

STATE TRADING CONCERNS, TREASURY REPORT ON COMBINED OPERATIONS.

The MINISTER FOR WORKS (Hon. W. J. George—Murray-Wellington) [4.44]: I wish to present the Treasury report on the combined operations of the State Trading Concerns for the year ended 30th June, 1916, and I move—

That this paper do lie upon the Table.

In reply to the remarks made by the leader of the Opposition, I may say that the paper is certified as correct by Mr. S. J. Randell, and in further reply I have to say that on the 1st December last I laid on the Table a return which was furnished to me unsigned. I understood that the return in question contained information which ought to be made available to hon. members. I had no reason to doubt the correctness of the information, and, therefore, I myself signed the return, in good faith, marking it "Errors and omissions excepted." My department discovered that the return, which was furnished by the Treasury, was inaccurate. This led to inquiry at the Treasury, and the return I am now presenting is the result.

Hon. J. Scaddan: Did you know the return was incorrect before you laid it on the Table?

The MINISTER FOR WORKS: No, certainly not; or I should not have laid it on the Table.

Hon. J. Scaddan: Why did you mark it "E. & O. E.", then?

The MINISTER FOR WORKS: Simply because that is a usual precaution with regard to balance sheets. If the leader of the Opposition does not know that, every business man knows it is the usual course. So far as I was able to judge when laying the return on the Table, I believed it to be accurate. What reason had I to suppose that the Treasury would furnish me with an inaccurate return? Immediately the inaccuracy was discovered, instructions were given for the preparation of another return, which is the return I am now presenting. This, I am assured by Mr. Black of the Treasury, is correct in every item. Mr. Randell, of the Treasury, also states that he has communicated with the officers of the several depart-

ments and that they say it is correct. I cannot do more than that.

Question put and passed.

PREMIERS' CONFERENCE, 1916-17.

Statement by the Premier.

The PREMIER (Hon. Frank Wilson—Sussex) [4.46]: Seeing that the House adjourned over the Christmas holidays to enable me to attend the Premiers' conference held in Melbourne, I deem it my duty to give a brief resume of the proceedings at that conference. If I am given permission to do so, I shall be glad to read the report I have prepared, a portion of which has already appeared in print. I should like it to be read to the House in order that it may be recorded.

Leave given.

The PREMIER: This is my statement respecting financial transactions, land settlement for soldiers, repatriation and other matters considered by the conference:—

For the information of members of this House, I desire to report that on the 2nd December last I left Perth for the purpose of attending a conference between the State Premiers and the Prime Minister, which was summoned by the Prime Minister, and which was to be held on the 8th December. On arrival in Melbourne I found that the date fixed for the meeting of the conference had been altered to the 12th, on which date Ministers duly assembled. The conference sat daily from Tuesday, the 12th till Friday, the 15th December, dealt with several matters, and then adjourned until the 5th January, 1917. Upon re-assembling, the conference sat from the 5th January, 1917, until late on Wednesday night, 10th January, 1917, when the proceedings terminated. During our sittings several important matters were discussed, the principal of which were the financial requirements of States; the settlement of returned soldiers on the land; and the repatriation of returned soldiers. Special consideration was given to the wheat crop of 1917-18, and the Prime Minister was authorised to negotiate for the sale of the same to the Imperial Government. The subjects of lesser

