

that has been shown in all genuine cases. I join with other speakers in expressing goodwill to you, Mr. President, and all honorable members, as well as to the staff for the coming festive season. I trust we will all be fortunate enough to be here for many years to come.

The PRESIDENT (the Hon. R. W. Mack).—I thank the Leaders of the various parties for the good wishes they have expressed to me. I join with them in thanking the table officers, the members of Mr. Strong's staff, the staff of the Parliamentary Refreshment Rooms, and the engineering and gardening staffs, who are sometimes overlooked. I pay a special tribute to *Hansard*. I know the problems which have confronted the staff during the year. Several staff changes have been necessitated owing to the death of one member of the staff and the illness of others. Despite the long hours of sittings of both Houses, *Hansard* has never fallen down on its job. The work of the *Hansard* staff has been accurate and efficient, and I pay a special tribute to the reporters for the manner in which they have worked under trying conditions during the year.

I am satisfied that the provisions made in Parliament House for back-bench members of all parties of this Chamber are completely unsatisfactory. Both the accommodation which is provided for them and the clerical assistance which is available are inadequate. Extra accommodation has been provided and some further relief will be supplied, but at best, it can be regarded only as a temporary expedient, which will not be sufficient to meet the legitimate and proper needs of members to carry out their work.

I thank all honorable members for their co-operation during this sessional period, which has been a hard working but happy one. I extend to all officers and members of the staff

and their families my good wishes for Christmas and the New Year.

The motion was agreed to.

The House adjourned at 7.3 p.m.

Legislative Assembly.

Thursday, December 8, 1966.

The **SPEAKER (Sir William McDonald)** took the chair at 11.8 a.m., and read the prayer.

GOVERNOR'S SPEECH.

ADDRESS-IN-REPLY.

The debate (adjourned from the previous day) on the motion of Mr. Stephen (Ballaarat South) for the adoption of an Address-in-Reply to the Governor's Speech was resumed.

Mr. SUGGETT (Moorabbin).—I join with other speakers in this debate in expressing loyalty to Her Majesty the Queen. I should also like to commend His Excellency the Governor and Lady Delacombe for the magnificent job they are doing for the State. By virtue of their sincerity and enthusiasm they are winning the affection of all sections of the people. We have been most fortunate in our choice of Governor. I also congratulate the mover and seconder of the motion upon the quality of their speeches.

In his Speech, His Excellency referred to the unsatisfactory financial relationships between the State and the Commonwealth. To my mind, what he said was a classical understatement. The financial relationship between the States and the Commonwealth is shocking. The whole basis of our Federal system is at stake. The States are rapidly becoming merely agencies of the Commonwealth. The Premiers go to Canberra to receive their handouts, and they spend the money allotted to

them just where and when the Federal Government dictates. I have said before in this House, and I say it again, that the States cannot have legislative responsibility without the right to collect their own taxes.

Australia's system of government has three sections—local, State and Federal. The system is ideally suited to such a large continent with its many variations of climate and production, but it is in danger of collapse. The States are completely subservient to Canberra, and the plain fact, is that they do not receive enough money to carry on. Honorable members know what a furore was created over the past few weeks simply because the State has to raise sufficient funds to enable it to carry on. It is quite wrong that the Government should have to introduce a measure such as the Stamps Bill.

Mr. WILKES.—Do you want the Victorian flag?

Mr. SUGGETT.—I am a great believer in the Victorian flag. I do not think enough people realize that there is one. In the three-pronged system of government, only two sections have the right to raise their own finance. If the Commonwealth vacated the income tax field, the States could raise sufficient money, and the incidence of taxation would be graduated according to ability to pay.

Every year, the Premiers go to Canberra to attend the Premiers' conference. I consider that term to be an anachronism. The term "conference" comes from the word "confer," which means to discuss, but the Premiers' conference is a complete waste of time. The Commonwealth decides firmly beforehand just how much money the States will receive. The Premiers can talk their heads off, but they will not get any more.

Mr. SCHINTLER.—Don't you believe in Federation?

Mr. SUGGETT.—I am a firm believer in the Federal system but not in a system of unification. The

Victorian Premier and Treasurer has always put a strong case for this State's rights.

Mr. WILKES.—He gave in last year.

Mr. SUGGETT.—The Premier does not give in. No one could put a better case for Victoria than he does, but just how much the States will receive is decided before the conference. A small margin of perhaps \$10,000,000 may be allocated if the Premiers are particularly recalcitrant and troublesome, but probably the Federal Treasurer receives a medal if he can keep the hand-out down to the amount decided upon.

