

distinct understanding that there should be a referendum of the ratepayers on the question.

HON. G. RANDELL: Clause 6 provided for that.

Amendment passed; the clause as amended agreed to.

Clause 6—Provisional agreement to be submitted to ratepayers:

HON. S. J. HAYNES: Would it not be well to strike out the word "shall" and substitute "may," so as not to make a poll mandatory but optional? After the statement made by members it appeared to him that a referendum would be a waste of money. He moved an amendment—

That the word "shall" be struck out and "may" inserted in lieu.

THE COLONIAL SECRETARY: It would be well to make a referendum compulsory, so that the ratepayers should have an opportunity of saying whether they approved of this proposal or not. It seemed to him that if it were left optional with the City Council they would take it as sufficient authority to go on with the transfer.

HON. G. RANDELL: It was not intended to leave it entirely in the hands of the council. He would oppose the second reading on those terms.

HON. W. PATRICK: The amendment would clash with Clause 10, where it was assumed that the vote should be taken.

Amendment withdrawn, the clause passed.

Clauses 7 to end—agreed to.

Progress reported, the Bill returned to the Legislative Assembly with a request that an amendment be made as suggested; leave given to sit again on receipt of a message from the Legislative Assembly.

BILL—MUNICIPAL CORPORATIONS.

Received from the Legislative Assembly, and read a first time.

ADJOURNMENT.

The House adjourned at three minutes to 5 o'clock, until the next day.

Legislative Assembly,

Wednesday, 24th October, 1906.

	PAGE
Questions: Metropolitan Water, Consumption ...	2461
Cattle Conveyance to Kalgoorlie ...	2462
Fishing Industry Inquiry, Extension ...	2462
Election Petition, East Fremantle, result of appeal ...	2462
Bills: Municipal Corporations, 3a. ...	2462
Agricultural Bank, Com. resumed, reported ...	2462
Annual Estimates, debate on finance resumed (Mr. Bath, Attorney General, Mr. Illingworth, Mr. Johnson, Mr. Troy), adjourned	2465

THE SPEAKER took the Chair at 4.30 o'clock p.m.

PRAYERS.

QUESTION—METROPOLITAN WATER SUPPLY, CONSUMPTION.

MR. SCADDAN (for Mr. Johnson) asked the Minister for Works:

1. What increased consumption of water per day during this summer is anticipated by the Metropolitan Water Supply Board as a result of the recent enlarging and extension of mains?
2. Is Maylands being reticulated?
3. If so, what is the estimated summer consumption per day in this suburb?
4. What is the possible daily supply from the Victoria Reservoir?
5. How long could the supply be maintained during summer, basing rainfall on figures of summer 1904-5?
6. What is possible daily supply from bores now connected with the service reservoir?
7. What is the highest consumption ever recorded for one day?
8. The date of this record?
9. Is any difficulty anticipated in meeting the demands this summer?
10. If so, how is it intended to overcome this difficulty?

THE TREASURER (for the Minister) replied:

1. 500,000 gallons per day; but this increase should be largely compensated for by the metering now going on.
2. Yes.
3. 100,000 gallons per day.
4. The mains from the reservoir are capable of supplying 2,000,000 gallons per day.
5. There are 220,000,000 gallons of water in the reservoir to-day and it is still overflowing; a consumption of

2,000,000 gallons per day would therefore last 110 days without any farther rainfall; but it is anticipated that $1\frac{1}{2}$ million gallons drawn from this source will suffice except on the hottest days.

6. 2,400,000 gallons per day.

7. 4,500,000; but the average for the hottest months last year, viz. January, February, and March, was 3,330,000 gallons per day.

8. December 16th, 1905.

9 and 10. No; extra pumping machinery to obtain an increased supply is being erected at the Causeway Bore, and the large number of meters already fixed and to be fixed will lead to considerable reduction in consumption in old supplies.

QUESTION—CATTLE CONVEYANCE TO KALGOORLIE.

MR. SCADDAN (for Mr. Johnson) asked the Minister for Railways: 1. What is the average time occupied in conveying live stock from Robb's Jetty to Kalgoorlie? 2. Is it expected that faster trains will be run this summer? 3. If so, what will be the reduction in time?

THE TREASURER (for the Minister) replied: 1. $30\frac{1}{2}$ hours, in full train loads. 2. No acceleration contemplated. 3. See No. 2.

FISHING INDUSTRY INQUIRY.

On motion by MR. DAGLISH, the time for bringing up the report of the select committee appointed to inquire into the fishing industry was extended for one week; MR. TAYLOR remarking that already the time for bringing up the report had been extended on several occasions.

ELECTION PETITION, EAST FREMANTLE.

RESULT OF APPEAL.

MR. SPEAKER said: I have received the following from the Attorney General:—

High Court of Australia, West Australia Registry, Perth, 24th October, 1906.

In the matter of the invalidity of the election held on the 27th day of October, 1905, of John Joseph Holmes as a member to serve in the Legislative Assembly of the Parliament of Western Australia for the Fremantle East

electoral district, and in the matter of the petition of William Charles Angwin, and in the matter of the Electoral Act No. 20 of 1904.

The Hon. the Attorney General.—Sir, In reply to your letter of even date herewith, I have the honour to inform you that this appeal was this day dismissed.—I have the honour to be (etc.), C. A. SHERARD, District Registrar of High Court.

THE ATTORNEY GENERAL (Hon. N. Keenan): I beg to move, in consequence of the communication just read to the House of the decision of the High Court of Australia in the case of the East Fremantle Electoral District—

That the seat for the East Fremantle Electoral District be declared vacant.

Question put and passed.

BILL—MUNICIPAL CORPORATIONS.

Read a third time, and transmitted to the Legislative Council.

BILL—AGRICULTURAL BANK.

Message from the Governor received and read, recommending appropriation in connection with the Bill.

RECOMMITTAL.

Resumed from the 16th October; MR. ILLINGWORTH in the Chair, the HONORARY MINISTER (Mr. Mitchell) in charge of the Bill.

Clause 10—Remuneration to trustees: THE HONORARY MINISTER moved an amendment—

That in line two the words "seven hundred and fifty" be struck out and "one thousand" be inserted in lieu.

A promise was made to the Committee that provision would be made in the Bill by which the salary of the managing trustee could be increased to £1,000. While the Government considered the salary of £750 sufficient for the present, it was hoped the scope of the bank would be considerably enlarged; therefore the Government should have power to increase the salary of the managing trustee from time to time.

MR. BATH: What was paid in South Australia?

THE HONORARY MINISTER: The salary in South Australia was £1,000.

MR. BATH: The Minister's advocacy of the increase would lead one to believe it must be now made, and could

not be postponed till occasion arose for increasing the salary. Better decide now on a fair salary for the time being, not committing Parliament to any higher salary, nor allowing the Minister to play ducks and drakes with public funds by granting an increase at his own sweet will. Should a future extension of the bank's operations warrant an increase in salary, an amending Bill could easily be passed.

MR. TAYLOR: Would the Minister give an assurance that £750 was not an adequate salary for the managing trustee?

THE HONORARY MINISTER: It was adequate now.

MR. TAYLOR: If it were adequate for the time being, there was no reason for immediately enabling the Minister, with the concurrence of the Executive, to raise the salary to £1,000. Better reasons should be given for the amendment.

MR. BATH: Would the Minister assure the House that he would again consult Parliament before increasing the salary?

THE HONORARY MINISTER: In his absence during the preceding discussion, the Minister for Mines, temporarily in charge of the Bill, promised at the request of the Opposition to recommit the clause with a view to increasing the maximum salary. For the moment £750 was considered sufficient; but he (the Honorary Minister) thought it desirable to have power to increase it to £1,000 when occasion required. This was no great power to confer on the Government.

MR. WALKER: The Government had agreed, at his instance, to fix the maximum salary at £1,000, in view of the possible growth of the bank and the increase of responsibility on the managing trustee; the salary not to be raised until occasion required.

MR. BATH: Would the Minister consult the House before increasing the salary?

THE HONORARY MINISTER: The salary could not be paid without parliamentary authorisation.

MR. GORDON: If the managing trustee deserved an increase, it was not for the Government to have to ask Parliament for permission to give it.

MR. WALKER: The amount must appear on the Estimates.

MR. GORDON: Then fight it on the Estimates. Why waste time by raising the question now?

MR. DAGLISH: The discussion indicated the advisableness of refraining from appropriating expenditure in special Acts. Rather should we give Parliament annually the right to appropriate expenditure. The amendment would be far more satisfactory if altered to provide that the salary should be such sum as the House might from time to time vote, thus giving power to raise the salary indefinitely. If the amendment passed, the clause would be an appropriation authorising expenditure to the extent of £1,000 per annum, Parliament having no power to say yea or nay; for the Bill, having secured the assent of both Houses, would not be subject to revision except by an amending Bill. None could have a higher opinion than he of the present manager of the Agricultural Bank; but as a matter of principle Parliament should retain the right annually to assess the value of his or any other officer's service.

MR. BATH: The member for Canning (Mr. Gordon) said members could discuss this on the Estimates. If we passed the amendment, the salary became an appropriation under a special Act, not discussed on the Estimates; and though the Minister now said £750 was ample, he would have the right to pay £1,000 whenever he liked, without consulting Parliament. Though a higher salary would probably be necessary, Parliament should retain the right to grant an increase. The Minister would follow the best traditions of Responsible Government by promising that Parliament should be consulted before any alteration was made in the salary.

MR. GORDON supported the amendment. The manager was well worth a thousand a year now. That should be the minimum.

THE ATTORNEY GENERAL: The debate was surprising; for the Minister for Mines, when in charge of the Bill, agreed at the request of the acting Leader of the Opposition (Mr. Walker) to fix a maximum.

MR. WALKER: As a compromise.

MR. JOHNSON had moved an amendment that the salary should be such sum

as Parliament should from time to time appropriate.

THE ATTORNEY GENERAL: And it had been agreed to fix a maximum, so that the Minister should take the responsibility of paying whatever the managing trustee was worth. It was surprising that exception should be taken to the very arrangement the Opposition had asked for.

MR. JOHNSON: The amendment moved by him would have made it possible for the Government, without amending the Bill, to increase the salary of the manager when they thought an increase advisable. By the Bill as drafted this was not possible, the clause providing that £750 should not be exceeded. The Minister for Mines stated that his (Mr. Johnson's) amendment involved a constitutional difficulty, and that if it were withdrawn another amendment would be drafted, making possible an increase of the salary. It was news to him that Parliament would not have an opportunity of deciding whether or not the present salary of £750 should be exceeded. If Parliament fixed a maximum salary to be paid for the position, it did not follow that the Government should take this as a direction from Parliament that the maximum should be paid for the position. He had no such intention when moving his amendment previously, nor did he think such would be the effect of the amendment now proposed. He desired to have an authoritative opinion on the point.

MR. DAGLISH: The amendment provided that the Government could go up to £1,000.

MR. JOHNSON: But would not the Government be bound to bring before the House, in the Estimates, any excess over £750? He was not disposed to pass authority to the Government to pay a salary of £1,000 without reference to Parliament.

MR. GORDON: The several leaders and would-be leaders of the Opposition, including the never-to-be leader the member for Mt. Margaret, wanted to have each his own way on this occasion.

MR. WALKER: The grounds taken now by the Leader of the Opposition were the same as taken by members on the previous occasion, that the House

should have a voice as to the amount of salary paid. The proposal to fix a hard and fast unvarying salary of £750 had been objected to, and the position now arrived at was the result of compromise. The member for Guildford had moved an amendment that a minimum should be fixed; but it was then pointed out that such a view was unconstitutional. The mere fixing of the maximum salary at £1,000 would not prevent the item of salary coming before the House in the ordinary way on the Estimates.

MR. TAYLOR: The item would become an appropriation.

MR. WALKER: The salaries of Judges were now fixed, yet they appeared on the Estimates and could be discussed.

THE CHAIRMAN: The hon. member could not discuss the Estimates at this stage.

MR. WALKER was merely quoting an illustration. In the Bill a maximum salary was proposed to be fixed, and the responsibility for any sum under that maximum must be taken by the Government; but beyond £1,000 the Government might not go. Whatever salary was decided on must be shown on the Estimates, just as were the salaries of Judges, which were fixed but could be discussed by Parliament. The House could take the Minister to task if in its opinion he used indiscreetly or wrongly the power given him to fix this salary. It was absurd to say the House would not have the right of discussion. We could sack the Minister if he did not do what the House desired.

MR. TAYLOR: Why didn't you sack the Minister for Education when he imposed fees on certain scholars?

MR. WALKER: We were going to do that in our own good time and our own way.

THE TREASURER (Hon. Frank Wilson) gathered from the discussion that an arrangement was arrived at previously by the Deputy Leader of the Opposition and the Minister then in charge of the Bill; but members opposite now desired to go back on that arrangement.

MR. JOHNSON: No; we wanted the arrangement carried out.

THE TREASURER: The member for Kanowna (Mr. Walker) was correct in

the view he had taken. The House could not prevent the Government paying a salary up to £1,000, once that sum was provided as a maximum in the Agricultural Bank Act. As Mr. Walker had pointed out, the sum actually paid to the manager of the bank as salary must appear on the Estimates, and if members thought the amount paid was in excess of a fair salary, they could take action on the Estimates.

MR. DAGLISH : That was absurd.

THE TREASURER: Everything was absurd that did not happen to fall from the hon. member's lips, from the lips of a Solomon. The Government paid a certain salary to the manager, and took responsibility for their action. If Opposition members did not approve of that, they could try to turn the Government out. The Government should have the right to pay a man what they considered to be a fair salary for his services. They were doing that sort of thing every day, and depended on Parliament to endorse their action. He believed personally that the position of manager and the work he was doing for the Agricultural Bank were worth £1,000 a year at the present time; and this amending Bill would place greater responsibility and more work on the manager in his altered position as chairman of the board of trustees. There was no need to quibble over the point whether the Government should be entrusted with power to increase the salary from £750 up to £1,000, which was only a small matter; and the member for Kanowna, having stated clearly that as acting Leader of the Opposition he made an arrangement with the Minister to agree to this course, opposition to this arrangement should not be persisted in by members who had previously concurred in it.

THE CHAIRMAN: The salary in the Bill as it now stood would appear on the Estimates, and be subject to review by the House, unless some action were taken as in the case of certain special Acts, wherein the following words were inserted: "Such salary is hereby charged on the Consolidated Revenue Fund, which to the necessary extent is hereby appropriated accordingly."

Amendment (the Minister's) put and passed; the clause as amended agreed to.

Bill reported with amendments, and the report adopted.

ANNUAL ESTIMATES, 1906-7,

DEBATE ON FINANCIAL STATEMENT.

The Financial Statement having been made by the Treasurer in introducing the Annual Estimates on the 1st October, and the first item moved, debate was now resumed on the finances generally: MR. ILLINGWORTH in the Chair.