importance that were considered were the taxation of State securities; uniform taxation machinery; preference to soldiers for Government employment; uniform electoral rolls; refund to the States of the 25s. per head (retained by the Commonwealth under the Surplus Revenue Act) on account of the soldiers at the Front; and Commonwealth regulations regarding the flotation of companies. It will be remembered that in December, 1915, a financial agreement was entered into between the Commonwealth and the States (with the exception of New South Wales) whereby the Commonwealth undertook to borrow for State requirements during the present year (1917) and until one year after the termination of the war, the sum of £7,450,000 per annum for the States, at the same time giving the States the right to borrow locally an additional sum of £4,332,000 for 1917. It was mainly the necessity for a reduction in the amount the Commonwealth had undertaken to raise for the States which caused the conference to be called together; and the many communications which passed between the Prime Minister and the Home authorities caused the adjournment over the Christmas holidays, and the long delay in reaching finality. At times it appeared as though finality would never be reached, so divergent were the points of view of the Commonwealth and the States. Mr. Hughes naturally viewed the question from the standpoint of the Commonwealth requirements, both for war and other purposes, whereas the States' horizon was necessarily bounded to a large extent by their own extreme financial necessities. However, I am glad to say that all difficulties were eventually settled, and that a spirit of consideration was evinced not only between the different States, but also on the part of the Commonwealth, towards the States' requirements. The amount which the Commonwealth had undertaken to raise on behalf of the five States, namely, £7,450,000 per annum, was reduced to £5,400,000, giving evidence of an earnest desire on the part of all parties concerned, to use the pruning knife, the total amount which the States have the right to raise locally being left as previously at £4,332,000 although its allocation was altered so far as the individual States were concerned. For

instance, Victoria, which had the right to ask the Commonwealth to raise the sum of £1,614,000 under the agreement this year has now voluntarily reduced this amount to £414,000, having the amount of £938,000 which she had the power to raise locally increased to £1,138,000. She has thus generously cut down her rights by £1,000,000 for this year. We in Western Australia were not in such a happy position. I was obliged to adhere very forcibly to the amount which the Commonwealth had undertaken to raise on our behalf, with a very minor reduction. The amount in the agreement was £1,482,000. This has now been reduced—and the reduction has been accepted by me—to £1,466,000, which Western Australia has to receive out of the reduced amount of £5,400,000. On the other hand, we have agreed to reduce the amount which we had the right to raise locally by £400,000, namely, from £863,000 to £463,000. It will therefore be seen that the negotiations, so far as the question of finance is concerned, have been successful, and that the representatives of the Commonwealth and the Eastern States generously recognised the exceptional circumstances in which Western Australia is placed. It was freely conceded that our vast territory and small population, combined with the great need for development, merited special consideration. The total amount which the Commonwealth had undertaken to raise on behalf of the five States this year, together with the amount which the States had the right to raise locally after the Commonwealth requirements for war purposes had been satisfied, was £9,732,000, including a special sum of £500,000, which Queensland and Tasmania were authorised to raise in case of necessity for the purpose of rectifying the damage caused by the recent disastrous floods in those two States. When this is compared with the £24,000,000 raised during the year 1915 (Queensland standing out), and the £12,550,000 for the year 1916 (New South Wales standing out), it must be conceded that, notwithstanding the many statements to the contrary, an earnest effort was being made to reduce loan expenditure to the lowest possible limit consistent with the necessities of the States. The Loan Estimates passed prior to the Christmas adjournment provided a total expenditure of £1,653,413.

Of this amount approximately £441,000 was expended up to the 31st December, 1916, leaving a balance of £1,212,413. Of this amount £441,284 represents capital for the Agricultural Bank and the Industries Assistance Board. I am hopeful that very little of this capital will now be required, owing to the sale of the present harvest to the Imperial Government, and the repayment which our farmers will be enabled to make out of the proceeds of sales; and also to the fact that we have been able to make arrangements with the Federal Government to provide up to £500,000 for the purpose of preparing the land and settling soldiers thereupon, to which reference will be made later. I am therefore pleased to inform honourable members that the financial arrangements made by the conference will enable us to carry out the programme of our loan works, in accordance with the Loan Estimates passed, up to the end of the calendar year 1917. Land settlement and repatriation: Many meetings were held by the sub-committee, consisting of different Ministers for Lands, Western Australia being represented by myself, to consider and make recommendations to the conference concerning the complicated problems of repatriation and the settlement on the land of our returned soldiers and sailors. The sub-committee reported from time to time to the conference, and many discussions ensued. It was ultimately decided that, with the exception of land settlement and advances to be made against improvements, and for other purposes under the laws regulating State institutions, the entire question of repatriation of discharged soldiers and sailors, and the care of dependants of soldiers and sailors generally, should be made the concern of the Commonwealth authority. The War Councils of the States are to be constituted Commonwealth bodies, operating within broad lines of policy, indicated by the central Commonwealth authority for this purpose, namely, repatriation, including the question of immediate amelioration, care of the incapacitated, training of the partially disabled, assistance towards permanent re-establishment, care of dependants, and employment generally, etc. The larger question of the settlement on the land of our returned soldiers and sailors, together with

