LEGISLATIVE COUNCIL

Thursday, July 22, 1971

The PRESIDENT (Hon. Sir Lyell McEwin) took the Chair at 2.15 p.m. and read prayers.

QUESTIONS

INDUSTRIAL TROUBLE

The Hon. R. A. GEDDES: Serious concern is being expressed following reports of established secondary industries moving away from South Australia and following the announcement that some major industries will be forced to close down their entire works because of union activities. Will the Chief Secretary, as a matter of urgency, inform Cabinet that many honourable members of this Council are alarmed at the deterioration in the employment potential available to the State's work force? Will he urge Cabinet members (as Parliamentary representatives of Australian Labor Party philosophies—that is, to give help and guidance to the work force) to take immediate action in order that not only will industrial peace be the acceptable order of the State's unions but also every possible action will be taken to create an industrial climate favourable enough to allow those industries that are planning to leave the State to reconsider their decisions?

The Hon. A. J. SHARD: I do not know whether the honourable member thinks that Cabinet members have been sitting down and taking no action with regard to this very grave situation. All this week Cabinet has been disturbed about the industrial unrest. If the honourable member has read last night's *News* he will have seen that one of the industries that he is concerned about places no blame on the Labor Government for the position. Unfortunately, this morning's paper did not publish a similar report. The matter was discussed at last Monday's Cabinet meeting, and each day this week Ministers have played a part in trying to find a solution and to restore industrial peace in this State. All this morning three Ministers have put all their efforts into trying to find a solution to this very difficult problem. I assure the honourable member and all other honourable members that there is no-one more concerned than Cabinet Ministers and all other Government members, and we are doing everything possible to find a happy solution to the present industrial problems.

The Hon. R. C. DeGARIS: I seek leave to make a brief explanation prior to asking a question of the Chief Secretary.

Leave granted.

The Hon. R. C. DeGARIS: I listened carefully to the question directed to the Chief Secretary by the Hon. Mr. Geddes. I am quite certain that the question expresses the view of most honourable members in this Chamber. I am pleased that the Chief Secretary is going to convey to Cabinet the views of honourable members in this Chamber. However, will he also convey to Cabinet the view that has so often been expressed in this Chamber, that the continued expansion of the economy of South Australia is directly related to the cost of production? The recently announced rising costs in South Australia are also a most important factor in the question of continued industrial expansion of this State.

The Hon. A. J. SHARD: I assure the Leader that the whole question (I have already asked for a copy of it this afternoon) will be conveyed to the Premier.

SPEED LIMITS

The Hon. M. B. DAWKINS: I seek leave to make a short statement prior to asking a question of the Minister of Lands, representing the Minister of Roads and Transport.

Leave granted.

The Hon. M. B. DAWKINS: For many years this State has been handicapped in the transport world by what might well be described as outdated, impractical speed limits for heavy vehicles. Some of these are really based on a 1925 concept and are, therefore, in some cases too low for many modern vehicles. About two years ago, during the regime of the previous Government, trials were conducted on Heaslip Road, south of Angle Vale, which, I believe, gave the road traffic authorities valuable information regarding the safeness or otherwise of altering the speed limits for heavy vehicles. Will the Minister of Lands therefore ascertain from the Minister of Roads and Transport whether the Government plans to update the legislation regarding the speed limits for heavier vehicles in this State?

The Hon. A. F. KNEEBONE: As I see the situation, it is apparent from what has happened in the last week or two that heavy vehicles are not obeying the speed limits in existence at present. All members who have driven to other States or through the Hills would realize this, having seen so many heavy vehicles passing them at faster than their speed

limits; otherwise so many accidents would not have occurred. However, I will convey the honourable member's question to my colleague to see whether he has any plans for upgrading the speed limits for heavy vehicles.

ABATTOIRS

The Hon. L. R. HART: Has the Minister of Agriculture a reply to the question I asked on July 13 regarding the killing capacity of the Adelaide abattoirs?

The Hon. T. M. CASEY: The General Manager of the Metropolitan and Export Abattoirs Board has informed me it is expected that the works will be able to handle a maximum kill of 62,244 sheep and lambs each week of seven working days. After allowing for local trade requirements, the estimated export capacity will be 30,000 head a week. The forecast of about 62,000 is comparable with that achieved last year, despite the reduction of the manning of the three chains from 54 last season to 38 men a chain this season. The reduction was necessary in order to comply with inspectorial standards, but by working the slaughtering teams over a 7-day period it is expected that that output will be maintained.

