

widen the order of leave so that it may be open to myself or anyone else to move other amendments. I hope the Minister will agree to my amendment.

The Minister for Mines: I do not know that I am entitled to agree to the amendment. I am not in charge of the Bill.

Hon. P. COLLIER: Then the Minister had better postpone the motion.

Mr. SPEAKER: The Minister may, if he so desires, withdraw the motion, and that will enable him on a later occasion to submit it in an altered form.

The MINISTER FOR MINES: That would be the preferable course to adopt. I am not in the position to say whether the Premier would be prepared to accept the amendment suggested by the Leader of the Opposition. I shall agree to withdraw the motion with the view of its being submitted again.

Motion by leave withdrawn.

BILLS (15) FIRST READING.

1. Stamp.
2. Land Agents.
3. Auctioneers.
4. Grain.
5. Land and Income Tax Assessment Act Amendment.
6. Northam Municipality and Iceworks and Cool Storage.
Introduced by the Minister for Mines (for the Premier).
7. Gold Buyers.
8. Inspection of Machinery.
Introduced by the Minister for Mines.
9. Fisheries Act Amendment.
10. Factories and Shops Act Amendment.
11. Building Societies Act Amendment.
Introduced by the Colonial Secretary.
12. Wheat Marketing.
Introduced by the Minister for Mines (for the Minister for Agriculture).
13. Fremantle Municipal Tramways and Electric Lighting Act Amendment.
Introduced by Hon. W. C. Angwin.
14. Administration Act Amendment.
Introduced by Hon. P. Collier (for Hon. T. Walker).
15. Criminal Code Amendment.
Introduced by Mr. Boyland.

House adjourned at 9:37 p.m.

Legislative Council,

Thursday, 1st September, 1921.

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

QUESTION—MINING EMPLOYMENT AND MEDICAL CERTIFICATES.

Hon. J. CORNELL asked the Minister for Education, 1, Is it a fact that in some cases it is now necessary for any person seeking work, either underground or surface, in or on the mines employing labour on the Golden Mile to procure at his own expense a medical certificate certifying as to fitness to follow such employment? 2, If so, will the Minister give the following particulars:—(a) under what statute is this innovation allowable; (b) by whom was it first introduced; (c) was its introduction sanctioned by the Government; (d) do the Government approve its continuance on present lines? 3, Will the Minister, at the earliest possible date, procure full particulars in respect of such medical examinations and lay a statement there-of upon the Table of the House?

The MINISTER FOR EDUCATION replied: 1. Yes. 2. As regards engine-drivers, under Regulation 7 under the Mines Regulation Act, 1906, but as regards employees in general, the requirement of a medical certificate is not statutory, but is under the rules of the Mine Workers' Relief Fund. (b) The relief fund was established in 1915, and from the inception the Board of Control insisted on employers not employing anyone who could not produce a certificate of exemption from medical examination or a satisfactory medical certificate. (c) The proceedings of the board have received general approval from the Government. (d) The Government have not yet had any good reason shown to them for disapproval of the action of the board in respect of medical examinations, and are not prepared to interfere until such is proved. 3. The published annual reports of the Mine Workers' Relief Fund give a full schedule of all diseases classified with number of cases, etc.

QUESTIONS (2)—EDUCATION.

Roya' Commission Evidence.

Hon. G. W. MILES, for Hon. Sir Edward Wittenoom, asked the Minister for Education: When will the printed evidence of the

witnesses examined by the Royal Commission on Education be laid on the Table of the House?

The MINISTER FOR EDUCATION replied: Typed copy of the evidence herewith. It is not intended to have the evidence printed because of the cost.

Secondary Schools, Cost.

Hon. G. W. MILES, for Hon. Sir Edward Wittenoom, asked the Minister for Education: What is the separate cost of each of the following:—1, Perth Modern School. 2, Eastern Goldfields high school. 3, Albany district high school. 4, Bunbury district high school. 5, Northam district high school. 6, Geraldton district high school?

