recalls I mentioned them all at first. I did not want to go through them one after the other. It is a real problem. I am sure the Government knows as well as anyone else that it is a problem. The Government would be more aware of it than I am. I am aware of the problem because people in Fremantle are saying to me, "What about it? Can you not do something about it?" I do not think anyone around the port has a vested interest in unemployment.

One other matter that affects the area which I represent is the naval support facility in Cockburn Sound and the stated intention to allow nuclear powered vessels to visit the area. If one makes the statement that it is a naval base one is quickly corrected and told that it is a naval support facility. I do not know where one makes the distinction. When the whole of Garden Island is taken over it will become the biggest naval base or naval support facility in the world. That is not to say it will be swarming with ships and that thousands of marines and sailors will be quartered there in barracks. But it leads people to think there are other ulterior motives. I have no way of knowing whether some of these fears in the minds of certain people are correct. People have said to me, "I have it on good authority that the presidents and mayors of the shires adjoining Cockburn Sound have been told that nuclear weapons are to be stored at Garden Island."

I would be horrified to think that was true. However, what interests me more than those assertions are two factors; firstly, the size of the base and, secondly, the necessity to hunt off the north end of the island those who use the area for recreation. Let us face it; not many water recreational facilities are available to people in Western Australia. We have a

long unprotected coastline, but apart from Cockburn Sound, the only other area is Warnbro Sound.

Two aspects must be considered. Firstly, I do not believe there is really any need to take the remainder of Garden Island from those people who use it as a recreational area. They should be allowed to continue to use it for this purpose and, in fact, more people should be encouraged to do so. Members are aware of the number of people who visit Rottnest Island every day and the fact that a ferry will deposit 1000 people at a time. We desperately need more facilities of this kind and what better position is there than Garden Island, provided nuclear war heads are not to be stored there?

Another cause for concern to the people in the area is the intention, which may or may not materialise, to allow nuclear-powered war ships to enter the sound. I suppose nuclear-powered war ships pose no problem while they are operating correctly. For that matter I suppose we should not use the term "nuclear-powered war ships". It would be better to refer to nuclear-powered ships.

We know that at present Cockburn Sound is polluted. We know that the marine life there is suffering greatly because of the dying-off of the seagrass meadows. A number of reasons exist for this.

The Hon. N. McNeill: I do not think you are describing the situation accurately; certainly not according to the Scott report could you apply that description.

The Hon. D. K. DANS: As a person who uses the sound I know that there are plenty of seagrass meadows there now, but the seagrass under the ocean is dying, and the Minister knows that there is a great heap of gypsum down one end. There is shoaling at the causeway. I am not saying that anything can be done to adjust these situations.

The Hon. N. McNeill: It is rather strange that it is said that in Peel Inlet there is too much seagrass and it is a pollution.

The Hon. D. K. DANS: Maybe we could swap some over. Maybe the Minister is right. Once we interfere with nature we create an imbalance. I do not know about Peel Inlet. I am speaking about Cockburn Sound.

Perhaps one of the greatest problems in Cockburn Sound involves the discharge of treated sewage into the sound, because it has a deleterious effect on the seagrass meadows. However, I am not suggesting for one moment that we should allow untreated sewage into Cockburn Sound.

What is exercising the minds of a number of people in the area—and indeed a councillor in the area is taking up a petition on the matter at the moment—is the question of nuclear-powered ships entering the sound.



Recently we read in the paper that a nuclear reactor in Florida has been leaking, and has been doing so for some two or three years. It is alleged that the American cargo ship *Savannah* never sailed because her reactor leaked and boiled the water around her. At a cost of many million of dollars she had to be deactivated and broken up.

I consider that we should follow the lead set in most parts of the world and indicate to these people that they may bring their ships here certainly, but they must anchor them outside and bring the crews ashore. The ships should not be allowed to enter Cockburn Sound because we know that despite the very best intentions of those owning the ships, there is still a danger that some leakage could occur and if it did the results would be disastrous in Cockburn Sound. If the possibility of leakage is even only minimal, I do not think we should allow the ships in.

It is significant that no-one has suggested that nuclear-powered ships should enter Sydney Harbour, the Derwent River, the Yarra River, or the Torrens River; but suddenly it seems to be all right for them to enter Cockburn Sound. I would very much like to have heard an answer to the question asked on this subject by Mr Thompson. I hope that the Government is having another look at this matter in consultation with the Australian Government and that the minds of the people in the area will be set at rest. Even those who do not take sides on issues like this are really disturbed about this matter because most people are fully aware of the long-term genetic effects on people exposed to atomic radiation. I do not know whether the correct expression is "radiation" when referring to water, but I presume it is. We all know the effects on the Japanese fishermen because we have all heard of the rather disastrous effects which they experienced well after the war.