The Hon. L. R. HART: Following the reply given by the Minister, I now ask him whether the seven days a week working basis for the slaughtermen at the abattoir is on a shift basis or an overtime basis.

The Hon. T. M. CASEY: I cannot answer that because that is a matter for the Metropolitan and Export Abattoirs Board. I understand that last year they worked it on an overtime basis.

DRIVERS LICENCES

The Hon. C. M. HILL: I seek leave to make a short explanation prior to asking a question of the Minister of Lands, representing the Minister of Roads and Transport.

Leave granted.

The Hon. C. M. HILL: In recent years several major accidents, involving large, heavy commercial vehicles such as passenger buses, trucks and semi-trailers, have occurred. South Australian drivers of such vehicles need hold only the usual A class drivers licence, a position which, as I recall, differs from that in other States and in many other countries throughout the world, where special classifications of licences exist and where special licences must be held by the drivers of heavy vehicles. Although driver error is not necessarily the cause of all accidents, will the Government, in the interests of road safety, consider introducing a special class of licence in South Australia for those persons who drive heavy commercial vehicles?

The Hon. A. F. KNEEBONE: I will discuss the honourable member's proposal with my colleague and bring him back a reply as soon as it is available.

The Hon. H. K. KEMP: I desire to make a short statement prior to directing a question to the Minister representing the Minister of Roads and Transport.

Leave granted.

The Hon. H. K. KEMP: I am certain that, in respect of the accident reports on heavy vehicles recently given, most drivers concerned have come from other States. I believe that our own drivers in this State are remarkably free from accident records. Before the Minister considers imposing further restrictions on drivers licences in this State, will he analyse the origin of these accidents?

The Hon. A. F. KNEEBONE: I am sure this will be done before any change is made.

ROSEWORTHY COLLEGE

The Hon. R. A. GEDDES: Has the Minister of Agriculture a reply to the question I asked yesterday about the advertised position of Senior Lecturer in Oenology at the Roseworthy Agricultural College?

The Hon. T. M. CASEY: The Chairman of the Public Service Board has informed me that to the best of the board's knowledge there is no university degree directly applicable to wine-making. Undoubtedly, there are relevant subjects in some degrees, and the board would be happy to have a graduate in the position, provided that he also had experience in wine-making; but to have made a degree a compulsory requirement may well have led to no suitable applicant being forthcoming. The honourable member is undoubtedly aware that the Diploma in Oenology at Roseworthy is the only course in Australia directly related to the teaching of wine-making. If an applicant with experience in the wine industry, who also held a relevant degree, was available, he would certainly be considered on his merits having in mind the total requirements of the position. I assure the honourable member that, if he likes to submit his name, it will be taken into consideration.

The Hon. M. B. DAWKINS: Can the Minister of Agriculture say, or can he ascertain for me, whether the several positions for lecturers that were advertised last week are for

replacements or whether they are new positions in view of the expansion in numbers at the college?

The Hon. T. M. CASEY: As I should like to examine the question, I will bring back a considered reply for the honourable member.

LAMB

The Hon. L. R. HART: I seek leave to make a short statement prior to directing a question to the Minister of Agriculture.

Leave granted.

The Hon. L. R. HART: The Australian Meat Board in September, 1970, set up a Lamb Marketing Investigation Committee to examine the marketing system for lamb in Australia, covering both the domestic and the export markets. One of the recommendations of this committee was that the system of identification and description of lamb should be the same in all States. No doubt this would entail the strip branding of lambs. I understood that the Meat Board was to approach the States on this matter through the Australian Agricultural Council. Is the Minister able to say whether this recommendation has reached the Agricultural Council and what progress, if any, has been made to carry it out?

The Hon. T. M. CASEY: I can tell the honourable member that the matter was not discussed at the Agricultural Council meeting. I favour the strip branding of lambs, for I believe that it protects the consuming public in the purchase of such an item. At present New South Wales is having difficulty in defining exactly what is lamb, and I am awaiting that State's definition of lamb in order to see whether or not it covers the situation. As I have said, I favour the strip branding of lambs.

VICTORIA SQUARE

The Hon. C. M. HILL: Has the Chief Secretary a reply to the questions I asked recently about whether the Lord Mayor's Committee on Victoria Square chose the site for the proposed hotel there and whether the report of that committee could be tabled in this Council?