The MINISTER FOR EDUCATION replied: 1, Perth modern school, £9,135. 2, Eastern Goldfields high school, £4,582. 3, Albany district high school, £3,770; including primary school. 4, Bunbury district high school, £4,094; including primary school. 5, Northam district high school, £4,342; including primary school. 6, Geraldton district high school, £4,166; including primary school. The figures given for Albany, Geraldton, Bunbury, and Northam include expenditure on primary education. Separate costs of high school and primary education at these centres are not kept. The total salaries paid to teachers of high school classes at these centres are as follows:—Albany £1,056, Bunbury £1,209, Northam £1,552, Geraldton £889.

BILL—HEALTH ACT AMENDMENT.

Introduced by the Minister for Education, and read a first time.

ADDRESS-IN-REPLY.

Ninth Day, Conclusion.

Debate resumed from the previous day.

Hon. J. W. HICKEY (Central) [4.39]: For many reasons I intend to restrict myself to a few brief words on this motion. Casting our minds back to the last debate on a Governor's Speech, we can recollect that many members then expressed disappointment at the emptiness of that document, at the want of substance in it. The finances then were in the same position as to-day. I gathered, however, from the expressions of opinions given by hon. members on that occasion that they took into consideration the fact that a general election was pending, at which the people would have an opportunity of recording their opinion on the position, with special reference to the Government. The election duly came off, and as a consequence the present Government, or federation, or Coalition, or whatever it may be termed, came into office—a mixture of Liberals and Country Party men, Nationalists and National Labour, Independents and Independent Primary Producers: I understand there has been a bit of

a split in the Independent Party, and that one member of it has drifted back to the Country Party. Be that as it may, the Government, on the policy, or want of policy, that they placed before the people, were enabled to keep office. I am not inclined to agree with hon. members who say that the people have decided in a certain direction, and that the people have not raised a protest against the record of the Government. I am more inclined to the view expressed by Mr. Sanderson, who pointed out that the electors, when given the opportunity, turned down some of the men who were largely responsible for our administration during recent years: an ex-Premier, an Attorney General, an ex-Attorney General, and an Honorary Minister. Mr. Sanderson further expressed the opinion that the electors, had they been given the opportunity, would have turned down all the men responsible, would have got rid of the whole lot. I think that about conveys the position. The people had not the necessary opportunity, because the financial position had not been placed adequately before them. It has been pointed out on various occasions that finance means government, and government finance. At the general election the people looked to the Premier of the State to review the position, but on every occasion when that hon. gentleman spoke we found the position was clouded. In another place there were only six men who really had the opportunity of obtaining a grasp of the financial position, and each of those six men had to scramble for his seat, being opposed. Moreover, there was no old member, knowing finance as well as the Premier knows it, to give the people the facts. We know, of course, how the Press views the deficit; and the people got their opinion of the financial situation from the Press, and from Ministers, and from supporters of the Government. The true condition of the finances, I repeat, was never placed before the people. As a consequence, the people had no opportunity of reviewing the position of the State as it absolutely is. However, we have to take things as we find them, and make the best of a bad job. We recognise that the finances of the country are the principal factor, it might be said the only factor, in stable government. This has been reflected in another place, more especially by the Leader of the Opposition, who realises the difficulties of any Government, and particularly those of the present Government. The war, like all wars, has had an aftermath. Still, some provision should surely have been made for the backwash, as one might say. The Government had every warning; history repeats itself; everybody knew beforehand the position which would obtain after the war. Though it may be said that we are merely criticising, the fact remains that the Government took over the conduct of affairs as business men: the phrase "business acumen" is getting rather hackneyed. The success of Ministers has been such that they have gone to the bad to the tune of about five millions—or, at all