I would like to traverse a number of other matters. I wish to take this opportunity to make a plea on behalf of our Aboriginal people, or at least some of them. I have had an opportunity to speak to an Aboriginal whom I know very well. He is particularly interested in Aboriginal welfare and some of the problems which face Aborigines who go to school, become educated, and have a genuine desire to make their way in the community. Their problem commences when they have completed their primary and secondary school education. I have a small request to make in this regard. I am well aware of the problems confronting the white members of the community when they are trying to obtain an apprenticeship. However, I would like the Government to examine the possibility of making available exclusively to Aborigines a number of apprenticeships each year in the various trades—not in all trades, but some of them. This could be said to be discrimination in favour of

Aborigines. As I have said I am well aware of the problems confronting a person in the community, irrespective of his colour or his background, when trying to obtain an apprenticeship. However, I am asking that consideration be given to some discrimination in favour of Aborigines even if it be only to three or four.

Some of the boys who would be interested in such a scheme attend the Pallottine Centre in Riverton, and they have a genuine desire to get on. If the scheme I have suggested is implemented these boys would have an incentive. I make no other request than that these apprenticeships be made available for the boys. Of course they would still have to fulfil the necessary educational requirements before being accepted.

The Hon. N. McNeill: You are recognising that the opportunity is there now? You are asking for something more.

The Hon. D. K. DANS: What I am asking is that some apprenticeships be made available for Aborigines who have fulfilled all the other necessary requirements, and that the availability of these apprenticeships be made known. I am suggesting something like a scholarship at apprenticeship level for fitting, mechanics, welding, and what-have-you. It is a thought I have which may make the situation more attractive to the Aborigines.

The Hon. N. E. Baxter: Who do you suggest should provide the six positions—the Confederation of Western Australian Industry?

The Hon. D. K. DANS: I have not gone into that question. The people who would make these situations available would probably be private employers in consultation with the Government or, if necessary, in consultation with the Confederation of Western Australian Industry or the TLC. It may well be that after an examination only four applicants would be suitable.

The Hon. N. E. Baxter: I wanted to know what you had in mind.

The Hon. D. K. DANS: I have not gone into the mechanics of the proposal. I am suggesting that a certain number of apprenticeships be made available for the Aboriginal boys so that they have something towards which to strive. I think this would go a long way towards solving at least some of the problems. From a small beginning—if there is an economic upturn, which I hope there will be—something big could grow. Such a scheme could be the nucleus of a much greater plan and a much larger number of Aborigines could find it possible to enter the various trades. I think anything is worth a try.

The Hon. N. E. Baxter: I admit that.

The Hon. D. K. DANS: Such a scheme would give the boys in those schools an incentive to at least try.

I do not wish to continue for very much longer as ample opportunity will be provided during the session for me to speak on specific subjects. However, to round off my speech I wish to say that from the Governor's Speech it would appear the only inkling we are given of occurrences is that things are at a standstill. Nothing is occurring. Apart from one little comment about you-know-what—concerning the Government that used to be—the Speech is rather pleasant reading, but that is all. It does not offer any great hope for the future of this State. It does not tell us that inflation will decrease; it does not tell us there will be an upturn in employment opportunities. It simply tells us what has happened in the past and what may happen in the future.

During the last election we were told of all the wonderful things that would occur when the Court Government was elected.

The Hon. R. F. Claughton: What a myth!

The Hon. D. K. DANS: Those things have just not materialised and at this stage they do not look like materialising; certainly not for a long time.

I would rather the Government had admitted that the best we could hope for was a return to—for want of a better word—normal conditions so that anyone genuinely seeking a job could obtain one. Instead we are told that suddenly there will be an iron mine on every corner and an oil or gas well on every possible site along the coast and people will be able to work thousands of hours of overtime and have money pouring out of their ears. Of course this will not happen, despite all the airy-fairy promises made in the policy speech of the Government during the last State election. I have read in the paper that 82 per cent of the Government's promises have been accomplished. I hope that at some stage Government members will, one by one, list all those components of the policy speech which make up that 82 per cent.

The Hon. T. O. Perry: There are a few jobs available, you know, such as apple picking and in the timber mills.

The Hon. D. K. DANS: That is a very good statement.

The Hon. G. E. Masters: If you were hungry you would take anything wouldn't you?

The Hon. D. K. DANS: How does the honourable member know?

The Hon. T. O. Perry: You come with me and I will prove it. Some of them down there cannot get labour.

The Hon. D. K. DANS: It is strange. I was just going to wind up my speech. I have heard this kind of story before. The fact is that the labour force is not mobile. It is less so now than it was 60 to 70 years ago because now people have commitments. They must make payments on

such items as television sets, refrigerators, cars, and so on, and they cannot afford to go to country towns. I do not know the rate of pay for apple picking or jarrah or timber jerking, but it certainly would not be enough to enable a man to keep two homes going. Possibly that is one of the reasons labour is unobtainable in the areas to which Mr Perry refers. If the conditions were made more attractive, the pay more generous, and the commitments of the people he wishes to work in those areas were taken care of, he may have more success.