It has been suggested that this type of arrangement is necessary so that the Commonwealth Government may control the economy. I suggest that there exist ample means of controlling the economy without the present restrictive form of uniform taxation. Surely, through the central bank credit there is sufficient control of the economy. Does any honorable member imagine that in time of national necessity the States will be so irresponsible as not to conform to the national policy? There is something wrong with our fiscal policy when individuals and companies have to stop producing goods three-quarters of the way through the financial year and go away for a holiday because it does not pay them to earn more than a certain amount of money in a year.

Australia is an expanding country. Victoria is by far the most rapidly expanding State. Unless there can be some flexibility of income, Victoria cannot cope with the growth in necessary State services which an increasing population demands. The return to the States is allegedly worked out on a formula, but there are so many variables, so many special grants for this and that, that the formula becomes merely an arithmetical exercise. It is time that the whole financial relationship of the States and the Commonwealth was examined by a responsible outside

body—perhaps a Royal Commission—unfettered by any need to pander to any particular section and free from the necessity to allow its deliberations to be influenced by votes. It should be a completely objective analysis of the needs of the various spheres of Government. I suggest that the Commonwealth Grants Commission would be a suitable body to undertake the task.

Mr. DIXON.—Such a body should include some members who are not appointed by the Commonwealth.

Mr. SUGGETT.—All responsible Victorians recognize the responsibility that Victoria, as a highly-developed State, has to assist those poorer States which have great problems of development but lack the necessary population or resources for such development. The Commonwealth Grants Commission recommends payments to the poorer States, and its recommendations have never been ignored by the Commonwealth Government.

Mr. BORTHWICK.—All the States are mendicants now.

Mr. SUGGETT.—That is so. One point that is overlooked is that Victoria is accepting the major portion of the migrant intake into this country. It is also apparently overlooked that this growth in population demands an accompanying growth in the various services which are provided by the State Government, such as schools, hospitals, roads, water supply and electricity.

The whole basis of Victoria's financial problems is the iniquitous policy of uniform taxation which was introduced as a temporary war-time measure in 1942, and I stress the word "temporary". Uniform taxation was introduced by that great financial genius, the late J. B. Chifley, and it has been retained by following Governments, much to their shame. I do not believe the architects of the Commonwealth Constitution ever envisaged the existing state of affairs.

Placitum (ii) of section 51 states that the Parliament shall, subject to this Constitution, have power to make laws for the peace, order and good government of the Commonwealth with respect to taxation, but so as not to discriminate between States or parts of States. I submit that Victoria is being discriminated against by the variations and the special grants made under the several formulas. I do not wish to go into figures, but over the past decade Victoria has been deprived of a minimum of \$384,000,000. I submit that the Constitution was designed in the conception of equal rights in their respective spheres for the States and the Commonwealth.

Mr. DIXON.—And independent rights.

Mr. SUGGETT.—That is so. The way things are moving at present, it is fair to say that the States are on the way out. This is a serious state of affairs. It is time that the people of Australia made up their minds whether they wish to have one all-powerful central Government. Obviously, if such a system were decided upon, there would be a tremendous growth in the Public Service, and Ministers would have to delegate far more of their responsibilities. Would a central Government operate in the interests of the people of Cape York, the people of Hobart, the people of Perth and the people of all other parts of the Commonwealth? The general public is not taking sufficient interest in this all-important matter.

Mr. DIXON.—Nor are back-benchers of the Federal Liberal Party.

Mr. SUGGETT.—I do not think any of the Federal members of Parliament take sufficient interest in this matter. I was appalled to read the editorial in what I had considered to be a responsible, reliable journal, *Australian Coal, Shipping, Steel and The Harbour*. In the September issue this year, the editorial commented on the Federal Budget, and I wish to quote a few extracts. It stated—

This year there was nothing likely to attract attention of anybody outside the

State Premiers, all glowing with virtue and anxious to collect large slices of the money the Commonwealth Treasury has had the obloquy of gathering in, so as to be able to make good fellows of themselves in the eyes of their electors.

The one flash of fire came from Mr. Askin and Sir Henry Bolte. The wail that went up from these two Premiers was like that of thwarted jaguars.

What is wrong that Australia, whose people are always proclaiming loudly that "we are a nation", are split up into sections with leaders whose motto in Government is usually, "every man for himself, and the devil take the hindmost."

How any Federal Treasurer can be expected to produce and work to a budget which will put the national finances in balance, when immediately after he has put his considered financial wisdom before the Federal Parliament to be adopted by a consensus of national representatives, some sawn-off State Premiers can be heard filling the air with shrieked threats that if they don't get more, they will decrease the Federal Government's taxation field and so interfere with the effect of the Federal Taxation scheme which, by agreement, provides most of the funds of the blackmailing elements.

Perhaps, the Federal ideal and the theory that only the States could carry on local government may have been good enough when this was a hayseed little country full of gougers in the mining industry and cow cockies on the land. Perhaps, it was all right when it took 48 hours of weary travel to get from Rockhampton to Sydney by train and 52 hours from Brisbane to Melbourne.

