

exercising a censorship over telegrams despatched by the Federal Government. I am glad the Colonial Secretary has agreed to refer the question to the Crown Law authorities and feel the Committee is under an obligation to Mr. Sanderson for bringing the matter forward. All too frequently legislation is passed which is afterwards found to be inoperative.

Hon. A. G. JENKINS: The clause has been copied from a Victorian statute passed prior to the inauguration of Federation, and it may be that the draftsman has not realised that fact. I am not prepared to say whether the State has any control over the sending of telegrams or not. I should be pleased to hear that the Colonial Secretary would agree to the postponement of the clause.

Hon. A. SANDERSON: I deeply regret that Mr. Cullen's opinion on the constitutional aspect of the question has so totally failed to support my views, for he tells us that no difficulties whatever can arise in the matter.

On motion by COLONIAL SECRETARY, consideration of Clause 9 postponed until after consideration of Clause 15.

Clause 10—agreed to.

Clause 11—Powers of police to suppress street betting:

Hon. A. G. JENKINS: I move an amendment—

*That Subclause (1) be struck out.*

This subclause gives power to any member of the police force, without warrant, to arrest a person, bring him before a Minister of Justice and have him searched. This power is too great. It is giving too much latitude to any policeman, who can come along in the street and say that he suspects an individual of street betting and, without a warrant, arrest him and have him searched. The police have already sufficient powers in the matter of suppressing street betting under this measure without these particularly drastic powers. There are many persons who are in the ordinary way of business and who might be talking to a book-maker in the street, and a policeman could come along and treat them in this manner without a warrant. It will lead to a lot of trouble. I hope the Colonial Secretary will

not insist on the retention of this subclause in the Bill.

The COLONIAL SECRETARY: I admit that the subclause is drastic but I do not think street betting can be effectively dealt with without such drastic provision. At the same time I am prepared, if the hon. member will withdraw his amendment, to report progress.

Hon. A. G. Jenkins: Such a clause is not found in any other Act in the world.

The COLONIAL SECRETARY: It is an extreme provision which we should not enact if it can be avoided. If, after consulting with the authorities, it is found necessary to have these drastic provisions, I will ask the Committee to give these extreme powers in order to deal with street betting.

Hon. A. G. JENKINS: I will withdraw the amendment.

Amendment by leave withdrawn.  
Progress reported.

*House adjourned at 10.25 p.m.*

## Legislative Assembly,

*Wednesday, 22nd November, 1916.*

	PAGE
Papers presented	1082
Questions: Repurchased Estates, reclassification	1082
Perth Tramway Service	1082
Wheat Advances agreement	1082
Railways, Carriage of Goods Great Southern line	1082
Standing Orders Suspension, postponed	1082
Bills: Permanent Reserves Act Amendment, 1a.	1082
Sale of Liquor and Tobacco, 1a.	1082
Workers' Homes Act Amendment, 1a.	1083
Industries Assistance Act Amendment, 1a.	1083
Stamp Act Amendment, 3a.	1083
State Salaries (Commonwealth Taxation), 3a.	1083
Footwear Regulation, 2a.	1083
Land and Income Tax, 2a.	1083
Dividend Duties Act Amendment, 2a.	1085
Land and Income Tax Assessment Act Amendment, 2a.	1086
Treasury Bonds Deficiency, 2a.	1087
Entertainment and Retail Sales Taxation, 2a.	1087
State Trading Concerns (No. 2), 2a.	1085
Nelson Rates Validation, 2a., Com.	1113

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

## PAPERS PRESENTED.

By Hon. J. D. Connolly (Honorary Minister): 1, Fremantle Harbour Trust Annual Report for the year ended 30th June, 1916, 2, Health Act, 1911, by-laws of the Claremont Roads Board.

By the Minister for Mines: Department of Mines, report for 1915.

## QUESTION—REPURCHASED ESTATES, RECLASSIFICATION.

Mr. HEITMANN asked the Minister for Agriculture: Has anything been done in the direction of reclassifying or revaluing selected lands on repurchased estates, which were the subject of a deputation which waited on the Minister some months ago?

The MINISTER FOR AGRICULTURE replied: Notice has been given to-day for the introduction of a Bill to amend the Agricultural Land Purchase Act, without which no satisfactory revaluation can be made.

## QUESTION—PERTH TRAMWAY SERVICE.

Mr. SMITH asked Hon. J. D. Connolly (Honorary Minister): When do the Government intend to provide sufficient tram cars to cope with the traffic?

The HONORARY MINISTER replied: There are ten bogie cars in course of construction in the Railway workshops. The bodies are complete, but, unfortunately, there is no prospect of them running owing to our inability to obtain wheels and axles from England.

## QUESTION—WHEAT ADVANCES AGREEMENT.

Mr. PIESSE (for Mr. Griffiths) asked the Premier: Is it the intention of the Government to lay on the Table of the House the agreement entered into by the Government with the Commonwealth Bank regarding the £250,000 guaranteed on behalf of the Government in connection with the last wheat advance, or make it public?

The PREMIER replied: No, as it is undesirable in the public interest that the details of this agreement should be made available for public information.

## QUESTION—RAILWAYS, CARRIAGE OF GOODS GREAT SOUTHERN LINE.

Mr. SCADDAN (without notice) asked the Honorary Minister (for the Minister for Railways): Whether he had made inquiries into the alleged abnormal delays in connection with the carriage of goods on the Great Southern line owing to the restricted train service, and if so, with what result?

The HONORARY MINISTER (for the Minister for Railways) replied: The present time-table provides for the haulage of greater tonnage than the previous one. There has been some delay owing to the exceptional heavy traffic in phosphates, machinery, etc., during the past fortnight, but this has all been cleared, and no further trouble is anticipated.

## STANDING ORDERS SUSPENSION.

Notice of motion by the Premier to suspend the Standing Orders for the remainder of the session to enable Bills to be passed through all stages in one day, and Messages from the Legislative Council to be dealt with on the day they are received, having been read,

The PREMIER (Hon. Frank Wilson—Sussex) [4.40]: I move—

*That the Notice of Motion be postponed.* I have discussed this matter with the leader of the Opposition, and we agreed that perhaps it would be better to wait until Tuesday to see how we get on with the business of the House before we suspend the Standing Orders as outlined in the motion.

Motion passed, notice of motion postponed.

## BILLS (4)—FIRST READING.

1, Permanent Reserves Act Amendment. (Introduced by the Minister for Lands.)

2, Sale of Liquor and Tobacco. (Introduced by the Attorney General.)

3, Workers' Homes Act Amendment.  
(Introduced by the Honorary Minister.)

4, Industries Assistance Act Amendment.  
(Introduced by the Honorary Minister.)

### BILLS (2)—THIRD READING.

1, Stamp Act Amendment.

2, State Salaries Commonwealth Taxation.

Transmitted to the Legislative Council.

### BILL—FOOTWEAR REGULATION.

#### *Second Reading.*

Hon. J. D. CONNOLLY (Honorary Minister—Perth) [4.45] in moving the second reading said: It is not necessary to delay the House many minutes in connection with this measure. It is not exactly an urgent matter or a matter that at the present time affects the welfare of this State, except to the extent that it is desired to make the legislation uniform in the direction indicated in the Bill. Clause 4 sets out the purpose of the Bill and all the others are merely machinery clauses. In addition to making the legislation uniform throughout the States, the measure will also aid in giving effect to the Commerce Act which is administered by the Commonwealth Government. In August, 1910, the Commonwealth authorities discovered the importations of footwear, which purported to be solid leather, but the soles of which contained imitation leather and cardboard. They prohibited this under commerce regulations and asked the States to co-operate by legislation to prevent the manufacture of such goods in the Commonwealth. Inquiries showed that only heavy boots were being made in Western Australia, in which no inferior material could be used, and that legislation was not necessary in this State. The position here is practically the same today. In 1912, 1914, and in May, 1916, the Premiers' Conferences affirmed the desirability of uniform legislation throughout the Commonwealth. Further inquiries were made by the Chief Inspector of Factories here, who reported that local manufacturers considered legislation to be desirable on

the lines of the Bill. He found only one factory in which anything but leather was used in the manufacture of boots. There is no present necessity for this legislation in Western Australia, but it will bring us into line with the other States.

Mr. Heitmann: Victoria has passed it.

Hon. J. D. CONNOLLY (Honorary Minister): Every other State has passed it. The Bill provides that a statement of the material composing the soles be stamped on them, unless, of course, they are solid leather, and penalties are provided for any infringement. It is also provided that inspectors be appointed with the necessary powers. There are certain portions of the boot in which other material may be used, such as wood, which is sometimes used in the heels of boots. If the measure is passed the Commonwealth will have proper control over footwear. I move—

*That the Bill be now read a second time.*

Mr. UNDERWOOD (Pilbara) [4.50]: I do not know that the Honorary Minister has explained the Bill as well as he might have done. In glancing through it, it appears to me there might be some confusion in regard to which is the sole. There is an in-sole to a boot and an out-sole. The out-sole is mentioned in the Bill. As a rule the composition which the Honorary Minister calls card-board is used in the in-sole.

Hon. J. D. Connolly (Honorary Minister): The in-sole is allowable.

Mr. UNDERWOOD: If the in-sole is allowable we are not doing much good. We might say that we can have three soles, the in-sole, the middle sole and the out-sole. I think it would be well not to proceed with the Committee stage until the matter is thoroughly investigated.

On motion by Mr. Carpenter, debate adjourned.

### BILL—LAND AND INCOME TAX.

#### *Second Reading.*

The PREMIER (Hon. Frank Wilson—Sussex) [4.53] in moving the second reading said: This is the usual Bill which is required to be passed every year in order to fix the rates of the land and income tax. The Bill is identical with the Act which

fixed the rates for last year, with the important exception, as I mentioned when delivering the Budget last night, that the income tax rates are on this occasion to be increased by 2d. in the £ all round.

Mr. Holman: Why do you not put on a percentage increase?

Mr. Thomas: Why not a graduated scale? You raise the small man 50 per cent. and the big man 15.

The PREMIER: It is now proposed to increase the scale by 2d. all round. I admit that the man who pays 4d. will pay a greater increase than will the man who pays 6d.

Mr. Hudson: That is your policy right through.

The PREMIER: It is a sound policy.

Mr. Hudson: I am glad to hear that expression from the Premier.

The PREMIER: I think the tax might have been 6d. before, when hon. members were so hard up and had no money; they might have started the graduated scale at 6d. The increase proposed is 2d. in the £ all round and no alteration has been pound all round and no alteration has been made in the land tax. The Bill, together with the other alterations which I have described in connection with the measure to be introduced amending the Assessment Act, that is reducing the exemptions to £100, will, it is estimated, produce a revenue of £62,000 for a full year, but for the balance of the current financial year we shall receive £30,000 additional, bringing the total estimated income tax for 1916-17 to £120,000. It will be noticed that the rates prescribed in Clause 2 are made to apply to two financial years on this occasion. The reason is that the amending Assessment Bill provides to change the taxation year from the 12 months ending the 31st December to the 12 months ending 30th June. This is done in order to bring the year into uniformity with the Federal law.

Mr. Thomas: How about last year's tax? Will they have to pay a full 12 months?

The PREMIER: We shall not be paying a double tax. The change will commence on the 30th June, 1917. As this 12 months will overlap by six months the 12 months ended 31st December, 1916, and as Parlia-

ment may not meet in time to pass the necessary legislation fixing the rates to be levied on incomes for the 12 months ended 30th June, 1917, the rates for those two periods have been provided for in the Bill. The income assessments now being made up by the Commissioner represent the ninth assessment since the imposition of the income tax, and they are based on the incomes earned during the calendar year ended 31st December, 1915. Although it has been decided to change the basic year from the calendar to the financial year, in order to come into line with the Federal basic year, it is now too late to make the alteration, and therefore the tenth assessment will be based on incomes earned in the year ending 31st December, 1916, and the taxes collected will be in aid of the Consolidated Revenue for the year ended 30th June, 1917. Then for the eleventh assessment it is proposed to have as the basic year, the 12 months ending 30th June, 1917, and the tax collected based on that 12 months will be in aid of the financial year ending 30th June, 1918. It will be seen, therefore, that the basic year of the eleventh assessment will overlap that of the tenth assessment by six months. This will, in effect, be taxing the income for the six months twice. Of course it would cause a complaint if we did that, and to obviate that it is proposed only to take half of the amount of the eleventh assessment. I went into the matter with the Commissioner of Taxation this afternoon and I jotted down his explanation in my own language. The method of the procedure will be as follows:—Last year's income tax assessments were made from March of the present year onwards, and we are collecting them at the present time. That gives the tax on incomes earned for the 12 months ended 31st December, 1915. At present we assess those incomes in February and we begin to collect in March, and we are still collecting. If this Bill passes, the Commissioner of Taxation will call for returns in February next, 1917, of the incomes earned during the present 12 months, namely for the year ending 31st December. In August, 1917, he will call for a return of incomes earned during the 12 months preceding the 30th June next year to coincide with the Federal returns which will mean that the

figures will be the same in both returns. But as these returns of income earned will include six months previously assessed, he will only collect one half of the tax as provided in the measure. That is provided in the measure. At present, of course, he is in a very awkward position inasmuch as three-fourths of the year has gone before he can get his assessments out. He has only three months of each financial year in which to get his revenue. The assessments go out from February to March in each calendar year on the incomes as earned up to the 31st of the previous December. But he has only April, May and June in which to get in his revenue. Three-fourths of the financial year has expired before he begins to collect the income tax. In future he will be able to assess and begin to collect the tax immediately after the commencement of each financial year. His returns will be made up to the 30th of June, to coincide with the financial year of both State and Commonwealth, and as soon as ever the year closes the Commissioner of Taxation will be able to get to work, subject to the Bill fixing the rate being passed, sending out his assessment notices and immediately begin to collect his revenue. This will be a decided improvement. I need not go into figures to show that although we previously arranged to a small extent to adjust the revenue to be collected, yet we will be better off if the Bill passes than we were last year. For instance, it is anticipated that from the 1st July last to the 31st December, 1916, he will be able to collect the balance of the ninth assessment, about £40,000, and during the next succeeding six months ending the 30th June, 1917—if the Bill be passed—he will be able to collect about £76,000 or one-half of the estimated £152,000 as against the revenue collected last year of £91,665.