**THE HON. W. R. WITHERS (North)** [5.44 p.m.]: I take this opportunity to congratulate the Hon. Margaret McAleer for the common-sense remarks she made and the well composed speech she presented in moving the adoption of the Address-in-Reply to the Governor's Speech.

I will now proceed with my own speech. We have moved into an era which will require the participation and understanding of our citizens, as well as radical changes in Government thinking, if we wish to develop as a State and a nation with political and economic stability.

Modern history has shown that the people in rural areas are the first to feel the effects of any economic downturn in the nation. This has been evident in the past few years. The reactions, attitudes, and economic plight of country people have been expressed many times by their parliamentary representatives of all political colours. Because of those representations the Federal Government and the State Government have introduced measures in an endeavour to correct some of the problems—and I emphasise "some". Unfortunately, some areas require radical changes.

The Hon. D. K. Dans: Major surgery.

The Hon. W. R. WITHERS: One might say that. Some of the areas which require radical changes have not received attention because of the interpretations given to legislation and our Constitution by the High Court and administrators. Legislators of all political philosophies have been guided and sometimes bound by their advisers and judgments of the High Court when looking at or proposing State and Federal legislation. For this reason the problems have compounded to the extent that capital city thinking has limited our national output and brought our free enterprise system to its knees.

I would like to add, in reply to Mr Dans, that it is not just the free enterprise or capitalist system which is in trouble. Countries which operate under a non-capitalist system are also experiencing problems but of a different nature. Already we have observed that Russia has departed from the communist system. I would say China is endeavouring to follow the philosophies of Marx, Lenin,

and Engels, but I do not think it will succeed because those philosophies are not practical.

If members think, because of what I have said about legislators and particularly those in Canberra, that I am referring only to the ineptitude of past Labor Governments, they would be wrong. I am referring to coalition Governments of the Liberal and Country Parties as well as Labor Governments in Canberra.

The same can be said of State Governments which may not have been given sufficient information by the people or their representatives to correct some of the problem areas by means of legislation. If past Governments have been given sufficient evidence and have ignored it, they have deserved the wrath of the people at the polls.

I am concerned that the current actions of the Federal Government and the State Government which are helping our free enterprise system to rise from its knees may not be sufficient to allow development to continue in the areas from which the majority of our national wealth emanates. In support, I will read some of the evidence which I have given to the committee investigating northern costs for the Consumer Affairs Bureau. I wish to apologise to you, Mr President, and to members of the House for quoting figures from reports I have prepared, but some of the information I will disclose tonight will shock even the hardest members of Parliament.

I will now quote from a paper, dated the 22nd March, 1976, which I have written for the committee investigating northern costs—

Further to my submission of 26th September, 1975 and in reply to Mr N. R. Fletcher's request (reference CP91/74 of 19th September, '75). I have collated some information which has been used in a model to show how State and Federal legislation, plus the freight factors, compound the cost of living by necessitating high retail charges and service costs in the remote areas.

The model will use the following constants and variables for the metropolitan area and my home town of Kununurra.

#### Constants—

- (1) Retail area and Office—40 ft x 18 ft.
- (2) Manager/Proprietor's house.
- (3) The number of staff (2 plus proprietor/manager).
- (4) 1 service vehicle at city cost of \$5 000.
- (5) Similar plant, counters, cupboards, etc.

#### Variables—

- (1) Store-room size.
- (2) Wage variations.

- (3) Insurance. (buildings, car, Workers' Compensation, Public Risk).

- (4) Profit percentage and resultant tax.

In the model for capital costing in each case I will use the cost per square of building in the metropolitan area and in Kununurra, using the latest State Housing Commission contract figures for each area. I will quote the cost of four framed houses in the city and in Kununurra, from which I have determined a differential of 2.75. That figure may be checked with the State Housing Commission. In other words, the capital cost of building in Kununurra is 2.75 times greater than that in the metropolitan area.

Using my model, the cost of a retail area and office will be \$15 000 in the metropolitan area and \$41 250 in Kununurra. The cost of the manager-proprietor's house will be \$20 000 in the metropolitan area and \$55 000 in Kununurra. I have disregarded land costs altogether and have quoted capital costs which will eventually disappear.

A storeroom and unpacking area in the metropolitan area need be only 10 feet by 10 feet, which is quite large for a small metropolitan business. In a town like Kununurra which does not have warehouse facilities—and which in fact cannot set up warehouses because of legislation—a larger area is required for unpacking and warehousing, and the absolute minimum size of such an area is 18 feet by 20 feet, which is a very small area. The capital cost of building a storage area of 10 feet by 10 feet in Perth is \$1 500, while the capital cost of building an 18 feet by 20 feet storage area in Kununurra is \$14 847, as revealed in the State Housing Commission's contracts.