The Hon. A. J. SHARD: I hope the reply I have for the honourable member is satisfactory: The Lord Mayor's Committee on Victoria Square has not yet reported to the Government. Professor Winston of the Department of Architecture and Town Planning of the University of New South Wales was engaged to examine and report on the future development of the square. The Premier was shown some of the illustrations prepared by Professor Winston, and they included a proposal for a hotel in the location referred to in recent press announcements. The Town Clerk has advised that the committee's report is at present in preparation, and the Government expects to receive it soon.

The Hon. C. M. HILL: I ask leave to make an explanation before directing a further question to the Chief Secretary, representing the Premier.

Leave granted.

The Hon. C. M. HILL: The questions and replies involved the subject of the Lord Mayor's Committee on Victoria Square, a committee which has been sitting for some years and includes representatives of the Adelaide City Council, which is the local government body concerned with the development of the square from the points of view of beautification and zoning of the periphery for development, and also representatives of the Public Buildings Department and the Commonwealth Department of Works as well as the Director of Planning. At the request of the committee the previous Government agreed to Professor Winston being brought from Sydney to work with the committee on its plans to beautify and develop the square.

The Premier last week published photographs of a proposed hotel to face the square and other photographs concerning the beautification of the square. It is now evident from the reply received today that the committee's report has not yet been completed and presented to the Government. The Chief Secretary's reply disclosed that the Premier obtained some sketches prepared by Professor Winston in the course of his duty and these sketches have been taken, according to the press, into Asia by the Premier who was intending to do his best to open negotiations for Asian capital to build a tourist hotel on the site. In view of the facts now disclosed, will the Premier undertake to hold up all negotiations entered into overseas regarding this hotel until the committee's report has been received and studied by the Government and other consultation has taken place with interested parties, including the Adelaide City Council?

The Hon. A. J. SHARD: I will refer the honourable member's request to the Premier's Department.

PRAWN FISHING

The Hon. C. R. STORY: I seek leave to make a short statement prior to asking a question of the Minister of Agriculture.

Leave granted.

The Hon. C. R. STORY: My question concerns prawn fishing. If my memory serves me correctly, it was decided some months ago not to continue with the zoning system but to allow the people who were licensed as prawn fishermen to utilize the whole of the areas in the prawn fishery. Can the Minister say whether there is any likelihood of the zoning system being reintroduced? Can he also say what is the catch at this stage of the year compared with the previous two years?

The Hon. T. M. CASEY: First, let me correct the honourable member on one point. He indicated that all zones were open to prawn fishermen in South Australia. That is not quite correct. Zones A, B, C and D were opened to fishermen in the northern zone, and zone E was left for prawn fishermen operating from Port Adelaide, with the restriction in zone E that only single trawl boats would operate. The remainder of the area was opened up because prawns were not running earlier this season as they had in previous seasons, and while some zones were catching prawns others were not. To make the situation more equitable the department, in collaboration with me, decided it would be in the interests of all prawn boats in the northern zone to be allowed to use these zones. That is the present situation.

I cannot say now whether zones will be reintroduced; I think not, because we have the matter well in hand at present. The honourable member will recall that we did close portion of one zone earlier this year because prawns being caught were too small to be of commercial value. This has been proved the right action, because the prawns have been given a chance to grow, and it was an action supported by all prawn boat owners at the time. It has worked very well. I cannot give the honourable member figures of the catches for the past two years, but I can say that the latest figures I have seen show that catches for this year are very comparable with those for last year.

ADDRESS IN REPLY

Adjourned debate on motion for adoption.

(Continued from July 21. Page 209.)

The Hon. R. C. DeGARIS (Leader of the Opposition): I support the motion for the adoption of the draft Address in Reply. Together with other honourable members, I express my regret at the death of the Hon. Sir Collier Cudmore, the Hon. Colin Rowe, Mr. Lawn and Mr. John Cowan. Other honourable members have referred to the contributions that those gentlemen made not only to Parliament but to the development of this State. I support those remarks in their entirety. I have already spoken on the retirement of the Hon. Sir Norman Jude. I again place on record my view of Sir Norman's contribution to this Parliament, particularly in connection with his roles as Minister of Roads and Minister of Local Government over a 10-year period. Together with other honourable members I welcome to this Council the Hon. Mr. Cameron, a man who is representing probably the most important district represented in this Council. I may be taking a rather parochial view in this connection!