MR. T. H. BATH (Brown Hill): Owing to the fact that the Budget Speech was delivered three weeks ago, I have no doubt the interest, so far as the general Budget Statement is concerned, has somewhat evaporated, and that members will not be likely to give it that close scrutiny they otherwise would have been likely to do if the discussion had taken place within a week or ten days of the delivery of the statement. In the first place, I desire to say that if the question were considered entirely on its merits there would be no member of the House, whether sitting on the Government side or the Opposition side, but would agree that the Treasurer had a very difficult task before him in any attempt he might make to adjust the finances for the year 1905-6, and in his forecast for the year 1906-7. But when we take into consideration the circumstances under which the Treasurer is charged with that duty, when we remember the promises which were made at the advent of the Government of which he is Treasurer, we must recognise that he has altogether failed to carry out the promises which were made 12 months ago. In the first place, the Treasurer treated us at the outset of his speech to a review of the progress of Western Australia in past years, and the whole Budget Speech reminded me very much of a sugar-coated pill. In the first place, we had a dissertation on the great strides Western Australia has made, as a preliminary of the real business of the Budget Speech, and to terminate we had some optimistic prophecies with regard to the future. Sandwiched in between we had the bare fact stated and the acknowledgment from the Treasurer that he, as the successor of the Treasurer who took up the

work last November or last September twelve months, had entirely failed to carry out the promises then made. The position is that the hon. gentleman and his colleagues occupy the position they hold to-day absolutely under false pretences; and those who support them, who were returned as supporters of the present Government only 12 months ago, supporters of a Government who were going to adjust the finances and restore confidence and prosperity to Western Australia, are also occupying their positions under false pretences, because whatever may have been the difficulties with which the Treasurer was confronted, and we must acknowledge he was confronted with difficulties, the fact remains that the Government made promises, made statements in regard to the finances, which they must have known when they were making them it would be impossible to carry into effect.

THE TREASURER: What were the promises?

MR. BATH: In the first place, the speech delivered by Mr. Rason stated that the "mark time" policy, as he characterised it, had been disastrous to Western Australia, and the deficiency in the finances amounting to £43,000 must inevitably have a disastrous effect on our position in the money markets of the world, and he having been entrusted with the position of Premier and Treasurer, as the Messiah of finance at the time, was going to take up the reins of office and was going to adjust the finances. In the second place he was going to depart from the policy adopted of trying to square the finances to a certain extent by slowing down the pace in regard to the works expenditure; he was altogether going to check that, and inaugurate once more a vigorous works policy, which had characterised previous Administrations when they had an overflowing Treasury. In view of the existing circumstances, and in view of the fact of the diminution of the excess revenue returned by the Commonwealth and the sliding scale gradually being abolished, there was no possible prospect, unless by the institution of drastic taxation measures, of carrying out the promises then made; and as a result it is shown the gentleman, who took up that task has entirely failed.

He did fail at that time, and the present Treasurer who succeeded him has failed.

THE TREASURER: In what way?

MR. BATH: In the first place the Government have failed in that the expenditure of revenue on public works has shown a falling off, and they have failed in the second place because of the Treasurer telling us that at the end of the financial year 1907 he expects to have a deficit of over £100,000. If that is not an absolute failure to carry out the promises made at the end of 1905, I do not know in what failure consists. We had in the first place a deficit at the end of 1906. The Treasurer, then Mr. Rason, declared he hoped to adjust the finances by the end of that year; yet we have this deficit of £119,000. So we have the gentlemen occupying the Treasury benches at the present time absolutely failing in their promise which they made to the people of the State when seeking election. In regard to the policy speech, we all know that after the Treasurer has delivered his Financial Statement for the year it is got up in neat form in the way of a pamphlet, and is sent not only throughout the State and Australia, but it is also sent to the Agent General and used as a sort of advertising medium as far as Western Australian interests in the old country are concerned. What will be the result of the perusal of the Budget Speech made by the Treasurer three weeks ago? In the first place the investors who watch the progress of Western Australia and her industries will see at the outset we have a statement of the solidity and of the financial stability of Western Australia; we have a glowing review of the progress which Western Australia has made, especially since the discovery of gold, and at the termination of the Speech we have all sorts of optimistic promises of what Western Australia is going to do in the future. Yet these financiers charged with the administration, and with all these prospects, and with all the splendid resources about which they have spoken in this speech, show they are daily advertising to the people of the old country that they are absolutely unable to make their finances meet, they are absolutely unable to make the revenue balance the expenditure; and those people will say there is either deceit written on the face of the

Budget Speech, or that those charged with the administration are absolutely incapable of carrying out their work.

THE TREASURER: I think you have misread the figures, for you know the expenditure and revenue balance.

MR. BATH: The hon. member says the revenue does balance the expenditure, but the hon. member predicts a deficit of over £100,000.

THE TREASURER: It is less than what we began with.

MR. BATH: The hon. member wishes altogether to dissociate himself from the policy of his predecessor in office, the present Agent General. We have heard the Government, on previous occasions when legislation has been brought before the House, say they are the successors and inheritors—

MR. FOULKES: They use that argument when it suits them.

MR. BATH: Of the Rason Government, and are pledged to carry out the Rason policy.

MR. DAGLISH: They have got £60,000 more to do it with.

MR. BATH: When members on the Government side have been twitted with the fact that there is an alteration of policy, they have got up, notably the member for Collie, and said they are sticking to the Government because their policy is the same as that of the Rason Government whom they were sent in to support. How can the Treasurer dissociate himself from the policy of that Administration? though he certainly has slightly decreased the amount of the deficit from £119,000 to £105,000. Still the fact remains that as inheritors of the policy of the Rason Government they also inherit the task of carrying out the promises made last October that they would square the finances and at the same time there would be not any diminution of expenditure from revenue on works, but that there would be a return to the old flourishing policy of the past. At the time of the election, it was pointed out by members on this side that it was absolutely impossible to carry out these promises. On going before the public on the election platform the Government said they were going to do this; they promised something they could not carry out and they could not hope to effect, and which they knew very

well in their own minds they had no hope of effecting. We are faced with the position at the present time that the Government have proved themselves absolutely incompetent to carry out the promises made to the electors less than 12 months ago. The Treasurer, in the course of his Budget Speech, in an attempt to make a comparison between the works expenditure of the present year and that of 1904-5, gave some very misleading comparisons in regard to the number of contracts being let. He pointed out that during the term the contracts numbered 200, and for a certain sum were let, which was altogether greater than the contracts let during the year 1904-5. But that is not a proper method of comparison. The only method of comparison that will bear investigation is as to the actual amount expended from revenue on works in their respective years. We find in 1904-5 from revenue the then Government expended £373,926, that was called the "mark time" policy; in 1905-6, although the estimate was much higher, the actual amount expended was £238,000, or £100,000 less than in the year termed the "mark time" year; and the Treasurer in his estimate for 1906-7 has stated an amount which shows a diminution even on the small amount of 1905-6, because the estimate for the works expenditure from revenue for 1906-7 is only £228,000. No wonder the *Daily News*, which for a long time posed as the journalistic exponent of the present Government's policy, goes back on its common friends. We heard first of the vigorous works policy of Sir John Forrest, then we heard about the slower policy of the Leake-cum-James combination; then we were told about the mark-time policy of the Daglish Government; and later when they come to describe the policy of the present Administration, they call it "the right-about-turn backward-march policy of the Moore-cum-Wilson Government." From revenue the Government only expect to expend on public works the sum of £228,000, or £110,000 less than was expended in 1904-5, the so-called mark-time year of the Daglish administration. In connection with this matter, when we have such a diminution in the revenue, especially in the amount returned to the State from the Commonwealth, we have come to the

time when there is a necessity for the greatest display of backbone on the part of any gentleman charged with the financial administration. When we come to the position that it is impossible to carry on and square finances without a considerable reduction in the expenditure on public works from revenue, we are faced with the necessity for increased taxation, and it must be acknowledged that to a certain extent the present Government have admitted that necessity. They have admitted it in the fact that they have introduced land tax legislation, which has passed this House, and which at present is being dealt with in another place. But to meet the deficiency, which must have amounted to over £150,000, the only proposals which they have put forward are to raise an estimated sum of £60,000; so that to square that deficit of £150,000 the Government propose to raise £60,000, and then to leave the House and the country in doubt as to what their future proposals will be. How can the hon. gentleman hope to meet the financial position in 1907-8? I know it is looking forward a considerable time, and the hon. gentleman may not then be charged with the work of financial administration. But at that time, unless things alter to a very considerable degree, we shall be faced with a still farther diminution in the amount returned from the Commonwealth to the State, and also with the absolute necessity of finding greater sums for expenditure on the development of the resources of Western Australia, because as population grows and our mining and agriculture develop, there will be need for greater sums; first to provide them with the necessary means of communication, and secondly to provide educational facilities; and in a dozen different ways there will be demands upon the exchequer for an increased sum. We have the Treasurer continuing a deficit of over £100,000, with no proposals whatever to meet the still farther diminution in revenue which must take place in 1907-8. Had the land tax been carried without the exemptions and the rebates which disfigure it at the present time, the Government could have hoped to secure from it £35,000 more than they expect to gain by the proposal as at present submitted, and that £35,000 would have gone a con-

siderable way towards reducing the deficit which is predicted at the end of the present financial year. Again, we have no proposal for attempting to meet the deficit by means of an income tax, which is absolutely imperative if Western Australia desires to maintain her financial stability in those markets where she seeks loan moneys to carry out the policy to which she is committed. She must be able to present a decent financial statement. It is of no use to go to those people and say, "We want money to develop our resources. We have agricultural lands to open up, and we have mineral areas, which without railway communication cannot be developed, and we want you to lend us money;" at the same time saying to those people "We have not sufficient ability to square our finances, nor have we sufficient confidence in the people of the State to ask them to find the necessary money to balance our average revenue and expenditure." That is the position. It will mean that instead of the stocks of Western Australia holding a high position in the market they must inevitably slump, and that on our entering the market later for money for what we may term reproductive works, those people will hold a pistol at our heads and say, "If you want this money you must pay a bigger price, because you have not safe financial methods in connection with your State." The Treasurer made some remarks in regard to economies in administration, but in looking through the Estimates I fail to see where there is any real genuine economy in administration. Certainly we have amounts knocked off in various directions. In the first place we have an amount knocked off in connection with the Electoral Department, which is controlled by the Attorney General; and we are told that this is justified because no election need be expected for two years to come. But the fact remains that on the showing of the Attorney General himself the Electoral Office at the present time is in a very desperate condition, so that he cannot place before this House adequate proposals for the amendment of the electoral laws until some of the mess has been cleared up. If we acknowledge there is no prospect of an election, the £5,000 which it

is proposed to save in connection with that electoral office could be well expended in rescuing the electoral office from its present deplorable condition, and placing it upon something like a sound basis. Because after all that office should always be prepared for emergencies. It should be in such a position that in case of any emergency which may arise in the shape of a general election or an extraordinary election, the roll shall be up to date. The people should be enrolled, and we should be able to secure from the whole of the electorates, or any one electorate, the verdict not of a small proportion of the people who happen to be on the rolls, but of all those who are entitled to vote, and whose names should be on the electoral rolls. Then again we have economy in connection with the annual grant which has been made for many years past for roads and bridges. The general vote last year was £70,000, and the total sum expended was £61,001. The vote for the present year has been reduced to £42,000. I recognise there is a great deal of justification for the exercise of greater discrimination in the expenditure of this vote, because the amount allocated to various roads boards should really be dependent upon the way in which they tax themselves for the purpose of building roads and maintaining them in their particular districts. It is absolutely wrong that on the Estimates every year we should be called upon to vote considerable sums for roads in various roads board districts where they do not tax themselves, or tax themselves only to a very slight degree. And I have always held, and I do so at the present time, that it would have been much better, in introducing our land taxation propositions, if we had given to the municipalities and the roads boards greater power of and values taxation, and had made the allocation of any grant under our Estimates dependent upon the amount raised by themselves for their own purposes. Then we would have had much greater independence. We would not have had members or Ministries practically buying support by giving grants to roads boards where they make no effort to tax themselves; and we would rather have on those roads boards in locally governed districts men who would deem it a pleasure to be chosen upon them because they would be

altogether independent of the administration in existence for the time being, independent of coming cap-in-hand to beg for a grant for this road and a grant for the other. Then just underneath this, the general roads and bridges vote, which is reduced to £42,000, we have certain votes placed here which are a scandal in view of the reduction which undoubtedly will be made in those districts where they deserve road communication, and where they cannot hope to do any good, where they cannot hope to carry on their undertakings, whether pastoral, agricultural, or mining, without some assistance. We have here the Perth-Fremantle road. [MEMBER: The same old road.] The same old road. There is a grant of money to which we have been objecting time after time. We have a grant of £1,650 for that road, for making. We had a distinct promise given to this House that after certain sums had been allocated for the purpose of bringing these roads up to a state of repair, the people in those particular districts should be called upon to bear the cost of maintenance. [MEMBER: That particular road.] This particular road was one. We have here a grant for the Perth-Fremantle road of £1,650. We have also Perth—Perth-Fremantle road reconstruction Point Lewis to Swan Brewery, £700; Sussex—Coast road, Busselton-Yallingup road, £1,090; and Sussex, Yallingup to Lake Cave, £481. There is no justification whatever for the cutting down of the general grant which has meant so much to our outlying districts where they labour under so many disadvantages, and at the same time continuing a policy of granting sums for roads of that nature, when we have had a distinct promise in times past that the practice would be discontinued. These are the methods of economy that are brought before us by the Treasurer as an example of wise financial administration, and I say that on the face of it there is nothing of genuine economy about these votes. Then again in connection with public works there is no reduction in the cost of administration, no reduction of the large staff here, although it is expected that the same staff during the forthcoming financial year will only be called upon to administer a sum of £238,000 from

revenue. There is something absolutely wrong in connection with these Estimates when there is even an increased amount upon them involving a sum of about £5,000 for administration, whilst at the same time the staff are only called upon to administer a sum of £238,000 as compared with £338,000 in 1904-5. But I recognise that an attempt has been made to disguise this fact by deducting from this total vote the amount provided on the Loan Estimates, that is on the vote for 1906-7. They have allocated out of £54,131 a sum of £39,131 which will be charged to loan expenditure, and that makes an apparent reduction in the revenue Estimates for the Public Works Department of £5,856. But I assert that it is not in any shape or form a reduction. It really shows an increased amount in the administration cost of nearly £5,000.

THE TREASURER: Did not your Government do the same thing?

MR. BATH: Our Government actually reduced the cost of the administration by economies really effected by a sum of £8,000, and although a great deal has been heard since then of economy, we have not had that repeated by the present Treasurer or his predecessor. The hon. member can look at the Estimates of the Minister for Works, and he will find there is no reduction whatever. There is an ostensible reduction by charging a greater amount to loan expenditure, although there is no prospect of any loan expenditure in the future—that is, which can be called reproductive—which will justify the allocation of this sum in order to show an apparent reduction. And in every direction, although amounts have been cut off from various votes, it has not been in the direction of administrative economy, but of cutting down votes such as I have pointed out, in electoral administration, in the vote for roads and bridges, and in the municipal subsidy. Those cannot be characterised as economies; because while I recognise the need for greater discrimination and for the exercise of greater control in the allocation of the general roads vote and the subsidies to municipalities, the fact remains there is a great demand, owing to the development of our State, the size of our districts, owing to the increase of new settlement and the creation of new

municipalities, for this assistance to be continued to them in the future as it has been granted to them in the past. Then again, at a juncture such as this, where we have had a diminishing revenue, especially from that remunerative source of taxation the Customs and Excise, owing to the operations of the Commonwealth there is need for all the greater care in controlling loan expenditure. And right throughout these Estimates we find that exactly the opposite course has been followed. Where in the past works have been constructed out of revenue, and where it has been recognised that revenue should properly be called upon to find the money for those works, we see a tendency to construct them out of loan. We find for instance that in spite of the report of the Public Batteries Inquiry Board, no provision has been made this year from revenue, but the whole of the expenditure is being charged to loan. There is absolute need for more careful delimitation of what we mean when we talk of reproductive works. I say we should frame a term which can be applied more closely, by the aid of which such works can be more closely scrutinised than they appear to have been scrutinised in the Estimates before us. I think the term "redemptive works" would better meet the case; because in all farther undertakings, especially from loan, we should be able to assure the people of the State that the works if undertaken will return interest and sinking fund on the money invested. These would be essentially redemptive works, while the term "reproductive" as applied by the Treasurer is evidently very loose indeed, and one which can be very loosely interpreted. In the Public Accounts which have recently been presented to us we find loan expenditure on development of gold fields and agriculture; and under the heading of Development of Agriculture we have loan expenditure in directions such as this: Experimental Farms and Stations, £21,076. Judging by the reports upon our experimental farms they cannot be characterised as reproductive works. We have Clearing and Snagging, £10,813; Fruit Disinfecting Shed, £2,601; and Vasse Butter Factory £1,300. I do not know that we have had much of a reproductive return to the State from any money invested in

that factory. Another item is, Purchase of Motor Wagon, £943. I believe the motor wagon is rusting somewhere up-country. I think it would be hard for the Treasurer to tell us where it is now. Then we have Coolgardie Exhibition, £736; Construction of Agricultural Building at Royal Show Grounds, £666; Purchase of Wire Netting, £472.