Mr. Thomas: He will not collect before June next, because it will not be due till then.

The PREMIER: Yes, he will get the increased rate on the assessment. Under the Bill the assessments will go out for the incomes earned up to the 30th December of this year. It is in the following year that he will get only half.

Mr. Thomas: It seems rather complicated.

The PREMIER: It has to be a little complicated, for that is unavoidable, and although the complication may result in a little loss of revenue it will not result in any hardship on the taxpayer. Responsible people representing different sections of the commercial community have asked that we should do this and make the year end on the 30th June to coincide with the financial year. It is too late this year to make the alteration, and therefore we must carry on this year as in the past, and for the following financial year the new system will come into effect. At any rate the improvement will be well worth the complication involved. The usual proviso which has been repeated in every taxation Bill since we passed the original Act is included in the measure. It provides that Section 56 of the Land and Income Tax Assessment Act 1907 shall not apply to the land and income tax to be levied and collected under this Act. It is not deemed desirable that that should be done, because it would involve a considerable loss of revenue. That is the sum total of the Bill. Of course if hon. members object to the schedule, which is the main portion of the measure, they will have to amend it in Committee. At any rate I think it is a very reasonable proposition. I move—

*That the Bill be now read a second time.*

On motion by Mr. W. D. Johnson debate adjourned.

*[The Deputy Speaker took the Chair.]*

## BILL—DIVIDEND DUTIES ACT AMENDMENT.

### *Second Reading.*

The PREMIER (Hon. Frank Wilson—Sussex) [5.6] in moving the second reading said: The object of the Bill is to increase the rate of duty, as I mentioned last night. Under the principal Act companies are taxed 1s. in the £. It is now proposed to increase that by 2d. Just as the rates of income tax prescribed in the Bill I have already introduced have been raised, so we propose to raise the dividend duty. I do not suppose any exception will be taken to that. It is estimated that the additional

revenue to be collected will represent £15,000 per annum during the full year, and for the balance of the present year £10,000, making the total estimate for 1916-17 to be derived from this duty £110,000. The reason why the Commissioner of Taxation will get £10,000 during the balance of the present financial year instead of £7,500—the half of the full £15,000 increase—is because the duty is paid when dividends are declared and the amount paid is treated as an instalment of the duty on the year's profits. The clauses apply to the increase from 1s. to 1s. 2d. in the £. It will be seen from the following figures that the 5 per cent. is prescribed in Section 7 of the principal Act. Clause 4 relates to insurance companies which are taxed on their premium income whether they make a profit or not. They are taxed at the rate of 5 per cent. now, and we have had to alter that and make it read 23s. 4d. per cent. to bring it equivalent to the extra 2d. I have here calculations to show how that equalises the additional 2d. Then there is another principle in the Bill for the first time namely, authorising the Minister to communicate information contained in companies' returns to the Federal taxation authorities and to the taxation commissioners in the other States, provided, of course, that they give us reciprocal information. This authority is furnished in the Federal Acts and the Acts of the other States, and it is deemed desirable that we should have the same power. Section 6 of the 1914 Act, which is here amended, relates to subsidiary companies. It has been found that a serious defect occurs in this section which robs it of its usefulness. These amendments are for the purpose of remedying that defect. Cases have been observed where a company established outside the State in order, apparently, to escape the taxation in this State, instead of trading in its own name in this State has created a new subsidiary company in this State or elsewhere in Australia in which it has retained a controlling interest; and it sells its manufactures to the subsidiary company at such a price that the local subsidiary company shows little or no profit. The amendment will allow a tax to be imposed on such a company on a reasonable profit basis irrespective of the apparent profits. There is a precedent for this in a

recent Imperial enactment dealing with war-time profits, and the provision I have referred to, which is embodied in this measure, has been adopted in the Federal Bill to be introduced shortly to the Federal Parliament. Briefly that deals with the principles of the measure, which I hope the House will pass into law in order that I may get the extra revenue. I move—

*That the Bill be now read a second time.*

On motion by Mr. W. D. Johnson, debate adjourned.

## BILL—LAND AND INCOME TAX ASSESSMENT ACT AMENDMENT.

### *Second reading.*

The PREMIER (Hon. Frank Wilson—Sussex) [5.14] in moving the second reading said: This is a proposed amendment Act. Its first object is to extend the income tax provisions so that instead of allowing all persons a deduction of £200, all unmarried persons will pay tax on income earned in excess of £100, and all married persons will pay tax on income earned in excess of £156. It will be seen from the measure that a single man with dependents is to be treated as a married person, and a widow or widower without dependents will be treated as single persons. Provision is made to enable the income of persons who receive salary or wages to be taxed at its source, that is to say, the tax will be deducted by the employer from the salary or wages paid, and passed in due course by such employer to the Commissioner of Taxation. As the employment may not be continuous, power is given for the Commissioner to make a proper refund on application being made therefor by the employee. There are various details as to the method of procedure which will have to be left for regulation. The second object of the Bill is to provide for the exchange of information respecting the incomes of taxpayers between the State Commissioner of Taxation and the Commonwealth Commissioner and the Commissioners of other States. This will facilitate the work of both the State and Commonwealth authorities. The third object of the Bill is to provide that the eleventh assessment, that is to say, for the financial year

ending on 30th June, 1918, shall be based on the income earned during the twelve months from the 1st July, 1917, to the 30th June, 1918. This brings the State year into line with the Commonwealth year, and thus facilitates the rendering of returns. Instead of having a couple of sets of balance sheets to make out at different dates, individuals and firms will make up one set of balance sheets on the 30th June for both the Commonwealth and State returns. This amendment will also open the way to a matter which has received a good deal of consideration, and has been the subject of considerable discussion between the various State Treasurers and the Federal authorities, and that is the proposal to let the whole of the income and land taxation, both State and Federal, be virtually carried out by one set of officials, under which conditions only one return would be required each year. The result will be economy in administration as well as the facilitating of the making of returns. It has not yet been decided to bring about that reform, but this Bill is a step in that direction.

Mr. Angwin: The Commonwealth will want to collect your revenue.

The PREMIER: I would suggest to the Commonwealth that they permit us to collect their taxes for them in return for a small percentage. I am open to any little opportunity of earning revenue in that way. The two amendments to which I have just referred—exchange of information and alteration of the taxation year—have, I understand, been promised to the Commonwealth by the other States. I believe that all the other States are amending their legislation in a similar manner to this. It is estimated that the additional revenue which will result from the alterations contained in this Bill and from the general increase of 2d. which I mentioned on the previous Bill, will for a full year amount to £62,000, of which amount £12,000 relates to incomes from £100 to £156. For the current financial year the increase is estimated at £30,000 which would make the total revenue from income taxation £120,000, instead of, as under the existing Act, about £90,000. I do not propose to refer in detail to the various clauses, which can be dealt with in Committee. I

have briefly outlined the principle at which we are aiming, and which I think represents a decided advantage, not only to ourselves, but also to the Commonwealth and Eastern States Taxation Departments, more especially in connection with the exchange of information. I move—

*That the Bill be now read a second time.*

On motion by Mr. W. D. Johnson debate adjourned.

## BILL—TREASURY BONDS DEFICIENCY.

### *Second Reading.*

The PREMIER (Hon. Frank Wilson—Sussex) [5.21] in moving the second reading said: This is the measure which I indicated was to be introduced for the purpose of funding the deficit. As hon. members have already on one or two occasions had a brief outline of the intentions of the Government in this respect, I shall be as concise as possible. The objects of the Bill are, firstly, to provide for the funding of the deficit as determined by the accounts of 30th June, 1916; secondly, to make provision for any deficiencies in subsequent financial years upon the same conditions; thirdly, to give the Treasurer power in future to use any moneys at his disposal to meet such deficiencies until such time as Parliament shall pass a further Bill authorising the issue of bonds to cover any future deficit; fourthly, to provide a sinking fund for the redemption of bonds or inscribed stock, as the case may be, issued under the provisions of this Bill or any subsequent authorisation which Parliament may pass for the purpose; and fifthly, to remove, on the passing of the Bill by Parliament, the present deficit as shown in the Schedule to the Bill from the Consolidated Revenue Fund to an account to be opened in the books of the Treasury and to be called "Deficiency Account." As hon. members will see, the total amount proposed to be removed to this deficiency account, and subsequently covered by the sale of bonds, is £1,454,037.

Mr. Scaddan: Have you made provision that any revenue which is brought to account after the close of the financial year,

but which was earned in the previous financial year, should be set against the deficiency?

The PREMIER: No. It will take all the revenue that is brought to account to pay accounts that were outstanding.

Mr. Scaddan: You make provision here for accounts outstanding.

The PREMIER: Notwithstanding the instructions which the hon. gentleman gave, or said he gave, four and a half years ago, to stop the pernicious system of allowing accounts to run over into the next financial year the practice has gone on as merrily as ever.

Mr. Scaddan: That is not the point. Have you set against the deficit outstanding accounts at the 30th June on revenue account?

The PREMIER: There are always outstanding accounts, and the hon. gentleman knows that any revenue received up to the 10th July goes to the credit of the Consolidated Revenue Account for the previous financial year. I pointed out last night that all the revenue from the sale of cattle has been credited to Consolidated Revenue last year, without the cost of the cattle being debited.

Mr. Scaddan: What about the amount earned by the "Kangaroo," all the cost of earning which was paid in the previous year?

The PREMIER: No such cost was paid in the previous year. Any money received from the "Kangaroo" previous to the 10th July would be credited to Consolidated Revenue Account for the previous year, but not any money received after the 10th July. What power have I to put a payment of freight coming in at the end of July into the revenue for the previous year? But when the hon. gentleman opposite leaves out payments actually made in the previous year, cash paid away from the Treasury, and does not charge it in expenditure, the position is entirely wrong.

Mr. Scaddan: Where did I pay it from?

The PREMIER: From funds in the hon. gentleman's possession.

Mr. Scaddan: From the Public Account?

The PREMIER: Yes.

Mr. Scaddan: It is only a matter of debiting the payment.

The PREMIER: By the same argument the hon. gentleman might as well have left out half his expenditure. He might as well have omitted £993,000 as £93,000, and so shown a surplus instead of a deficit for last year. This is a Bill to fund the deficit as discovered at the 30th June, plus the extra amounts which were paid away and which have not been included in the deficit, as per the report I laid on the Table of the House yesterday. This Bill does not represent a new method of dealing with such a financial position as that which faces us. In New South Wales, as far back as 1889, and in December of 1895, and in December of 1900, and in the year 1905, measures were passed authorising the issue of Treasury bills. In other words, Treasury Bills Deficiencies Acts were passed authorising the funding of deficits—a deficit of £2,600,000 in the first instance, of £1,174,000 in the next instance, of £930,965 in the third instance, and of £336,890 in the fourth instance, the year 1905. New South Wales passed those Treasury Bills Deficiencies Acts and issued Treasury bills with various terms of currency, and carrying rates of interest up to four per cent. The proceeds from the sale of those bills were applied from time to time to the reduction of the various deficits. That is the way New South Wales funded its deficits. Now the redemption of Treasury bills in New South Wales is provided for by the setting aside out of the consolidated revenue of a fixed sum of £150,000 annually. That sum was annually applied in redemption of Treasury bills current, with the consent of the holders; and in addition to the fixed sum of £150,000 it was provided that any surplus of revenue in any year was also to be set aside for the same purpose. In December of 1904 a State Debt Sinking Fund Act was passed by the New South Wales Parliament, and this measure was amended in 1914, the provisions of the Treasury Bills Act being modified, and providing for an annual amount of £350,000 being set aside with the object of paying off any Treasury bills current which had been issued under the previous authority. I have not the slightest doubt that the sinking fund method adopted for the redemption of Treasury bills was more economical than the varying methods provided under the Treasury Bills



Deficiencies Acts referred to. They made a limit of the sum of contribution to the sinking fund invested each year towards the reduction of the deficit covered by these bills. In South Australia they have similar legislation. There was a deficiency of £239,000 for the financial year 1901-2, which was funded. In October, 1902, the South Australian Parliament passed an Act entitled "The Treasury Bills Act, 1902," providing for the raising of a sum of money for the funded deficit of £239,000 by the issue of Treasury bills. In October of the same year under "The Treasury Bills Amending Act" Treasury bills, amounting to £238,950, were taken up by the public without calling for applications. These carried  $3\frac{1}{2}$  per cent. interest, and had a currency of from two to 12 years, which was the maximum period fixed by the Act. All the Treasury bills issued in South Australia may, with the consent of the holders, be paid off at any time previous to their due date, and the whole of the bills issued in connection with this funded deficit were paid off within five years. Provision was made for the redemption of Treasury bills issued by setting aside out of the general revenue of the State the sum of £10,000 for the year ended 30th June, 1903. The first year the State issued only £10,000 worth of Treasury bills, and £20,810 worth during each year thereafter. In addition to this provision they provided that all sums on the 30th June each year, if any, should be credited to the revenue account after the passing of the Act; and the following amounts were set aside—1902-3, £13,000; 1903-4, £20,000; 1904-5, £64,000; 1905-6, £108,000; 1906-7, £32,000—and so they wiped out the deficit. As regards the Bill we are introducing to-night, it contains all the necessary provisions embodied in the New South Wales statute together with the sinking fund provision, which is deemed the most economical method of redemption. We provide a sinking fund which will redeem the bonds to be issued in thirty years, which is equivalent almost to 2 per cent. sinking fund.

Mr. Scaddan: You will raise this money apart from your loan raisings generally?