The plant, cupboards, counters, decor, etc. will cost \$5 000 in the metropolitan area and \$12 000 in Kununurra. The total capital cost of buildings alone will be \$41 500 in the Perth metropolitan area and \$123 097 in Kununurra. Those figures are taken from Government records in the State Housing Commission. To service the capital outlay on buildings at 12 per cent, whether it be 12 per cent return to the investor or repayments on a mortgage to a bank or other lending institution, will cost \$4 980 in the metropolitan area and \$14 772 in Kununurra.

The initial cost of a car will be \$5 000 in Perth and \$5 300 in Kununurra. The annual write-off figure over seven years will be \$714 in Perth and \$757 in Kununurra; that is, assuming the write-off period is the same in each place, but in fact it is a shorter period in the north.

I am quoting all the individual overhead costs for the type of business my wife runs, in order that members may totally understand what the problems are,

why costs are so high in the north, and how they have been brought about by both State and Federal legislation.

Running costs for a car will be \$750 in the metropolitan area and \$1400 in Kununurra. The cost of insurance with SGIO will be \$180 in the metropolitan area and \$225 in Kununurra.

The Hon. D. K. Dans: You cannot get insurance with any other office up there.

The Hon. W. R. WITHERS: Very few offices will give insurance cover. The SGIO is one which does. Insurance on the house—and this is a shocker—will be \$80 per annum in the metropolitan area and \$550 per annum in Kununurra, according to the advice given to the Insurance Council of Australia in 1976 by an independent actuary. Insurance on the shop will cost \$60 and \$410 per annum respectively. I will refer to those figures again later on in my speech and demonstrate how this situation has been brought about by legislation and the interpretation of legislation. I voted for it because it was sensible legislation but I did not dream that such an interpretation would be placed upon it.

The Hon. R. T. Leeson: But do you not get higher wages up there to compensate for all these costs?

The Hon. W. R. WITHERS: No. I will explain that later. Workers' compensation through the SGIO will cost \$120 in the metropolitan area and \$160 in Kununurra. Public risk insurance will cost \$30 and \$38 respectively.

Annual staff wages are quoted at award rates. No overtime is included, although employers must provide overtime in order to encourage people to live in the north. Award wages for two shop assistants will be \$6244 in the metropolitan area and \$6708 in Kununurra.

The Hon. R. T. Leeson: There is not a great difference in wages.

The Hon. W. R. WITHERS: That is right. In my home town, all that people receive is the award rate plus the district allowance, which I will discuss later on.

I am happy to say that because of the actions of this Government the costs for commercial power are the same in both areas. This is a recent innovation which I am pleased to see. The costs of water are also similar, once again as a result of concessions given by this Government. They are \$180 for Perth, and \$220 for Kununurra.

Now let us look at stock. In this case I will be kind to the metropolitan area; it would not even have to cover this amount of stock. I have taken the stock that we have to cover, and I am assuming that the metropolitan area has to cover the same amount of stock—which it does not because warehouses are available to businesses in the metropolitan area and can provide delivery on the same day or the next day.

Let us be kind and look at the servicing of capital on stock of \$20 000 in the Perth region and \$23 000 in Kununurra. The amount required to service the capital involved per annum is \$2 400 in the metropolitan area and \$2 760 in Kununurra. One may say that is not much, but I will come to the compounding of all these differences shortly.

Let us now take telephone expenses. If a city business uses up \$100 on telephone calls I would be very much surprised, unless it is a business which deals interstate. However, a Kununurra business could use \$550 worth of telephone calls because it cannot make a local call to a supplier; it has to send a telegram or make an expensive trunk call. We do not have STD for these calls.

The Hon. R. F. Cloughton: What sort of business would spend only \$100 on telephone calls?

The Hon. D. K. Dans: You could send a letter.

The Hon. W. R. WITHERS: A very small business of the type I am describing.

The Hon. D. W. Cooley: It would be a very small business if it is in Perth.

The Hon. W. R. WITHERS: Yes, that is the type of business I am talking about.

The Hon. D. W. Cooley: Most householders would be paying that much at the moment.

The Hon. W. R. WITHERS: That is so.

Postage is in much the same category. I heard someone say a moment ago that we could use the post instead of telephone. Well, we do use postage, and this has been taken into account. A very small business not using the postage services for other than writing to the odd supplier or answering a query, would spend around \$100 a year in the metropolitan area. However, in Kununurra the cost would be \$280; and the reason is that we have to use the post more often. Also, when we are sending goods away to, say, a watch repairer, we might have to send them airmail to ensure that we get them back within two months. So we cannot use surface mail; we must use airmail.

With regard to advertising and donations, I think I am being fair by saying these would be much the same, and I have allowed \$600 for each business. Let us be fair and say that rates and taxes are the same at \$750 in each case. Now let us turn to repairs and maintenance; there is a big difference here. In the city the cost is \$330, and in Kununurra it is \$908 as a result of the contract factor that I mentioned earlier in respect of the State Housing Commission.