MR. WALKER: What is that for?

MR. BATH: This if from loan. The Estimates do not say what it is for. Pens for Egg-laying Competition, £202; Glass House for Breeding Parasites, £122; and a number of other works constructed out of loan funds. The position is that under various Loan Acts we provided, and very wisely, that a sinking fund ranging from one to three per cent., as on the Water Supply Loan, shall be established; and if the return from the work itself does not provide interest on the loan and the sinking fund, then the amount of that sinking fund has to come out of Consolidated Revenue. And one of the difficulties with which the Treasurer has had to contend is the fact that the demand on the Consolidated Revenue for interest and sinking fund charges has been substantially increased every year, until at the present time it amounts to 25 per cent. of our revenue. Now if in the future we pursue a policy of expending our loan funds on works similar to those which I have read out from this list, we shall have to go to the Consolidated Revenue for an increasing amount every year in order to provide the interest and sinking fund; and with the prospect we have before us of getting less money returned from the Commonwealth, only a few years will elapse before we shall be faced with the necessity either of finding new sources of taxation, which will have to be very remunerative, or of saying to the foreign bondholder: "Although under our Loan Acts we have guaranteed that if you lent us certain moneys we should provide a certain percentage each year for sinking fund, owing to our financial position we shall be unable to continue this in the future, and so have to ask you to consent to a smaller percentage each year for sinking fund charges." We cannot say this, without seriously jeopardising our financial position; and so in the present

financial stringency there is even greater need than in the times when the finances are in a sound condition, for exercising the utmost care and discretion as to how and upon what works we shall expend our loan moneys. I say it is an absolute necessity that for the future the rule shall be that before a work is undertaken from loan it shall be proved a redemptive work, and one which shall find the interest and sinking fund, not making it necessary to go to the Consolidated Revenue for the largely increased amounts which have been demanded in years past. We heard the Treasurer tell us he had suddenly discovered that there was a Sale of Government Property Trust Account, the balance to credit of which had been lying for some years in the Treasury and had been allowed to accumulate, evidently without the knowledge of the Treasurer for the time being; and so with great joy, as if this were some great discovery, the present Treasurer has practically "collared" the amount of this account, if I may use a vulgar term, and has utilised it for the construction of various public works and buildings. Much of this money is the result of the sale of property which was bought in the first instance out of loan, and I say it is only right and just that moneys obtained in that manner should not be expended as the Treasurer proposes to expend them, but should be placed to the credit of our sinking fund, and utilised to redeem the loans which have been incurred for carrying out these works.

THE TREASURER: In addition to the heavy payments which we have already made?

MR. BATH: In addition to the heavy payments which we have already made; because the more we pay to the sinking fund the sooner shall we be free from the encumbrance of our present heavy loan indebtedness; and especially should such payments be made when that property was in the first instance bought out of loan. I say it is essential that the proceeds of the sale of such properties should be placed in the balance against our loan expenditure; and the most obvious mode of utilising the money will be to place it to the credit of our sinking fund. When we come to discuss our financial relations with the Commonwealth we must recog-

nise and admit that the State Treasurer has a very difficult task; because not only under the book-keeping system have we had a reduction in the amount returned to the State, but we have a prospect of a still smaller amount being returned from the Commonwealth to meet the many obligations of the State which were first undertaken when we had control of the Customs and Excise. First I may say that when I accompanied the Treasurer to the Interstate Conference in the East, I was under the impression that there would be no difficulty whatever in persuading the various States to agree at least to attempting to secure a continuation of the Braddon clause, and that we might also persuade them that a continuation of the book-keeping system was only a matter of bare justice to Western Australia in the peculiar circumstances in which she was placed. In fact, I felt there was greater need for the other States to secure the continuation of such a clause than for Western Australia; and therefore I was seriously disappointed to find there was no evident intention on the part of representatives of other States to try to secure that continuation. Much has been said about the Braddon clause, to the effect that it is an unwieldy financial proposal which should be amended; and much emphasis has been laid on the statement that it compels the Commonwealth to raise four times the revenue necessary for its own purposes, in order that three-fourths may be returned to the States. But I do not regard it in that light at all. I say that in passing the Braddon clause the States and the Commonwealth became parties to an agreement in order to secure the continuation of the financial stability of the States while at the same time providing for the needs of the Commonwealth. And it is noteworthy that all the proposals that have been advocated—the memorandum of Mr. Knox, the proposals of Mr. Harper, and even the provisions of the Federal Treasurer, Sir John Forrest—are variations of the Braddon clause in a greater or less degree; and though we have had all the financial experts of the Commonwealth racking their brains to find some more suitable method of adjusting the financial relations of the States and the Commonwealth, they have not been able to

suggest anything more than variations of the Braddon clause. The position is that our loan indebtedness was to a large extent incurred on the strength of our Customs and Excise revenue, because after all, money-lenders the world over recognise that as the most remunerative source of taxation that any State can possess, and they are more ready to lend money on that security than upon the security of almost any other form of taxation. But I do say that whichever community or whichever Government retains control of the Customs and Excise is able to exact better terms from money-lenders than the community or the Government which has lost control of these sources of taxation; and so I was anxious to see a continuation of the Braddon clause, because I thought it the best possible means of adjusting the financial relations of the States and the Commonwealth. In the course of a statement submitted to the conference by the representatives of Tasmania, a great inequality was pointed out in the sources of taxation enjoyed by the Commonwealth and the States, and the various duties allocated to them; because, while the States still retain about 75 per cent. of the obligations, or of the administrative departments which existed prior to Federation, the States are given control of only some six or seven per cent. of the sources of taxation. So that places the Commonwealth in an altogether pre-eminent position; but the representatives of the other States at the conference made no concession whatever, and refused to consider any proposal to continue the Braddon clause. It was argued that while it might be desired, it was futile for the States to accept or hope for such a consummation, and it was pointed out that all the previous conferences—the conference which Mr. Gardiner attended as Treasurer of this State, and the conference attended by the member for Subiaco (Mr. Daglish) in Hobart, and the conference which was held in Sydney at the beginning of the present year—had advocated the continuation of the Braddon clause, but that there had been no practical outcome of their resolutions. I say there were no practical attempts made to carry out the resolutions adopted at those conferences. The Treasurer and myself

therefore urged upon the representatives of the States that they should appeal to the people of their respective States; that they should go back to their State Parliaments first and say, "We have carried this resolution;" and that then they should ask the electors of their States to decide on that one concrete issue. I maintain that we cannot have a clear expression of opinion at Federal elections, because so many other issues are interwoven, because while we find a candidate who will agree with us as to the continuation of the Braddon clause, yet in other directions and perhaps in more important details he may be altogether opposed to one's opinions; and so it is impossible to try to leave to the electors, or to candidates at the Federal elections, the question of the financial relations of the States with the Commonwealth. Seeing that so much importance is attached to this question, I did think and still think that it would be a good thing if we had gone to the electors of the States and said, "This is a matter of great importance. The continuation of the Braddon clause will mean security for the individual States, and we want you to decide once and for all as to whether you desire it to be continued." If the electors of the various States had said, "Yes; we think it is desirable that the Braddon clause should be continued," it would have more influence on the Federal Parliament than would all the conferences and all the resolutions which may be carried at those conferences. However, practically the attitude of the representatives of the other States at the conference can be summed up as, "Each for himself, and the devil take the hindmost." Queensland and Tasmania have suffered to a certain extent by the operation of the Braddon clause. Queensland, for instance, has not secured the return of three-fourths of the Customs and Excise revenue raised in that particular State. This is due to the fact that Federal expenditure has been somewhat heavy, and they have received less than their three-fourths. But it was pointed out—I do not know how accurate the statement is—that since Federation has been practically consummated, £40,000 represents the total sum Queensland has lost. Under the proposals of Sir John Forrest,

these, providing for a fixed payment averaged over a certain number of years, Queensland and Tasmania will secure an advantage, not at the expense of the Federal Government against whom they have their quarrel, if they have any quarrel, but at the expense of Western Australia to a great degree, and at the expense of New South Wales to a lesser degree. The fact that they were able to secure a temporary advantage for the time being weighed more with the representatives of Queensland and Tasmania than the financial security that would be obtained by a continuation of the Braddon clause; and they were prepared rather to accept that slight advantage gained at the expense of other States than fight out the question of the financial relations between the States and the Commonwealth. I say it is a very important issue, and that so far as outlying States are concerned, there is absolute need for them to try to secure some stability and some permanence in their relations with the Commonwealth; because I recognise that the State Parliaments and the Federal Parliaments each appeal to the same constituency, and it depends on which can place the more favourable case before the electors as to which will gain the ascendancy; and if at the outset we give a great concession by reducing the Federal responsibility to return a certain portion of the Customs and Excise revenue to the States, we give the Federal Parliament an advantage and make it difficult in future adjustments to secure any concession for the States. In regard to the transfer of State debts, it was pointed out by the Treasurer and myself that so far as Western Australia is concerned, she has nothing whatever to gain by any transfer or any federalising of the State debts. It must be borne in mind that the Commonwealth does not propose to take over the debts. She merely proposes to take over the management of the debts; and that will mean, in the last analysis, that while the Federal Government will have the management of the debts, the States will have to find interest and sinking fund and the charges on their loan indebtedness as they have perhaps done hitherto. The position is that the Commonwealth proposes that on the existing loan indebtedness there shall only be a sinking

fund of one-half per cent., and that on all future loans incurred on behalf of the State the sinking fund shall be one per cent. If it is proposed that the Federal Government shall take over our interest and sinking fund, it will mean that, so far as our existing indebtedness is concerned, at the end of a term of years the accumulation of the sinking fund will absolutely free the Commonwealth of that indebtedness, while so far as Western Australia is concerned, if she handed over entirely her sources of taxation, she would lose that amount of revenue; and we must remember that as Western Australia progresses and the population grows, there will be an ever-increasing amount raised from Customs and Excise, the whole of which, ultimately, the Commonwealth would absorb. If the proposals of the Federal Government were adopted, that is a half per cent. sinking fund on existing indebtedness and one per cent. on future loans incurred, it certainly would have been an advantage to Western Australia to hand over the debts upon that basis that is if we are agreed that it would be an advantage to Western Australia to reduce the high standard set in the redemption of her debts; but the fact remains that our bondholders would not be likely to accept the Commonwealth security providing for a smaller sinking fund, when they have ample protection under existing loan arrangements with our sinking fund of one per cent. up to three per cent., the latter being the sinking fund on our water supply loan. So while we may have a temporary gain in the federalising of the State debts, I certainly think it will be a great disadvantage to Western Australia; because my brief visit to the Eastern States convinced me that the centralisation of power in the Federal Parliament means good times for those in the immediate vicinity of the State Government, while it must entail a certain amount of neglect of the outlying portions of Australia. I believe that is inevitable. One can see, for instance, in the concentration of large offices of the Commonwealth in Melbourne what it means to Victoria. It means so much added prosperity to Victoria. It means that all the big positions and all the big salaries are concentrated in Melbourne, and it means

to a large extent that they will think more of Melbourne and Victoria and the immediate vicinity than of the outlying districts of the Commonwealth. I do not care how democratic the Constitution may be, I believe that in Western Australia our duty is to fight as far as we possibly can against so much centralisation of authority in the hands of the Commonwealth Parliament in Melbourne at the expense of the outlying districts. I recognise that in regard to defence, postal and telegraph matters, and such undertakings, it is an advantage to have a uniform system adopted for the Commonwealth; but in other matters, particularly in regard to the question of the internal administration of outlying districts, we can administer them to a greater advantage in Western Australia than they can from the central seat of Government whether it be in Melbourne or in Sydney or at whatever site it is finally decided to have the federal capital. This brings me to the ultimate issue involved in any conflict regarding the relations between the Federal Government and the States. In the first place, I recognise that there is a big pull in favour of the Federal Government, and especially so because of the democratic franchise that obtains in regard to both Houses of the Federal Parliament, which gives them a great advantage with the electors of Australia but the first duty on the part of the individual States, if they desire to maintain their prestige and their existing position, is to bring their legislative institutions more into consonance with those that obtain so far as the Commonwealth is concerned. We cannot hope to do it otherwise. It will be found in South Australia, for instance, that there is a strong feeling in favour of the Federal Parliament and in favour of the federal members by reason of the very fact; and the manner in which the Legislative Council of South Australia has fought against any liberalising of the franchise of that House has thrown the population of South Australia largely into the arms of the Federal Government, and it must undoubtedly result in that unless some alteration is made in their constitution. Then again, take the question of the federalising of the State debts. We have to bear in mind, as I said before, that on the question as to

the advisability or otherwise of federalising all State debts, the same constituency that returns us to Parliament returns the federal members to their Parliament, and it depends, in the last analysis, as to who can place the more favourable case before the electors as to who will win the contest. If we can say that in the past we have largely kept away from the old-time Eastern method of expending a large proportion of our loan moneys on works that are not reproductive, such as roads and bridges and public buildings, and that we have made ample provision in regard to interest and sinking fund; if we can say to the electors of the State that the Parliament of the State in regard to financial administration has taken every care to safeguard the interests of the people, and that in the future the same anxiety will be present before us; if we can show to the electors of this State, as the Government of other States will have to show to their electors, that if the control of State debts is retained in our hands we will use the power wisely, and if we can show that the money will only be expended on redemptive works and not in the wild policy that characterised the administration of Eastern States in the past, riotous expenditure of money on nonreproductive works—only by that means can we retain power in our own hands, and only in future can that power be wrested from us if, when there is a financial stringency, there is a tendency to construct more doubtful works out of loan moneys that were hitherto constructed out of revenue. However, I do not desire to make any lengthy remarks in regard to loan administration or loan policy generally. We will have an opportunity when the Loan Estimates are brought down of dealing with the proposals contained therein, and I hope that members, while they recognise the necessity there is for us to retain our prestige and to control our own internal administration, because the future success of the State is bound up in it, will recognise that there is also the same necessity for us to act wisely in our administration, or we will only be inviting our electors to hand over control to the Federal Parliament.

THE ATTORNEY GENERAL (Hon. N. Keenan): I desire to congratulate the

member who has just sat down on the manner in which he has explained succinctly for the time being, because we recognise the question he dealt with is of such importance that it will require consideration on an occasion wholly devoted to it, his impressions and conclusions arrived at by having attended the conference from which he has just returned. The member in the first instance seems to think he is justified in laying against the Government the charge of holding office under false pretences because the revenue anticipated was not realised.

MR. BATH: That was not the ground of objection.

THE ATTORNEY GENERAL: If that was not the ground, then I fail to grasp what the hon. member meant.