During the last session 117 Bills were presented to this Council, of which 110 were passed. Of the seven Bills that were not passed, two were defeated in the Council, some lapsed, and the others were defeated in the House of Assembly. In the prorogation speeches at the end of the last session, many honourable members referred to the matter that I shall now raise. Nevertheless, I believe that the matter should be emphasized again. In the first session of the Fortieth Parliament, this Council performed its task extremely well. It dealt with all matters before it in the understanding that the Australian Labor Party forms the Government in the House of Assembly and we fulfil our role as an effective House of Review with, I believe, distinction. I like a simple explanation of the situation between the two Houses: that is that the House of Assembly acts as the political accelerator and the Legislative Council acts as the political brake in South Australia. Both are essential for the well-being of the democratic process. I believe that in the last session we played our role in this context extremely well.

With the results of the first session behind us—a session that, I believe, reflected the spirit of compromise and co-operation existing in this Council—we come to the second session of the Fortieth Parliament. Ministers and other honourable members in this Council should take due credit for the work done in the first session, and I am sure that this session will conclude with the same respect being shown for each other and each other's

viewpoint. At least I give an undertaking that I shall try to achieve this situation.

I turn first to the question of land tax, which was raised in His Excellency's Speech. As most honourable members know, it is the policy of the Liberal and Country League to remove land tax from primary-producing properties. Also, we admit that at present this is not the policy of the present Government. During the passage of the Land Tax Act Amendment Bill in the last session, it was clearly demonstrated that there could arise, when the new assessment was adopted, an increase, not a decrease, in the collections of land tax by the Treasury. At that time replies to questions were given in which the Chief Secretary, representing the Treasurer, said that the collections of rural land tax would decline slightly, compared with previous collections. I think every honourable member knew at that stage that, with a new assessment (and even with the reduction in the rate of taxation), this was possibly not the situation. It now appears that the representations made and the arguments advanced by honourable members in that period will be recognized by the Government and some corrections will be made. I do not think all honourable members of this Council will be satisfied that justice is being done through the Government's corrections, particularly in connection with rural areas. Nevertheless, honourable members welcome the recognition of the views expressed earlier in this Council that the position when the new assessment came out would possibly need correcting.

At present, as all honourable members know, a Select Committee is still taking evidence on the effects of capital taxation. I had hoped that by this time the committee would have issued its report to this Council, but unfortunately the task is large and no report can be made for some time yet. Naturally the question of land tax in some areas has loomed very large before the Select Committee. I again express my regret that no A.L.P. member is serving on the committee. Nevertheless, I hope that the committee will make a report soon.

I hope that Governments throughout Australia, not only the State Government here, will recognize the impact on the rural community, particularly in connection with family ownership, of the whole range of taxes levied on capital investment, particularly the impact on rural investments. My colleague in the Southern District, the Hon. Harry Kemp, has for many years been driving this point home to us in this Council—sometimes with more than usual vigour—and pointing out the ultimate outcome of the savagery of this type of taxation on farming enterprises. The message he has been expounding is, I hope, gradually making its mark on the minds of legislators. Although land tax reductions are mentioned in His Excellency's Speech, no mention is made of the more damaging taxation measure—succession duties. I believe that last session the Legislative Council performed well in connection with the Succession Duties Act Amendment Bill. Also, credit must be given for the manner in which the conference on that Bill was conducted on behalf of both Houses. Last session the Chief Secretary gave due credit to both sides, and I fully endorse his remarks. I want to make it clear that, although I do not advocate the abolition of death duties, I still believe that certain serious imperfections require the urgent attention of legislators.

I do not intend to develop any particular theme on these two issues, but I am sure that as time passes a total re-examination of the impact of capital taxation will have to be made in an effort to spread the burden of taxation more evenly over the people of this State. I could continue on this line, pointing out that this type of taxation is not based upon income and that its impact often hits people who have an income below the basic wage. However, I will content myself with saying that, on examination, the inequities in these forms of taxation are evident.

I now pass from the subject of land tax and succession duties to a matter that is related to them, it being a capital charge based on unimproved land valuations. This matter concerns only the Southern District of the Legislative Council. I refer to the burden that is being placed on many producers within the rating range of the Tailem Bend to Keith main. I do not wish to deal with the history of the main, its construction or what preceded the present situation, and I do not wish to lay any blame on any Government. I wish only to illustrate the obvious injustices occurring along the total length of this main.