The PREMIER: Yes, we will ask Parliament for authority to issue so much this

year; and each subsequent year, if necessary, the Treasurer will have to come to Parliament and get increased powers. It will be necessary to limit the yearly issue to a certain amount. This Bill provides that Treasury bonds or inscribed stock may be issued to any amount not exceeding a million and a half for any currency not exceeding thirty years. We have had to make the rate of interest fairly high, 6 per cent. The proceeds will be applied from time to time as the Treasurer has an opportunity of realising on them towards the reduction of the amount standing to the funded deficit accounts in the books of the Treasury instead of being placed to the credit of Consolidated Revenue. It is provided that Treasury bonds or inscribed stock issued under the provisions of this Bill shall be redeemed out of the sinking fund at any time within thirty years whether issued for the full period or not. It may be necessary to do this in order to have the advantage of conversion to a lower rate of interest when times become normal. Provision is made that the sinking fund shall commence on the 1st July, 1917, for the present amount, and it is estimated that the total annual provision of £100,000 will be sufficient for this purpose. That will be an annual charge on the funded deficit to the amount of a million and a half. Under part 2 of the Bill it will be noticed that provision is made for carrying forward the deficit in any year; that is when the deficit is less than £100,000 it may be carried over to the following year. Where the amount of the deficit in any year or any series of years goes above £100,000 then the Treasurer may transfer such deficit from the Consolidated Revenue, but he is then compelled to introduce to Parliament immediately a Bill to authorise the further issue of Treasury bonds or inscribed stock to the amount of such transferred sum, and he must also provide further sinking fund for the redemption of the bonds so issued under this further authorisation. The method I have outlined is almost on all fours with that adopted in New South Wales, with the exception that this is more definite; it is a clear and more businesslike method of dealing with this question. It lays down clearly that the bonds must be redeemed

within their currency of thirty years, and the Government is not permitted to extend that period. Under part 3 of the Bill the ordinary provisions of the General Loan and Inscribed Stock Act, 1910, have been made applicable to the issue of bonds and stock under this Bill subject to such modifications as are expressed in Sections 6 and 7 of the Bill. That is to say, that the conditions applying to the stock issued by the Government under the Local Inscribed Stock Act, 1910, shall apply to stock issued under the authority of this Bill. I have mentioned that the rate of interest at first will be high, 6 per cent., and when normal times return the short-term bonds will be converted into bonds having a currency for the balance of the term of thirty years, or shorter currency if desired by the applicant. The sinking fund in respect of these bonds or stocks issued under part 2 of the Act shall commence from the 1st July, 1918, and on such date annually in respect to the future deficit which may be transferred from the Consolidated Revenue to the debit of the deficiency account. The deficiency in any year which is funded comes within the provisions of this measure, and the Treasurer will be compelled to seek authority from Parliament for the issue of bonds to cover that deficiency; and the sinking fund will commence to apply on the 1st July in the succeeding year. I have mentioned that the rate of interest—6 per cent.—seems pretty high, but it must be remembered in present abnormal conditions it is impossible for the Government to obtain money with the same ease as formerly, and it is advisable to make provision for this rate, although it is hoped that the State will not be called upon to pay more than 5 or 5½ per cent. Short-dated bills I understand are being issued in London at the present time at 6 per cent. Then we resort to the method of giving trustees and other persons controlling trust moneys power to invest in the securities issued under the authority of this Act. This is a very necessary provision and will enable us to raise money locally which we otherwise could not. Then there is a further provision that any surplus from Consolidated Revenue in any year shall be carried forward to the sinking fund. The leader of the Op-

position probably considers that we are not likely to have any surplus on this account for many years to come but I hope we shall, and consequently provision is made that any surplus shall be carried forward to the sinking fund and applied in reduction of the bonds or stocks issued under this measure. The necessity for funding the deficit and the provisions of this Bill have been carefully considered by an advisory committee comprising the Auditor General, the Commissioner of Taxation, and the Under Treasurer. Those officers were the best financial expert advisers the Government could obtain, and I asked them to go into this matter and advise me the best course to pursue.

Mr. Angwin: The Government Actuary is the man who should have been on that committee instead of the Auditor General.

The PREMIER: The Auditor General is the officer who has to see that the provisions of the Act are carried out. Those gentlemen spent considerable time in investigating this matter and expressed their views in reports which have been laid upon the Table of the House. There are two reports, one by Mr. Owen, the Commissioner of Taxation, and the other by Mr. Black, the Under Treasurer. They agree in every way. The Auditor General agrees in all the proposals, but the three officials are not in agreement in regard to some of the minor details. There is no variance actually in the proposal that we should fund this amount as stated in the schedule of the Bill and should make provision for the funding of future deficits. The Solicitor General has also acted in conjunction with the advisory committee and has gone carefully into the question. I hope hon. members will agree that this measure is necessary in the circumstances and desirable that it should be passed. It cannot be abused in any shape or form because the Treasurer must come to Parliament to get his authority to issue the bonds. Under the Revenue Act Parliament has control and may refuse to permit the Treasurer to issue bonds, and the deficit will remain to be taken from the loan and other funds which are in the hands of the Treasurer, as has been the case for the last five years and is at present. The difference

would be that this method would be legalised under this Bill, whereas at the present time it has been illegal for any Treasurer—I am in the same position—to utilise the fund for this purpose. It is desirable that we should put it on a proper basis and I move—

*That the Bill be now read a second time.*

On motion by Mr. Seaddan debate adjourned.

## BILL—ENTERTAINMENTS AND RETAIL SALES TAXATION.

### *Second Reading.*

The PREMIER (Hon. Frank Wilson—Sussex) [5.47] in moving the second reading said: This is the Bill which I outlined in the Budget last night. It is for the purpose of taxing our public entertainments, and also to impose a tax on the sale of certain commodities which I have outlined in the schedule attached to the Bill. It will be seen that the Bill is divided into four parts. The first part contains the short title and the commencement of the Act, and also the definitions and the terms that are used. The second part contains provisions for a tax on entertainments as described in the schedule. The third part provides for a tax on the retail sale of certain commodities which are also enumerated in the schedule. Part 4 contains general machinery provisions common to the carrying out of the principles indicated in the measure. When drafting the clauses dealing with the tax on entertainments the provisions of the Imperial Act on amusement taxation and those proposed in the Federal Parliament were duly taken into consideration. The recent South Australian Act on the same subject—that Parliament passed a similar Act on the 12th October last—was also looked into with the object of getting as perfect and equitable a Bill as we could contrive for the purpose. The object is, of course, to obtain additional revenue to carry on the affairs of the country and endeavour to find this £100,000 which we have to pay for interest and to liquidate the huge deficit that we have to face. The revenue which will be derived under this Bill, if passed in its present form,

for a full year from taxation on entertainments is estimated to be £30,000 and that from the tax on the sales of commodities £300,000. That is to say, a sum of £330,000 is estimated to be derived for the full year.

*[The Speaker resumed the Chair.]*

Mr. Seaddan: Appropos of a tax on talking machines, you do not propose to charge admission to the galleries do you?

The PREMIER: It might be a very good idea because the entertainments which my friends opposite put up are well worth it. We might be able to derive considerable revenue that way if we were empowered to impose it. I think that lies within your province, Sir, but I am afraid that you would not agree to such a course. For the balance of the current financial year the estimated revenue to be derived is half of what I have just given, namely, £165,000. That amount has been taken into consideration in the delivery of the Budget, and estimating the approximate deficit that we would have at the end of the financial year.

Mr. E. B. Johnston: It seems a very conservative estimate.

The Premier: I do not know. There are only certain luxuries to be taxed.

Mr. Angwin: It means that any person who pays 6d. to see a picture show would now have to pay 8d.

The PREMIER: It is 1d. up to 6d. I will come to that later. A charge of 6d. will mean 7d. and a charge of 7d. will mean 9d.

Mr. Angwin: If you are going to pay 7d. that will be another 1d. to go on.

The PREMIER: The Bill proposes in Part 2, which the hon. member has just been looking up, to impose a tax on entertainments for which there is any payment for admission at the rates described in the second schedule, namely 1d. for every 6d. or part thereof.

Mr. Seaddan: It will be pretty rough on the outback districts where they get very little amusement.

The PREMIER: I do not think it is rough in any way.

Mr. Seaddan: In the country districts they pay 1s. for a picture show perhaps only twice a week.

The PREMIER: Then they will be called upon to pay 1s. 2d.

Mr. Scaddan: For the same show in Perth people would only pay 3d. and in the country districts they would pay 4d. There is no equity in your tax at all.

Mr. E. B. Johnston: The hon. gentleman brought in a somewhat similar proposal.

Mr. Scaddan: A somewhat similar proposal but for an entirely different purpose.

The PREMIER: I shall be much obliged if the hon. member would turn it up.

Mr. Scaddan: Your henchman no doubt will do it.

The PREMIER: It is absurd for the leader of the Opposition to interject in that way. One cannot make a tax suitable for every different locality in this State and every different section of the community, or one might have a tax for Wyndham, another for Boulder, another for Leonora, and another for Perth and Fremantle.

Mr. Foley: So they should be still further taxed?

The PREMIER: They are getting something which costs more to produce.

Mr. Foley: And you are going to tax their industry by putting a further tax on them.

The PREMIER: The fact that they charge more for their entertainments out-back shows that they are getting something which costs more to produce and they can afford to pay a little more.

Mr. Foley: It is a jolly good tax for the back country against the capital cities.

The PREMIER: The hon. member has been doing that all his life. Hon. members opposite have all been putting the back country against the capital cities. All classes of entertainments are included as set forth in the schedule, for which a charge for admission is imposed.

Mr. Foley: Are you going to tax bazaars? It might only cost you 6d. to go in and £2 to come out. Are you going to tax the £2 or the 6d.?

The PREMIER: I am going to tax the hon. gentleman on 6d. I am sure he would not spend the £2. The principle has been adopted in England and in South Australia already, and of course it is proposed under the Commonwealth Bill to do the same. Indeed, I have a grievance against the Com-

monwealth Government inasmuch as they have anticipated me in this matter.

Mr. Scaddan: No. There was no reason for it in those days.

The PREMIER: Now I have to carry all the burden and have to finance it.

Mr. Foley: There would not have been a burden if you had allowed the late Premier to carry these taxation proposals.

The PREMIER: I have had to feed the unemployed to whom the member for Pilbara (Mr. Underwood) said "Go and get work."

Mr. Scaddan: That is not correct.

The PREMIER: He said so at any rate. The principle has been adopted in South Australia and England and it is proposed to introduce similar legislation in regard to it here. I cannot, however, refrain from asking the House to give me power to levy a tax of this description because the Federal Government thought fit to make inroads into this revenue, a revenue which I think is a legitimate source of revenue to this State.

Mr. Foley: If you thought it was a legitimate source of revenue why did you not allow the past Government to impose it?

The PREMIER: We have provided for our proportion of contribution to the repatriation fund, that is the first half million. The amount of £16,000 will be our contribution on the per capita basis to provide for our soldiers when they come back. I have said all along that I propose to put a tax on amusements, making that provision, and that is the ostensible reason for my introducing this taxation.

Mr. Scaddan: It is a subterfuge.

The PREMIER: Of course the English rates are not so high as ours are. They have half-penny tax on a 2d. show and under and 1d. up to 6d. and then they jump to 2s. 6d. on which they charge 2d., for a 5s. show they charge 3d., for 7s. 6d. they charge 6d., up to 12s. they charge 1s. and up to 21s. they charge 2s. I do not think that is fair, and I propose to tax them right up from 1d. up to a sixpenny ticket, and 2d. on a 1s. ticket. The man, therefore, who goes into the dress circle will have to pay 1s. on a 6s. seat.

Mr. Foley: If the principle was good under war taxation, why tax the poor man

50 per cent. as against 15 per cent. for the other man?

The PREMIER: The South Australian rates are very small. They have evidently come to the conclusion there that they could not charge as much as they proposed to do. Their charge there is one farthing for 3d. and under, one half-penny for 3d. to 6d., and over 6d., and for every sixpence or part thereof a half-penny, or half of what it was proposed to put on. I do not know how the Treasurer is going to collect the  $\frac{1}{4}$ d. on these tickets but the fact remains that it has to be collected.

Mr. Scaddan: You are getting old now and we know you do not get much amusement. Perhaps you have sown your wild oats.

The PREMIER: I hope the hon. gentleman is successful in sowing his.

Mr. Scaddan: I am making the best of my life.

The PREMIER: The proposed Federal rate according to report—the Bill has not yet been passed—is as follows:—Under 3d. there will not be any charge; for 3d. and under 6d. the tax will be  $\frac{1}{2}$ d., and for 6d. and over and for every 6d. and part thereof 1d. The rate proposed in the Bill before hon. members is on the whole heavier than the other scales quoted. I have had a table prepared and this is how the figures will run out. On the price of admission up to 3d. in Western Australia the tax will be 1d., the English tax is 1d., the South Australian tax  $\frac{1}{4}$ d and the Federal tax  $\frac{1}{2}$ d. On the price of admission at 6d. the Western Australian tax will be 1d., the English tax is 1d., the South Australian tax  $\frac{1}{2}$ d. and the Federal tax 1d. On the price of admission at 1s. the Western Australian tax will be 2d., the English tax is 2d., the South Australian tax 1d. and the Federal tax 2d. On the price of admission at 2s. 6d. the Western Australian tax will be 5d., the English tax is 3d., the South Australian tax  $2\frac{1}{2}$ d. and the Federal tax 5d. On the price of admission at 3s. the Western Australian tax will be 6d., the English tax is 3d., the South Australian tax 3d. and the Federal tax 6d.

Mr. Scaddan: That will be an additional 1s. on the Western Australian 3s. charge for admission.

The PREMIER: Yes. On the 6s. price of admission the Western Australian tax will be 1s., the English tax is 6d., the South Australian tax 6d. and the Federal tax 1s.

Mr. Scaddan: That will be 2s. additional in this State.

The PREMIER: That is so. On the price of admission at 10s. the Western Australian tax will be 1s. 8d., the English tax is 1s., the South Australian tax 10d. and the Federal tax 1s. 8d.

Mr. Scaddan: That will be 3s. 4d. in Western Australian; for a little more you can get advice from a lawyer.

The PREMIER: This tax will shake up the plutocrats that hon. members talk so much about.

Mr. Foley: If South Australia had voted "Yes," I would have gone over there to live.

The PREMIER: Victoria voted "Yes"; perhaps the hon. member will go over there.

Mr. Foley: I did not come over here to find poverty; I had enough of that over there.

The PREMIER: If we put this Bill through promptly our friends in the Federal Parliament will be able to make out such a strong case against the proposed Federal amusement tax so far as it will apply to this State that it may be dropped, especially when the fact is outlined that we propose to utilise ours to pay Western Australia's contribution to the Repatriation Fund.

Mr. Scaddan: That is not correct. You are not imposing this tax for one year only.

The PREMIER: It is correct and there will be a lot more money required for repatriation purposes.