This is an ill-considered attack on the Federal system. It continues in vituperative abuse of the Premiers for trying to do the best for their States.

Dr. JENKINS.—That is a well known radical journal.

Mr. SUGGETT.—I thought it was a responsible journal, but apparently its outlook is unificationist. Its attitude might change if a central Socialist Government existed in Canberra.

Mr. HOLDEN.—That article could have been written by Dr. Cairns.

Mr. SUGGETT.—It sounds like it. The time has come for people to decide whether they want an all-

powerful central Government in Canberra. If this occurred, there would be no Constitution to protect the rights of the citizen. The Commonwealth legislation could not be challenged. There would certainly be need of the services of an ombudsman in those circumstances; in fact, his Department would be the largest.

Mr. WILKES.—But it is not Liberal Party policy to appoint an ombudsman. The policy would have to be changed.

Mr. HOLDEN.—Our party is not inflexible, as is the Labor Party.

Mr. SUGGETT.—That is true. The policy of our party could be altered. Members of the Liberal Party are flexible in their thinking. At present the services of an ombudsman are not required because the local members of Parliament act in this capacity because they are close to the people. However, if there existed one central Government, with large electorates, a person would not get close to his member of Parliament. The present Federal system is ideally suited to our existing population, although of course there are anomalies. It is admitted that there are anomalies in legislation between the States, but sensible uniformity in relation to certain matters is gradually being achieved—for example, in relation to company law.

I believe State Governments must be retained and that if every State Government worked for the good of its people Australia would be a better place. I realize that similar remarks have been *ad nauseam* in this House, but more and more people should express such opinions until the Federal Government in Canberra is awakened to the importance of the States to the Commonwealth. What is more, the people of this country have to make up their minds whether they want a large, unwieldy Government at Canberra. If the States went out of existence, the Federal Parliament would be considerably enlarged

and the preponderance of members would come from the eastern States. It is time that some of the claimant States realized that, although they are doing well from the existing financial hand-outs from Canberra, they are selling their birthright for a mess of pottage.

I do not wish to delay the House, but I sincerely believe that this is a serious situation which must be faced. It must be spoken about time and again until those responsible in Canberra realize that Victoria must be given some financial autonomy, some flexibility of income, so that provision may be made for the large intake of migrants into this State. The people of the country must be made aware of the very real danger confronting the States and the Commonwealth.

Mr. FLOYD (Williamstown).—At the outset, I wish to associate myself with the sentiments expressed by the mover and seconder of this motion, the honorable members for Ballarat South and Toorak respectively, with respect to our loyalty to the Crown and to Her Majesty's representative in Victoria. I congratulate the honorable member for Moorabbin, because it appears to me that he has been entrusted with spearheading the attack that is going to be made on the Labor Party in the near future at the State elections.

Now that a Federal Liberal Government has romped home with large numbers, the State Parliamentary Liberal Party believes that it can rubbish its Federal colleagues—who are safe and sound—and so take the heat off themselves. From now until the State election early next year, Government speakers will be talking about the evils of their Federal colleagues, contending that the State cannot exist on its present revenues and arguing that the State Government must tax caravans, trailers, gas and electricity. I have no doubt that increased fares will be next on the list, and I do not forget the iniquitous Stamps Bill that was passed last night.

It is obvious to members of the Opposition that no longer will the people of Victoria put up with such exploitation. Government supporters believe that they must have an alibi, and they will now roast the Federal Government because it is safe to do so. It might even be part of a pre-conceived plan.

Mr. DIXON.—How would you raise the finance?

Mr. FLOYD.—The honorable member for St. Kilda is an economist, and if he does not know, who does?

Mr. SUGGETT.—Tell us.

Mr. FLOYD.—The Labor Party has put forward a sensible plan. If the gross national product is increased, more money will be provided.

Mr. DIXON.—The Labor Party had a silly argument, and you know it.

Mr. FLOYD.—The Federal election was won last week, and the State Liberal Government has said to its Federal colleagues, "You can now defend yourselves." The State elections next year will be fought on State issues. This Government must somehow get from under and blame people other than itself. I shall not be surprised if there is a revulsion of feeling against this Government on purely State issues. It is obvious that the Government will steer the issues into the wider Federal field. Already there is further criticism of uniform taxation. I suspect that the honorable member for Moorabbin has been entrusted with the job of spearheading the attack.

Speaking to the motion for the adjournment of the House on a number of occasions, I have mentioned the Address-in-Reply debate. It is an anachronism and, while many old practices are worthy of preservation, this debate would not be missed if it were discontinued. It is no reflection on the forms of the House to say that the Address-in-Reply debate went out with button-up boots. The Opposition does not need to parade its loyalty—it is taken for granted.