British soldiers and sailors who may come to our shores from the United Kingdom, is to be supervised and controlled by a board created for the purpose, consisting of a Commonwealth Minister, and a Minister from each of the States concerned. Queensland, however, has not yet definitely decided to be represented on this Board. The work then of providing and preparing such land as may be available in the different States for occupation by these settlers, and the question of the assistance to be granted, are matters left in the hands of the State Governments and the financial institutions established under their laws, subject only to the general supervision and control of the board of Ministers beforementioned. Of course, no very accurate estimate of the total cost of the scheme can be made until the number of settlers to be provided for is known, but there cannot be the slightest doubt that many millions of money will have to be provided for the purpose. The Commonwealth accepts this responsibility, and it was decided that during the present year a sum of £2,000,000 would be found, £500,000 of which is to come to Western Australia, £250,000 as required between now and the end of June next. This money is not to be expended on public works, but for the sole purpose of preparing the land and settling soldiers upon it, and making advances against improvements in the usual course, the maximum advance to be made to any one settler on the 100 per cent. basis to be £500. The question of expenditure from this fund on public works such as railways, roads, etc., is to be made the subject of special application to the Soldiers' Settlement Board of Australia as above constituted. Otherwise, such works are to be provided for in the ordinary course of the State's loan expenditure. The money advanced by the Commonwealth for settlement purposes becomes a debt due to the Commonwealth by the State to which it is advanced on the conditions agreed upon in the February Conference of 1916. The rate of interest to be charged to the settler is to be not more than 3½ per cent. for the first year, rising by ½ per cent. each year, until the cost price of the money is reached, and the loss between such rate of interest and the cost of the money is to be borne equally by the Commonwealth and the State.

This, broadly, is the outline of the scheme upon which we can now get to work in all earnestness. The following are the general recommendations of the Repatriation Executive as altered and agreed to by the Premiers' Conference when dealing with the problem as a whole, and the problem of the treatment of soldiers and sailors and their dependants upon a basis of Commonwealth responsibility and control:—(1) That, with the exception of land settlement and advances to be made against improvements and for other purposes under the laws regulating State institutions, the entire question of the re-establishment of discharged soldiers and sailors and the care of the dependants of soldiers and sailors generally be made the concern of a Commonwealth authority. (2) That it be the business of the central Commonwealth authority to devise a substantially uniform system of dealing with returned soldiers and sailors and the dependants of soldiers and sailors on service, or of soldiers and sailors who have died as a result of service, in respect of—(a) immediate amelioration, that is, the provision of means for meeting immediate cash necessities. This either by supplementing the military or naval pay before discharge, or of sustenance after discharge until employment or remunerative occupation can be found; (b) Care of the totally incapacitated; to include housing where necessary; (c) Training of the partially disabled for a useful vocation; to include the provision and renewal of artificial limbs and other aids; (d) Employment generally; (e) Assistance towards permanent re-establishment by (i) sustenance during the initial period of settlement on the land or establishment in other avocations; (ii) small businesses where such deemed a desirable form of provision; (iii) grants for tools of trade; (iv) assistance towards house establishment—(a) loans for house building, or purchase (to include the conversion of existing mortgages where terms onerous), (b) grants for furniture to a prescribed amount; (F) Care of dependants—(a) of men who die; (b) of men on service; (G) The co-ordination of governmental and private efforts for the expansion of existing, and the promotion of new, industries to meet the demand for general and special employ-