Mr. Bolton: Why not earmark it in the Bill.

The PREMIER: I prefer not to do that.

Mr. Bolton: We will do it for you.

The PREMIER: Who is the leader of the Opposition? Is the leader the whip, or is the whip the leader, or are they in partnership? For certain forms of entertainment adhesive or other stamps may be required, but power is given to dispense with stamps and to collect the tax on the number of persons who pay for admission based on the several prices charged as shown in weekly returns furnished by the promoter.

This method will only be adopted where an efficient check is provided so as adequately to protect the revenue. Where only season tickets, etc., or membership rights exist, provision is made to collect the tax on the amount paid for such season tickets. It is provided in Clause 4 that a permit must be granted before any entertainment is held. This permit will be issued by the Commissioner or by his representative in the town where the entertainment is held.

Mr. Angwin: It will knock out all charity entertainments.

The PREMIER: They can be exempted.

Hon. J. D. Connolly (Honorary Minister): They are exempt under Clause 13.

Mr. Angwin: It is provided in the Bill that the Treasurer may remit the amounts.

The PREMIER: It is intended that the tax shall be passed on to the person paying for admission and Clause 9 provides that the amount paid by each person admitted shall be the price of admission plus the tax. In Part 2 of the Bill it is proposed to tax the retail seller of all commodities comprised in the Third Schedule. These commodities may be regarded generally as luxuries.

Mr. E. B. Johnston: Why was not this kept for a separate Bill?

The PREMIER: Why should it be?

Mr. E. B. Johnston: It is a separate subject.

The PREMIER: The hon. member might approve of one and disapprove of another. It is quite the usual thing in taxation. The tax fixed is 15 per cent. or a little less than a 1d. in every 6d.

Mr. Scaddan: Why do you not tax the wholesalers instead of the retailers.

The PREMIER: The retailer is the proper person to tax. If the wholesaler is made to pay a tax of this description he will put it on his price to the retailer and we may be sure that the retailer will pass it on to the customer with something added. The tax will be collected on the price for which the article is sold, that is, when it enters into consumption. There will be no tax on commodities when they are sold wholesale. If a wholesale trader sells any article other than to the trade he will in respect to that sale be deemed to be a retailer and will have

to pay the tax. The returns will be required at short intervals of say one month as prescribed in the regulations. Annual returns of sales would not provide a sufficiently effective check. The definition of "retail" and "retailer" may be noted thus: Any sale of any taxable commodity made by any person other than to the trade will be deemed a retail sale and be taxable under the Bill. There will be no tax on complimentary tickets or on persons present on duty, seeing that no payment is made for admission.

Mr. Scaddan: Why should there not be a tax on complimentary tickets?

The PREMIER: I may mention that permits will have to be obtained prior to commencing an entertainment and the police and local public servants will no doubt assist in this matter so that the promoter may be able to readily obtain the necessary permit. The object in requiring a permit is that prior information may be possessed by the department in order to see that the revenue is protected. Admission to any entertainment must be either by stamped ticket or ticket issued under an approved selling device such as is in force in one of the shows in Perth, or the turnstile or barrier system as adopted at the Royal Agricultural Show and at most of the larger race-courses which register the number of persons admitted. Both the promoter and the person admitted are liable in case of evasion. The tax can be calculated on the number of persons admitted for payment. Members' or season tickets are taxed pro rata at the same rate as daily tickets, but where the price paid includes other privileges besides the entertainment an adjustment may be allowed. This provision is also in the Federal Bill. Returns will be required from promoters after every entertainment or once a week at least, accompanied by the tax payable. Used tickets are to be delivered to the Commissioner so that they may not be used a second time.

Mr. Angwin: That is another tax.

The PREMIER: There will be refunds in case of unused stamped tickets. There will be exemptions where the net proceeds are for patriotic purposes. Clause 13 deals with that.

Mr. Angwin: It says "at the discretion."

The PREMIER: Someone must have discretion. These are the main features of the Bill and if any further information is required I shall be glad to supply it during the Committee stage. I think the measure, the object of which is to raise additional revenue, is a reasonable one. It proposes to tax luxuries and people who can afford to indulge in them. I move—

*That the Bill be now read a second time.*

On motion by Mr. Scaddan debate adjourned.

*Sitting suspended from 6.15 to 7.30 p.m.*

## BILL—STATE TRADING CONCERNS (No. 2).

### *Second Reading.*

Debate resumed from the 15th November.

Mr. ANGWIN (North-East Fremantle) [7.32]: In regard to the machinery clauses, the Bill does not provide a great deal that is different from what has been previously in operation. I admit that to a certain extent it limits the power of the Government in regard to starting any concerns which might be thought necessary, and which, in the opinion of the Government, should be immediately started, because it provides that, before such concerns can be started, the approval of Parliament must be obtained. Not only those on this side, but those also on the Ministerial side, have felt for a considerable time the necessity for the opening up of new industries. Every opportunity has been given to private manufacturers to start such works as the State Implement Works in Western Australia. A previous Liberal Government definitely recognised this by introducing a Bill providing for the Agricultural Bank lending money on agricultural machinery manufactured in Western Australia. That had the support of members on this side. It was realised that it would be better for the State if the thousands of pounds that annually went out of Western Australia for agricultural machinery was expended within the State. However, no action was taken by private manufacturers, and so the late Government had no alternative to starting the enterprise themselves.

The Premier: You did not take that approval from our side as an approval of State enterprises.

Mr. ANGWIN: No; I merely said the position was recognised by both sides, and that a previous Liberal Government offered an inducement to private manufacturers to enter upon such an enterprise in Western Australia. However, that did not have the desired effect.

The Premier: Yes, it did. Your Government bought up one of the places started in consequence of that.

Mr. ANGWIN: No. Very little machinery except ploughs was manufactured here. The Premier himself, in addressing the Chamber of Manufactures in Perth, pointed out the loss to the State as the result of sending large sums of money away for goods that could be manufactured within the State. From what he said one could come to no other conclusion than that if private people would not take up those enterprises the Government would do so. Still, the warning was not heeded, and we as a Government deemed it our duty to step into the breach. The Minister for Works, in introducing the Bill, pointed out that the financial operations of the trading concerns, as disclosed in last year's Estimates, were not correctly stated. I am of opinion that the returns presented to Parliament this year show exactly the same defect. Under the present abnormal conditions it is impossible for any department to prepare for the Estimates returns setting out the exact amount required for the carrying on of State trading concerns. In the State Sawmills, only last year orders for timber were cut, and then it was found impossible to get ships to take the timber away. Again, one of the shipments we sent to England was not paid for until after we had left office. In respect to the State Implement Works, if we could rely on good seasons, the manager would be in a position to closely estimate the amount of work to be carried out and the revenue to be received. Last year it was estimated that the expenditure of the State Implement Works would be £163,827, exclusive of interest and depreciation and sinking fund. As a matter of fact, the expenditure amounted to £150,875, exclusive of interest, sinking fund

and depreciation. So it will be seen that there is not a great deal of difference between the estimated amount and the amount actually expended. There would have been a larger expenditure in connection with these works but for the suspicion that the harvest was not going to be fully successful, in consequence of which we held over the manufacture of implements until we were certain of the harvest prospects. Again, in regard to revenue hon. members know that owing to the accumulation of large stacks of wheat throughout the country and at our ports, and to the further fact that the farmers did not secure the returns they had expected, a considerable number of bills were given to the Government for payment of agricultural machinery. Unfortunately, a substantial proportion of these could not be met. This money, of course, will come in to the advantage of the present Government.

The Premier: How do you make that out?

Mr. ANGWIN: The money was expended last year for the manufacture of those goods, but the payment will not be made until this year, and so the Government will get the advantage of the revenue, although they did not provide the expenditure. The estimated expenditure of the sawmills last year was £169,950, but the actual expenditure was £212,920. That was due to orders which came in late in connection with which expenditure had to be incurred, although the revenue was not received until this year. The estimated revenue for last year was £188,000, but I am pleased to say that the sawmills received £230,000. Thus it will be seen that, in consequence of trade which we did not anticipate, the sawmills turned out very well last year. In introducing the Bill the Minister for Works put a great deal of emphasis into his remarks in regard to the proposal to place the Treasurer virtually in charge of the trading concerns.

The Premier: Oh, no.

Mr. ANGWIN: If hon. members will read the Bill carefully they will find that a Minister of the Crown, to be appointed by the Governor, is to take control of the works. But throughout the Bill continual reference is made to the Treasurer, who, indeed, will be supreme under the Bill. The whole power is to be left in the hands of the Treasurer.

While the Bill gives this power, the previous practice was that if it was necessary to find any money not provided by Parliament, the Treasurer on every occasion had to come to the rescue. As a matter of fact, the Minister pointed out that only moneys voted by Parliament could be expended. He said, "We want Parliament to take the supreme control; we want Parliament to say what moneys shall be annually expended by the undertakings." And in the very next breath he says, "If any more money is wanted, it will be taken from the Treasurer's advance." That is the very practice which has been adopted ever since the undertakings were started. In 1915, when the possibility of a large harvest was recognised, when it was found that agricultural machinery was scarce in Western Australia, the implement works vote had already been exceeded. Further capital was needed in order to cope with special orders which were coming in. I was then Minister controlling the implement works, and before proceeding to manufacture I interviewed the Treasurer to see whether it was possible to get more money. The Treasurer said, "Your vote is exceeded; where can I get the money from?" We put our heads together, and took the money from the Treasurer's advance. That is the exact procedure which is proposed by this Bill. Therefore I hope hon. members will realise that, although a virtue is being made of this proposal by the present Government, no new system is being introduced, but merely the old system, which has obtained ever since the trading concerns were started, is being put forward.

Mr. Scaddan: It is the only permissible way.

Mr. ANGWIN: It could not be done in any other way. With the consent of the late Treasurer, I have on various occasions discussed this matter with the Under Treasurer, to see what money the implement works could have. In fact, I have taken the Under Treasurer to see the manager of the works on one or two occasions, so that the Under Treasurer might discuss the matter with the manager, because no one could be in a better position to know what money was required than the man controlling the works. Certain things must be done in regard to mat-



ters of finance, whether this Bill be passed or not. I find that an alteration is to be made by way of charging interest on the bank accounts of the undertakings from day to day. That would, no doubt, be satisfactory if the trading concerns were banking at an ordinary bank. But the Treasurer is now their banker. To that I do not object if the Treasurer is placed in exactly the same position as a private banker. Under this Bill, however, such is not the case. Suppose, for instance, the Treasurer gets from the trading concerns, as he anticipates, a surplus of £106,000. That amount, instead of being left standing to the credit of the trading concerns to be used by them without interest, for the purpose of carrying on necessary works which would enable them to compete in the market, is transferred to the Consolidated Revenue Account. On the 30th June, 1917, the Treasurer anticipates, according to his Estimates, the transfer to the Consolidated Revenue Account of £106,000 belonging to the State trading concerns. Then, on the 1st July, 1917, the Treasurer will again start charging the trading concerns interest on their daily bank balance. Is that fair? Is it possible for a State trading concern to carry on under such conditions? Those concerns will have handed over their surplus, and will then immediately be called upon to start paying interest on their daily balance, as from the 1st July.

The Premier: We do not touch the capital at all. The concerns have made no profit.

Mr. ANGWIN: If a private company on striking a balance have a "surplus," as the Treasurer puts it in his Estimates, that surplus, for the time being, is disposed of either by being paid away as dividends or by being placed to reserve. If it is placed to reserve, the company can trade on the amount without paying interest on it. But in the case of the State trading concerns the Consolidated Revenue is to take the surplus. I hope that the result of the operations of the trading concerns will be as anticipated by the Treasurer, or even better. In view of the very good work the late Government put in during the last 12 months, there is every reason to believe that the

Treasurer will have the surplus he anticipates, or possibly more. I hope, however, the Treasurer will see that the trading concerns shall have the benefit of any surplus available, and not be called upon immediately to resume paying interest on an overdraft when they should have certain amounts to their credit. The Bill also deals with the subject of depreciation. The Minister for Works pointed out that to-day there is a different system of allowing for depreciation. There are certain depreciation charges necessary in all undertakings, as the Premier knows. One cannot say, however, that the depreciation shall be 5 per cent. or 6 per cent. all round. The rate of depreciation must be based on the life of the article. In the case of the brickworks, for example, when those works were first started by Mr. Johnson it was found that 20 per cent. depreciation was required on the plant, 10 per cent. on the machinery, and 5 per cent. on other things. The percentages of depreciation vary. It is impossible to fix one general rate for an entire undertaking. One must take into consideration the life of plant, machinery, and tools. The Bill further provides that the control shall be taken out of the hands of the Minister in charge of the undertakings and placed in the hands of the Colonial Treasurer, who will be supreme as regards the trading concerns. In the past the Auditor General, with the assistance of the management of the trading concerns, fixed depreciation. I personally, during the 12 months I was in charge of the trading concerns, never fixed a rate of depreciation at all, but left the matter entirely to the Auditor General and the managing officers, who had then to satisfy Parliament that proper allowances were being made. The allowance having been fixed by the Auditor General and the managements, no blame could be laid on anyone else if the allowances were insufficient. Again, it must be borne in mind that the State trading concerns are charged, not only with depreciation, but also with sinking fund. I do not think private companies provide sinking funds. During last year a Royal Commission was appointed for the express purpose of investigating the implement works. The rea-

son for the appointment of the commission was, as hon. members know, the unsatisfactory state in which the works were. The commission came to the conclusion that the implement works were charged excessively with depreciation and sinking fund. The commission pointed out that during the year there would, in all probability, be an expenditure of £5,000 for the purpose of keeping the plant up to date. In fact, the manager in his report for the year pointed out that the plant was in better condition on the 1st July, 1916, than it had been on the 1st July, 1915, thanks to the expenditure on putting the plant in thorough order.

Mr. Scaddan: Expenditure from revenue.

Mr. ANGWIN: Yes, from revenue.

Mr. Willmott: From profits, do you mean?

Mr. Scaddan: Yes.

Mr. ANGWIN: At the end of the year 1915-16 the plant of the implement works was in better condition, although the works were charged approximately £6,000 for depreciation.

Mr. Scaddan: And sinking fund as well.

Mr. Gardiner: But it is the general custom to charge depreciation.