MR. BATH: Because you failed to square the finances and carry on a vigorous public works policy.

THE ATTORNEY GENERAL: He says the estimated revenue fell far short of that which we anticipated we should receive. The hands of the Administration were restrained, and the expenditure in necessary directions had for the time being to be suspended. If that is to be a charge of inefficiency against those who are occupying the Treasury bench for the time being, then the Government must stand here to be shot at without any chance of defending themselves, no matter how hard-working they may be or what good intentions they may have, if in times of depression they cannot relieve the depression immediately or bring about a happy state of revenue while such unfortunate circumstances surround it. It can be a question of no doubt that Western Australia for some years, in fact ever since the first Administration formed by Mr. James, has been experiencing years of barrenness in regard to her revenue. When the James' Administration first came into office, he found a surplus of £230,000 in the Treasury and when he left office he had during the years in which his Ministry had control of the Treasury gone back on that sum to the extent of £148,000. Then the member for Subiaco came into power and controlled the destinies of the country in the following year, and again we find the same retrogression going on to the amount of £129,000—a lesser amount I admit: it is to the credit of the hon.

member that he was able to make it lesser. The following year we find the amount still less, because the amount had been reduced from £120,000 to £83,000. If the statement of the Treasurer this year is a correct one and if his anticipations are justified, at the end of the financial year there will be no farther retrogression. We should balance our account and show a small surplus to credit, to repay the deficits of the past.

MR. JOHNSON: Are you doing it by those methods which you explained to the electors?

THE ATTORNEY GENERAL: I will explain to the hon. member the position of the Government, and how we anticipate squaring the financial ledger. The Leader of the Opposition said, "It is true that these promises were made, but they became impossible owing to the Government not taking drastic steps to supplement their revenue." It is true all through Mr. James's Administration it was impossible not to recognise that we were drifting backwards; it was also true during Mr. Daglish's Administration that it was impossible not to recognise that we were drifting backwards; yet no attempt was made by these two Governments to supplement their revenue.

MR. DAGLISH: Is that correct. Where did you get your land tax proposals and your totalisator tax proposals?

THE ATTORNEY GENERAL: The hon. member can only be judged by records that appear in the House and on the statute-book. What his good intentions were I have no means of challenging, and I have no intention of challenging.

MR. BATH: Your party prevented us from carrying out our policy.

THE ATTORNEY GENERAL: If I am to address the House, it is impossible for me to reply to the Leader of the Opposition, the member for Guildford, and the member for Subiaco. Therefore, I hope they will allow me to explain the position which the Government occupies, and if it is incorrect, then it will remain for members to point out how far it is incorrect. When the member stated that the promises became impossible because the Government who made them had not the pluck to go in for drastic legislation to supplement the revenue, he stated something that was not supported by fact. Although we had

been drifting back for years, although it began in the days of the James Government and continued when Mr. Daglish was head of a Government and continued farther again, the present Government are the first that have brought down here a measure which will supplement our revenue; and it is no good dealing with what any former Government, going back to the James Government or the member for Subiaco intended to do—it remains that we have translated what good intentions they had on their part into facts.

MR. DAGLISH: Because you had a patriotic Opposition.

THE ATTORNEY GENERAL: The hon. member can deal with the absence or presence of a patriotic Opposition when he speaks. I do not know of any act of patriotism that the Opposition has been guilty of.

MR. BATH: You would not have got your land tax if it had not been for us.

THE ATTORNEY GENERAL: If the hon. member reflects on the history of the passage of that measure for a moment, he will remember that one or two crises occurred in its passage, and on both occasions the member himself was a leading spirit in producing the crisis. On one occasion the Bill was nearly struck off the Notice Paper, and on whose motion? The motion of the member himself, undoubtedly assisted by members on the Government side who did not view the measure with approval. Fortunately for the country I think, that particular motion was not successful, for if it had been the Bill would have been struck off the Notice Paper and that would have been the end of it. Let me farther point out, if the member will look up *Hunsard* he will not find a single occasion that a majority of the party sitting on the Government side did not support the measure the Government had brought down. It is farther pointed out by the Leader of the Opposition that the statement made by the Treasurer must have a very bad effect on the money market; and if we are going to borrow, and we certainly shall have to borrow to carry out necessary works in this country, then we shall find the statement the Treasurer has made has had such a bad effect on the money-lenders from whom we are obliged to borrow money that they will not be prepared to let us have

that accommodation. It seems to me if these people, when in 1903-4 they saw the Treasurer of the day was £148,000 behind his revenue, when they saw that the Treasurer during 1904-5 was £129,000 behind again in his revenue, and the following year £73,000 behind, and when they see the present Government honestly facing the position and bringing in a new source of taxation in order to square their ledger, it seems to me if during these years it has been possible to obtain with some ease, at any rate with no difficulty, necessary funds for loan purposes, it is very pessimistic indeed for the member to think that in the altered state of affairs, when we have shown a determination to balance our ledger, the sources of supply will be closed to us.

MR. BATH: Have you balanced it? You are £105,000 behind.

THE ATTORNEY GENERAL: I ask the hon. member, and he has some right to be looked on as a financial authority, at any rate he has been rubbing shoulders with financial authorities and so may have picked up some knowledge, what should be the position thrust on the Government? Is it the duty of the Treasurer, with a deficit handed to him, not having arisen in one year, to make provision whereby in one year the deficit shall be wiped out? Is that the proposition the member would place before us?—Because that is what I gather from his remarks.

MR. BATH: Not one year; two years.

THE ATTORNEY GENERAL: Three years. If the member will make up his facts, it will be easier for the House to carry on the debate.

MR. BATH: Your party were in power in 1905-6.

THE ATTORNEY GENERAL: I did not mention any party. I am talking about the deficits, and I am asking the member the question, does he submit to the House that whoever has charge of the Treasury should make provision in one year to pay off a deficit which has accumulated in three years?

MR. BATH: I say two years.

THE ATTORNEY GENERAL: Then two years. Does he make that proposition?

MR. BATH: Certainly.

THE ATTORNEY GENERAL: Then every financial authority in the world would differ from the hon. member. I am sorry he made that statement, because other statements which he has made to-night I received with every regard; but I fear my regard must be shaken when the hon. member puts forward such a strange doctrine, that we should make the burden on the people in one year so enormous as to be able to pay off the deficit which has accrued in three preceding years.

MR. BATH: You promised to do it.

At 6:30, the CHAIRMAN left the Chair
At 7:30, MR. DAGLISH took the Chair.

THE ATTORNEY GENERAL (continuing): At the time the House rose, I was pointing out that the statement which has been made by the Treasurer, instead of having the bad effect on the money market anticipated by the Leader of the Opposition, instead of making it more difficult for this State to obtain loan moneys which it will be necessary in the near future to ask for, will on the contrary, as compared with the previous financial history of the last couple of years, impress any person who has studied it with a sense of confidence. It was pointed out by the Treasurer that the revenue estimated to be received during the next financial year would exceed the expenditure by the sum of £3,514. It may be that is only a small sum. I am assuming that the Estimates made by the Treasurer are Estimates which he is justified in making. It may be only a small sum, but even then we are making a considerable advance on what has happened during the last three financial years. We have at least shown that we have brought our expenditure within the bounds of our revenue. I feel sure that when it is appreciated by the money-lenders—who after all must be guided by exactly the same rules as any of us would be guided by in the conduct of our own business—they will recognise that we have made a serious, and I feel sure a successful, effort to accomplish a most desirable end in producing enough revenue to meet our expenses; and the result will be that we will obtain more consideration at their hands than we have

been able to do in the last three or four years.

MR. JOHNSON: Why did you denounce the "mark-time" policy, then?

THE ATTORNEY GENERAL: I will deal with that in a moment. The hon. member suggests such extraordinary subjects, so entirely divergent from the ones I am dealing with. Let me explain at once the difference between a policy which proposes to the country to carry on those works necessary for the development of the country, and which proposes to ask authority to raise loan money for the purpose of doing so, and on the other hand a policy which is afraid of the future, afraid even of the present, and which simply struggles along in the hope that it may by some lucky means be in a position to show at the end of the year that it is able to balance the ledger. When the hon. member hears the Loan Estimates brought down, when he hears the proposals made for the construction of railways in the back country which I hope those Loan Estimates will disclose, then will be the time for him to compare the policy of the present Government with the policy of which, I suppose, he was after all to some extent the author, and for which to a large extent he must be held responsible.

MR. TROY: It was a more progressive one than yours.

THE ATTORNEY GENERAL: It is absurd to talk of a "mark-time" policy when dealing with revenue. Revenue can only be sufficient to meet the expenditure on a very small amount of public works. When you deal with great public works you are obliged to fall back on loan money, and the hon. member knows that. Therefore, when you speak of a "mark-time" policy you must mean a policy which is afraid to come forward with proposals for works which the present demands and the future will justify, and to say to the country, "Give us authority to borrow in order that we may enter upon these works." The Leader of the Opposition has said that we would receive £35,000 more from the land tax which has been authorised by this House, and which is at present before another place, if we had excluded from the Land Tax Assessment Bill any provision for rebates or for exemptions. I am sorry the hon. member is not in

the House—I feel sure it is entirely due to the fact that he is unfortunately suffering from ill-health—and therefore I merely deal with the statements made in his speech in a general way. It is a great difficulty for any member addressing the House in reply to a speech made by another member, if that other member happens, from unavoidable reasons, to be absent.

MR. HOLMAN: It is always the case on that (Government) side of the House.

THE ATTORNEY GENERAL: As regards rebates, let me say at once that I am absolutely and entirely in favour of the clauses providing for rebates, which have been described by some members criticising the Bill—particularly the member for Leonora—as one of the brightest spots in the measure, and one of the features which most commend themselves. And it seems to me that members who have over and over again advocated provision being made whereby unimproved land should bear a greater burden than land upon which improvements have been carried out must favour a proposal of the character embodied in the rebate provisions of the Land Tax Assessment Bill. It may be, undoubtedly it can be, shown that it will mean a reduction in the amount we shall receive from that measure; but the more that reduction is evident, the more it becomes an actual result, the more it will mean for the prosperity of the country, because it will mean that all the lands of the State are being improved to the extent required by the Bill. Surely members will see that although it may mean a loss to revenue in actual receipts, it will mean far more to the country in the sense that the lands held by the people of the State are being put to the greatest possible use; and I shall welcome any loss that may happen to the land tax by reason of the rebate clauses being availed of to the fullest extent by the people of this State.

MR. TROY: Did not you advocate no exemptions?

THE ATTORNEY GENERAL: I will deal with the exemption clauses. I do not know whether I am strictly in order in speaking on the Land Tax Assessment Bill in dealing with the Budget; but I presume that inasmuch as it has been referred to already in this

debate I am justified in following in the footsteps of the Leader of the Opposition. It would be desirable, no doubt, to place upon our statute-book a Land Tax Assessment Bill not marred by exemptions of any character. But, as I explained when I was first placing before my electors, long before the formation of this Government, the desirability of putting on the statute-book a Land Tax Assessment Bill for the purpose of collecting a land tax, it is impossible to obtain that support behind a Bill which is necessary in order to achieve success in placing it on the statute-book without in some measure subordinating your own individual opinions to the opinions of those whose support is necessary.

MR. JOHNSON: You never stated that when seeking election.

THE ATTORNEY GENERAL: I stated it long before I sought election; I stated it in Kalgoorlie long before the present Government was formed.

MR. JOHNSON: Just before it was formed, when you had an idea of joining it.

THE ATTORNEY GENERAL: The hon. member apparently thinks the proper form of debate is by way of duet.

MR. HEITMANN: With a little discord, I think.

THE ATTORNEY GENERAL: I informed the House that as far as I am concerned I did place before the electors I represent here my views on land taxation and on the principles of land assessment for the purpose of taxation; and I then explained what is absolutely apparent to any person, that you cannot set up an individual standard, because by doing so you may preclude, and you will inevitably preclude, the possibility of obtaining a successful result in placing legislative proposals on the statute-book. I say distinctly that it is to the credit of the present Government that no proposal in the nature of exemption relates to those classes which are so often flung in their teeth as being the classes they represent. It is true we propose an exemption of £50 on town blocks. But do not members opposite on every occasion assure us that they represent the person who occupies £50 worth of land and under?

MR. JOHNSON: Do not forget that you tried to exempt the Midland Railway Company.

THE ATTORNEY GENERAL: The exemption in regard to agricultural lands—I am now talking of the Bill as it stands—is limited in quantity. It is limited to what, having regard to the class of land in this country, must be described as the holding of the smallest agricultural farmer. Therefore, if these exemptions are to be justified, they can, at least so far as the present Government are concerned, be justified by saying that they are concessions not to any class to which they may specially appeal, but concessions made from a conviction, at any rate held by most of them, that they are necessary for the future development of the State. It is not necessary I should go farther into the matter. Let me, however, again call attention to the fact that the criticism of the member for Brown Hill (Mr. Bath) is directed not only against exemptions in the case of the smallest people, but it is directed equally against the rebates, which I say unhesitatingly are one of the brightest features of the Bill. The hon. member also compared expenditure on public works in the financial year 1904-5 and similar expenditure in 1905-6. The Treasurer in his Budget Speech pointed out that during the year 1904-5 255 contracts were let in the Public Works Department, totalling £97,000 in all, while during 1905-6 268 contracts were let, totalling £222,000. In other words, in the latter year more than twice the amount in actual cash was provided than in the Estimates for 1904-5, and that was exclusive of three light agricultural railways constructed departmentally.

MR. TROY: You spent most of that from loan funds.

THE ATTORNEY GENERAL: I am reading from the Treasurer's statement when introducing this very Budget. The actual difference is that between £97,000 and £220,000, and that was exclusive of the amounts spent on the construction, or partial construction, of three light agricultural railways. The Treasurer says, "In conclusion, during 1905-6 we put in hand contracts for a total of works to a value of £256,000, as against £97,000 during the year 1904-5." Unless members are prepared to say these figures are absolutely wrong and not honest, the figures speak for themselves. It is no

use saying they do not mean something: we must either say they are absolutely wrong, or allow them to speak for themselves.

MR. JOHNSON: Figures will prove anything.

THE ATTORNEY GENERAL: If the hon. member knows that, I presume he knows it from experience of his own party when in office. Another matter brought before the Committee by the member for Brown Hill was the question of grants to roads boards and municipalities; and he pointed out, and in that I feel he is justified, that the first consideration should be to help those who show a desire to help themselves. But that doctrine, which should undoubtedly be the guiding doctrine, must be qualified by the fact that in some sparsely settled districts, in which the possibility of raising anything like a decent amount by rating is slight or altogether absent, it becomes most necessary to construct roads for the purpose of opening up the districts.

MR. WALKER: On these Estimates such districts are neglected.

THE ATTORNEY GENERAL: When the hon. member can prove they are neglected, I will accept his proof. Meanwhile, allow me to point out that it should be the duty of the Government not to ask those new districts to impose on themselves rates that they will be unable to bear; because I desire to emphasise that settlement being small and possibly scattered, it would be almost impossible to raise anything like a decent revenue by rating. It should be the desire of the Government to provide facilities for opening up the country; and where it is apparent that any expenditure will open up the country there is no necessity to look for any farther justification. If it is found on examination of the facts submitted that the construction of certain work will open the country, will enable farther and closer settlement, that alone justifies the grant-in-aid, and justifies the Government in assisting to the fullest extent in its power the construction of roads and other necessary means of communication. It is true that on these Estimates are many grants which I may almost describe as relics of the past, that have come down from time to time, and undoubtedly have received far greater

consideration than would otherwise have been given them, almost from the fact of their being, as the member for Brown Hill observed of Melbourne affairs, too close to the seat of Government.