events, a good proportion of that amount. I repeat, Ministers took on the financial responsibility, with the result that they have accumulated debt after debt. A business house finding itself in the position of the present Government would set about seeking the reason for that position; and when that reason had been discovered, they would try to find some remedy for it; and then they would compel the responsible men to adopt that remedy. We know the present Administration is in a bad way, and is up against many difficulties. Still, Ministers have made no attempt, judging by the Speech, to grapple with those difficulties, nor do they even offer any suggestion for rectifying the financial evil. We have heard of many causes for the deficit, but have not been told of any remedy. The responsibility for finding a remedy is with the Government. When they first took office they said the Labour Government had been incapable and had gone to the bad to the extent of a million and a half, that they had not taken into consideration many factors which should have weighed with them. But to-day the Government are not even offering a solution of the difficulties. They content themselves with stating causes. Various members have made excuses for the Government, even some in this Chamber. We are told on all sides that the State trading concerns are responsible for the deficit. The Premier on the other hand says the trading concerns are showing a profit. In this Chamber we have been told by the Minister for Education that they are showing a small loss. When the trading concerns were established the idea was not so much in the direction of making a huge profit as that they should act as a check on prices generally. Whether they have attained their object or not they cannot be held responsible to any great extent for the deficit. Mr. Ewing was one of the most severe critics of the trading concerns. I really think that when he comes to review the position seriously he will be disposed to admit that the Government showed good judgment in retaining the trading concerns. The whole of the people of the State would support their retention. Mr. Miles to a large extent attributed the deficit to the operations of the State steamers on the North-West coast. By the way, I congratulate the hon. member on the vigorous speech he made and on the ginger he put into his advocacy of the requirements of the people of the back country. He was a little hard on the Labour Party but it must be admitted that he did not spare the Government. If he continues in his present frame of mind and castigates the Government too often he will be given a seat in Cabinet and then we shall lose his services as a candid critic of the Government. In dealing with the State steamers the hon. member said the people of the North did not want them, had never asked for them and would like to get rid of them. As a matter of fact it was at the direct invitation of the people of the North-West and as a result of

the agitation through their members of Parliament—

Hon. G. W. Miles: One member.

Hon. J. W. HICKEY: —that the State Steamship Service for the North-West was inaugurated. The one member referred to by Mr. Miles had nothing to do with it. Indeed he was not a member at the time. It was pointed out by the people of the North-West that the shipping service on that coast was operating to the prejudice of the development of the North-West.

Hon. G. W. Miles: Nonsense.

Hon. J. W. HICKEY: At the same time the people of the North-West through their members and by public meetings declared that something should be done to relieve the position. In consequence the Government of the day instituted State steamers. Now the hon. member says that service is operating to the prejudice of the North-West. It may not be managed in accordance with the views of the hon. member, nor perhaps in accordance with the views of heads of big commercial firms; the Government are responsible for the management. In any case it is not so much the management as the principle of the thing with which we are concerned. How would the hon. member have got on if the North-West coast had been dependent on steamers owned by private companies during the war, steamers run in the interests of profiteers?

Hon. G. W. Miles: Nothing of the sort.

Hon. J. W. HICKEY: The hon. member has never lost an opportunity for criticising the purchase of the "Kangaroo." She was never intended to operate on the North-West coast. It was originally intended that she should serve the Wyndham Meat Works. Provision was made for the installation of a refrigerating plant on that vessel so that the State-owned meat works would not be at the mercy of shipping companies.

Hon. C. F. Baxter: Where was provision made for the installation of a refrigerating plant on the "Kangaroo"?

Hon. J. W. HICKEY: The design of the boat is of such a nature that the refrigerating plant can be installed at any time.

Hon. G. W. Miles: They have installed it at a cost of a hundred odd thousand pounds.

Hon. J. W. HICKEY: Certainly provision was made for the installation of such a plant. I find difficulty in understanding the opposition to the State steamers. However, I am sure the people of the North-West would support the retention of the service on the coast.

Hon. G. W. Miles: You are absolutely wrong.