Mr. ANGWIN: Yes, but not sinking fund as well. That is not the case in private undertakings. I admit that the rate of sinking fund is not very high, but the fund is intended to pay off the loan raised for the purpose of providing capital for the undertaking. No credit, however, is given to the undertaking for payments to sinking fund. Indeed, the undertaking gets no credit for the interest earned by the sinking fund.

Mr. Gardiner: I think so.

Mr. ANGWIN: No.

Mr. Scaddan: Nor do the State trading concerns get any reduction of capital for payments to sinking fund.

Mr. ANGWIN: If hon. members will refer to the Schedule to the Bill, they will see that the whole of the fixed capital which has been expended from the day these undertakings were started has been charged in that Schedule. And yet, on reference to the balance sheet of the sawmills alone, it is seen that a reduction of capital by way of depreciation and so forth has been effected to the extent of £20,000 or £25,000.

This shows clearly that funds allotted to depreciation—while the plant and machinery are being kept up to standard all the time—goes over to the Treasury, together with any surplus. The works themselves pay from their own revenue the cost of keeping their plant up to the requisite standard. In some instances—the implement works are a case in point—the plant is raised to an even better standard than originally. Occasionally new machinery is purchased from revenue. The amount allowed for depreciation, I wish to emphasise, goes to the Treasurer in the same way as the surplus goes to him. Let me point out that there is a depreciation fund and if this were a private concern any surplus which was set aside or placed on reserve would bear interest; but, in the case of the trading concerns dealt with in this Bill, any surplus at the end of the year goes to the Colonial Treasurer and no interest is credited to the concern on account of such surplus. I must point out that the sinking fund allocation goes to the trustees in London for the express purpose of redeeming the loan and also that depreciation is paid by the different concerns out of their earnings. Had we been in a position to sell our surplus timber at the State Saw Mills we would have had actual cash available for depreciation; but under this Bill that cash would be transferred to the Colonial Treasurer if there were any profit at the end of the year, and no interest would be paid to the concern for the use of that cash. I agree with the contention of the Colonial Treasurer that interest is only charged on moneys actually used, but any balances outstanding at the 30th June are handed over to the Consolidated Revenue. It is so stated in the Bill. I am emphasising this to show that these concerns are not placed in the same position as private companies. A private company would get credit for a surplus and interest upon such surplus. Supposing a private company had stocks valued at £50,000 at the end of the year and declared a dividend, that dividend would be paid to the shareholders; but in regard to the trading concerns if they made a profit of £50,000 and the interest only came to £25,000—and that interest would really be a dividend—the balance of £25,000 would, under this

Bill, have to be handed over to Consolidated Revenue. A private company, on the other hand, declaring a dividend of £25,000 out of a profit of £50,000, would have the remaining £25,000 available to carry on the undertaking to be used as working capital. So far as the trading concerns affected by this Bill are concerned, however, after handing their surplus to consolidated revenue, on the very next day they would have to pay interest on their working overdraft. Their banking account is only from day to day and they have to pay interest from day to day. If you take their surplus at the end of the year then you immediately deplete their interest.

Mr. Willmott: Your argument affects capital.

Mr. ANGWIN: The Treasurer merely opens a banking account in respect of each trading concern upon which the trading concern operates. They draw up to a certain amount for working capital and they pay interest on that amount from day to day. The fixed capital is the amount outstanding as having been used in the establishment of the works. I would point out in regard to at least one of the concerns that it is the farmers who pay the interest, not the machinery merchants. I maintain that any surplus should not be taken away from the trading concerns but left with them for the purpose of working capital.

Mr. Scaddan: Or else that they should get credit for it.

Mr. ANGWIN: Yes, which they do not get now, but I would point out a banking account opened at the Treasury is just the same as that arranged by any hon. member who goes to a bank and secures an overdraft of say £6,000. You could not call that capital. If he only draws up to £5,000 he pays interest only on £5,000. In a private company a certain amount is debited for interest from the earnings, and if there is any surplus a certain amount is carried over as working capital so as to avoid the necessity of paying interest on borrowed money. In the case of trading concerns, however, any surplus they have has to go into the Consolidated Revenue and the next day the concern has to start on another overdraft.

Mr. Gardiner: You claim that any profit made by the concerns goes to consolidated

revenue but when there are losses the concern is debited with the interest on those losses.

Mr. ANGWIN: Yes. In respect to any advances made by the Treasurer for the working of the undertakings interest must be paid on the daily balance, and the trading concern does not get credit for any surplus at the end of the financial year. In my opinion the Bill does not deal fairly with the trading concerns seeing that they are now working on a profitable basis according to a report supplied to the House by the Treasurer yesterday. I hold those trading concerns are not getting a fair deal.

Mr. Willmott: Do you contend that this money should go towards the reduction of the overdraft?

Mr. ANGWIN: It depends on the amount; I consider it should remain in the account as a standby for working capital. Surplus profits can only remain after the overdraft has been wiped out; until that has been done, there can be no surplus. The first charge on the undertaking is interest, sinking fund, and depreciation, those charges are debited before there can be any profit shown. If after these charges have been debited there is any profit shown at the end of the year, I want to say that this money should be credited to the trading concerns. I am not now dealing with loan moneys but with moneys used as working capital. In the following year there might be a loss and in such an event the undertaking has to keep on paying interest.

The Premier: You want the sinking fund to wipe out the capital in one direction and the surplus to wipe out the capital in another way.

Mr. ANGWIN: The Water Supply, Sewerage, and Drainage Act applies to this question. Under that Act any surplus remaining at the end of the year is applied to a reserve fund.

The Premier: You apparently do not want trading concerns to contribute to the revenue at all. Why should they not pay interest on the capital?

Mr. ANGWIN: I object to the Treasurer using money if he does not want it. If the working capital is exceeded and there is more required, then the Treasurer can advance from the advance account.

The Premier: That is the other point.

Mr. ANGWIN: And then they have to pay additional interest on that if they go beyond. In 1915 the State trading concerns in Western Australia were in a very awkward position. A good deal of condemnation has been hurled by our friends opposite at the present Opposition. We have been told that we were responsible for everything that took place in regard to these State trading concerns. The Premier almost said last night that we were responsible for the war. No doubt he thinks we are responsible for everything else, and is probably of opinion that we are responsible for the war which exists in Europe to-day. In the year 1914 we had a drought. The position at that time was that a large number of farm implements which were ordered in the State came back into the hands of private manufacturers, and the private manufacturers were afraid in the coming year, 1916, that if they sent too much in to the market there was a possibility of another drought, and that they would not be able to sell the machines that came back to them the previous year. In 1915-16 all through Western Australia the farmers were hard up for machinery. At the implement works we made preparation for manufacturing 50 harvesters for the year, but for the first six months of the year we sold 291 harvesters. That shows clearly that so far as these works are concerned under abnormal conditions, it was almost an impossibility, nearly 12 months before, to say what would be the requirements of the farmers for that year. We sold that half-year 27 chaff-cutters, 113 binders, 21 hay rakes, 57 winnowers, 72 strippers, 24 windmills, 138 discs and springtine cultivators, 95 ploughs, 153 choke cutters, 30 Matthews' baggers, 104 arrow bars, of a total value of £42,083. That is for the first six months of 1915-16. No one anticipated at the commencement of the year that we should be able to supply the large number of orders placed at the implement works on that occasion. If these implement works had not been in existence in Western Australia at this time, many a farmer in the State would have gone without the means of taking off his crop.

The Premier: Do you say you made binders?

Mr. ANGWIN: No, they came from America. I understand they cannot be manufactured in Australia. If these works did show a loss in that year there was an indirect benefit to the State as the result of their establishment. Even if we could have got the material, which was hard to obtain, the number of implements made there would have been increased considerably. The farmers throughout the State required them, and the consequence was that we had, at the end, to go to the Treasurer to ask him to increase the vote which Parliament granted previously, to allow the works to supply the orders which were necessary to deal with the crops. That money was advanced from the Treasurer's Advance. The Minister for Works pointed out with a good deal of emphasis that they wished to protect the future from any action of the Government, no matter what Government it was. We know that the late Government was not the only Government which entered into trading concerns without the consent of Parliament. I see that cattle dealing has taken place, and I do not know that Parliament has ever been consulted.

Mr. Thomas: Another secret contract.

Mr. ANGWIN: A contract for a very large sum of money, considerably over £100,000, nearly what the "Kangaroo" cost, has been fixed up without Parliament being consulted at all, and yet the same gentlemen come here and say "We want Parliament consulted in every instance before anything is done in a trading concern of any magnitude whatever."

Mr. Thomson: Did you always carry out that practice?

Mr. ANGWIN: I am not saying what the practice was that was carried out, but what the Bill provides.

Mr. E. B. Johnston: This is starting a new concern.

Mr. ANGWIN: When the last purchase of cattle was made by the Government we had a boat in which to bring the cattle down, but this time the Government have not got the necessary accommodation for the cattle.

Hon. J. D. Connolly (Honorary Minister): You gave away your space last year before you had purchased the cattle.

Mr. ANGWIN: No, we did not. Last year we let our boats to the customers who had patronised them from the time when the State Steamship Service was inaugurated.

Hon. J. D. Connolly (Honorary Minister): At a nice rate.

Mr. ANGWIN: At a fair rate. We allowed the small men on the North-West to have the space on the State steamers. These small men were subsequently able to get a good price for their cattle and sold them to the larger growers, and the space was transferred. Before fixing up with any person we gave them the opportunity of taking space on the State steamers, but in the case of this second cattle deal it was made for the purpose of giving one set of individuals the advantage over the rest of the cattle-raising community. A good deal has been said as to Parliament being the supreme judges of whether any trading concern should be started. Perhaps that would not be altogether to the best advantage of the State at all times. At times it might be possible and in the best interests of the State that some action should be taken before Parliament met. There is one clause in the Bill which I fail to understand. I notice by the *West Australian* that they also do not agree with it. I refer to the power to sell or lease. There is no doubt that the policy of the Colonial Treasurer has been to sell what he can of these State trading concerns and perhaps no one has been more keen on doing this than the Minister for Works who introduced this Bill, for the purpose of getting money. Some time prior to the late Government going out of office the usual action was taken by those who had cattle in the North-West for the purpose of making arrangements for shipping them. A deputation then waited on the late Colonial Secretary (Mr. Drew) who refused to enter into an arrangement for the shipment of these cattle because he said, "We are going out of office in a week or two, and the pronounced policy of the Opposition at the time is to get rid of all State trading concerns." He said that he could not enter into an agreement with them, and suggested that they should see the then leader of the Opposition. It may be interesting to hon. members if I read a copy of the letter which the late Colonial

Secretary found necessary to send to the acting manager of the State Steamship Service at the time, because we found it useless to enter into any agreement for the purpose of bringing down cattle 12 months hence, when the present occupants of the Ministerial benches were opposed to the State running these concerns. The letter is addressed to the acting manager of the State Steamship Service, Fremantle, and is as follows:—

Yesterday a deputation consisting of Hon. J. J. Holmes, M.L.C., Mr. Giles (manager for Elder, Shenton, & Co., representing Blythe Bros. and Vestey Bros) and Mr. Durack (representing Connor, Doherty, & Durack, Ltd., Hill and Durack, and M. C. Davies and Sons—the Kimberley Pastoral Co., Ltd.) waited upon me with reference to the necessity for making immediate arrangements for the lifting of North-West and Kimberley cattle next season. Mr. Holmes introduced the deputation, and stated that those present and the persons whom they represented would have 10,000 head of cattle to lift, and that in order to meet all other requirements and supply the local market it would be necessary to charter a boat of the capacity of the "Moirá" to cope with the position—and that should be done without delay. Mr. Holmes was supported by the other members of the deputation, who added that bookings should be permitted without loss of time. They also stated that owing to the political crisis you were not disposed to take any action in the direction indicated at present. In my reply I strongly supported the attitude adopted by you as the only one proper under the circumstances. I pointed out that Parliament was meeting next month, that there was a probability of the Government going out of office, and that it would be indecent for me to do anything which might tie the hands of the incoming Ministry, whose party had pronounced emphatically against a continuance of the State shipping enterprise. I inquired from the deputation as to their future demeanour towards the State steamships, and as to how they would view its extension by the building of another vessel. The members of the deputation were

unanimously in accord with the provision of additional facilities by the State, and Mr. Holmes expressed himself as prepared to endeavour to get a motion through the Legislative Council strengthening the hands of the Government in the matter. The class of vessel required was then discussed, and the deputation agreed that the accommodation provided in the ship designed by Sir John Biles would serve the purpose. It was thought, however, that there would be delay in construction and that it would be advisable to charter a steamer of the "Maira" type in the meantime. The charter rate would be high, but a "flat" rate could be fixed for the State fleet. The deputation then further pressed me to proceed at once to make the necessary arrangements and to commence booking, but I reiterated what I had told them in the first instance. Mr. Holmes stated that as a result of an interview with the Leader of the Opposition he (Mr. Holmes) was prepared to say that the Liberal Government would not abolish the service and then he asked me whether I would go ahead, if I had such an assurance from Mr. Wilson himself. I replied that an assurance from such a quarter would make a considerable difference, but that I had my doubts whether the Leader of the Opposition would go so far as to bind himself in the matter at this stage. Finally, I promised that I would commence negotiations for chartering a stock ship for next season, but would do nothing to commit the State until the political atmosphere was clearer. The necessity for chartering a suitable ship to bring down stock next year is undeniable, and whatever Government is in power it should take action accordingly. Furthermore, the building of a vessel on the designs prepared by Sir John Biles (except that it should be motor-driven instead of oil-fired) should be undertaken as soon as possible after Parliamentary authority has been obtained, unless the end of the war appears to be in sight and the prospect of a greatly reduced price as a consequence would warrant a little delay. Since writing the above, I have received through my clerk the following telephone message

from Mr. Giles (Elder Shenton & Co.) :—  
 "After we met Mr. Drew this morning we thought it as well to call on Mr. Frank Wilson, and after some trouble had an interview with him and explained the position fully. He seemed glad to go into the matter with us and assured us he would certainly not be a party to breaking up the State steamship arrangement at the present juncture and he expressed himself as willing to confer with Mr. Drew on the matter with a view to finalising so that complete arrangements may be at once made for freighting next season's cattle." The telephone message was supplemented by the following :—  
 "Mr. Giles further asked that you be informed—lest you take the inference from 'at the present juncture' that Mr. Wilson may contemplate breaking up the service at some later date—that he (Mr. Giles) gathered Mr. Wilson had no such intention, and that it seems the other side now realises the State steamers are serving a useful State purpose." I shall endeavour to arrange the suggested conference with Mr. Wilson, and it should provide a way out of our difficulty. Before, however, I decide on any definite course, I shall require to see you and discuss matters.