MR. TROY: Is that the £1,000 a Kalgoorlie?

THE ATTORNEY GENERAL: I will refer to that afterwards if the hon. member wishes. I am now referring to an altogether different matter, to the fact that those who are too close to the seat of Government manage to obtain perhaps from an unrecognised source greater assistance than those more distant; and it is deplorable that this should happen in the case of every Government whether State or Federal. It has happened far more frequently in the past than it happens to-day; and one must recognise that to attempt to put an end to what has come to be looked on almost as a right, from the fact that it has been recognised without challenge by successive Governments, is a wholly impossible task. What we have to do, and the most we can hope to do, is to insist that these grants which have so long appeared on the Estimates shall be gradually reduced and brought down to the level above which they should never have risen in the first instance. It is impossible to remould human nature; and when we find as we do find in human nature, a tendency to pay much greater attention to the circumstances immediately surrounding us, than to distant circumstances, we must also recognise that the difficulty of counteracting that tendency is one which cannot be overcome in a day or in one financial year. I hope to see the Estimates gradually purged of all amounts which have appeared there from year to year, for the supply of wants which in other and more distant parts of the State would possibly not be recognised.

MR. JOHNSON: Are you referring to subsidies to roads boards?

THE ATTORNEY GENERAL: Yes. The hon. member (Mr. Bath) spoke of economy in administration, and pointed out that in the Electoral Department which I have the honour to control, the economy consisted wholly in not placing on the Estimates a sum which was necessary in consequence of a general election being held last year. The

Treasurer, speaking of the amount so left off the Estimates, said "We do not anticipate any general election during the present year"—that is the present financial year ending next June. Let members ask themselves, is not that a fair assumption? When the hon. member says the department is starved, he is speaking without any knowledge whatever. I will defy hon. members, and I will give them every facility for satisfying their curiosity, to find in that department anything that can legitimately invoke their criticism. Of course we are not spending money lavishly and uselessly: but wherever it has appeared necessary—the member for Guildford (Mr. Johnson) should be able to do justice to the department in this respect—we have spent money for the purpose of having our elections properly conducted, and of securing as far as possible an absolutely pure roll for any election that could legitimately be anticipated.

MR. HOLMAN: Fremantle, for instance.

THE ATTORNEY GENERAL: Does the hon. member refer to East Fremantle?

MR. HOLMAN: No; to Fremantle itself.

THE ATTORNEY GENERAL: He knows well that I had nothing to do with the Fremantle roll. Why does the hon. member sigh so sympathetically when he discovers his statement is incapable of being supported? Why does he make a statement which he must know is absolutely unfounded on fact? The Fremantle election was held, I suppose, within a week of the date of my re-election by my present electorate on accepting office, and I had nothing whatever to do with the administration of the department that I now control.

MR. WALKER: Who sent round the police?

THE ATTORNEY GENERAL: I was not in control of the department at the time.

MR. HUDSON: Before your re-election you were sworn in as Attorney General.

THE ATTORNEY GENERAL: The hon. member should put that as a query instead of as a statement. As a matter of fact, until I was re-elected I refused to enter any department at all. I considered myself as awaiting the sanction of

the electors whom I had to ask for their endorsement, and until the endorsement was obtained I did not enter any department, whether the Law Department or any other. I say that we are reasonably justified in not placing on the Estimates a sum which no man can anticipate will be required during the present financial year. And as regards any other expenditure in the Electoral Department, such expenditure has not been in any sense cut down or reduced to a figure that will make the administration inefficient. The hon. member (Mr. Bath) complained also that the whole expenditure on public batteries was debited to loan funds. I think if he will look at the Estimates he will find that the whole public battery expenditure for maintenance charges is on the Revenue Estimates.

MR. JOHNSON: You know he referred to construction, which has always hitherto been provided for on the Revenue Estimates, where there was £30,000 last year.

MR. HUDSON: And none in this.

MR. JOHNSON: That is how they are getting rid of their deficiency.

THE ATTORNEY GENERAL: If the hon. member wishes to indulge in a friendly conversation with another member, I cannot prevent him, but I seriously object. Last year a total of £52,960 was spent on wages and managers, including temporary labour, £310 on clerks, and £450 on superintendence. This year there is an increase of £440 for wages of managers and temporary labour, and a small increase in the clerks. It is true there is a decrease of £15,918 on erection of batteries, additions, equipment, and general supplies and maintenance; but the total charges for what are usually debited in a balance-sheet at the foot of profit and loss undoubtedly appear on our Revenue Estimates. If provision is made on the Loan Estimates for the purchase of new batteries, or for the purpose of erecting these new batteries in any place which may require them, surely no members will object to that course. Such expenditure would in any commercial pursuit be debited to capital cost. If the hon. member were conducting to-morrow a business of his own and purchased anything in the nature of a battery, surely he would put it down to the capital cost of his adven-

ture, and not to revenue? And I do not think criticism can fairly be directed against the Estimates, so long as all the expenditure for upkeep, wages, and salaries of managers is debited against our revenue. We must remember also that the sinking fund, which redeems the whole of the loan expenditure, is also debited to revenue; and if throughout the Estimates we pursued the course of debiting the capital expenditure also to revenue, we should be debiting the amount twice over. We at present make provision in our revenue for the redemption of all our loan expenditure; and that being so, nothing farther is necessary except to observe the rule that those moneys which in the ordinary course would be placed at the foot of profit and loss should in every instance be debited against our revenue expenditure. The hon. member referred to experimental farms. For my part I think the Minister in charge of the Department (Hon. J. Mitchell) deserves the greatest credit for having put his foot down in a most determined manner on such undertakings. They have been existing in a condition which I suppose was much the same for years past as it has been till recently, and it remained for him, shortly after his accession to office and as soon as he became thoroughly aware of the conditions prevailing, to take immediate and most drastic steps to stop any farther State expenditure in that direction, unless on wholly different lines. This is not a question of economy, but of stopping expenditure on wrong lines; and that is a fact members should grasp. The Minister in charge has no intention, I feel sure from his statements, of stopping expenditure in the right direction; but when he finds, as he did find in some State farms, that the expenditure led to no useful results whatever, he did not effect economy by closing down the institutions, but he stopped a wholly unnecessary waste which even if our Treasury were overflowing would be as unjustifiable as it is to-day. The hon. member emphasised the fact that no loan expenditure should be incurred except on works of what he was pleased to describe as a redemptive character, which from their annual earnings would pay all working costs, interest on loan moneys, and the necessary contribution

to sinking fund. Let me apply that rule for one moment to the proposals which in the near future must be brought forward in this State. Assume a railway were constructed in the back country to some promising goldfield, would hon. members for the goldfields for a moment consent to the standard being applied that it must be proved before you construct a yard of that railway that the railway will afford a return over and above working costs, which will pay all interest on capital cost, and furnish also sufficient to pay sinking fund charges? If we proceed on lines of that kind we can never develop the State. We must certainly be wise and cautious in the works we undertake. We must be assured, as far as human foresight can perceive, that the works undertaken are the best calculated to make for progress in the future, and that they are justified by a reasonable anticipation of the future; but if we must first get assurance that in the immediate future we will get sufficient revenue to pay all interest on capital outlay and working expenses, and in addition sinking fund, to ask for a condition such as that would be practically asking for a condition that would bar all experiments in the development of this State from this day onwards. I have no doubt that when it becomes a concrete proposition it will not be assented to by any member of this House for any district in which he is interested—I allude particularly to the goldfields; because after all on the goldfields there is a large area which might legitimately be developed and assisted by light railways; and if we are to ask as a necessary standard the preliminary conditions that have been asserted by the Leader of the Opposition, we must wholly abandon any idea of constructing these works at any date in the future.

MR. TROY: The hon. member referred to constructing public buildings, roads, and bridges out of Loan Funds.

THE ATTORNEY GENERAL: The hon. member laid down a general proposition, and I feel sure that the report of his speech will show my reference is correct—I took a note of it at the time—that no loan expenditure should be incurred except on works which he described as of a redemptive character, that will pay all working costs, interest,

and capital expenditure, and over and above that sufficient to meet the sinking fund charges. That being recognised as a condition precedent to the construction of any works in this country, would mean that we must wholly abandon any attempt to develop our State. The hon. member dealt—and I have already congratulated him on it—with the financial relations existing between the State and the Commonwealth. I do not propose to follow him on the ground he then opened up, because I desire to have much fuller information before I attempt to form a judgment in the matter. No doubt one's present feelings are almost those of resentment against the position taken in this matter by the people of the Eastern States; but from the present information I have at my hand I do not feel justified in giving expression to that indignation, or in saying there is no possibility of some settlement being arrived at which will be equitable to all parties concerned, which will be fair, and which will afford fair and honest terms to this State. The same thing applies to the taking over of State debts. There are many and various conditions that arise on that question. Those touched on by the member for Brown Hill (Mr. Bath) are really only some of the more prominent features in connection with the matter, those that more readily strike the eyes of the observer, and which for that reason probably have acquired an undue prominence; but there is involved in the matter of State debts the whole question of the expansion of our State by the State Government retaining in their own hands power to devote money to that channel which they consider wisest and best. If once we allow a third party to become in any way responsible for our debts by taking over the responsibility for our loans, we have to admit that third party also to some degree of authority in regard to the expenditure of our future loans. It will be impossible to restrain the Commonwealth from in some measure influencing, if not dictating, our loan policy in the future if we allow them to take over and become responsible for our loan indebtedness in the past. However, for the reason which I have explained to the House, it is not a question I feel competent to discuss here to-night. We have not the information here that we

are entitled to have, and which no doubt we will have when the report of the proceedings at the Premiers' Conference is laid on the table of the House, and we have an opportunity of reading it. In conclusion, let me say that it is the desire of this Government no doubt to show a good balance-sheet and to practise economy as far as economy is justified consistent with maintaining the true rate of progress in the State; but it is not any part of the Government's desire or aim to merely set up economy as the only object to be arrived at. If we were to do so the Government would undoubtedly do it at the sacrifice of interests just as great as are the interests of economy; and I feel sure that members of this House, when they come to discuss the matter apart from party prejudices, will recognise that, although the difficulties impose on us a duty of the greatest possible caution, we should be untrue to our duty as private members even, altogether apart from our position as constitutional leaders of the House, if on account of those difficulties we were afraid to go in for those works which we conscientiously believe will ultimately bring back prosperity ten times greater than we enjoyed in the past, to our State in its future days.

MR. F. ILLINGWORTH (West Perth): Those hon. members who were in the old Assembly from 1894 upwards no doubt remember that it was my custom to debate the Budget at considerable length; but I do not intend to follow the practice I observed in those years, because circumstances are different, and because the necessity that then arose is not now as great as it was then. At that time it was my practice to deal with the Budget with a view to elucidating the facts and making them clearer to the Committee and to the general public; but since those days the Statistical Department has become so thoroughly efficient and its publications are so complete, that the course I formerly pursued is not now necessary for any member. I have, however, a desire to put a few points before the Committee and before the country that will perhaps help the general understanding of our real position and the financial circumstances of to-day. First of all I desire to congratulate the Trea-

suror on the very able speech he delivered when he presented his Budget. He did great work for the State in placing the facts before the country as he did. There are some things in the Budget which in my opinion, and perhaps in the opinion of others, we want more clearly to understand. Dealing with the first and principal point, as to the Estimates, I have to disagree with the Treasurer in regard to his estimates for the coming year. Looking at this Budget it seems to me to be an exceedingly optimistic Budget. I have gone carefully through every line of the Estimates, and I cannot see that we can really expect to get the amount of money the Treasurer estimates. I hope he will get what he estimates and more; I should be very pleased indeed to have that kind of disappointment; it is a disappointment I greatly desire; I hope the Treasurer's estimates will be realised to their fullest extent. At the same time, if I were making an estimate in the circumstances in which we stand to-day, and looking at our future prospects and at the surrounding conditions in which we find ourselves, I should say that these Estimates will not be realised within £80,000. That is a large sum. Notwithstanding the fact that we have new taxation in the shape of a land tax, I fear the Treasurer's figures will not be realised. I hope they will be. However, I think there is considerable ground for the optimism of the Treasurer. Our circumstances are certainly better than we are at times inclined to think. In looking through the figures published by our statistical office, I find that in 1896 our imports amounted to £52 18s. 6d. per head of the population, while our exports only reached £13 9s. It must be remembered that in 1896 the county was borrowing very heavily, and large sums of money in the shape of goods came to this State representing our borrowings, and also large sums were coming to the State for investment in our gold mines. Therefore, as a consequence the imports were unduly inflated, being £52 against £13, representing our exports. In 1905, when conditions were materially changed, when practically no money was coming from abroad for investment in this country, when our loans were few and when the goods imported representing loans were few, our imports fell to £25 18s. 1d. At the same

time our exports rose to £39 9s. 1d. Of course it may be said, and always should be remembered, that we are sending out of this State a large sum of money representing dividends from mines. Supposing that the whole amount represented in that particular matter were sent out from the State, and no dividends were paid to our own people, we sent out £2,167,639 as dividends; and in addition to that we had to send out for interest and sinking fund no less than £822,036; these two items representing about £11 10s per head of the population, which may be said to be money that did not return and did not represent the extinguishment of any debt. Notwithstanding that, the balance of trade in our favour for 1905 was £2 10s. per head. To my mind, it is a very satisfactory state of things. Notwithstanding that we are losing a considerable amount of our exports, largely in gold, we still have a balance in our favour. Against this we must take into consideration that our stock has been largely increasing. The Treasurer took a note of this at the time and called attention to it. But I notice in going through the figures that stock of every kind in the State, except camels, increased very largely indeed. Year by year there has been a steady increase in what we call stock. In addition to that there has been a steady increase in regard to our agricultural produce. The foundations of our wealth are steadily increasing, and consequently we have reason to look optimistically towards the future. A good deal has been said to-night and probably will be said during this debate in regard to the deficit. I want to say a word about it presently, but looking back through the figures of the past years I find this deficit is by no means a very serious matter. We have had so much of a deficit as £500,000 in one year. Our deficit has been decreasing during the years through which we have been going. The principal point I want to make is this: we have had heavy deficits before, and we may do so again. In the year 1898 we had a deficit of £502,165. That was occasioned by the circumstances of the time, the vast influx of population and the considerable amount of work that had to be done hurriedly and without authority. Those members who were present in those days

will remember that the Government of the day spent over £800,000 in that year without any authority at all. They were quite justified in so doing, and I wish we had similar circumstances and the same occasion again to depart from strict rules as we had in those days. Taking the later years we have had to deal with deficits, in 1903 we had £149,000, in 1904 we had £126,559, and in 1906 we have a deficit of £74,055. The question presents itself in the minds of some members how these deficits have come about. I want to refer again to some figures I previously called attention to in the House in reference to the sliding scale and its effects on this State. In 1901, the first Federal year, we obtained through the intercolonial Customs £271,000. This year the finances from this direction only amount to £166,000. In those years of the sliding scale we collected £887,967, really £174,000 a year for the whole five years. I want to call attention to the fact that no provision has been made to supplement or replace moneys we have lost in this particular direction. We have lost this money in the sense that we have not collected it through the Customs, and it remains in the pockets of the people to a large extent—not so fully as people desire, and not so fully as figures seem to represent, because the rebates have not reached the people as fully as they might have done. I want to call attention to the fact that the Treasurer has not this money, and no provision has been made, until the present Government have taken matters in hand, to replace this deficiency in our revenue. I was remarking that stock had largely increased; agricultural products have largely increased. I would remark now that the gold is still good. We reached high-water mark in 1903 when we had £8,617,959 worth of gold mined. In 1905 we only had £7,545,646 worth. Taking the seven years of the gold returns and leaving out for the present the heavy gold return of 1903 which was exceptional and the highest reached, for the seven years our average was £4,790,746, so that 1903 was far above the average of the preceding years leaving out the special year to which I have referred. I want to look again at the condition of our finances. Our mean population in January 1906 was 260,218.