I have allowed much the same amounts for cleaning—\$240 for Perth as against \$260 at Kununurra. In respect of travelling expenses there is a vast difference. I have considered here that if a Perth businessman needs to travel to, say,

Adelaide once a year, apart from his normal travelling around the metropolitan area, he would spend, say, \$300 per annum. The businessman in Kununurra who has to re-establish contact with supply houses and see the exhibitions in supply houses in Perth to ascertain what stock he can purchase, must make at least three trips per year to Perth—and very brief ones at that—at a cost of \$1 115.

For entertainment expenses the amounts I have allowed are much the same—\$50 for the city business and \$60 for the Kununurra business. I have allowed \$225 for accounting fees for a city business, and \$350 for the Kununurra business; and in respect of the latter amount, that would apply only if one were using the same accountant as six or 10 other businesses in the town; if one's accountant has only two clients in the town, one's costs will be much higher. I have also allowed \$90 for staff amenities in the city, and \$100 for Kununurra—not a great difference.

The Hon. D. K. Dans: It must be pretty dear to be a customer up there!

The Hon. W. R. WITHERS: My word it is, and I will explain this. We can now see that the annual cost of running model stores, without stock replacement, in any location in the city is \$18 783; and the annual cost of running the store in Kununurra, without stock replacement, is \$33 243. If we assume that the city-based proprietor-manager seeks only \$5 200 per annum of taxable income as a remuneration—I think members will agree that is very low—we can then look at an exercise, which I am about to explain, to determine the position of the Kununurra businessman with regard to the equitable income required for an equal standard of living with that of the metropolitan businessman. Mr Leeson made a point about equitable incomes, and this will answer it.

*Sitting suspended from 6.05 to 7.30 p.m.*

The Hon. W. R. WITHERS: Prior to the suspension of the sitting, I read to the House some costings which proved that the cost to a Kununurra businessman was approximately twice that applying to a city business. The report I wrote for the Consumer Affairs Bureau went on to say—

If we assume that the city based proprietor/manager seeks only \$5 200 per annum of taxable income as remuneration, we can then look at an exercise, as under, to determine the position of the Kununurra businessman with regard to the equitable income required for an equal standard of living with that of the metropolitan businessman.

The after tax income in remote areas must be higher to cope with the high cost of living. This places the pre-tax income in a much higher bracket than that of a city worker. This can be

calculated from the inflation corrected evidence given to Parliament in my address dated 27th July, 1971. The pre-tax net income for the Kununurra person after deductions, needs to be \$7 600 in order for him to have the same purchasing power as his city counterpart. If the metropolitan shopkeeper sells 72 000 retail units at \$1 per unit per annum at a gross profit of 33½%, he will meet his overhead expenses of \$18 783 plus an annual remuneration of \$5 217.

For the Kununurra shopkeeper to meet the equitable income of \$7 600 using the same profit margin, the Kununurra businessman must sell his 72 000 units at \$1.70 each.

It can now be seen that the increase in Kununurra retail prices to maintain income equity with the suburban business will be 70% on the metropolitan retail costs.

Where-ever possible, I have taken figures from our family business in Kununurra. The figures which have been used in this paper indicate that;

- (a) a 70% on cost would not be accepted by the public who would make other arrangements for personal supplies and have them forwarded from the cities rather than purchase from local retailers and
- (b) the current capital costs and overheads will limit further expansion in the retail services with new buildings of metropolitan standards.

In other words, it must be clear to anybody who does his homework that either all the future capital development in the north must cease, or the businesses charge prices which cannot be met by the buying public. My paper continues—

This paper is in a simplified form and it has not included all factors. Some other considerations are as follows;

- (a) overtime is required by northern employees to enable them to meet the high cost of living in remote areas.
- (b) there is generally less turnover than the city in small country businesses.
- (c) the availability of rental shops is more prevalent in the city than in the country areas where new businesses are mostly committed to building the premises.
- (d) generally speaking, long term loans are not readily available in remote areas, therefore, capital repayments in the formative years of business are difficult to meet.

- (e) pay-roll tax is paid on district allowances in other businesses with a large number of employees. This further disadvantages the Northern employer over the city employer.
- (f) the delivery time of stock, due to the vast distances involved, also disadvantages northern businessmen (in some cases, an account can fall due for payment prior to the stock being placed into the store).

I should like to refer later to the warehousing factor as it relates to sales tax; I refer members back to the capital costs of building contained in the first part of my address. My paper continues—

- (g) inability to sell business to regain capital outlay because of the low returns for high capital investment.

In other words, those people who have already invested have nothing to sell. My paper continues—

- (h) there is a higher rate of depreciation on buildings, plant and service vehicles because of the climatic conditions in the remote areas of the North.