ment: (H) The assembling and administration of funds. (3) That the War Councils of the States shall be constituted Commonwealth bodies operating within broad lines of policy indicated from time to time by the central Commonwealth authority: that their staffs be responsible through the War Councils to, and be paid by, the Central Commonwealth authority, and that, where such staffs consist of members of the State public services, the State Governments be asked to permit the continuance in employment of such officers where desirable for a period of two years after the conclusion of the war without prejudice to their rights under the public service regulations of the respective States. (4) That all funds for purposes relating to the war be placed under the control of the Commonwealth authority. (5) That the Commonwealth authority be vested with power to control all appeals for funds for war purposes and to prescribe the conditions governing the administration of all funds so raised. (6) That the office of the Commonwealth authority in each State capital shall act as a registration and clearing centre for all soldiers and sailors on their return, and that every returned soldier and sailor be obliged to register there before his discharge, giving particulars as to his needs (if any). (7) That in regard to general and special employment, vocations, training, allotments of money for re-establishment, and for such other purposes as may be deemed expedient, the practice of associating honorary committees with the administration may be continued, but such committees to be advisory only. (8) That the States be asked to agree to a uniform scale of advances to soldiers and sailors desiring to build or purchase dwellings in certain areas, or to convert existing mortgages of an onerous character, the Commonwealth authority to advance 25 per cent. of the value, the sum so advanced by the Commonwealth authority not to exceed £75. (9) That the States be asked to co-operate in the development of large national enterprises calculated to provide employment for men who cannot be otherwise placed. (10) That on all bodies concerned with the repatriation of men under the Commonwealth scheme, the representation of soldiers and sailors who have been on active service is

desirable. With regard to the sale of this season's wheat to the British Government, the negotiations in connection with which, so far as Western Australia is concerned, were conducted by my colleague (Mr. Mitchell), the arrangement made must be considered highly satisfactory. I was assured before leaving Melbourne that the first payment of 2s. 6d. per bushel would in all probability be made available at the end of last week, and this has now been effected. There then remains only the question of the 1917/18 harvest to be dealt with. Negotiations for the sale are still proceeding, but up to the present no definite arrangement has been completed. The position was fully discussed and the desirability of encouraging our farmers to put in as much wheat as possible during the forthcoming season was generally conceded. It is anticipated that, failing an immediate sale to the Imperial authorities, a sufficient guarantee will be made to the farmers for the next harvest. The proposal is that a guarantee shall be given by each of the wheat-producing States of 3s. per bushel, to the farmer, and that the Commonwealth shall undertake to finance this payment on delivery of the 1917/18 harvest at the railway sidings. The farmer would thus be guaranteed a minimum of 3s. per bushel.

Hon. W. D. Johnson: Does that mean f.o.b.?

The PREMIER: At the railway sidings. Any surplus obtained over and above this price on ultimate sale would go to the farmer. Should, however, any loss be incurred in realising the crop, it would have to be borne by the State. This is a matter of such grave importance to our farmers, and one of considerable magnitude as far as the State is concerned, that I propose very shortly to take an expression of opinion from Parliament as to the desirability of the State accepting this responsibility.

Hon. W. D. Johnson: You will have to do it immediately.