Hon. J. W. HICKEY: I may be wrong. However, the hon. member has not influenced me yet. I do not agree with his views on the possible development of the North-West by indentured coloured labour, but I agree with him in his opposition to the centralisation policy of the Government and I admire his attitude on many other questions. However, he will not be supported by the people of the

North in his advocacy of the abolition of State steamers. According to the Governor's Speech, the chief reasons for our unfortunate financial position and the decline of the mining industry are industrial troubles and Arbitration Court awards. If it were not so very serious it would be amusing. In the same newspaper in which I saw published the speech of His Excellency there appeared also a report of a meeting of one of the big mines on the Golden Mile. In that report it was shown that the company had accumulated many millions of pounds profit during the years of its operation. We all know the huge profits those companies have made. The report went on to state that the company proposed to pay yet another dividend and hoped that it would be free from income tax. This, almost side by side with the Speech of His Excellency in which it was stated that the decline of the mining industry was due to industrial troubles and Arbitration Court awards! It is hard to understand such a position. We are told that the industry is declining as a result of industrial troubles and Arbitration Court awards, and on the other hand we learn that millions of pounds have been accumulated by the companies and that they are still prepared to pay further dividends which they hope will be free from income tax. Many people believe that the deficit is to a large extent due to industrial troubles. I may be taking a narrow view of it, but I see the position quite differently. More than one member has dealt with the attitude of the Government in connection with the railway strike and most of them agree that to a large extent the Government were responsible for any loss resulting from that strike. It is admitted that the existing trouble in the pastoral industry is detrimental to the community as a whole. I have noticed that most members who understand the position have purposely refrained from making any comment on it. As an officer of the organisation concerned, one is expected perhaps to say a word or two in regard to the trouble, but I am not disposed to say much, at all events not on this occasion. But without fear of successful contradiction, as one who has had considerable experience of industrial matters, I say that just so long as arrangements are left in charge of the men who have charge of them to-day so long will there be no industrial peace. Of course there have been faults on both sides. What we have to endeavour to do is to find a way out of the difficulty. In connection with the dispute, which originated last Christmas, the men held a representative meeting and decided to ask for an increase in rates. In consequence of that decision the executive of the organisation received instructions to go to the Pastoralists' Association and endeavour to bring about a satisfactory arrangement. Candidly I think the proposal with which they first went to the Pastoralists' Association was not altogether

reasonable. The men were expecting too much of their delegates in asking them to get the proposal through. However that may be, it was turned down. Then they went along with a modified proposal which would have resulted in bringing the rates up to those in the Eastern States. The men's delegates were again turned down, the Pastoralists' Association declaring that it should be 1920 rates or nothing. So to speak, the door was closed on the men and it has been closed ever since. I have taken some part in this affair myself. I honour the disputes committee for the work they have done, because it has largely been done for both sides. They met the Pastoralists' Association, but they were altogether "turned down cold." This happened to them on more than one occasion. In the past the pastoralists have told us to go to arbitration. The Disputes Committee, of which Mr. Panton is President, suggested arbitration to the Association, private arbitration, and the Eastern States rates; they put up to the Association everything that was reasonable, but still they were turned down. Those responsible for the present position are the executive of the Pastoralists' Association. I do not blame the Association itself. I say, with all due respect to Mr. Lee Steere and the other members of the Executive, they are men who are prosperous and are out of sympathy with the small man. The shearers will never get any satisfaction out of the organisation until it is governed by a good executive of working pastoralists, who know how to deal with such matters. If such an executive could be formed I think we would soon get a settlement of the dispute. I do not wish to influence the present negotiations, but I do say that the Murchison squatters to-day are for the most part anxious to shear at the rates asked for. When the dispute occurred between the shearers and the squatters, an opportunity should have been given to someone to settle it, but no such opportunity was given. Things are going a little bit the other way to-day. The position is not the fault of the shearers, who have been turned down in all their negotiations.

Hon. C. F. Baxter: Was there a conference on the matter to-day?

Hon. J. W. HICKEY: Not so far as I know. The Association closed its doors on the Disputes Committee. Both Mr. Panton, and Mr. Millington, who was a member of this Chamber, are connected with the Disputes Committee. They are well known to be level-headed men and certainly not red-raggers. They are broad-minded men and know the business. They have done their best, but have failed in their negotiations with the Association. Whatever responsibility may rest in connection with this matter, it must rest entirely with the Executive of the Pastoralists' Association.

Hon. Sir Edward Wittenoom: Do not look at me. I am not on it.