That was written on the 20th June, 1916. It shows that while hon. members have been going about the country saying that they would sell anything, no matter what it was, we have privately the intimation that there is no intention on the part of the Liberals to get rid of the steamers.

The Premier: Do not give that away.

Mr. ANGWIN: It shows clearly that the clause put in the Bill for the purpose of leasing or selling these undertakings will not have the approval of our friends opposite. There is no doubt to my mind that hon. members are sincere in their desire to retain the trading concerns because they are beneficial to them. In the first month that the present Government were in office they drew from the State trading concerns money which had been earned before the present Government came into office, and in the month of August the deficit by this means was reduced by no less a sum than £73,000. In regard to the manufacture of implements,

hon. members know that it takes three years for a farmer to pay. The present Government, therefore, will go on receiving money for implements which have been made and sold by the implement works for a considerable time past. The Premier, however, has never said one word about the revenue which he has derived from sources such as this. The State Steamship Service has given him a large sum of money. That money did not come to credit in the last financial year because the charters were not complete. The expenditure on the running of the vessels, however, has been met. In regard to the sawmills, we know very well that under normal conditions they have been successful. They paid their way with a small exception that a large number of men were thrown out of employment on account of the war. The then Government provided a certain amount of work for the married men in the way of sleeper hewing. We knew that the sleepers, if properly stacked, would keep and would remain an asset. A sum of £90,000 was spent in this direction and but for that expenditure there probably would not have been such a big deficit. This action was very different from that which was followed by members opposite when they sent a number of men to Denmark. Those men were engaged in clearing the land and nothing further was done. In that case, the money was simply wasted. In regard to the sleeper hewing, some considerable benefit was derived and eventually it will be found that no loss has been sustained. The employment which was found for these men was beneficial to the State just as it was beneficial to the men. But for that, we would doubtless have been obliged to keep their families. As it was, the cost to the country amounted to the small sum of 30s. for the single men and £2 for the married men and for this there was built up an asset and many men were kept employed.

Mr. A. A. Wilson: And all that was wanted was ships to take the sleepers away.

Mr. ANGWIN: We got an order at the beginning of the year to supply the Commonwealth with 50,000 sleepers for the line in the Northern Territory. They were to be delivered in March and the first shipment was dispatched a few weeks ago. There is

another order of £10,000 received by Millars to go to England, but it is impossible to get it away. The whole of the money which was spent came out of revenue, but as I have said, the asset is there and when ships are available the sleepers will be removed. The undertakings which were started by the State have proved to be of considerable benefit. In regard to the implement works, we spent there last year close on £70,000 in wages. This money had previously found its way to South Australia. Since then every person has benefited by it, the butcher, the baker and the tailor. A small loss may have resulted to the State, but the farmer has gained considerably because he has been able to get his machinery cheaply. Then, of course, the State as a whole has benefited. In regard to the brickworks, last year they showed a slight loss, but if we only take into consideration the number of bricks supplied to the various Government departments, instead of showing a loss, they would have shown a profit, because the Government were paying considerably more for bricks than they would have had to pay if they had got them from the State works. I was very much surprised to find that the present Minister for Works (Mr. George) was sending away orders for no less than a quarter of a million bricks.

The Premier: Sixty thousand.

Mr. ANGWIN: An order for 270,000 was given to the private kilns. In addition to that the State requires a million of bricks for the railways alone, and the Public Works Department and the Water Supply and Sewerage and other departments require bricks, and the State is paying no less than 45s. a thousand for them. In answer to a question the other day it was proved conclusively that there is a difficulty even at the present time in getting bricks. Forty thousand were wanted to send to the North-West and the contractors could not supply them. The Government had to pay extra for them before the bricks could be obtained, yet we have our own works lying idle and we have to pay interest, sinking fund, and depreciation on them. In May, 1916, the cost of making bricks at the State works was £1 11s. 10<sup>3</sup>/<sub>4</sub>d. That was the exact cost. The cost of production was £1 2s. 6d., and the overhead charges were 9s. 4<sup>3</sup>/<sub>4</sub>d., and

yet the Government gave away an order for a million and a quarter bricks which they wanted themselves and paid 45s. per thousand for them.

Mr. Bolton: They must do that for their friends.

Mr. ANGWIN: They give away this order and keep their own kiln idle. The bricks made at the State works are a little larger than the ordinary bricks and there is consequently a saving in the number used. They have not only a saving in the price of bricks but in the number of bricks used. A contractor pointed out to me the other day that in respect of a small contract he had not only secured his bricks at a reduced price from the Government, but that he had saved 3,000 bricks on the one job. Immediately the present Government went into office they raised the price of bricks from £2 to £2 5s. per 1,000. This order which they have just placed with the private brick manufacturer is really making him a present of close on £600; and they are still paying interest and sinking fund on these State works, and will have to meet depreciation. While the Government are trying to get revenue with one hand they are throwing it away with the other. The Minister for Works said that these undertakings will not be carried on under the same conditions as at present. I have proved conclusively that they are not to-day being carried on under the conditions that existed previously, because the one aim of those who previously controlled the works was to get the best advantage for the State, whereas now the one aim is, not the best advantage of the State, but the best advantage of the private manufacturer. The implement works have turned out so well that the Minister the other day gave an order to increase the output. Many people throughout the State have reported themselves highly pleased with the work of the machines, and the Minister, declaring himself gratified with these reports, said he would ask the manager to increase the output.

Mr. Nairn: Of course he will sell to better advantage if he boosts them a bit.

Mr. ANGWIN: On a previous occasion I pointed out the improvements which have

been made in the works. I do not intend to go into that again, but I wish to say that, taking the trading concerns as a whole, they are not the loss to the State that the hon. members opposite have tried to make the country believe.

The Premier: You admitted it yourself.

Mr. ANGWIN: I admitted it in regard to one, and one only. I said that one concern was not working to the best advantage owing to bad management. Since then, however, a good manager has been appointed and the returns have improved. I wish to draw attention to certain headlines appearing in the *Daily News* to-night, as follows:—"The Budget Speech—Squaring the Finances—The Taxation Proposals—The Year's Estimates—Anticipated Deficit, £258,679—State Trading Concerns." The average person would come to the conclusion that the trading concerns are to be responsible for the deficit. This sort of thing has been used so often before by hon. members opposite that the average person can arrive at no other conclusion. If hon. members went about admitting that the trading concerns showed a cash surplus instead of a loss, the public would not be so likely to take notice of these scare headlines. Journalists have been so well accustomed to writing into the headlines concerning the trading concerns "Another loss" that everybody has come to believe it, and even the journalists themselves are under the same fallacy. I can imagine the surprise of the man who wrote the headlines for the *West Australian* to-day, "Cash surplus," "State Trading concerns," "£80,000 odd." The Treasurer himself said his figures show that the surplus to be paid into Consolidated Revenue will be £106,000. These are the undertakings that hon. members opposite say they are going to sell or lease. I am not surprised at that, because they are giving away all their revenue while entertaining exaggerated hopes from a half-penny tax on picture shows. I regret the Minister for Works is not here, because I feel it incumbent on me to take exception to certain remarks he made in introducing the Bill. He said—

These gentlemen opposite are endeavouring to prevent the public getting in-



formation it is entitled to. If dust were to be thrown into the eyes of private shareholders in the way it was thrown into the eyes of the public by the gentlemen opposite, and the same process of law could be taken, those gentlemen would not be here to-night. The directors of a private company who tried to throw dust as the hon. gentlemen have would have to be dealt with differently from the way in which members of Parliament are dealt with.

That infers that the late Government were throwing dust into the eyes of the public in the statements they made in respect of trading concerns, that they were acting dishonestly and should be in gaol. It is the only conclusion one could come to.

Mr. S. Stubbs: You would have a better majority then.

Mr. ANGWIN: The members of the late Government had nothing whatever to do with the preparation of the balance sheets of the State trading concerns. They were prepared by the officers of the department, and audited by the Auditor General or his officers.

The Premier: There is no accusation against the balance sheets.

Mr. ANGWIN: The Minister for Works said we had thrown dust in the eyes of the public. If that is so, the only way we could have done it would be by interfering with the balance sheets.

The Premier: No. You made public statements and then had to back down and admit a loss.

Mr. ANGWIN: We did not put any statement into our balance sheets as has been done in other balance sheets presented to Parliament. We endeavoured to give a correct report to the public. In 1905 the first balance sheet was introduced into Parliament, or the first that I can find, in connection with the Railway Department. That balance sheet as at the 30th June, 1905, shows stores in hand in the Railway Department to the value of £271,306 19s. 5d. The Government Storekeeper in his report showed that from the 30th June, 1905, to the 30th June, 1906, he had received stores to the value of £285,184 2s. 6d. He

had issued to the various departments stores to the value of £375,942 4s. 5d.; or stores were issued to the value of £90,758 1s. 11d. more than was received during the year. Now in any ordinary undertaking that £90,000 worth of stores would have been taken out of the stores in hand on the 30th June, and would have reduced the value of the stores which he had in hand at the 30th June, 1905, from £271,306 19s. 5d. to £180,548 17s. 6d. If hon. members follow that, they will come to the conclusion by the report of the railway storekeeper of the goods received and goods issued, stores in hand, 1905 that on the 30th June, 1906, he had left £180,548 17s. 6d. But the balance sheet showed £239,113 6s. 10d., or £58,564 9s. 4d. more than what should have been there. The balance sheet was inflated to that extent. Let us take the following year.

The Premier: What has this got to do with trading concerns?

Mr. ANGWIN: This is a trading concern. Hon. members opposite may call it a business undertaking. Personally, I do not know the difference between a business undertaking and a trading concern. I have already stated that the balance sheet of the 30th June, 1906, showed stores on hand, £239,113 instead of £180,000. Now let us take the following year and use the same figures again. We find then that the Government storekeeper had received as from the 30th June, 1906, to the 30th June, 1907, stores to the value of £254,155, and during the same period had issued stores to the value of £346,831. These figures mean that he had issued to the value of £107,718 more than he had received during the year. In the ordinary course of business, this balance would come off the stock. It could not come from anywhere else. But, instead of its coming off the stock, we find on the 30th June, in place of a reduction of £107,718, that the storekeeper still had in stock £244,475 worth of stores—a large increase instead of a decrease amounting to £5,562. If the reports which are submitted to Parliament as correct are indeed correct, the balance sheet for that year was inflated to the extent of £96,037 in stores on hand. And yet the gentleman who issued those reports to this Parliament comes here and says that we on this side try to throw dust in the eyes of the people.

Mr. E. B. Johnston: Were not those balance sheets audited?

Mr. ANGWIN: I cannot say whether they were audited or not. They are not signed.

The Premier: You have been a long time finding out these things.

Mr. ANGWIN: I have mentioned the matter before, and the Minister for Railways could not account for the deficiency. I would not have mentioned the matter again had it not been for the remark of the present Minister for Railways that, had we on this side been managing private companies as we managed the State trading concerns, we would have found ourselves somewhere else. No such discrepancies are to be found in any balance sheet we issued. Our balance sheets have been correct. Therefore I consider the present Minister for Works and former Commissioner of Railways should be the last person to talk about throwing dust in the eyes of Parliament or of the people. I do not believe that Parliament, if the Bill is passed—I hope it will not be passed—will ever agree to allow the Treasurer full control of the trading concerns with power to sell. Certainly, Parliament will first want to see the conditions of sale.

The Premier: What about the steamer you were going to sell, the "Western Australia"? You not only bought the steamers without Parliamentary authority, but you were going to sell them without Parliamentary authority.

Mr. ANGWIN: I am sorry that the Premier is losing his temper. That was not an effect I had intended to produce. The Scaddan Government did try to sell the "Western Australia" because she had proved unsuitable for the North-West trade.

The Premier: Because she was a calamity, a nightmare.

Mr. ANGWIN: At the present time the "Western Australia" is a source of profit to the Government, thanks to the advantageous arrangement made by the Scaddan Ministry. To my mind, there is no doubt that the trading concerns are of material benefit to the State as a whole, to the Government financially, and—this refers more particularly to the implement works—to the farming community. The State sawmills represent one of the best undertakings ever es-

tablished in the district of the member for Nelson (Mr. Willmott), whose electors will tell him that emphatically. The milk supply established by the Scaddan Government has been the means of saving the lives of hundreds of children, according to the testimony of the medical fraternity. The State steamships to-day are returning a handsome profit. As regards the meat sales, the few cattle the Scaddan Government bought last year showed a profit of nearly £30,000—so splendid a result that the present Government thought they would have a finger in the pie, and unfortunately they made a mess of it. I can only say that if the Government have the interests of the State at heart they will, instead of making any attempt, or leading the public to believe that they intend ever to attempt, to sell or to lease those undertakings, sympathetically manage them for the best advantage of our community.

Mr. WILLMOTT (Nelson) [9.9]: I have listened with great interest to the remarks of the member for North-East Fremantle (Mr. Angwin). Evidently, his whole heart is in the subject on which he spoke. The hon. member has hand painted a beautiful picture. Whether the colours he has used are permanent, or are going to wash out with the first break in the weather, remains to be seen. This measure is a very comprehensive one, and undoubtedly seeks to confer on the Government great powers. The regulation of the management of the State trading concerns is extremely necessary. On that score no one can object to the measure. Further, no member of the House surely can object to the placing of the State trading concerns on a business footing.

Mr. Angwin: Are they not on such a footing now?

Mr. WILLMOTT: Evidently not. It is also right that the Auditor General should fully investigate the accounts of every one of those concerns.

Mr. Scaddan: Does he not do that now?

Mr. WILLMOTT: Evidently he does not. One part of the Bill which I think will cause a good deal of discussion, if the measure reaches Committee, is that dealing with the powers which the Treasurer desires to have conferred on him solely. My personal opinion is that those powers are too great to be vested in any one Minister. Parlia-

ment should have a say before the Government dispose of trading concerns whose capitalisation exceeds a million sterling.