First, ratings of properties along this main are based on the frontage of the property to the main and the depth back to half a mile. For example, if a property has a frontage of a mile to the main and a depth of half a mile, the ratable area totals 320 acres. However, if a property has only a half-mile frontage to the main and is a mile in depth, the ratable area

is only 160 acres, although the total area involved is exactly the same as in the previous example. Although that is only an illustration, actual examples taken from the area show much greater anomalies.

Secondly, although much of the country presently rated does not need water, the owners are being forced to pay for a commodity that they are not using. If one took an example of a main running past a block in the metropolitan area or a built-up area of the State, one could see that the value of that property was increased because of the existence of a reticulated water supply. A a result, some payment by the owner of that property would be justified. However, a totally different situation obtains in rural areas. This main has in many cases wiped $10,000 off the value of a property abutting it. I will explain that statement later. Although I have a sheaf of letters on this matter, I will refer to one case, in relation to which I have received the following letter:

Re the anomolous water rating system as it applies to country lands in this area. In my own particular case, I am compelled to buy 1,250,000 gallons of water a year at a cost of $500, when in actual fact I do not require any at all. My property is equipped with two shallow draught bores, which have always provided me with an adequate supply of good quality water at an absolute minimum of cost. Both mills are in excess of 25 years old and are still giving good service. The amount of $500 represents my biggest annual capital outlay and is for a commodity which I already possess.

My property comprises 2,850 acres, 850 acres of which is arable, the balance of 2,000 acres comprising sheet limestone country quite unsuitable for further development. The 850 arable acres has a carrying capacity of two acres to one sheep, and the 2,000 non-arable acres a carrying capacity of four acres to one sheep, making an overall carrying capacity on the 2,850 acres of about 940 sheep.

I submit that a $500 annual water rate assessment on a property of the size and productive capacity of mine is causing it to become an uneconomical farming unit, and under the present circumstances it will only be a matter of time before I will be forced to sell out. If and when this occurs, for the reasons previously quoted, the poorer quality land will, as a direct result of the crushing water rate assessment, be so depreciated in value that it is extremely unlikely that I would get a buyer. The State land tax assessment of the property is as follows: assessment No. 80 02420 005, comprising 632 acres of sheet limestone country, $3.99 an acre; and assessment No. 80 02437 050, comprising 2179 acres made up of 850 arable acres and 1329 acres sheet limestone country, $6.29 an acre. I trust that you will be able to help us in this matter.

That is only one of many letters I have received regarding the rating of properties along the Tailem Bend to Keith main. This person's position is such that his annual rate of $500 will have two effects on him. One should remember that the whole property carries 940 sheep. I know this property, and I know, too, that this person has been able to maintain himself in a viable position because he has no overheads: he does all his own shearing and crutching, as well as all his other work.

All honourable members would realize that, although this person has been able to keep his property viable in the past, he is in a difficult financial position. The imposition of this annual $500 water rate, for water which he does not require and virtually cannot use, would make the operation of this farm sub-economic. Also, it has written $10,000 off his invested capital, because, as all honourable members would realize, the value of a property is usually based on the capitalization of the fixed outgoings.

Therefore, the existence of this main has not only created a situation in which the property is no longer viable but it has also wiped $10,000 off its sale value. In my opinion, the Minister at present has power under the Act to remedy this situation. If necessary, the Government should take the necessary action to ensure that such a charge is made against a property only if the service for which the charge is being made is used. As I have pointed out this is only one of many people who are similarly affected. There is no doubt that the situation is known to the Government. If any Minister examines all the evidence and considers all the anomalies in relation to rating along this main, he can be only sympathetic to any plea made on behalf of the landowner who is faced with the problem of water rating. The unimproved land value has had its effect on the total payments that are to be extracted from these landowners. It is urgent that the Government investigate the matter and take some action to remove from these people a burden that at present is intolerable.

I intended to comment on the establishment of a myth in connection with Mr. Whitlam's visit to China. We all listened intently to the statement made by the Minister of Agriculture. I am sure that his comments on this matter impressed on honourable members in this Chamber the absolute ease with which we can solve all our international problems—from his point of view. I intended referring to this but,

as Professor Arndt has done it far more effectively in today's *Advertiser* than I could, I have decided to pass over that matter.