Hon. J. W. HICKEY: If the hon. member was on it I am sure he would know how to deal with the matter, as he is a reasonable man. I do not think the Disputes Committee is getting a fair deal. It is doing the work of both the employer and the employee. I suggest there should be an amendment to the Arbitration Act to provide for the appointment of mediators, as is the case in other parts of the world. The Disputes Committee connected with the labour movement spends most of its time dealing with matters of this kind. Mr. Pantou certainly spends more time on that committee than anywhere else. If a dispute occurs, someone should be able to step in as mediator. The State should see to that and provide the necessary remuneration. If someone were appointed in an official capacity it would obviate the possibility of the matter being dealt with in a partial way by someone whose sympathies lay in only one direction. The Disputes Committee certainly receives more kicks than half-pence. It is the duty of the State to make the appointment of such mediators. Their duty would be to get hold of the employer by himself and the employee by himself and quietly discuss the proposition, pointing out the good or the harm on both sides, and by the interchange of ideas, gradually overcome the difficulty. Such a mediator could report to the Arbitration Court and probably many of the difficulties which now last for several months would only last three or four days at the most. If the right people are brought into the matter they can do something. To-day everyone has a finger in the pie and there is a bungle all round. Mention has been made of the question of immigration. The labour movement stands for a policy of immigration. The policy of the Government in sending these new arrivals to flood the labour market, is wrong. The only way is to put the immigrants on the land. If there is not sufficient Crown land available, and we have no territory at our disposal, we must look round for some means of getting enough land. There is some very good land in my province, some of the finest dairying country. This is largely given over to pastoral pursuits. Many members of this Chamber know that this is so. A couple of months ago I motored through my province and saw some of the finest dairying land in Australia, which had been recommended and approved of by the authorities. A little more use has been made of it lately, but it is not being used to its fullest extent. The Government should consider the question of placing a tax on that land so as to force the people to use it, or else take it over from the owners and compensate them. This is well worth thinking over.

Hon. J. Ewing: Where is the land?

Hon. J. W. HICKEY: Some of it is in the hon. member's province. There is one station in particular I know of which has been in operation for many years. It is poorly stocked and very slightly cultivated. The people in charge of it to-day are making a little more use of it, but not sufficient use.

There are many cases of this kind. If a committee or commission were appointed to go into the matter, they would find a good deal of dairying country alongside our railway lines which could be used for immigration. It is the only successful way of dealing with the question. On the goldfields we find many youths and girls who can only get employment, in the case of boys on the mines, and in the case of girls, waiting in hotels. The establishment of secondary industries in the country should do something to relieve that situation. We heard some time ago, on the eve of the elections, that woollen mills were to be established at Albany, but nothing has happened since. We should have some knowledge of the position.

The Minister for Education: The Government did not propose to establish them.

Hon. J. W. HICKEY: No, but the Government took some part in connection with them. The policy was enunciated by a member of the Government, who suggested that the mills should be established at Albany. It is said that there has always been a certain amount of opposition to the establishment of woollen mills in Australia, that there are difficulties about the water supply, the labour and other things. In my opinion there is room in many parts of this State for the establishment of such mills, but no attempt has been made to do this. When I was last in the Eastern States, I went into one district in which there were no more than 100,000 sheep. The squatters in the locality co-operating with the Government, have set about to establish their own woollen mill, and intend to put through it the whole of the raw material grown in the district. If this can be done in the case of 100,000 sheep, it can be done in centres where there is a larger number. I do not mind so much where the mills are put in this State. The people of Geraldton, however, could put up a case for the erection of a mill there. I do not say that all the work should be done by the Government. Every section of the community should do something for itself. At Geraldton they have the raw material. The country north of that port produces one half of the wool grown in the State. Owing to the action of the Minister for Works, or some of his responsible officers, they held off a bit in the arrangement of a water supply in this district, but I am glad that a satisfactory result is being achieved. I trust the Government will give further consideration to the question of the establishment of woollen mills in that portion of the State, which is most suitable for such a purpose. I suggest that no district affords better opportunities than that served by the northern port of Geraldton. Regarding the mining industry, I was informed this afternoon that the Minister for Mines intends leaving to-night for the Murchison. While he is there we will place a number of matters before him which we hope will receive attention. There are a few matters which I personally wish to impress