Mr. Thomson: Parliament did not have too much say in the inauguration of some of the concerns.

Mr. W. D. Johnson: Parliament voted the money.

Mr. WILLMOTT: The Bill provides that Parliament shall have a say before the State is dragged into enterprises of this nature in future. Considering the huge sum of money at stake, it would, I think, be unwise to hand over these undertakings to be disposed of by any one Minister. Under such conditions the country may find itself saddled with another very bad bargain. Undoubtedly the war must have upset all calculations which had been made with regard to these trading concerns. For example, it is impossible to estimate what the State Sawmills can do next year, or the year thereafter. Hon. members must recognise that one cannot go on cutting timber and stacking it indefinitely, unless one has the wealth of the world behind him. It costs a certain amount of money to produce every load of timber and to stack it, and if there is no prospect of getting rid of the timber within a reasonable time—

Mr. Scaddan: Germany is preparing at the present time to dump.

Mr. WILLMOTT: I am not prepared to follow anything that Germany does. A great deal has been said to-night about the implement works. Having visited the works—the late Minister for Works was kind enough to give me a letter to Mr. Shaw, the manager—and having taken full advantage of that opportunity to make a very thorough inspection, I am of opinion that the works, by reason of their lay-out and the plant that is installed, will never be a financial success.

Mr. Thomas: A casual examination by you settles the whole question.

Mr. WILLMOTT: If a further large amount of money were expended on the implement works, no doubt machinery could be manufactured there at a greatly reduced cost. If the Government have that additional large amount of money to put into the works, well and good. If the Treasurer can find the money and is prepared to

spend another £100,000 to put these works into proper shape, well and good. If he is not, I am doubtful as to whether they can be made to pay either directly or indirectly. We have been told that the farmers are helped tremendously by these works, that the manager is inundated with letters of congratulation from farmers in all parts of the State. I am pleased to hear it; but I can say that unfortunately my experience has been different, and I have had many letters which are the very reverse of congratulatory.

Mr. Scaddan: That is party bias.

Mr. WILLMOTT: It is not party at all. If the farmer can get his machinery cheaper and better at the State Implement Works than elsewhere he will purchase there; he is not likely to cut his nose to spite his face by going to some other vendor.

Mr. W. D. Johnson: But you know all farmers complain of their machinery at times. Some of them have been known to say that the Sunshine harvester is no good, simply because they do not understand the machines.

Mr. WILLMOTT: And even if this large sum of money be expended on the implement works I want to know what is to be done with the output? If it is desired to manufacture machinery cheaply it must be manufactured in large quantities; and then what is to be done with the product? The machinery can only be marketed in Western Australia. I take it that we shall not compete in the Canadian market or elsewhere.

Mr. Scaddan: What about the Eastern States?

Mr. WILLMOTT: Even if we could compete in the Eastern States it could not be done without the expenditure of a very large sum of money.

Mr. Scaddan: The machinery could be sent all over the world. Mills and Ware send their products to the East; why not we?

Mr. WILLMOTT: I was struck by the soundness of the remarks made on this Bill by the member for North-East Fremantle (Mr. Angwin). It seems to me that before we are likely to obtain any information of a definite character in regard to these State trading concerns, we should have a select committee, because I feel convinced that every member is desirous of seeing that the

State gets the best possible out of these concerns now that we have them.

Mr. Bolton: A select committee would not guarantee that.

Mr. Seaddan: What particular point of the Bill do you want a select committee on?

Mr. WILLMOTT: On a great many points. I think it wrong that this House should not take full advantage of the experience of such members as the member for North-East Fremantle.

Opposition Member: Why do you not let him run the works then?

Mr. WILLMOTT: He did run them for some time, and I must say that the reports he gave the House from time to time were not so sunshiny and hand-painted as that he gave us to-night. I have recollections of his standing in his place as Minister and giving us some woeful tales of the condition of these works.

Mr. S. Stubbs: He was going to shut some of them up.

Mr. WILLMOTT: I am pleased that he has now dropped that pessimistic view regarding every one of these concerns and has adopted a tone of optimism. I hope his optimism will be justified. I could not quite follow the hon. member when dealing with the question of depreciation and sinking fund. It seems to me that under the Bill those funds will be invested for the benefit of the trading concerns, and that he was mixing up capital account with working capital, which, I take it, are two very different things. There is another point, the hon. member strongly objected to the profits going to revenue. I do not say full profits, but profits after sinking fund, depreciation and interest have been provided for.

Mr. Underwood: You missed his point.

Mr. WILLMOTT: I may have done, but I understood the hon. member to argue that these profits should go into a reserve fund.

Mr. Seaddan: He never said anything of the kind.

Mr. WILLMOTT: In my opinion he did, and I think there is something in what the hon. member argues. Why should these profits go into revenue, why should they not go into a reserve fund in case we should have lean years? I think that is a point which deserves some consideration. We are told that there are not to be any lean years

in the future, according to the statement we have had to-night, but in my opinion I think there will be lean years. The State steamships are, in my opinion, on a different footing from the other trading concerns. They supply communication to the North. In the southern portion of the State we have railways, but in the North they have only an isolated railway, and the State steamers, as means of transport to the North-West, are not comparable with the competitive trading concerns we have here. As a matter of principle I do not believe in competitive trading concerns, but the steamers are required on the North-West coast and we have no right to take those steamers off the coast until there are other steamers to take their place.

Mr. Underwood: We should put more on.

Mr. WILLMOTT: I take it additional steamers will be required for the meat supply if the metropolitan area is to be kept up as it should be. Regarding that particularly old friend of ours, the "Western Australia," we have heard a lot in this Chamber, but I am pleased to hear that at last she seems to have fallen on a comfortable home and is earning.

Mr. Seaddan: Are you referring to the newspaper?

Mr. WILLMOTT: No; to the steamer "Western Australia." I was taken with the remarks of the hon. member regarding the use of motor boats instead of oil fuel ships, but I should like to know by way of explanation why a motor boat is considered to be better than an oil fuel steamer. Regarding the measure generally, I hope that a select committee will be appointed to deal with it.

Mr. NAIRN (Swan) [9.28]: We have heard a good deal on this subject and I venture to think that we shall hear a lot more, as the subject here dealt with is one of those on which we can never expect both sides of this House to agree. The Bill contains principles upon which the two parties in this House are divided as wide apart as the poles. But the real question contained in the Bill is perfectly clear. It is to deal with the trading concerns while they are with us and as a favourable opportunity arises, to dispose of them, thereby fulfilling that plank of our platform.

Opposition Member: Whether they are profitable or not?

Mr. NAIRN: I am not going to argue that aspect, but I want to make clear the attitude I shall take towards the Bill. I say the Bill is one to which every member on this side of the House should be prepared to give his wholehearted support. I do not mean that in some of the details of the Bill there is not some room for improvement. I was a good deal impressed by what the member for North-East Fremantle (Mr. Angwin) said in dealing with certain aspects of the financial position in which the State trading concerns were placed. I do not agree with that hon. member that because the Minister, in introducing the Bill, saw fit to explain that conditions were better than they had been hitherto, that in saying that he meant it was because his party had been handling these works for a few months, but because the particular conditions and circumstances which had arisen had put these concerns in a more favourable financial position for the time being. There is no use disguising the fact that if it had not been for the war, many of these enterprises would have been in an infinitely worse condition than they are in at the present time. Whilst we have State enterprises, such as the railways that are suffering extremely because of the war, we have, on the other hand, such an enterprise as the State Steamship Service, and particularly in regard to the "Western Australia," which has undoubtedly benefited as a result of the war. I think it was only in that sense that the Minister used those words. I think it is a good principle, when one is going to sell a lame or blind horse, not to point out too many of his faults. From the business point of view I think the hon. member was justified to that extent. The member for North-East Fremantle was somewhat perplexed about what was really the meaning of the Bill in relation to the amount that was to be debited against these trading concerns. Clause 7 says that the Colonial Treasurer shall establish for each trading concern a banking account in the Treasury in the name of the concern. That seems to me a fair and reasonable business proposition. It implies that the enterprise will be charged

interest for the moneys debited against it. In that relation this money will be in the nature of an overdraft. After a year's trading, or such a time as a balance is taken and audited, if there is a surplus remaining, I understand from the remarks of the member for North-East Fremantle that such surplus should be returned back in order to reduce the overdraft. If that is his contention I consider it is a sound and reasonable one and I will assist him as far as I can in having it placed in the measure.

Mr. Seaddan: That is before it is disposed of and before it goes into the Consolidated Revenue Fund.

Mr. NAIRN: I do not think it is right that it should be disposed of. If there is a permanent overdraft against this business concern and any profit has been accumulating or accruing, there is no doubt that the overdraft should be so reduced to the extent of that profit.

Mr. W. D. Johnson: That is not in the Bill.

Mr. NAIRN: I understand that is what the member for North-East Fremantle desires. If that is so he is going on sound business lines. I do not think any business concern would pay back its capital in that manner, though as a matter of fact it would be paid back. If we had an overdraft at the bank and we so reduced that overdraft no matter by what means, if there be a profit so much the better. If the overdraft was so reduced it would not be fair to hand the profit back to go entirely outside that particular overdraft account. It would be a foolish man who would declare a dividend if he had an overdraft under similar conditions to those of the overdraft which is allowed for here.

Mr. Seaddan: This is an overdraft over and above your fixed capital.

The Premier: No, it is fixed capital the hon. member is taking about.

Mr. NAIRN: It seems to me clear that was the hon. member's intention and if so I will support him.

Mr. Underwood: It is not in the Bill.

Mr. NAIRN: Then we will help to put it there. On the question of depreciation, the Bill says "such amount as shall be fixed by the Colonial Treasurer as the interest and sinking fund contributions payable for

the year in respect of such portion of the General Loan Fund as shall have been applied to the purposes of the undertaking." It does not seem to be quite feasible that they should pay interest, sinking fund and depreciation at the same time. That would not be fair to any enterprise.

Mr. Scaddan: We are doing that with our railways, and they are a better asset to-day than when we commenced.

Mr. NAIRN: The amount of depreciation is fixed by the Auditor General. I do not think it is the function of the Auditor General, or any other auditor, to establish depreciation in any business. The function of the auditor is to review carefully the accounts to see that the statements in them are in order. In depreciation there is a principle involved, and it is a principle which can only be fixed and calculated by an expert. It would not be humanly possible for the Auditor General to fix a fair depreciation on a ship and the very next moment be called upon to fix the depreciation on the State sawmills or the State brickworks. There is only one sensible and possible way of fixing depreciation, and that is to have an expert of that particular business that is going on to get the benefit of his knowledge. I hope some clause will be introduced into the Bill that will get over that difficulty.

Mr. W. D. Johnson: The existing Bill gets over it.

Mr. NAIRN: The Colonial Treasurer could not possibly be expected to do that himself and he would have to call upon someone else to do it.

The Premier: The experts.

Mr. NAIRN: I do not think the experts have fixed our depreciation: only those controlling the business here have done so. It is the duty of the outside expert, and only his opinion is worth having on a question of depreciation. We have the case of the hundreds of thousands of sleepers stacked in the State. They were cut in order to assist the sleeper hewers through a difficult period. Some persons contend that these sleepers have improved during the time they have been stacked, while others take exactly the opposite view.

Mr. Willmott: There is a 7 per cent. wastage.

Mr. NAIRN: Others would say there was a gain. It is a matter which should not have been left to the manager, or any person who is particularly or individually interested in the enterprise, to declare what the depreciation should be. It must be an outside and expert opinion if we are going to get anywhere near the truth of these things.

Mr. Scaddan: You will have to call in a competitor, probably, for the purpose of fixing the depreciation.

Mr. NAIRN: Not necessarily.

Mr. Underwood: You could not call in the Auditor General.

Mr. NAIRN: In dealing with Clause 18 which concerns the profit and loss account—

Mr. SPEAKER: The hon. member must not discuss clauses; the hon. member may discuss the principle.

Mr. NAIRN: There is a principle involved here on the question of the profit and loss and the clause reads as follows—

The profit or loss for each trading concern for each financial year, when ascertained, shall be treated in such manner as the Colonial Treasurer shall direct, but any profit available in cash and not required for the purposes of the concern shall be paid to the credit of the Consolidated Revenue Fund.

I think we should add to that, "to reduce the liability to the Colonial Treasurer." That would get over the matter fairly.

Mr. SPEAKER: This is purely a Committee discussion.

Mr. NAIRN: I want to give this Bill my support and see the Minister placed in such a position so that he can deal with the measures as he thinks fit, with the support of his party.

Mr. Scaddan: What about selling or leasing with Parliamentary approval?

Mr. NAIRN: It has been mentioned that the State steamers have served a useful purpose. That takes me to the statement I made that they are serving a purpose, but that it would not be possible to make any other arrangements in the way of substituting another service, which would be in harmony with the principles of this side of the House. Under the present condition of affairs, by the advent of the State steamers

on the North-West, those companies which were engaged there and gave as good a service as we are getting at the present time, and were morally bound to continue that service, withdrew their ships the moment the State stepped in, and left the whole responsibility on the State. Consequently, it is not logical or reasonable to say that because the Ministry at the present time are making full use of these ships that they affirm the principle of State-owned steamers. They found themselves faced with the position and it is not possible to go back on it for the present.

Mr. Underwood: Are you opposing State steamers?

Mr. NAIRN: I would give the Minister full freedom to sell or lease such as would be extended to any other business man, in dealing with such a matter, and give him fair and reasonable conditions, provided that the light of day was let into the whole of the dealings.

Mr. Scaddan: A director could not dispose of a company's ships.

Mr. NAIRN: I do not know what some directors might do. Some of them might do so and some might not.

Mr. Scaddan: Not without consulting the shareholders.

Mr. NAIRN: The House was not at all times consulted.

Mr. Scaddan: Absolutely.

Mr. NAIRN: It was not at all times consulted with regard to the purchase of these steamers, otherwise the Government would not have the "Kangaroo" in the service at all.

Mr. Scaddan: What about the cattle the other day?