This is not taking into account taxation valuation. My paper continues—

To correct some of the existing inequities we need to change political thinking in the Federal and State spheres by doing the following:

- (1) Granting of realistic taxation zone allowances.

I refer now to a cost-of-living report which I presented to this Parliament in 1971; it was written in 1969-70. Thankfully, Mr President, I do not intend to read the lot, but will confine myself to quoting from the summation. At that time, I made the following statement which has since been proved to be correct—

The summation of the Kimberley costs above the metropolitan costs in sections 2 to 12 of the survey shows that the cost to the Kimberley householder is \$2,671.43 more than to his Perth counterpart to live up to similar standards. If we assume that the Perth householder has a taxable income of \$2,500, then he will pay \$331.58 in personal income tax. This will leave a net income of \$2,168.42. To live up to this income, without saving, the Kimberley householder must have a net income of \$2,168.42 plus \$2,671.43, a total of \$4,839.85, or \$4,840 in round figures. To achieve this net income he must earn \$6,599 in taxable income and pay a tax of \$1,750.

It can be seen that the Kimberley householder pays \$1,427.42 more income tax than he should in order to live at the same rate as his Perth

counterpart. To stave off local inflationary spirals a realistic zone allowance would be necessary. Consideration should also be given to allowing all education costs as a deduction.

That was written in 1969-70, and read in this House in 1971. The inflation factor today is at the ratio of approximately 2:1; therefore, to apply the calculation to today one must double the wages I mentioned and apply the current tax scale, remembering that inflation has put these people into higher tax brackets. Even allowing for the lowering of income tax, the people in the Kimberley must now earn nearly \$5 000 more and pay \$2 000 more in income tax than their city counterparts.

The second solution is to change sales tax laws. Sales tax must be removed from freight. The Federal Government must consider legislation to allow sales tax to be paid at the point of manufacture, and it should not include freight. I should like to give members an example of what can happen because of the inequities of Federal legislation. The interpretation goes back to Sir Arthur Fadden, and the example is one which has gone to both the previous Whitlam Government and the current Federal Government. My paper continues—

#### (7) Commonwealth Sales Tax Laws.

These laws need to be changed otherwise warehousing will never be used to the advantage of remote areas people.

The following example shows the incongruity which allows the Federal Government to collect higher taxes and so inflate prices for those who wish to participate in the policy of "decentralisation".

To amplify the example, we will assume that a luxury item (say a plastic decorative flower arrangement weighing two pounds and measuring one cubic foot when packed) is sold in Perth by a manufacturer/wholesaler.

We also assume that it is purchased and stored in some hypothetical warehouse which, in practice, would never be developed in my region of Kununurra. This is what will happen if a wholesaler tries to establish a warehouse in the north: He will have no customers, and members will soon see why. The cost of warehousing in Perth would be \$1; in Kununurra, it would also be \$1. The article sold in Perth would attract no freight charge, because it is manufactured in Perth. However, if the article is shipped north by the cheapest possible method—the State Shipping Service—a package measuring one cubic foot would attract a freight charge of \$1.50. If we add these two costs together—

The Hon. S. J. Dellar: I'll bet you it comes out at \$2.50!

The Hon. W. R. WITHERS: It comes out at more than that, when we take into account sales tax. This is the wholesale cost because of Federal legislation: Perth, \$1; Kununurra, \$2.50. Sales tax then is applied and collected by the Government. The sales tax applying to the article sold in Perth is 28c, but the sales tax imposed on the article sold in Kununurra is 69c, nearly three times as much. For the sake of easy calculation let us assume a retail margin of 50 per cent is applied to the article. The retail margin must be the same if the retailer is to get the same margin on his outlay. The retail margin for the product sold in Perth is 64c and in Kununurra it is \$1.59.

Let us have a look at the retail price; this will prove to members that no wholesaler could establish a warehouse and take advantage of bulk buying, as city wholesalers do. The retail price in Perth would be \$1.92, and in Kununurra it would be \$4.78! This does not take into account any increased margin which the retailer should have because of his higher costs. Members will appreciate that there is no retailer who could possibly deal with a wholesaler charging such prices.

The Hon. S. J. Dellar: Would many people in Kununurra buy ornamental flowers?

The Hon. W. R. WITHERS: Strangely enough, many do. My report continues—

Please note that the Kununurra retailer has less turnover but higher overheads than his city counterpart, and therefore he should have a higher mark-up if his business is to stay alive to give townspeople a retail choice in the town. This exercise shows:—

- (i) that warehouses cannot be established in remote areas, and
- (ii) if they did, the Government would charge 150% more sales tax on the example item from the country retailer than it would from a city business house (refer Sir Arthur Fadden's interpretation of the Act).

Ergo, Northern retailers cannot purchase from northern wholesalers; ergo, the retailers have to create their own storage houses at inflated cost; ergo, the retail margin must be increased further to operate at the same profit levels as their city counterparts.