upon the Minister for Mines. He has already had something to say in connection with some of them. Regarding the importations of explosives, this is a very big question in the back country. The highest cost in connection with mining outback is represented by the purchase of explosives. We have had bad times on the Murchison, but the mine owners should be prepared to help the prospectors. The "hard word" was given out, however, and there is no opportunity now of securing assistance from the local storekeepers and so on, at least not to the extent which should obtain. The Government should take this matter in hand, and should supply not only the prospectors but the mine owners as well with explosives. If that were done, it would relieve the position somewhat. The Government should consider the advisability of doing away with the motor car prospector and tightening up the regulations so that the genuine prospector may receive his just share of assistance. References made to the mining industry in the Governor's Speech are particularly gloomy, but so far as the Murchison district is concerned the prospects there are good. The activity at Meckatharra is greater than in previous years. Low grade propositions are being worked profitably and are showing great promise. Some of the mines which have done well are those which were turned down in the past by firms like Bewick, Moreing & Co. and others. That would serve to indicate that the prospects ahead of the mining industry are not so gloomy as indicated in the Governor's Speech.

Hon. F. A. BAGLIN (West) [5.18]: In addressing myself to the Governor's Speech, I wish to preface my remarks by stating that I had no intention of speaking and would not have done so had it not been for some of the speeches made by hon. members in this Chamber, and particularly because of the tirade of abuse which some members heaped upon the trading concerns. I am prepared to listen to a criticism based on facts, but I do not think it is fair for members to try to misrepresent the true state of affairs. The Governor's Speech sets out the statement that the deficit exceeded the estimate by £285,000. That is a cheery statement to make at the outset. If the Speech can be discussed as a whole, it may be said that it is a very colourless document and one that will not lead us far. It is significant that in the concluding portion of the Speech no reference is made to the legislation which the Government intend to bring down this session. There is a reference to Bills which are to be brought forward, but it says that they will be placed before members "during the life of the present Parliament." It will therefore be seen that the Government have not indicated what Bills they intend to place before members this session, but have merely indicated their programme for the coming three years. It may be that it is a good "get out" for the Government. We heard some reference to window dressing; the list of Bills may

represent a comprehensive programme for one session but not for the life of a Parliament. The Government should be honest with members and let us know in the early stages of each session what legislation they intend to bring down.

Hon. E. H. Harris: You do not suggest they are dishonest?

Hon. F. A. BAGLIN: I do not say that, but will say that it is camouflage.

Hon. A. H. Panton: That is parliamentary.

Hon. F. A. BAGLIN: I heard Mr. Sanderson referring to the Redistribution of Seats Bill, but he was met with the retort that it was not to be brought forward this session. The promise of a Redistribution of Seats Bill does not refer to this session but merely to a measure which is to be brought forward during the life of this Parliament. If I mentioned some of the other Bills set out in the Governor's Speech, I presume I would receive the same reply to the effect that they would not be brought forward this session, but some time during the life of the present Parliament. That is a very unsatisfactory position.

Hon. R. J. Lynn: It is a safe one.

Hon. F. A. BAGLIN: That may be so.

Hon. E. H. Harris: Is it not a fact that the Government introduced fifteen Bills in another place yesterday?

Hon. F. A. BAGLIN: I am like Mr. Sanderson in that I will reply that if Mr. Harris desires to ask a question, let him put it to the Leader of the House and get his answer in due course. I claim that the present Government, because they represent a continuation of the Wilson Government, were elected for the specific purpose of straightening out our financial tangle. I have listened to the speeches of different hon. members, who, by the way, are Government supporters, and who have adversely criticised the Government regarding their financial administration. It does not appear to me that there is very much sincerity in those speeches, because if the fate of the Government depended upon the votes of those members, those votes would not be recorded against the present Administration. It is the province of the Administration to point out to members how it is intended to straighten out the finances. I challenge any hon. member to point out one reference in the Governor's Speech which will indicate what the Government intend to do.

Hon. A. Lovekin: Is it not our duty to help them out of their present difficulties?