Mr. NAIRN: I think that can be perfectly justified. If the Minister in charge that the House should be consulted, it would be his duty to consult it. To the making of a hard and fast rule that the House should be consulted, I would not subscribe. I cannot understand the leader of the Opposition wanting us to agree to that, seeing that he has so often violated the principle himself. If the House was taken into his confidence by a Minister in dealing with a matter of this kind, he would be taking the best means of defeating the purpose in view. It is only by taking time by the fore-

lock that he can seize the opportunity. I understand that provision will be made for full competition by tender, or some other way under which the public will have a full and free opportunity of knowing the facts.

Mr. Scaddan: That is absurd.

Mr. Underwood: What about deciding about the question of selling or keeping on?

Mr. NAIRN: The question of whether the steamers are to be sold or kept on has already been decided so far as this party is concerned. The question of whether tenders will be called or whether this House will be consulted is entirely another matter.

Mr. Underwood: Have you decided to sell?

Mr. NAIRN: I am not in a position to sell.

Mr. Underwood: Has your party decided to sell?

Mr. NAIRN: I have not the whole confidence of the Minister.

Mr. Underwood: You had better get it.

Mr. NAIRN: If the Minister did not sell he would be going back on the principle of the party. We look upon the question as one in which the State is using the money of the individual in competition with the individual. Such a policy is not sound. We stand here for private enterprise where possible, whether it be a butcher's shop or the biggest factory in Australia. Of course that is not always possible, and we cannot lay down any rule which must not be varied.

Mr. Underwood: Do not shift off that.

Mr. NAIRN: We cannot lay down any inviolable rule. We stand for this principle, that on every possible occasion we will give power and the freest and fullest encouragement to private enterprise. The other side of the House holds entirely the reverse view. Their desire is to destroy private enterprise.

Mr. Scaddan: You will encourage it even to the establishment of trusts and combines.

Mr. NAIRN: I have never said such a thing.

Mr. Scaddan: You said just now you would give the freest and fullest encouragement.

Mr. NAIRN: I said I would encourage private enterprise where possible, whether it be in the direction of a small butcher's shop or the biggest enterprise. What hon. mem-

bers opposite are asking is that an enterprise shall be started privately and if it proves successful the Government will step in and say, "We will take charge of it and run it for the State." Is there anyone who is likely to establish an enterprise under such conditions? We must give people full and fair scope. Under the proposals of our friends opposite no enterprise in Australia can consider itself safe for five minutes.

Mr. Scaddan: Did not your party establish State hotels, State batteries, State saw-mills, and State steamers?

Hon. J. D. Connolly (Honorary Minister): State batteries are not trading concerns.

Mr. NAIRN: No one objects to fair competition, but I ask whether State enterprise is fair competition, an enterprise which pays no rates and no taxes, and has no individual liability? Is that fair competition against those who have to comply with all these conditions? The member for South Fremantle (Mr. Bolton) is disturbed because a State enterprise is called upon to pay a sinking fund of small dimensions. What is that sinking fund compared with the rates and taxes which private enterprise are called upon to pay, and not only called upon but compelled to pay?

Mr. Heitmann: You know there is no competition in many of these State trading concerns.

Mr. NAIRN: There is not likely to be. Who would be foolish enough to enter into competition with them? What is the result of these concerns to-day, a result which has been brought about by gross extravagance? On a question like this, there is a principle involved, and this party will not be doing their duty if they do not take the opportunity of carrying into effect the platforms they have advocated.

Mr. E. B. JOHNSTON (Williams-Narrogin) [9.52]: The Minister for Works has told us his object is to put the State trading concerns on a business footing. That proposal should have the support of members on both sides of the House. It is absolutely necessary, in my opinion, that the interest and depreciation should be properly charged up and that balance sheets which are brought before the House should be

prepared on a reliable basis, so that they may be accepted by hon. members. The Bill further provides that no fresh trading concern shall be started without the approval of Parliament. That is a principle we should all welcome. It has already been laid down that no railway shall be built without Parliamentary approval, although it has been shown that on one occasion the member for Guildford (Mr. W. D. Johnson) built a siding of over 20 miles in length. Apart from that, however, every other railway in the State has been approved by Parliament before being constructed. The member for North-East Fremantle (Mr. Angwin), whose experience on this subject is a valuable one, suggested certain amendments in regard to the sinking fund, and I think that his suggestion is worthy of the support of members, when the Bill gets into Committee. My main reason for rising was to protest against the clause which has been inserted in the Bill to the effect that the Minister for Works may sell or lease any State trading concern without the approval of Parliament. In the Bill we find that the State trading concerns have a capital value of £1,232,331, that is to say, that over a million and a quarter of our capital is invested in these concerns. This means nearly £4 per head of the whole population, including women and children. If we give the Government power to deal with these huge concerns without the approval of Parliament, I fear that we are opening the way to further charges of secret contracts being hurled across the floor of the House, and that is what we are all anxious to avoid. During the past couple of sessions we have had a number of small Bills brought down by successive Ministers for Lands to secure approval of Parliament for leases being given of small reserves. In those matters Parliament could well say that it would trust the Minister for Lands to make the best possible deal for the people of the State. But what is the use of Parliament if we are going to hand over to the Government the right to dispose by sale or lease of huge trading concerns without any reference to the elected members of the people? In regard to the implement works, there is no doubt that they have been the means of keeping down the prices of agricultural



machinery. They have succeeded in keeping in the State a good deal of money which would otherwise have gone out of it, and farmers have been able to secure great relief. I trust nothing will be done in the way of disposing of these works without some reference to Parliament. At any rate, I am not prepared to sign an open cheque for the Government to fill in to dispose of these trading concerns without reference to Parliament, and I trust that the Government will accept an amendment to this effect when the measure is in Committee.

On motion by Mr. Taylor debate adjourned.

#### BILL—NELSON RATES VALIDATION.

##### *Second Reading.*

Hon. J. D. CONNOLLY (Honorary Minister—Perth) [10.0] in moving the second reading said: This is a small Bill to validate certain rates that have been levied by the Nelson Roads Board. Under the Roads Act the board has power to strike a differential rate over a township, provided the money is spent within the area. That is what took place in Bridgetown, where they struck a special rate to pay for electric lighting, footpaths and water supply within the township. The Nelson Roads Board area includes the Bridgetown township. The area of a special rate has to be proclaimed by the Governor-in-Council. Some years ago an area in Bridgetown was proclaimed which covered the town boundary; but when the rate was actually struck it was found to cover a somewhat wider area known as the commonage boundary, which extended a little north and south of the townsite. This oversight was not discovered until some time afterwards, and the result was that a certain amount of rates proved to be invalid, and at present it is not legally possible to collect those rates in the area between the township area and the commonage area. This mistake was made by the then secretary of the board. It is in order to validate this rate that the Bill is introduced. The essence of the Bill is contained in Clause 2, and the schedule shows how it is proposed to validate the rates over the whole area.

Mr. Taylor: Is any litigation pending?

Hon. J. D. CONNOLLY (Honorary Minister): I do not think so, but there are outstanding amounts which cannot be recovered.

Mr. Taylor: How long is it since the rate was struck?

Hon. J. D. CONNOLLY (Honorary Minister): Some years, but it was not discovered until June last.

Mr. Taylor: Is it only recently that the people have objected to paying?

Hon. J. D. CONNOLLY (Honorary Minister): The file does not show that they have objected at all, but it is now known that the rates over a certain area cannot be legally collected. The Bill is introduced at the request of the local authority. I move—

*That the Bill be now read a second time.*

Mr. WILLMOTT (Nelson) [10.5]: It is necessary that the Bill should pass to enable the Nelson Roads Board to legally collect the rates. The town of Bridgetown is surrounded by a commonage which has been rated on the annual value. It seems the board had not the power to do this. A loan was raised to improve the town and suburbs, and portion of the loan was used to improve land which is really outside the boundary of the town, but inside the commonage boundary. The people living there have always looked on the commonage boundary as the town boundary, but legally speaking it is not so. When the loan was raised it was really necessary to obtain the consent of the Governor by proclamation. Unfortunately, the then secretary of the board omitted to take that precaution, and consequently it is necessary that the Bill should pass to enable the Nelson Roads Board to collect the rates on certain blocks.

Mr. TAYLOR (Mt. Margaret) [10.8]: This class of legislation is by no means new. Before I support the Bill I must be satisfied that it is not retrospective over too many years.

Hon. J. D. Connolly (Honorary Minister): The mistake is five years old.

Mr. TAYLOR: Am I to understand that rates have been outstanding for a period of five years?

Hon. J. D. Connolly (Honorary Minister): No, the mistake occurred five years ago.

Mr. TAYLOR: If I could be sure that the rate struck five years ago was paid by the ratepayers, that there is no litigation pending and that the Bill is to legalise something that was done in good faith, I would be prepared to support the measure, but I have never favoured retrospective legislation, especially if there is anything in the nature of pending litigation, or if it is desired to wrench from people rates outstanding for five years. It is hardly a fair thing to expect. I hope the Minister and the member for the district will see to this. Nearly every session we have a validating measure of this character, but not usually in respect of errors of so long standing. It must have been great negligence on the part of the board to allow the error to continue for five years.

Mr. Willmott: There has never been any dispute.

Mr. TAYLOR: But the hon. member said the Bill is required to bring some ratepayers to book, if necessary. That is hardly justification for the measure. The real justification is that it is to validate something done in good faith, but in error.

Hon. J. D. Connolly (Honorary Minister): That is the position.

Mr. TAYLOR: If it is I am perfectly willing to support the Bill, but I am not prepared to pass legislation that will make somebody toe the mark after five years. A local authority that would improperly strike a rate and allow it to go on for five years does not deserve very much consideration. I hope we are not going to pass retrospective legislation to validate something in the nature of sharp practice, and I hope further that no litigation will follow the passage of the Bill.

Mr. ANGWIN (North-East Fremantle) [10.12]: When the Roads Act was passed, it was clearly the intention that the rating of a roads board should be on the unimproved value. Of course, the Minister has power to grant permission to rate on the annual value. From what I can gather, the Bill deals with loan rates, which is a class of rate having a very large scope. For this the Board must have the approval of the Governor-in-Council, and the specified area must be set out, and the per-

sons limited to the specified area are given by the Act the right to say whether the loan shall be raised. If the specified area has not been declared, there is a possibility of the roads board expending money on the larger area and giving the persons on the smaller area merely the right to say whether the loan shall or shall not be raised. The principle of the Roads Board Act is, rating on unimproved value; and a clear case must be made out to the Minister. I do not know whether there have been instances of refusal by the Minister.

Hon. J. D. Connolly (Honorary Minister): No.

Mr. ANGWIN: I am assured that, as far as the loan is concerned, the persons in the larger area have cast their votes in favour of raising the loan. For the life of me, however, I cannot understand any person lending money to a local authority without first assuring himself that the conditions of the Act have been complied with. Otherwise, what guarantee has the person that the money will be repaid? The member for Nelson (Mr. Willmott) says that the secretary of the roads board neglected to apply for the order of the Governor-in-Council covering the area.

Hon. J. D. Connolly (Honorary Minister): No. The secretary described the smaller area.

Mr. ANGWIN: If that is so, and if the Governor-in-Council gave power to expend on the smaller area, and if the money has been expended on the larger area, how can repayment of that money be claimed? The Act has not been complied with. I sympathise with the Nelson roads board in their difficulty, but I wish to remind the House that when on various occasions I as a Minister was under the necessity of bringing in Bills of this description members now on the Treasury benches invariably took exception. Further, I used to lay particulars on the Table of the House, and I think that should have been done in this instance.

Mr. Willmott: I thought you would accept the word of the member for the district.

Mr. ANGWIN: I do accept his word. Otherwise I should vote against the Bill.

Question put and passed.

Bill read a second time.

*In Committee.*

Bill passed through Committee without debate, reported without amendment, and the report adopted.

*House adjourned at 10.20 p.m.*

## Legislative Council,

*Thursday, 23rd November, 1916.*

	PAGE
Papers presented	1115
Bills: Franchise, 3a.	1115
Special Lease (Stirling Estate), 2a., Com.	1116
Nelson Rates Validation, 1a.	1120
Treasury Bills Act, Amendment, 2a., Com.	1120
Betting Suppression, Com.	1132
Prohibition of Treating, 2a.	1136

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

### PAPERS PRESENTED.

By the Colonial Secretary: 1, By-law No. 37, City of Perth. 2, Kimberley Cattle—Contract for purchase of (ordered on motion by Hon. J. J. Holmes.)

### BILL—FRANCHISE.

#### *Third Reading.*

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [4.34]: I move—

*That the Bill be now read a third time.*

Hon. Sir E. H. WITTENOOM (North) [4.34]: I think an amendment was moved by Mr. Hickey to the effect that wives should have the right to vote in the absence of their husbands on active service. I think also this was withdrawn, and the Colonial Secretary suggested that the wives of sol-

diers on active service should have the right to vote in the names of their husbands conditionally on their being registered. It seems to me a simpler way would be for the husband to transfer his vote to his wife when he is going away. I am not quite clear as to how it has been arranged, and I shall be obliged if the Colonial Secretary will inform me on the point. If the wives had an *ex officio* right to vote it might lead to a mis-carriage of intention. I have myself known husbands and wives vote diametrically opposite in the presence of each other.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East—in reply) [4.37]: The provision under consideration applies to only one class of vote, namely, that of the Legislative Council elector, who is qualified to vote by virtue of being the occupier of a residence of an annual value of £17. The objection to the course suggested by Sir Edward Wittenoom is that it is necessary that the rolls should be kept clean, that the person whose name is on the roll shall be the person who has to vote. The Bill as originally prepared provided that the occupier going away on service should still be regarded as the occupier so long as his family remained in the tenancy of that house. The objection taken to that was that it would set up the anomaly that so long as the family remained in that house with the husband away no one could vote at all in respect to that house, whereas if the family transferred their residence to another house the wife would become the occupier of that house, and as such would be enrolled on the Legislative Council roll. The amendment simply provides that the husband having gone away, the wife can, if she choose, claim to be the occupier of the house, and register, and so enjoy all the privileges of an occupier. I think that if a man goes to the war for two or three years, leaving his wife and family, and his wife continues to occupy the house, she is entitled to be registered as the occupier. Of course, directly the husband comes back the provisions of the Bill, as far as they apply to him, will cease.

Question put and passed.

Bill read a third time and returned to the Assembly with an amendment.