Most northern businesses cannot do this, otherwise they would price themselves out of business. Most remote area businesses teeter on the dividing line between profit and loss whilst accepting the thrusting complaints from the buying public who rightfully complain about northern costs.

My third solution was to change the collection methods for the Fire Brigades Board. Prior to reading an extract from

a letter to the Chief Secretary, (the Hon. N. McNeill), I must say that when this legislation went through the House, I was not aware of this problem; nor was the Insurance Council of Australia or the individual companies involved. I have since had meetings with them and of course this submission has now gone to the Minister. I thank the Minister for advising me that his officers are looking at this problem.

It is important that all members should note the details. In that paper I said further—

There is an unjust anomaly in fire insurance premiums. The anomaly would be further magnified if the Actuary's advice to Insurance Underwriters increases the charge to 85% of premium in order to meet the required contribution to the Fire Brigades Board. I realize the reduction in the Fire Brigades Board's budget reduced the contribution to 81% in November 1975, but increases in overheads will probably increase the contribution to 85% next year.

By using the 85% contribution, the inequities can be shown readily in the following example:

#### Example

Recent contract figures for State Housing Commission homes will be used.

The period of insurance cover will be for 6 months.

The type of insurance cover will be Contractor's All Risks Insurance.

The number of framed homes erected in each area will be 4.

Metro.

Area Kununurra

Sum Insured (4 houses) ..	....	\$62 000	\$173 000
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The factor of the difference is 2.75. The basic premium for the city is \$99.20 whereas the figure for Kununurra is \$709.30. The difference has now jumped from 2.75 as a factor to 7.00 as a factor. Now come the real anomalies. The fire brigades charges calculated on 85 per cent of the premium for the Perth contractor will be \$84.32, but the fire brigades charges at Kununurra will be \$602.90.

From that figure it will be seen the anomaly will be greater, when we consider that 50 per cent of the homes built by the State Housing Commission are being built in the country, according to the Speech of the Governor at the opening of Parliament. It will be seen that the country regions will be subsidising the metropolitan area if the State Housing Commission pays a contribution to the fire brigades, but it does not.

It is the people—those who are prudent, who have built their own homes, or who live in houses built by the companies for whom they work—who are subsidising the

metropolitan fire brigades, because they do not receive back any *pro rata* payments. It is disgusting to think that a person living in the north has to pay a contribution to the fire brigades which is seven times greater than that paid by his city counterpart.

I now come to the Government rip-off. I do not use that term very often; it is a modern term, but in this case it is appropriate. This is because the stamp duty paid by the city insurer will be \$9.15 whereas the stamp duty paid by the Kununurra insurer will be \$65.61. So, the total charge for the city will be \$192.70 and the total charge for Kununurra will be \$1 377.81. I have read out the actual charge that was made to a contractor, because that was the contract figure.

The cost of that insurance is placed on the capital cost of the home, because it is the contractor's all-risk insurance. The same sort of thing applies when the householder moves into his house, but the example given goes onto the capital cost of the State Housing Commission home. If we take one quarter of each example that will show how much will be added to the capital cost of each home. To continue with the paper—

This situation must be corrected. Besides being an exercise of injustice, it highlights the basic weaknesses in legislation which asks insurance companies to become a tax collector through a system which loads high cost areas with inequitable charges.

I seek your assistance and advice to change the existing legislation to meet a short term requirement for justice under State legislation.

The long term justice will have to be obtained from Federal legislation, because modern history has proved, in war time or emergencies, that the Fire Brigades are para-military organisations who serve the whole community and not just the prudent insurers of property. Therefore the community should finance brigades through personal income tax.

To create a reasonably just system through State legislation, I ask you to consider the following:

- (1) Legislation should be planned to allow Local Government authorities to strike a Fire Brigade rate. This rate should be imposed on *all* properties serviced by the Fire Brigade. Such properties to include Government land and buildings within the declared radius of the Fire Brigade's operation.
- (2) Local Government bodies should retain 5% of the collected Fire Brigades rates to cover their administration costs.

- (3) The balance of moneys (95%) will be passed on to the Fire Brigade in the area who will, in turn, pay a fixed percentage to the Fire Brigades Board.  
or

The balance of moneys (95%) will be passed on to the Fire Brigades Board who will make *pro-rata* payments to the Fire Brigades within the Shire.

- (4) Because the Fire Brigade rate will cover *all* buildings owned by Local Government, State Government or Federal Government, then the funding responsibilities in the way of Government subsidies should be removed.
- (5) After implementing this proposal, the fire insurance charges from Insurance Companies would be charged out at the base premium, plus stamp duty only.

You might also consider a meeting between your officers and representatives from the Australian Insurance Council, the Local Government Association, the Fire Brigades Board and Treasury.

Of course, the Minister has advised us that the officers of his department are looking into this matter, and for that I thank him.