The revenue collected by the State was £2,685,947, while that collected by the Commonwealth amounted to £1,286,831, a total of £3,972,778. This represents £15 10s. 11d. per head of the population. In the special year to which I referred previously when we had that large deficit our revenue ran up to £20 4s. 5d. per head of the population. The revenue this year is £4 13s. 6d. per head less than it was that year. Let us take it another way and speak of the Federal years. In 1901 our revenue was £16 18s. 11d. per head of the population.

MR. BATH: That includes payment for services.

MR. ILLINGWORTH: It includes everything—while for the year which we have passed £15 10s. 11d. is the amount. So that the total revenue that has come from the people for the past year is £1 8s. less than the first year of Federation, including £800,000 to which I have previously referred. I want to call attention to a few figures in relation to taxation. People in considering our large revenue altogether forget the many services the State performs for the public; and really the question of taxation is one that affects us, for if we continue to do increased work for the public, the public must pay for doing that work. The money will go into the Treasury, for services rendered is not taxation and ought not to be treated as such. We have however the following sums—I am taking these figures separately, because at the time when I was Treasurer, during the first Federal year, it seemed to me, and it seems so still, it is desirable that in our finances the total amount collected should be represented and the expenditure should be deducted. The present system of crediting to finance only the amount received from the Federal Government is not satisfactory in its final results; so I am dealing now with the question as it presents itself to me. Take taxation, the first item is customs and excise, which amounts to £1,030,811. All other taxes represent £260,609. Outside customs and excise we have £260,000 that can be called taxation. To give an idea of what these items are, dividend duties amount to £137,000; stamp duty, £59,000; probate duty, £15,000; totalisator, £5,000; spirit licenses and other licenses, £42,000.

The total amount per head of taxation at the present time including all the items and sources of revenue which are charged as taxation represents £5 per head. One thing that is difficult for us to deal with and brings us into trouble with the Federal Government is the fact that we are paying £4 per head through the customs and excise, while the average of the other States is about £2 per head; so that for every £2 we pay through the customs the other States only pay £1. This brings us into difficulties, and will bring us into difficulties while dealing with the great Federal question. One thing I would impress upon the Treasurer is that he should watch this in connection with the Federal finances. I presume we shall only have the effects of the land tax for six months of the present financial year, but taking the whole year we add to our direct taxation 5s. per head of the population, so that £5 5s. per head is all that we can actually charge as taxation for the ensuing year. The territorial revenue, that is from lands and mines, represents £226,178, or about 18s. 6d. per head. The question presents itself, where is the rest of the money? If we look for it we shall find it under the heading of services rendered; things done for the people, and which if the Government did not do the people would have to pay for themselves. Take the railways first. Our railways might be in private hands for instance, and if so the private owners would collect from us the sum we collect for ourselves. Railways represent £1,650,461; our great water scheme, and our smaller water schemes as well, represent £114,597; our harbours, which are for the convenience of our shipping, represent £70,300; our batteries, which are doing public work for the people, £92,200; and various other works representing £95,493, particularly the smelter and other items which I have not noted. Then we have other public services £176,105. The Government Printer, for instance, only a bookkeeping account after all, represents £38,000 of that; the Savings Bank, £12,974, which is banking done for the public; mining surveys £6,095; interest £11,839; and the Lands Titles office, simply a legal department doing legal work for the public, £44,092. This represents altogether about £9 12s. 5d.

per head of the population; so that taxation £5, territorial 18s. 6d., works done for the public £9 12s. 5d., bring us the £15 10s. 11d. which is supposed to be our revenue. I would like to call attention to figures in connection with our expenditure. Our total expenditure for the year is £4,046,833, representing for the mean population £15 16s. 8d. per head. Of this money, the State spent £14 4s. 3d. per head, while the Commonwealth spent £1 12s. 5d. per head. I want to call particular attention to that figure, because the expenditure of the Commonwealth is not by any means as great as many people think. Of our own expenditure, we have first of all interest and sinking fund representing £822,036; then we have our railways, which represent £1,235,096; public works and buildings, including our great water scheme, £238,151; land surveys, £112,876; public batteries and smelting, £230,079. Then we spent on education—of which two views may be taken, for it may be taken as a work done for the public or it may be taken otherwise—£163,011; police, £124,023. Then we spent on medical, hospitals, and lunacy, £97,554; and we gave away in charity £34,764. All else besides these special works represents £574,728. Total expenditure to date, £14 4s. 3d. per head, which we spent ourselves in the way I suggest. But the Commonwealth spent for us £414,515, or £1 12s. 5d. per head. In the customs they spent £34,674. Had we been dealing with the customs ourselves, we should have had to spend this money. Then in defence they spent £44,798. We may not have spent so much as that ourselves, but we have benefited to a large extent. Indeed I think we have had the larger benefit of that expenditure as far as the last year is concerned. Then post and telegraphs represent £282,636. As this is no special profit to anyone, we should have had to spend the money ourselves if we had had the work done. All the other expenditure of the Commonwealth of every kind is represented by £52,407. That is about 4s. per head. The Commonwealth has expended about 4s. per head on matters which do not distinctly relate to us, but which belong to the Commonwealth, and from which we obtain only

the Commonwealth benefits, if there are any benefits in connection therewith. I want to say a word or two, and only a word or two, in connection with our railways. Our railways up to the present have cost us £9,965,940, nearly 10 millions of money. The sinking fund represented in that 10 millions is close on £100,000. In 1896, we had a prosperous year in our railways, and we made a net profit of 7·40 over the actual cost of interest and sinking fund. In 1897 we also made a considerable profit over interest and sinking fund, namely 5·33. This money went again into the railways as improvements. But in 1898 we made very little over interest and sinking fund, a matter of about £30,000; in 1899, 1·10; in 1900 we made a considerable sum, 2·36, which went into the general revenue. From that date downwards we have made very little indeed. I want the Committee to take notice of this as affecting other questions. In 1901 we made 0·92; that would represent say £92,000 of the 10 millions of money, less £70,000 for sinking fund. In 1902, we paid away £74,000 for sinking fund, and received only £16,000. In 1903, we paid away £81,000 for sinking fund, and received only £38,000. In 1904, our sinking fund rose to £90,000, and we made £125,000, leaving about £35,000 to the good. In 1905, we paid £98,000 for sinking fund, and we made only £23,000. For that year we had to draw on the general revenue for our sinking fund. I know the department estimate they have spent something like £87,000 on improvements to the lines. That ought to be shown in the capital account, and I think it is, although I have not yet discovered it. Last year we paid away nearly £100,000 in sinking fund, and made only £85,000 to pay with; so last year we had to draw again on our revenue for sinking fund. It seems to me that we have reached a very close line in connection with our railways. In alternative years we make a little, and in other years we lose, and we have reached a point at which our railway question has to be very seriously considered. Some people may say, and do say, that it is sufficient for our railways to pay interest and working expenses. That may be so. That is a question of policy I am not about to argue, but in

dealing with the financial question we have to find this £100,000 a year, and as we have to find it, it must come out of general revenue. It is said that nothing has been done, and I have said that nothing has been done, to meet our gradually increasing deficiency. We lose on water, and we may also lose on our railways, and we have lost the taxation which came to us through the sliding scale. What pleases me and is satisfactory to me is that the Government have at any rate made an attempt to stem the tide. We have been receding for five years while the sliding scale has been decreasing, and we have been losing money in other ways. It is something at any rate that the Government have made an attempt to stop the leakage, and for that I am very pleased, and I give them every praise. The question of course has been raised as to whether they have done enough. One thing is certain, that if the Estimates of the Treasurer can be realised—and I fear they will not be—they have stopped the leakage so far. Although they have made no attempt, and do not propose to make any attempt, to reduce the deficit this year, they have at any rate reached the place where they have put the plug in. I hope their figures will be realised, although I fear they will not be. Still, it is an attempt, from the standpoint of the Government, to put things upon a better footing. One thing we shall have to face, and that is that we cannot go on constantly reducing our income and continue to increase our expenditure. We are decreasing our income yearly in consequence of the changes that have taken place, and now we have to face the fact that we must either decrease our expenditure or increase our income. Possibly it may be that we shall have to find other sources of taxation. If so, I hope it will be a judicious selection in that particular direction. I do not think, however, that the Government have done all that they possibly could in reducing expenditure. I think there are many things that might be cut down somewhat, and that there is a good deal of wasteful expenditure going on in departments. [MEMBER: Education, to wit.] I do not say that education is a satisfactory thing for anyone to deal with from the standpoint of reduction. I do not think the people of this State

grudge a single shilling spent on education. (Members: Hear, hear.) I do not think they would grumble if the educational vote were increased. (Members: Hear, hear.) And I do not think there is any intention on the part of the people to submit to any reduction of any kind on the educational vote. But I want the people to recognise that if we spend £186,000 on educating our children, the money must come from somewhere, and they must not complain if we raise revenue in the way we are doing. And when we talk of taxation let us remember that our real taxation, even with the land tax added, is only £5 5s. 1d. per head. I admit this is £2 per head more than the taxation in the other States from the customs, but this is gradually decreasing. As the country produces more, the income from this direction will be less, but not so much less as we would expect, because a great deal of our income during the years to which I referred was from goods that were brought from the other States. Federation has brought us into the position that goods coming from the other States come in free. This may be a disadvantage or an advantage, whichever way we choose to look at it. As far as the people are concerned, if they get these goods cheaper it is an advantage, but unless our own people produce, and produce sufficient to supply our own wants and begin to export, the difference between the customs must necessarily continue. I have very little more to say. I only desire to express my conviction that we have an optimistic Budget, which I hope will be realised, but which I fear will not be. I think the Government are trying to do their best to meet the difficulties of the case. We shall have to realise that if we have lost taxation on the one hand, we shall have to replace it on the other, or else we shall have to cease doing so much as we are doing for our people. The tendency in all directions is to increase; and when we appoint fresh inspectors for instance for this and for that, and enter into farther expenditure, let us remember it means more taxation. We must realise that, and must be prepared to meet it. If we are not prepared to economise, we must be prepared to have increased taxation. I hope, as I have said, that the best

desires of the Government may be realised, and that at the end of the year we shall find ourselves with a deficit of only £100,000.

MR. W. D. JOHNSON (Guildford): I had no intention of speaking this evening, nor as a matter of fact of speaking at all on the Budget, because I feel that the few remarks I would offer on the financial position of the State can be made in connection with the Estimates when we arrive at the different departments. I always feel in discussions of this kind that one is inclined to repeat himself. We have a general discussion on the Budget, and for instance if we get on to the Public Works Department we often have the same remarks over again when we reach that department on the general Estimates. But after the utterance of the Attorney General I felt I shall be justified in offering a few remarks on the attitude he took up when he began to speak on this question. It is true the Attorney General did not go very far into the Budget Speech. He devoted considerable time to justifying the land tax, and to pointing out that he did not believe in exemptions but was forced to adopt them. He went on, at great length I think, to discuss that measure, and to point out that certain exemptions which it contained were provided to assist the poor working man. But he forgot to point out that the Government desired to assist the Midland Railway Company also by exempting them; and it was only through the efforts of members principally in Opposition that a certain revenue from that company was secured. Of course, these matters the Attorney General conveniently forgets on occasions of this sort. But he proceeded to take to task the Leader of the Opposition for raising the question whether the Government were acting consistently with the policy they laid before the country at the last general elections; and the Attorney General thought the Leader of the Opposition was unjust in contending that they were inconsistent. I will repeat that, and say distinctly that the policy of the present Government is not the policy on which they were elected; and again I say, and say it advisedly, that the policy they are pursuing to-day is the policy they were

successful in being returned to oppose. There is no question that the policy to-day, especially the financial policy, is the policy of the Opposition, and that the fact of so many being returned to support the former Premier, Mr. Rason, was due to his appeal to the people to return him and his supporters to protect the people against increased taxation, which the Opposition were advocating. There can be no denying this fact; and to make the position clear to members I will read a few remarks which I made at Kalgoorlie on the 12th October of last year, when Leader of the Opposition. Dealing with the financial position I said:—

We have arrived at a position in this State almost identical with that which we were in at the time of the general elections of 1901.

The member for West Perth (Mr. Illingworth) has dealt with this question in detail, pointing out that we are to-day in almost exactly the same position as we occupied in 1898 and 1899. My speech continued:—

It will be remembered that every candidate then pledged himself to assist in the straightening of our finances, and various methods were suggested. No special effort, however, was required, as the whole position was rectified by the operation of the Federal tariff, which returned to this State a greatly increased sum over what was derived from the State Customs tariff previous to Federation. Now, however, through the loss of revenue caused by the abolition of the special impost on our inter-State imports, known as the sliding scale, we find that we are back to the old position, and are faced with a deficiency. Up to date we have only had one genuine proposal submitted to overcome this undesirable state of affairs, and that was outlined by the late Labour Government when they proposed to impose new taxation and combine that with economy in administration. The Rason Government proposed to overcome the difficulty by reducing the cost of administration only; and in order to demonstrate the absurdity of their proposal and justify our proposal, a few figures may be given. During the last year of the James Administration they showed a loss on the year's operations of £148,000. This loss was largely due to the decrease in the revenue returned by the Commonwealth, which amounted to £90,500, and the increase in the interest bill of roughly £22,000. The Labour Government followed, and they showed a loss of £129,000, or £19,000 less than their predecessors. This loss was caused by another decrease in the Commonwealth revenue, another increase in our interest bill, and a loss on the estimated revenue anticipated

from the Phillips River smelter. We are therefore faced with the fact that there has been a loss for the last two years, under two separate Governments. To enable you to clearly understand the position Mr. Rason is in this year, as compared with the last time that he was Treasurer in 1903-4, I will quote a few more figures. In 1903-4 he started with a surplus of £231,660; in 1905-6, the present year, he started with a deficiency of £46,521. By totalling these we find that on these two items alone he starts with a disadvantage of £278,181. In addition to this he will receive less revenue from the Commonwealth by £132,598, and an increase in his interest bill of £108,295, or a total disadvantage as compared with his previous year of £519,274. To make up this enormous disadvantage, which cannot possibly be reduced, as he has no control over the deficiency in the Commonwealth revenue and the interest bill, etcetera, he asks the people of this State to believe him when he states that it can be overcome by economy in administration.

That clearly laid before the people the difference between the policies of the two parties seeking their suffrages. I said further—

I want the people to realise that if Mr. Rason does not resort to increased taxation he must go in for a huge curtailment of expenditure and wholesale retrenchment in the public service, and that unless he absolutely stops all works he will still have a deficiency at the end of next year, if he lasts so long. To advocate increased taxation is not popular, but the financial position of the State demands it. Whoever is in power, new taxation must be introduced.

There we had the Opposition going to the country and clearly pointing out to the people that we had a deficiency from a loss on the year's operations under the James Government. The Attorney General referred to that fact. Then we had a new Government coming into power, and again we had a loss. The Government realised that they could not make ends meet without reducing expenditure; and we could have resorted to what I term the cowardly methods—and I say to-night they are the most cowardly methods any Treasurer can resort to—of paying out of loan for those works that should be constructed out of revenue. It would have been an easy matter for the Labour Government to cut out the £30,000 or £35,000 that they provided out of revenue for State batteries, and pay it out of loan, exactly as the present Treasurer is doing to-day. It would have been easy for the Labour

Government to build their asylum out of loan instead of revenue.