The Hon. L. R. Hart: Is he another economist?

The Hon. R. C. DeGARIS: I do not know what he is, but he is a very wise man. I now turn my attention to a matter not related to capital taxation, yet I believe it is of the utmost importance for the future of the Australian Federation. Most people in Australia, irrespective of which State they come from, support the concept of a federal system, with sovereign powers resting with the States of that Federation. I need not develop the arguments why I support a federal system; that would take some time, anyway, but I am certain that most people in Australia support this concept as opposed to the concept of a unified system. The form the Australian Federation took was decided some 70 years ago, yet in practice the original form has changed to a stronger and stronger central system.

Admittedly, the States still carry the sovereign power and the responsibility for most of the needs of a modern community; but at present they have not the means to fulfil their functions from their available resources. Every State in the Commonwealth is dependent on revenue payments from the Commonwealth Government to maintain its essential services. For a long time I had attempted to research this matter, and then I came across a speech made in the Victorian Legislative Council by the Hon. Richard Hamer. Much of the research I have done is much better expressed in this speech than I could presume to express it. Let me quote, to begin with, the remarks of Alfred Deakin, one of our early Prime Ministers, because his words are somewhat prophetic. He said:

As the power of the purse in Great Britain established by degrees the authority of the Commons, so it will in Australia ultimately establish the authority of the Commonwealth. The rights of self-government of the States have been fondly supposed to be safeguarded by the Constitution. It has left them legally free but financially bound to the chariot wheels of the Commonwealth.

As I have said, I have spent some time researching this whole matter, but I should prefer to use the words of the Hon. Richard Hamer in the speech he made to the Victorian Legislative Council. He said:

What we should be examining is how this has come about, how the real spirit of the Australian Constitution has been lost, and how in certain vital respects it has even been perverted to the very opposite of what was intended. I propose to take two simple sections of the Australian Constitution and try to ascertain what has happened to them, because these two sections, to my mind, have proved to have had within them the seeds of the effective destruction of the federal system. The first is section 94, which reads:

> After five years from the imposition of uniform duties of customs, the Parliament—that is to say, the Commonwealth Parliament—may provide, on such basis as it deems fair, for the monthly payment to the several States of all surplus revenue of the Commonwealth.

A monthly distribution was envisaged of surplus revenue of the Commonwealth. It is a simple sort of section and seems to be an explicit power in the Commonwealth to distribute surplus revenue periodically to the States. But, as Mr. Swinburne mentioned by interjection, what is "surplus revenue"? This is a vital question. This was disposed of very early in the piece. In 1908, the High Court decided, when New South Wales challenged the Commonwealth on this point, that an appropriation by the Federal Parliament of money for a specific purpose prevented the money from being classed as surplus revenue, even though it is not actually spent, but is kept, as has since been the case, in trust funds. There has never been any surplus Commonwealth revenue! By a well-established device, any potential surplus revenue is, so to speak, channelled away into the Loan Consolidation and Investment Reserve Fund.

Later, Mr. Hamer said:

But there is worse to follow, because out of this trust fund and other moneys which could be classed as potential surplus revenue—certainly they are straight-out taxation revenue—the Commonwealth not only finances its own capital works, free of interest, but actually lends money to the States at full interest. By any reading of the spirit and intent of the Constitution, this would be surplus revenue which ought to go to the States outright. Nothing of the kind. The States have to repay the loans, and, to add insult to injury, they have to pay interest, too. The figures show that for every $1 of surplus revenue that the Commonwealth lends to the States it receives back $2.50. So far, the Commonwealth has invested the staggering total of $2,200,000,000 in loans of surplus revenue to the States. The Commonwealth will get back the sum of $5,500,000,000—a cool profit of 150 per cent. I shall give the House a few more figures, because they were staggering to me as I investigated this matter. This year alone the States will pay $95,000,000 in interest to the Commonwealth on moneys lent to them out of revenue. Meanwhile, of course, the Commonwealth is paying off its loan debt, and the States, which are carrying most of the costs of development, are wallowing ever deeper into the financial mire. Who can say that this is the kind of Federation which the founders intended? Even though it is, as it were, sanctified by judicial decision, how can it really be justified as a system of responsible Government?