The remedy in suggestion (4) is that we should legislate for the noncollection of pay-roll tax on district allowances. When I say "we" I am referring to the State Government, but of course we are affected by the Federal legislation. In this respect we find there is an extra pay-roll tax penalty on those employers above the 26th parallel. The total district allowance paid by one company is \$22 880, and the rated 5 per cent pay-roll tax is \$1 144.

The northern businesses have to offer incentives other than district allowances to retain their employees, so the penalties placed upon them by the current pay-roll tax system disadvantage northern businesses when compared with their southern counterparts. In my letter to the Treasurer I concluded by saying—

Your assistance to remove the injustice of pay-roll tax on district allowances will be appreciated.

Unfortunately, our Treasurer cannot do anything about this matter for the simple reason that the High Court has ruled that district allowances must be included in wages; therefore pay-roll tax is applied to wages. The Government must collect the pay-roll tax on the district allowances.

I now turn to the proposed remedy in suggestion (5): that we should legislate for the noncollection of personal income tax on district allowances. Here I refer



to a letter addressed to the Right Honourable B. M. Snedden, Q.C., dated the 17th August, 1972.

The Hon. D. W. Cooley: Last year you supported a proposal to have district allowances excluded from workers' compensation payments. I do not see why you should be so concerned about people paying taxation on it now.

The Hon. W. R. WITHERS: I hope the honourable member will retract those words which will be recorded in *Hansard* because it will be very interesting to see the reaction of some union members in the north when they read those remarks in print.

The Hon. D. W. Cooley: I do not think they will be that concerned, because the district allowance is not that great. It is something like 5c a day at Koolyanobbing.

The Hon. W. R. WITHERS: The honourable member will find that the union members support what I am saying. I would advise him not to make any further comment in this regard. I have said that district allowances should not be taxed, because the Government gets two bites of the cherry. This tax hits the people and also the employers. At the time I said there should be a special district allowance for pensioners, to enable them to live in an area which they have helped to develop. It is unfair to shift people, who have worked in a high cost area all their lives, out of that area and send them down here.

The Hon. D. K. Dans: You are referring to the pay-roll tax?

The Hon. W. R. WITHERS: No. This is income tax on district allowances. They are two different propositions.

The Hon. D. K. Dans: You are taking a big bite of the apple, because all income is taxable.

The Hon. W. R. WITHERS: We have to change the Federal legislation.

The Hon. D. W. Cooley: You should be consistent.

The Hon. W. R. WITHERS: Perhaps the honourable member can tell me where I have been inconsistent.

The Hon. D. W. Cooley: Perhaps your party has been inconsistent.

The Hon. W. R. WITHERS: Turning to the remedy in the sixth suggestion, we should legislate for capital development grants in remote areas. In this respect I refer to a speech I made on my world study tour. This is recorded in *Hansard* for the 19th March, 1975. At the time I advised Parliament of some of the problems which the Canadian Provinces had struck. We in this State are going into that phase now; that is, we are allowing a great urban conglomerate to develop. When it gets out of hand then Governments, from the pockets of the taxpayers,

must pay an enormous amount to try to implement decentralisation policies. I must say this State Government is implementing decentralisation, but unfortunately we are bound by the Federal legislation, and that must be changed.

I quote from the report which I made on my world study tour—

I found also that the Province of Manitoba offers grants to industry for purposes of decentralisation. Grants are made of up to 30 per cent of capital and up to \$7 000 for every job that is created.

In other words, a company going into business will be financed up to 30 per cent on capital works as a grant.

The Hon. D. K. Dans: I should point out that 39 per cent of the Canadian gross national product is used on Government expenditure.

The Hon. W. R. WITHERS: Canada is aware of the problem. It reached the stage where it had to solve the problem, but we in Western Australia have not yet reached that stage. However, we will get to it, and when that happens it will cost the taxpayers of the State vast sums of money. To continue with the report I made on my world study tour—

The reason for this is that the Government there has realised and appreciated the problems of urban spread and it is now trying to decentralise industry to get it away from the urban sprawl. I suggest that legislators look at this aspect because unless we consider the decentralisation of industries now and start developing the remote areas we will have similar problems in the future and it will cost us tremendous amounts of Government money to get the industries to remote areas. So we should be thinking about this aspect now when the cost will be less and the returns will be greater.

With the way we are going, our legislation makes it very costly for businesses to become established in those areas.

To give a positive example, in the speech which I made in this House in 1971, I quoted the State Housing Commission factor of the difference between the city and the country. At the time I said there was a steeper spiral of inflation in the north. Many people had said this could not be.

In the latest contract figures of the State Housing Commission the factor for the 1969-70 period was 1.8 compared with the existing 2.75. This example proves the steeper inflation rate was compounded by Government legislation.

The Hon. D. K. Dans: I hope we never have a factory in Kununurra and have to send up there for gear.