THE TREASURER: What about your rabbit-proof fence?

MR. JOHNSON: I will come to it. It would have been easy for us to build schools, old men's depôt, and roads and bridges out of loan instead of revenue. Had we done that we should have had no deficiency at all. But is that a policy that will advance Western Australia? I say, if we cannot get a Government strong enough to use other than these cowardly methods, justified to-night by the Attorney General, of going to the London capitalist and asking him to lend us money for the construction of works which should undoubtedly be constructed out of the revenue of the country, we are in a serious position. That was the difference between the two policies. The policy of the Opposition at the last general election was a policy of increased taxation in order to make ends meet. The policy of the present Government was against increased taxation, but by economy in administration, as they called it, and by the fact that they were an anti-Labour Government, they said they could restore confidence, that all the money bags would fly open, that great plans were in architects' offices ready to be used for the construction of huge buildings in all directions as soon as the Labour party went out of office. That statement of Mr. Rason was incorrect. The plans have not been taken out; he has absolutely misled the people of the State; and members of the present Government, at the last election, opposed the policy which they are now initiating. They are introducing a policy that they were elected to oppose; they are trying to claim credit for the fact that they appealed to the people for election to protect the country against increased taxation, and they now ask us to applaud them for introducing a land tax. The Honorary Minister (Hon. J. Mitchell) was one of those elected in opposition to a land tax.

THE HONORARY MINISTER: That is absolutely untrue.

MR. JOHNSON: I have gone through the newspapers to read up the speeches of members from agricultural districts; and one and all of them appealed for election to protect the people against the per-

nicious land-tax proposal of the Labour Government. Yet we find those members voting for the proposal. Then we have the Attorney General rising in his wrath to protest because attention is drawn to this fact by the Leader of the Opposition. The increased taxation proposals of the present Government were first made by the Labour Government, and the very arguments that were then advanced by the Labour Government are advanced to-day by those who then opposed them. And a remarkable thing has happened. I as Leader of the Opposition quoted at Kalgoorlie the few figures I have read to-night, and we find the Treasurer using exactly the same arguments, and almost exactly the same figures with the difference that they have been brought up to date, to justify his land-tax proposals.

THE TREASURER: I am sure I was not aware of the fact.

MR. JOHNSON: It shows that at the last general elections the Labour party was the party that clearly understood the affairs of Western Australia, and that the Treasurer did not understand them at that time. It was necessary for him to be returned on false pledges—

THE TREASURER: No; you are now going too far.

MR. JOHNSON: There is no question, the pledges he gave the people were not in accordance with the policy he is advocating to-day.

THE TREASURER: Point out where they were false.

MR. JOHNSON: Take your land-tax proposals. Was the Treasurer elected to support a land tax?

THE TREASURER: Yes.

MR. JOHNSON: I have read the reports of the hon. member's speeches. It is true he beat around the bush.

THE TREASURER: The hon. member is making an incorrect statement, and I think he ought to accept my denial.

MR. JOHNSON: I will accept the denial, but I shall certainly look up the newspapers again, and if I have read them wrongly I shall be extremely sorry. From my reading of the papers I am not here to say the Treasurer opposed a land tax straight out, but he questioned the need of a land tax. If he did not, I am sorry that I misunderstood the newspaper reports. When at Kalgoorlie I

outlined the policy of the Opposition, I quoted certain figures, and I quoted those figures in an endeavour to convince the people of this State that Mr. Rason, then Premier, could not possibly make ends meet by his proposed economies and the restoration of confidence of which he was making so much. I did not quote any more figures than those relating to the loss from the Commonwealth revenue and the expenditure on interest and sinking fund, and referred of course to the fact that at the time Mr. Rason was Treasurer in 1903-4 he had a surplus, and that when I was speaking at the general elections he had a deficit. We find the present Treasurer, when introducing the land-tax proposals, using exactly the same figures and the same arguments in favour of that tax. Yet the fact remains that if the Treasurer did not oppose that tax when before his electors, his leader, Mr. Rason, did oppose it, and stated that the time had not arrived for increased taxation.

THE TREASURER : You are misstating that also. He distinctly said he would not pass a land tax during the first year, but that it would probably be necessary in the next year.

MR. JOHNSON : The fact remains that Mr. Rason, in his policy speech at Midland Junction, distinctly opposed the introduction of a land tax.

THE TREASURER : No; you are absolutely wrong.

MR. JOHNSON : I am not wrong. I know it only too well, because throughout the length and breadth of the State the success of the Rason Government was due to the fact that they were opposing a land tax.

MINISTERS : No, no.

MR. JOHNSON : It is absolutely correct that their success was due to their statement that they could make ends meet without increased taxation. There is no question that Mr. Rason's speech at Midland Junction led the people to believe that increased taxation was not necessary in order to make ends meet in Western Australia. All I desire is to demonstrate that the policy outlined by Mr. Rason was not a sound financial policy. The Opposition told the people of the State at the time that it was not a sound financial policy.

We told them that we must have increased taxation, that other means must be resorted to to increase the revenue, or that what would be done would be to decrease the expenditure from revenue and to increase the expenditure from loan funds. What was prophesied then has unfortunately proved too true. We have not a sound financial policy to-day; and for the Attorney General to say that a reduction of expenditure from revenue is necessary to make ends meet and that in order to overcome the difficulty that would follow the reduction and the depression that would be caused by it, they are to make it up by increased expenditure from loan funds, is a bad policy to put forward. I would like to know where all this increased expenditure from loan funds is to come from. I do not know that we have too much loan funds to work on. We hear talk about a Loan Bill. We heard of that at the last elections. Mr. Rason talked of a public works policy out of loan funds. He did not emphasise that there was to be expenditure from loan funds, because it did not suit his book at the time, but he outlined that the Government were going in for a loan policy; and Mr. Moore at Bunbury, in his policy speech, said that we were going to push forward Western Australia by a loan policy. Yet we have not had any loan policy brought down so far this session. It should have been done long ago. Why was it not done when we had a capable Agent General? Why was it not done when we had a man in London who understood the ropes?

MR. DAGLISH : You spoke very well of the Agent General's successor.

MR. JOHNSON : The successor has been appointed, and all we have to do as politicians is to give him what assistance we can. Had I had a vote on the question, the present Agent General would not have been selected; but at the time I spoke it was after his selection; he had been selected by the present Government, and I felt it was the duty of all members and aspiring members to give him every assistance. I am disappointed that the Government did not bring down a Loan Bill, and try to get the loan floated before the late Agent General left London. We know that he was a man who carried considerable

influence in London, a man well thought of and one who thoroughly understood affairs in connection with the flotation of loans. Consequently I am keenly disappointed that the Government did not utilise his services instead of leaving it now, almost to the eleventh hour of the session, before introducing a Loan Bill, when if they do introduce a Loan Bill they cannot give a guarantee to the House that they can raise the money. It is true that they can get money, but at a price. A huge blunder has been made by the Government in failing to bring down a Loan Bill at an earlier date. What virtue is due to the Government? because, as the Attorney General points out, they are going to do great things out of loan moneys. There is no Loan Bill before us; it is one of those promises we are continually receiving from the Government. Mr. Rason promised it. He promised it in his policy speech in October last; and the Government have gone on promising ever since; and as the promises go on, so the depression becomes greater, and affairs in Western Australia are far worse to-day than when the Government took office. [A MINISTER: No.] They are considerably worse. Ask any business man in any portion of the State what was the worst month he has had, and I bet that he says "Three months ago." If a politician goes into any man's business place, the first thing the man complains of is the bad state of affairs. The cry is right through business circles that the country is getting worse and worse. I have been told that the month before last was the worst month ever experienced by business men in Western Australia. How long are we going to drift? The Attorney General said that we have been drifting, that we were drifting during the time of the Labour Government, and that the Labour Government did nothing to stop it. But we realised that we were drifting, and we said that we were going to strengthen our position, or, as Mr. Daglish put it, that we were going to "mark time" to straighten up our finances. Who were those who criticised that utterance, who were continually crying out against the "mark time Government" that was going to stop development of the country, and who were continually crying out that what we wanted

was a Government that would borrow money, get it in anyway, and squander it on public works? It was practically the argument of those now sitting on the Government side of the House. What do we find to-day? Certainly not a "mark time" policy, but as the Leader of the Opposition points out, a "right about face" or a "retreat" policy. We are going back as far as we possibly can, and Western Australia is suffering. We want less of these promises, less of this claptrap of how the Government are going to push forward Western Australia; we want action; and until members on the cross-benches, the silent majority, stir the Government up, Western Australia will drift as she is drifting to-day. I believe that the want of progress in Western Australia to-day is due to the fact that the Government are too strong, and that they can snap their fingers at the Opposition, because they can call on their patient majority time after time to back them up in any policy they submit. Until we get the cross-benches to realise that Western Australia is in a bad way and that we need energy and determination on the part of the Government, we shall have no change. I appeal to the cross-benches to-night not to sit patiently and vote solidly on every occasion at the call of the Government, but rather to spur the Government on to make the State progress. I am not one of those who are continually harassing the Government and throwing out all sorts of taunts that they are not doing this or that, and that it is time they resigned and let someone else into office; I am prepared to let the Government remain in office, providing they will do something and get over this depression that is facing us at the present time. Very little power is in the hands of the Opposition, and it is the members on the cross-benches who can spur the Government on to action, and to give us a little less promise and a little more action. There is just one thing to which I desire to refer in connection with public works—it has been referred to to-night by one or two speakers—that is the reason why I refer to it now, and no doubt it will be severely criticised when we come to the Public Works Estimates. I refer to the huge reduction in the subsidy to roads boards. There is nothing in these Estimates I am more

sorry to see than the fact of this reduction being made. While I was Minister for Works I always fought to maintain the subsidy to the roads boards. I maintain that the roads boards of this State are doing more to advance and develop the State than any other public bodies. I am quite prepared to reduce the subsidy to municipalities, but it is an absolutely unsound policy and unwise in the extreme to reduce the subsidy to roads boards.

THE MINISTER FOR WORKS: I will explain how you gave some of it away.

MR. JOHNSON: You are quite at liberty to do that. I have no objection to your criticising the method I adopted in distributing. It is true I was not guided by the amount of rating done by the different roads boards. I will oppose that system for all I am worth in this House, because I do not believe that it is wise to hold as the first consideration in distributing the subsidy the amount of the rate a roads board strikes. For instance, in the case of the Peppermint Grove, Cottesloe, and Claremont roads boards, some of the roads are maintained by the Government. The Perth road runs through the whole of these districts, and it is maintained from general revenue; and there are other roads built in these districts at Government expense.

THE MINISTER FOR WORKS: You know that it is not suggested to be the only basis of distribution.

MR. JOHNSON: It has been suggested to-night. It was urged—and if the Minister had been in his seat he would have known it—that the basis of the subsidy should be on the amount of rating done by the respective roads boards. I am opposed to that system.

THE MINISTER FOR WORKS: It is not suggested by the Government that it should be the only basis.

MR. JOHNSON: The Attorney General agreed with the contention of the Leader of the Opposition. If I have the assurance of the Minister that it is not his intention—

THE MINISTER FOR WORKS: It is not the only basis.

MR. JOHNSON: That is all right; because if it were the only basis it would be unsound and would interfere with agricultural districts. We should encourage roads boards in agricultural dis-

tricts to the fullest extent. I am extremely sorry that this huge reduction has been made in the roads boards subsidy. We have a reduction of something like £30,000 on this vote alone. If we were to read through the Estimates we would find that the deficiency is being wiped out, not by economy in administration, because economy in administration cannot be interpreted into meaning a reduction of expenditure, a totally different thing, but by a reduction in expenditure. We find £30,000 cut off from the expenditure on the erection of State batteries, and roughly another £30,000 is to be cut off in the subsidy to roads boards. There is also the £5,000 reduction referred to in the Electoral Department, because there is no general election this year. So we can go through the Estimates, and if we total up the reduction in expenditure—it is the simplest thing in the world to reduce expenditure—in these different votes we would see that the deficiency is absolutely wiped out, and the deficit is caused by increased cost of administration. I intend, when we come to the different items, to draw attention to these different votes. If we total up the reductions of expenditure we get away from the deficiency, yet the fact remains that we have a deficiency because there has been an increase in the cost of administration. I did not intend to speak so long, but I feel that the Government in their financial policy have not been consistent with that policy which was outlined to the people. The Government misled the people, and they are holding their present position under false pretences. They were not put in power by the people on the policy they now bring forward. The fact remains, as pointed out by the Leader of the Opposition, in their democratic reforms, their land taxation proposal, they have had to trust more to the Opposition than to their own members. It is certain that some members, the member for Northam for instance, have turned round on their proposals. The member said, "I made a mistake at the general election; I am now in favour of land taxation."

THE HONORARY MINISTER: I never said so.

MR. JOHNSON: You voted for a land tax. Other members have gone

back on their election pledges. Generally speaking, if any credit is due for the passing of the land tax it is due to the Opposition, for the Government knew they could always trust to members on the Opposition side to come to their rescue if they could not get a majority from their own side. I am not going to complain a great deal about the Government taking up the policy of the Opposition. When I outlined a policy on behalf of the Opposition it was the best policy in the interests of Western Australia. The only thing that I think is due to us is that the Government should state that they realised they were wrong at the general election. The policy they then advocated was not a sound policy. It was utterly impossible to square the finances by the methods they then put forward, and they have turned round and found that the policy of the Labour party as outlined to the people at the general election was a sound policy, and that after mature consideration the Government were prepared to adopt it. The Government ought to give us that credit and admit to the people that the policy of the Government is the policy of the Labour party, and not the policy they put before the people, and which they outlined in order to make both ends meet.

MR. M. F. TROY (Mt. Magnet) : Failing any member on the Ministerial side speaking, and particularly failing Ministers who sit on the Treasury bench replying to the vigorous assault made by the member for Guildford, it is my duty if possible to support that member in the statements he has made. The member for Guildford made what were absolutely correct statements despite the fact that they have been contradicted by Ministers in this House. It is well known that at the last general election we went to the country to support one policy while the Ministry went to the country prepared to support another policy. The policy which we advocated was that there should be farther taxation in order, we held, to recoup the expenditure and to set our finances right. Members on the other side said that the depression in Western Australia was due to the fact that we had a deficit, and that the Daglish Government were in power.

All the people had to do was to turn the Daglish Government out of office and everything would be squared up. The member for Guildford, as Leader of the Opposition, advocated a policy of taxation. He advocated a land tax and a tax on totalisators, and by these means he desired to obtain additional revenue to wipe out the deficit, and to provide money to carry on the development work of the State. That was an honest policy which in the light of future events proved to be the correct one. It has been adopted by members on the other side, but they have not the fairness to acknowledge it. We had the Attorney General making a lame explanation as to the attitude of the Government. But the Attorney General at the last election was most bitterly opposed to the proposals which the Government have submitted to the House. The Treasurer denied the fact that he opposed taxation on land values. I was in that member's electorate when he was seeking re-election, and I can show him the file of the *South Western News* in which it is proved that he opposed a tax on land values. He opposed any kind of land tax. He said that no tax was necessary. I followed that member throughout his electorate.

THE TREASURER : Produce the files then. What is the use of talking about it.

MR. TROY : I can produce the files. The Treasurer rose in his indignation and asked the member for Guildford to withdraw the statement made. I know that that statement was absolutely true.