At this stage there is a detailed examination of section 96 of the Commonwealth Constitution. Up to the present, the speech concerned itself with section 94. The following comments relate to section 96, which is also interesting and which reads as follows:

During a period of 10 years after the establishment of the Commonwealth and thereafter until the Parliament otherwise provides, the Parliament may grant financial assistance to any State on such terms and conditions as the Parliament thinks fit.

The honourable member went on to say:

Here again, the political innocent might well think that the section ought to be read in the light of the fact that it occurs in a Constitution and should be interpreted, one would think, as part of a Federal compact. In view of the fact that the actual powers of the Commonwealth are explicitly set out in other parts of the Constitution, one would not think this section should be used for the purpose of enlarging Commonwealth powers. One would not think the terms and conditions attached to any of these grants should be used to deprive the States of control in the fields in which they have responsibility under the Constitution. It is interesting that in its early days that is how the High Court started to interpret this section. The last thing one would expect, I suggest, is that this section would be used to deprive the States of their principal source of revenue—income tax—and so bind them financially to the chariot wheels of the Commonwealth in a way which I think not even Alfred Deakin envisaged.

The High Court in its early years applied certain principles to this section which were derived from American precedents. To a large extent, our Constitution was based on the American Constitution. The main principle was to the effect that the court should have regard to the fact that it was interpreting a Constitution. However by 1920, this principle had been abandoned and the way was open to use section 96 without that kind of restraint. It is now the bedrock on which the Commonwealth intrusion into education, health, road-making, and other fields is founded. The terms and conditions of the Commonwealth grants constitute the directions given to the States and their instrumentalities, universities, institutes of technology, road-making authorities and all other recipients.

Finally, it is the basis on which the uniform taxation legislation rests and under which the States receive their annual dole from Canberra, the condition being that they do not attempt to raise any income tax of their own. The Constitution was framed in the days when the main revenue in Australia was derived from customs duties. It was thought that if the Commonwealth took over customs duties there would be some surplus revenue from this sphere which the Commonwealth could distribute to the States on certain terms and conditions; but never in such a way that its own powers should be enlarged beyond what the Constitution specifically laid down and certainly not to deprive the States from carrying on their own affairs. It is interesting to note that until 1959 these annual payments to the States from Canberra were termed "re-imbursement grants", the implication being that they were the repayment to the States of moneys which the States would have raised themselves if they had not been deprived of their power to do so. However, from 1959 onwards that pretence was dropped, and the title of the grants was changed to "financial assistance to the States". As the reimbursement grants operate today, there are some serious inequities, and these are beginning to gnaw at our life. In every case it will be found that the States suffer heavily, whereas the Commonwealth reaps a substantial benefit. This is so, even though the formula under which the grants operate allows for increased grants when wage levels rise.

Then the Hon. Richard Hamer goes on to give illustrations of the operation of this scheme in relation to rising wage costs within a State, and he shows how when this occurs the Commonwealth revenue increases while the States find themselves more and more in the financial mire. I commend this speech to all honourable members in this Council. I spent a good deal of time in researching this subject, and I consider that the facts and figures given by the Hon. Richard Hamer are put together in such a way that there should be some record of them in our own *Hansard*.

I believe that, as a result of our system as it has now developed, the annual Commonwealth-States financial wrangle has done more to harm the image of our federal system and possibly our State Parliamentary system than has any other single factor. I believe that the people right throughout Australia, although many of them perhaps do not know what all this is about, know that every year there is a wrangle in Canberra, and it is doing the image of Parliament no good whatsoever. The annual meeting of Premiers with the Prime Minister is used increasingly for purely political purposes, with blame and counter-blame, and it is developing a lack of respect and, I think, a lack of responsibility both at the Commonwealth and at the State level.

I believe that the question that has been dealt with by Mr. Hamer in his address is one of the most urgent problems we face in the organization of our political life. There are a number of by-ways one could follow. One could go on debating whether or not there should be, shall we say, a new constitutional convention between the States and the Commonwealth in an attempt to iron out some of the constitutional difficulties that are appearing.

It is often said that the Commonwealth Constitution was designed for the horse and buggy days. However, I do not believe that that is so: I still believe that the Commonwealth Constitution is a viable concept. However, we must move away substantially from the original concept. It is a matter of whether we should sit still and probably allow the noose of centralism to be tightened around the necks of the States or whether we should be prepared to accept the continual modern growth of a centralized society leading, as it will eventually, to total Commonwealth responsibility in all fields. One could go on developing theme after theme from the evidence I have placed before the Chamber this afternoon.