The PREMIER: We will bring it forward next week. During the proceedings of the conference consideration was given to a resolution of a sub-committee to the effect that in all cases where repurchased estates for soldiers' settlement were paid for by debentures such debentures should be free from

income tax, upon which point the Prime Minister promised to give a definite ruling before the conference adjourned. After looking into the matter the Prime Minister replied that in view of the decisions of the High Court and American decisions, the Commonwealth Government had not the power to tax State securities. The principle on which he went in this matter was that the spirit of federation was repugnant to the taxation by any of the partners of the Federation of the securities of the others. That is to say, while the States cannot tax the securities of the Commonwealth, the Commonwealth cannot tax the securities of the States. That was, he thought, quite a sound principle, and it was laid down by the High Court in *D'Emden v. Pedder*, and in the American decision in *Pollock v. The Farmers' Loan Company*. This meant that neither Commonwealth nor State would have the right to tax interest on the Government securities of the other. It was the principle of mutual non-interference. That was quite conclusive, definite, and unambiguous. Therefore the answer to Mr. Hutchinson's question was that the income from the bonds he referred to would not be taxable. The conference were unanimous in their opinion that uniform taxation machinery should be established so as to do away with the variation in practice at present existing in the Commonwealth and States' taxation offices. A good deal of irritation is caused through individuals having to fill up one income tax schedule for the State and another for the Commonwealth, and one land tax schedule for the State and another for the Commonwealth. It is desired that there should be uniformity in valuation, even if it necessitates amending legislation.

Hon. J. Scaddan: Do you agree with that?

The PREMIER: I agree to this. A conference of taxation commissioners was called some time ago to make recommendations with a view to securing finality, but that conference had to be deferred through the death of the Federal Commissioner of Taxation, Mr. McKay. Mr. McKay's successor has now been appointed, and a conference will be called at an early date for the purpose of reducing this matter to a common basis. The general opinion was expressed that unifor-

nity should likewise be secured in the matter of electoral law, one roll being used for both the Commonwealth and the State. The Victorian Government is ready to give effect to this principle. It was promised that a Bill would be introduced in the Commonwealth Parliament for a similar purpose, but this has been delayed. The chief electoral officers have already conferred upon the matter and the opinion was expressed that if the Commonwealth Parliament would come into line in connection with the Federal electoral rolls a considerable saving would be effected. I have now advised the Prime Minister that Western Australia is willing to fall into line as soon as the Federal Government passes the necessary legislation for the guidance of the States. In addition to many other resolutions arrived at respecting the settlement of soldiers on the land and repatriation, it was unanimously decided that, other things being equal, preference should be given to soldiers in relation to any Government employment. I took the opportunity of making a strong protest in relation to the per capita allowance of 25s. per head, which has been withheld from the States in the case of soldiers going to the front, on the ground that they did not form part of the population, urging that we have not only sent forward far more than our quota of soldiers, but that we had sent 1,050 men to reinforce South Australian regiments, at the same time urging that the 25s. per head allowance should be made. The conference unanimously passed the following resolution:— "That the Commonwealth be requested to pay to the States the per capita return to make good the non-payment for those men who have gone to the front, this to date back from the time of making the deduction, on the ground that these men still form part of the population." The Prime Minister at first gave his support, but at a later date he demurred in relation to the making of this payment when he had ascertained the sum involved. After further deliberation, however, he promised that in view of the representations made the Commonwealth Government would again look into the matter. Other matters apart from the conference which engaged my attention were with regard to wool. I have been in communication with Mr. Higgins, the Chair-

man of the Wool Board, in an endeavour to secure an arrangement whereby the North-West wool might be shipped direct to London, via Singapore, for classification there, and thus avoid the necessity for bringing all wool to Fremantle before classification. After going into the matter thoroughly with Mr. Higgins, that gentleman explained that it was quite impossible at the present time, at any rate, to make any such arrangement. He pointed out that the Imperial authorities wanted all the labour available in the Mother Country for war purposes, and it was at their request that the wool was being classified at this side, each bale properly marked, and sent direct to the centre of consumption. This had many advantages, as it not only saved the sorting and the labour at Home, but it permitted payment to be made in Australia within 14 days after appraisal, which was a great desideratum. He explained that Mr. Giles and assistants had already left for Western Australia to organise the whole business. He hoped permanently to establish a wool-selling and classifying centre at Fremantle, with all its subsidiary industries, and thus raise Western Australia to the status of a wool-producing country, where buyers in normal times would assemble for the purchasing of the product. In order to expedite shipment, I have been able to secure the s.s. "Moirá" during the first week in February, instead of at the end of that month, in order that she might be utilised to bring down a large quantity of wool, which, it is understood, is awaiting shipment at the North-West ports. Recognising that the loss of this wool traffic would mean a good deal to the Singapore boats, Mr. Higgins was hopeful that permission might be obtained later to utilise this route, at any rate for some portions of the clip. In the meantime the Admiralty is making arrangements to lift the wool at Fremantle. I was able to arrange for the re-charter of the "Moirá" for the ensuing cattle season, on terms similar to those of last year. This vessel, together with the Singapore boats which are to be available, ensures adequate space for the conveyance of cattle to the metropolitan markets. After a conference with the naval authorities, who explained that the cold storage for the conveyance of fruit to the United Kingdom had been enormously reduced by the