THE TREASURER : Absolutely wrong.

MR. TROY : I supported the candidate who opposed the Treasurer.

THE TREASURER : Is the member in order in saying that a statement is true when I have denied it ?

THE CHAIRMAN : The hon. member cannot make a charge which has already been withdrawn.

MR. TROY : As I am not permitted by the Standing Orders to make that statement, and only because the Standing Orders will not allow me, I shall not proceed farther in that direction. But the Treasurer said that the depression then existing in this State was due to the Labour Government being in power. All that members on the Government side

considered necessary was that they should be returned by an overwhelming majority, and then confidence would be restored. There would be no necessity for further taxation, but prosperity would follow. What is the position to-day? It is worse than ever it has been. There is no good denying that statement. No matter where you go throughout this State you will find more poverty and more depression than ever existed before. If the Minister for Works will meet a body of prospectors now in Perth from mining centres he will hear the depression in the mining industry has never been so bad as it is to-day. The same position obtains in every other industry.

THE MINISTER FOR WORKS: You tell a very different tale when talking about Black Range.

MR. TROY: Black Range is perhaps the only bright spot in the State to-day. Black Range in particular, and Ravens-thorpe perhaps, are the only bright spots. We have proof that the country is in a very bad state in the figures submitted in the Budget. The Treasurer drew a rosy picture of the condition of the country previously, and he also drew a rosy picture of what was to follow. There is no denying the fact that if we do not get something better than what is presented in the Estimates conditions will not improve. Conditions must become worse, for the Government are spending £100,000 less in development even than the Rason Government spent in the previous year. Although the Government are expending £100,000 less in works, the cost of administration has not been reduced. Let us take the Treasurer's own figures. We have here that the Rason Government spent £56,400 less out of revenue on public works in developing the industries of the State than the Daglish Government did.

MR. BARNETT: The revenue was falling.

MR. TROY: I admit the Rason Government had less revenue than the Daglish Government had by £56,000, but the Rason Government expended less out of revenue to the extent of £112,000, therefore they expended less by £56,000. I admit that the Government are expending a certain amount of money out of loan, but I take strong exception to that course. The present Government expended £87,000 out of

loan; £17,000 on roads and bridges, and £70,000 on public works, which are not of a reproductive character.

THE MINISTER FOR WORKS: What works?

MR. TROY: Roads and bridges.

THE TREASURER: What about the rabbit-proof fence?

MR. TROY: The rabbit-proof fence has been constructed from loan money for years past. But the Government have gone farther and have pursued a policy which was known to be bad financing throughout Australia. The Government have, with the example of the Eastern States before them, gone on spending loan money on unproductive works. The members of the Government who were before the electors 12 months ago demanded economy in administration, but they have expended loan money on unproductive works. The present Government is a continuation of the Rason Government. The occupants of the Treasury bench as well as Ministerial supporters owed their election to the fact that they proposed a policy which they are not carrying out. They are now carrying out the policy of the Labour Government, which they opposed at the general election.

THE MINISTER FOR WORKS: In what respect did I oppose it?

MR. TROY: The hon. member said it was necessary to have economy and a vigorous progressive works policy. Where are these things? The Government had not the honesty and courage to go to the electors of Western Australia and place the true position before the people. If they had done so there would not have been so many members supporting the Government; but the Government placed before the people a position which was not justified, and in face of this we have hon. gentlemen occupying their seats and absolutely going back on the promises given to their constituents. They have no right to be doing that kind of thing and they ought not to be occupying those seats. Having changed their policy as they have done, it is their duty as honourable men to go back to their constituents. To show the manner in which the present Government are absolutely starving the industries of this State, I want to point out that whereas the Daglish Government during their term of office spent in mining

development £257,877 the Rason Government spent £240,000, thus showing a reduction of £17,000. Yet we had the Minister for Mines leading the people of this country to believe that the Government intended to expend all the money they possibly could and which was on the Estimates for the development of mining. In my own country on the Murchison goldfields, which other members on this (Opposition) side of the House as well as myself have the honour to represent, the Government did not spend half the money in mining development which was placed on the Estimates. Of the £12,000 provided on the last Estimates a little over £5,000 was expended, despite the fact that we have had localities which during the past 18 months have not had a water supply. The progress of the locality of Meekatharra was handicapped and hampered because the Government did not provide a water supply. This was due to the fact of their carrying out a niggardly policy such as has been adopted by the hon. gentleman. Then take lands and agriculture. The Daglish Government spent £7,809 more in the development of that particular department than did the hon. gentleman who occupies the position of Minister to-day. The Minister will not deny that these figures are correct, because they are the figures submitted in the returns placed on the table of the House. In the Railway Department we find that the Daglish Government spent £62,405 more than has been spent by this Government, yet this is the Government which is going to pursue a vigorous public works policy in building railways and generally opening up this State. These figures prove that the Government could not have pursued that policy, otherwise they would have expended that money.

THE TREASURER: We are building railways all the same.

MR. TROY: Not a railway worth mentioning is being built in the country at the present time. A man could build these railways with a wheelbarrow and a little bit of timber. In connection with our public works, I will give the hon. gentleman something to deny. The Government in which Mr. Johnson (the member for Guildford) was Minister for Works expended in public works

£337,927, whereas the present Government expended only £238,151, showing a decrease of £99,776 as compared with the amount spent by the Daglish Government.

THE HONORARY MINISTER: They spent it wisely.

MR. TROY: Where was it spent? The expenditure is not apparent. So far as the public works policy is concerned, there have been less works built in the State during the past year than in any other year during five or six years previously.

MR. DAGLISH: There has been a very small egg and a lot of cackling.

MR. JOHNSON: They are still cackling.

MR. TROY: The Government got into power on false pretences, by saying what they were going to do, and the Government are remaining in power under false pretences, and are still telling us what they are going to do. But the people of the State are very rapidly tiring of all this cackling that has been going on. The Minister for Mines, who is absent from the House, told the people at Coolgardie that he would not rest until 8,000 more men were employed in connection with the mining industry within 40 or 50 miles of Coolgardie. What is the result? The people of that locality cannot get a water supply, and if they cannot get a water supply how are they going to extend development? (Interjection.) At Jourdie Hills they are calling out for a water supply. The present Government spent on development £172,000 less than was expended by the Daglish Government. Yet we have the present Government talking about what they have done. We have the Treasurer coming down and making an erroneous Budget Speech for which there was no justification. The hon. gentleman cannot rightly claim that the progress has been made, because the fact that this country is at the present time labouring under very serious depression proves absolutely to the contrary. And despite their cry for a progressive public works policy there has been no progressive public works policy initiated, nor is there any possibility of one being carried out in the future. What are we to expect from the present Government in the future? If we are to take the Estimates as brought down to this House, we can expect very

little from them, and there can be no hope held out to the people of this State of a future any brighter than the past year has been. The present is bad, the past year has been bad, and the future, if we must take the Estimates submitted to the House, does not hold out anything brighter; in fact there is less in the present Estimates in the way of carrying out a policy for the development of our industries than there was in the past Estimates. The present Government are going to spend nearly £100,000 less in development. If that is the case, how is the State to progress? Is the State to stand still for good? Those people who have the temerity to talk about the Daglish Government having been a mark-time Government have come to a full stop, and appear too tired to make a forward movement, yet they are under the impression that they will mislead the people of this State for the next two years. The Attorney General says there has been no increase in his department because there is no possibility of a general election for two years to come. They may shelter themselves behind that assurance, but I am hopeful with regard to some of these gentlemen that the people of the country will have an opportunity of dealing with them sooner than they think, and, if so, these hon. gentlemen will undoubtedly feel sorry indeed that they made the promises they did at the last general election.

MR. COLLIER: See what East Fremantle says.

THE MINISTER FOR WORKS: Wait and see. We are quite satisfied.

MR. TROY: The electors of East Fremantle will think very little of the Government if they decide honestly; but if Ministers go down to East Fremantle and promise everything that Fremantle ever intends to have for the next thousand years they may win the seat. They could never fight an election honestly and go to the people and say, "The position is this, and we can only do this." They can only mislead the people, and by misleading the people they are responsible for having a majority to-day.

THE MINISTER FOR WORKS: You give a bad excuse.

MR. TROY: I am desirous of speaking to the House, and not of carrying on a conversation with the Minister for Works

at present. The Minister can get up when I have sat down, and can tell us just what he is going to do; but I can assure him that the country is very much disgusted, and the Minister's own constituency is not too satisfied with the policy he has pursued during the past year. This is a promising Government, so far as making promises is concerned. It promised the House that on the Loan Estimates it would provide for a vigorous policy of development. Why are not the Loan Estimates brought down? Why are we kept waiting? Is it possible that this session will end like the last session, and that just in the last few hours of the session we shall have the Government bringing down measures for the construction of railways? Why, I ask, is not the loan policy down now, so that the Government can get authorisations? We have listened too long to the promises of the Government, and this country is tired of waiting for the carrying out of those promises. The Attorney General made excuses and apologies concerning his own action and also concerning the actions of his colleagues, and promised the House that in the Loan Bill would be provided all the works for which we are looking forward. I want to see the Government in its Loan Bill bring down a progressive public works policy. As the member for Guildford (Mr. Johnson) has already said, let members who sit on the cross-benches and who are supporting the Government in the policy of inaction hustle and compel the Government to do something for the State, or else put in a Government that will do so. As far as members on this (Opposition) side of the House are concerned we are so tired of these promises and of the action of the Government that we should take the earliest opportunity of appealing to the country in order that the country may deal with the Government as it desires.

THE MINISTER FOR MINES: That is what they did with you at the last election.

MR. TROY: With me?

THE MINISTER FOR MINES: With your party.

MR. TROY: The hon. gentleman desired I should be dealt with, but that was not the case. I have no hesitation in saying that the hon. gentleman will not

be too satisfied in going back to his constituents after the next two years.

THE MINISTER FOR WORKS: You seem to have a general knowledge of the country.

MR. TROY: I have a very general knowledge of the country, a better knowledge than the Minister for Works. [Interjection by the TREASURER.] I will look after my own seat. I looked after the Treasurer's seat on one occasion and made it very nasty for him. The hon. gentleman holds one of the most conservative seats in the State, yet in spite of that fact he could only win it by a very paltry majority. The hon. gentleman had the smallest majority of any member of the then Ministry seeking re-election.

THE TREASURER: The last election?

MR. TROY: The last election.

THE TREASURER: Two to one.

MR. TROY: The by-election, the election at which I supported Mr. Finlayson against you.

THE TREASURER: Two to one.

MR. TROY: The hon. gentleman only won in comparison with his colleagues by a very small majority indeed.

THE TREASURER: You do not know what you are talking about.

MR. TROY: I do not wish to pursue it any farther. The Minister does not like it.

THE TREASURER: Two to one.

MR. TROY: There is no doubt the people of this country are disappointed with the present Government. We want a forward movement, and if the Government are prepared to make that they will have every support, as they have already had in connection with some measures, from members of this side of the House. There has never been obstruction to Governmental measures such as there was when the Daglish Government was in power. The Treasurer himself opposed Bills which he afterwards fathered in this House. He opposed them merely for the sake of opposing them; particularly the Waterworks Bill, and a little afterwards he introduced it into the House.

THE TREASURER: Water?

MR. TROY: To give a water supply to Mt. Lawley. The hon. gentleman knows it only too well.

THE TREASURER: Nothing of the sort.

MR. TROY: The members on that (Government) side who were followers of

Mr. Rason opposed the measure in connection with the land tax proposals of the Daglish Government merely for the sake of opposition. Although at the last election they opposed those proposals, we have assisted them to carry their proposals into effect, and had they done as we desired they would have had twice the revenue they will have, unless we accept the Bill in its altered form providing for no exemption. The Government were even prepared to exempt corporations like the Midland Railway Company and the Timber Combine; but we in opposition desired to give the country the fullest benefit of the land tax; and had the Government accepted the Bill as we desired it, the country would have had considerably more revenue. As it is, I suppose Ministers will pursue the same policy as was pursued during the past year, a policy of retrogression, and a policy of building out of loan instead of out of revenue such public works as may be constructed. The Attorney General said it would be foolish to lay down a hard-and-fast rule that loan funds should not be used, say, for the building of railways to open up our mining districts. The only railways which are needed for mining development in this State are railways which will pay from their very inception, and which cannot be called in any sense unproductive; and the only railways which may not pay from the start will be those which the Government wish to build in agricultural districts. I am not opposed to the building of these railways. I desire, although the Government got into power by false pretences, to see them pursue a vigorous policy; and if they do so I will endeavour to assist them, and work with them.

THE MINISTER FOR WORKS: Not you.

MR. TROY: I have worked with the Minister, and he knows it; but he has never been fair to members on this side. Even at this late hour he should acknowledge the fairness with which he has been treated by the Opposition. We desire to see the Government keep their word; we desire that they should, now they have a big majority, show their majority that some good will be done for the country, and that a vigorous public works policy will be pursued. If the Government borrow money and de-

velop the resources of the State as the resources of a large State should be developed, we shall not hinder them when they are trying the experiment.

Progress reported. and leave given to sit again.

ADJOURNMENT.

The House adjourned at 9:50 o'clock, until the next day.

Legislative Council,

Thursday, 25th October, 1906.

	PAGE
Bills: Boat Licensing Act Amendment, 1st.	... 2499
Municipal Corporations, 2d. moved	... 2499

THE PRESIDENT took the Chair at 4:30 o'clock p.m.

PRAYERS.

BILL—BOAT LICENSING ACT AMENDMENT.

Introduced by the COLONIAL SECRETARY, and read a first time.

BILL—MUNICIPAL CORPORATIONS.

CONSOLIDATION AND AMENDMENT.

SECOND READING MOVED.

THE COLONIAL SECRETARY (Hon. J. D. Connolly) in moving the second reading said: In introducing this Bill to the House, I do not think it will be necessary for me to go very fully into the principles of municipal government, the subject being familiar to the majority of members in this House; for I know there are at least 17 or 18 members of the House who have had various terms of municipal experience, and out of that number at least 11 have occupied the mayoral chair in municipal councils.

Therefore, with these experienced gentlemen to criticise the Bill and if necessary suggest amendments, I feel that the measure will not be a worse one when it emerges from this House than when introduced. There are some new departures from the present Act, but they are not very striking. The measure is principally one to consolidate the present Municipal Act and the various amendments of it which have taken place from time to time, and to amend that Act where found necessary. Members who have had municipal experience know that the present Act has been found to be very defectively drafted, and there are a lot of very glaring omissions and errors in it. The new portions of this Bill are taken principally from the Victorian Municipal Act of 1903, and from the suggestions made by the various municipal conferences which have sat in the last two or three years. We not only get the advantage of the Victorian Act, which is a consolidating Act and has had long trial in practice, but we also have the benefit of the views of several municipal conferences, and the men who constituted those conferences have of course had very long and varied experience in different parts of the State. Therefore their ideas are certainly worth considering. Most of the amendments or alterations of the present Act are suggestions by the conferences, and some as I have said from the Victorian Act of 1903. Members will see by the marginal notes where the clauses are taken from that Act. As I have said, I do not think there is any necessity for me to make a long speech on the second reading of the Bill, as I believe we are all agreed on the main principle of municipal government contained in the measure; therefore I think the Bill is more one to be dealt with in Committee. It is a big Bill, and on that account will require very careful consideration; but I think it will suit the purpose best if I simply refer to and explain the different clauses which are amended or which are new. There are quite a number of them, some showing very slight amendments, whilst others are new departures. It will, I say, probably suit best if in going through the Bill I point out the new clauses and amendments; and if there is any other information members would like to have,