One of the problems I see is that the A.L.P. policy itself (as I read it, and I stand to be corrected here) gives complete support to a centralized bureaucratic system, although I believe that many individual members of the A.L.P. are opposed to this view. I was highly delighted with the attitude of the Premier on one matter, in which I fought very strenuously with the Commonwealth, concerning the question of the control of offshore minerals. I was delighted that the present Minister of Mines continued with the same attitude I took in this very vital matter to the future of the State. While the A.L.P. policy appears to me to be headed willy-nilly towards a highly centralized bureaucratic system, very often the individual attitudes of members of the A.L.P. are opposed to this policy.

Nevertheless, whilst the Minister of Mines has taken this attitude on this question, as Premier he previously took a different view, saying that he believed in the establishment of a one-House Parliament in Canberra in which all constitutional power would rest, and Australia would be governed by a series of administrative units based upon the concept that all sovereign power lay in Canberra. This may be just mouthing the policy of the A.L.P. but I do know (and I can say) that individually many A.L.P. members oppose this move to a highly centralized bureaucratic system, and they oppose it just as strongly as I do.

I want to go down a different by-way from the ones I said we could travel and examine. When Federation occurred 70 years ago we structured a two-House system in Canberra designed with the idea of offering protection to the States' viewpoints in the establishment of the second House, the Senate. If one studies the philosophy behind this, one will see that the States believed in a bicameral system being established, and they believed in the States' viewpoints being fully considered as a result of the States virtually controlling the Senate. That concept also gave protection to the smaller States that would not be strongly represented in the Lower House. That philosophy afforded protection to the interests of the States. No-one could deny that in structuring an Upper House on a federal system on that basis the intention was a good one, but I raise this question: having established the philosophy, did the method of election or selection of the senators produce a House that could fulfil its function? Did the method of election or selection of those who would serve in that House allow the House to fulfil the philosophy of its function?

In saying that, I am in no way offering any criticism whatsoever of senators who have served and are still serving in the Senate, nor do I want anyone to twist my remarks so as to be an argument for abolition. I believe the Senate has performed its function reasonably well and has done well in many matters, but the very method of election to the Senate has tended to produce a House that is Party-oriented rather than being able to fulfil absolutely its intended function. In my view the Senate would be able to fulfil its function to a greater extent if its members were appointed for periods longer than six years and were appointed directly from the State Parliaments.

Having established the philosophy, the next step is of the utmost importance: how to structure our institutions so that they are able to fulfil their destiny. The speech made by Mr. Hamer was a speech supporting a resolution to ask the other States of the Commonwealth to join in the consideration and framing of desirable amendments to the Commonwealth Constitution Act and the adjustment of the financial relationships between the States and the Commonwealth to accord with their respective powers and responsibilities. The whole of his address was directed towards the question of the financial relationships between the States and the Commonwealth.

I am quite certain that already the Commonwealth has recognized to some degree (and full credit should go both to Mr. Gorton and to Mr. McMahon) the need for a new financial relationship to exist between the Commonwealth and the States. Recently negotiated changes have been advantageous to the States. When the then Premier, Mr. Hall, went to Canberra to negotiate the new financial arrangements with the then Prime Minister, Mr.

Gorton, the results were highly satisfactory from the State point of view and, as a result, the Commonwealth is assuming greater responsibility for the debts of the States. The recent transfer of payroll tax to the States is another indication that the Commonwealth is coming around to recognize the problems that Mr. Hamer dealt with in his address.

Nevertheless, I believe this problem goes much further than just a question of correcting the financial relationships between the Commonwealth and the States. Whether we belong to the A.L.P. or to the L.C.L., or whether we are independent, I believe we all agree that from the point of view of the people of Australia there is a need to reconsider the whole framework so that the original concept of our federal system can be achieved. This encompasses many other questions, not only financial relationships between the Commonwealth and the States. I am highly delighted with the response made over the past two years by the Commonwealth on the question of financial relationships. The attitudes adopted by the Commonwealth have given at least some hope to the States of being able to fulfil their financial responsibilities in their services to their States. This whole question needs re-examining and we should structure our organizations so that they fulfil the functions envisaged in the original concept of the Australian Federation.

The Hon. M. B. DAWKINS secured the adjournment of the debate.

ADJOURNMENT

At 3.31 p.m. the Council adjourned until Tuesday, July 27, at 2.15 p.m.