Imperial authorities, I was able to obtain a definite promise that space would be provided to the extent of 100,000 cases for Western Australian fruit to the United Kingdom. During the adjournment of the conference I took the opportunity of visiting the Broken Hill Proprietary Company's steel works at Newcastle, and conferred with the managers in regard to the steel rails which they are now rolling for Western Australia, and also the question of further supplies. I also inspected the principal freezing works at Brisbane, and the new cement works, both of which are established on the most up-to-date principles. It is hoped that similar industries will be established very shortly in our State. That, Sir, is my report dealing with the conference. I beg to move—

That the report be laid on the Table of the House.

Question put and passed.

SELECT COMMITTEE, TRUST FUNDS.

Extension of Time.

Mr. SMITH (North Perth) [5.12]: The Committee are not yet ready to present their report. We have held about twelve meetings and taken a considerable amount of evidence, but we have found that the job was a larger one than we thought. Owing to the intervention of the holidays and the consequent absence from town of some members of the committee, the report is not nearly completed. I have, therefore, to move—

That the time for bringing up the report be extended for a fortnight.

Question put and passed.

BILLS (2)—RETURNED FROM LEGISLATIVE COUNCIL.

- 1, Loan, £1,537,000.
 - 2, Appropriation.
- Without amendment.

BILL—TREASURY BONDS DEFICIENCY.

Second Reading.

Debate resumed from the 22nd November, 1916.

Hon. J. SCADDAN (Brown Hill-Ivanhoe) [5.14]: I think most members will agree that little exception can be taken to the principle involved in the Bill introduced by the Treasurer. I recognise with him it is desirable that proper methods should be devised to meet deficiencies which may occur from time to time on our revenue account. But whether the figures as presented by the Treasurer should be accepted in their entirety, without there being made any provision to set against them the revenue which he may receive after the close of the financial year, and which should have been received before the close of the financial year, is a point to which we might give some little consideration. The Treasurer explained the principle of the Bill very clearly, and one cannot take exception to it. I recognise that it may be considered by quite a number of persons that this will mean the raising of additional money for the purpose of meeting the deficiency which has occurred in previous years. As a matter of fact, that is not the case. It is largely a matter of bookkeeping. The money has been found for the purpose of meeting the shortage of previous years from loan account.

The Premier: To replace that money.

Hon. J. SCADDAN: Yes. It is true that works which had been provided for under loan schedules in the past have not been proceeded with because of the fact that this money has been required for the purpose of meeting the shortage on revenue account. What really will occur is that, instead of raising a million and a quarter or a million and a half of money for the purpose of meeting this deficiency, it will mean the raising of a million and a quarter of money to meet the shortage in the loan account, in order to proceed with loan works as already outlined in our Loan Bill. The money, so far as the deficiency in past years is concerned, even right up to date, has been found, and found from loan and trust moneys, and therefore it is merely a matter of bookkeeping which the Treasurer has to meet under this Bill. There is one point which requires some little consideration, and that is as to whether it is fair to charge the rate of interest against the previous deficits on the basis of the rates