Hon. F. A. BAGLIN: Yes, it is. I am prepared to make suggestions to the Government, but the trouble is that they will not accept my advice. It is not the function of private members, however, to show the way out, but rather is it a function and responsibility imposed upon the Government. Certain members succeeded in getting into office and secured the occupancy of the Treasury bench; we look to them to outline a

policy to assist the State out of our present financial difficulties. The Government have not done that. If they cannot cope with the task they should vacate the Treasury bench and allow someone else to tackle the problem. If the Government were honest in their intention to overcome the deficit, which stands now at £5,122,000, they would have outlined in the Governor's Speech some method whereby they propose to endeavour to straighten out the financial tangle. The Government have not done so. If hon. members make any suggestions I hope the Government will take them into consideration and at least analyse them. The Government are poverty stricken and bankrupt. Members cannot show me one indication in the Governor's Speech of how the Government intend to become solvent. I have heard a good deal of criticism regarding the financial administration of the Government but very few suggestions have been put forward by hon. members as to how we are to get out of our financial difficulties. I will make a suggestion. If the Government desire to raise money and to make an honest attempt to raise it in an equitable manner, they should levy a tax on the unimproved value of land. If the Government are courageous enough to do that, in five years' time they will have money to burn.

Hon. A. Lovekin: Is that all?

Hon. F. A. BAGLIN: We can deal with that first.

The Minister for Education: What tax would you suggest?

Hon. F. A. BAGLIN: If a 3d. tax were levied, it would bring in an enormous amount of revenue. It might not be enough to cope with the financial requirements of the State to-day, but it would have the effect of opening up so much available land in the State that the increased production would help us very considerably.

Hon. V. Hamersley: How many taxes have we operating now?

Hon. F. A. BAGLIN: We have too much taxation now, but the suggestion I make would help to remedy the position in a few years. I consider that the Government could drop the income tax quite easily. This is one of the things we are suffering from to-day. We are over-burdened with taxation.

Member: What about a single tax?

Hon. F. A. BAGLIN: I do not advocate a single tax. I consider that the most effective form of taxation to assist us at the present time would be one upon the unimproved values of land.

Hon. V. Hamersley: You have a land tax now.

Hon. F. A. BAGLIN: But it is not effective. We want one which will be effective. It has been said that one of the principal contributing factors towards the deficit is represented by our public utilities and that the greatest loss has been upon the railways. So far as I can learn from conversation with competent railway men, matters are not likely to improve, but rather to get worse.

What do we want to-day? There is sufficient land alongside the existing railways. At present it is undeveloped, but if a tax were levied on the unimproved value of that land it would result in the productive areas of the State being increased and additional revenue would be furnished for our railways. I am rather surprised at the attitude of the Country Party on this question. At one time we thought they had seen the light of day. At one conference they endorsed the principle underlying the taxation of land according to the unimproved values—

Hon. J. Ewing: For a certain purpose.

Hon. A. F. BAGLIN: Yes, for development and for opening up the country. However, the members of the Country Party have gone back on that decision. Despite the fact that they are being taxed up to the hilt indirectly through the charges on the railways, the farming community do not seem capable of understanding the position.

Hon. J. Ewing: They do not seem to appreciate that fact.

Hon. F. A. BAGLIN: We certainly want to assist the producer and the worker. We cannot do without either. Under a proper scheme of taxation such as I have suggested the farmer would be a great deal better off than he is to-day. Let me cite one or two concrete instances. Take the Peel estate: I wish to congratulate the Government on having resumed this estate but I will have more to say regarding that later on. The Government paid a good sum per acre for the estate and alongside of it there are other properties undeveloped and unimproved. The Government are spending huge sums of money for the settlement of returned soldiers and new arrivals there—a very wise policy indeed—but what about the added values that the expenditure of the Government and the efforts of the settlers are giving to the adjoining land? Who is reaping the benefit of those added values? Men like Silas Pearse and George Pearse.

Hon. R. J. Lynn: They are dead.

Hon. F. A. BAGLIN: Well, their descendants; they are holding up that property for speculative purposes. Is it fair and equitable that when the Government are spending money on developing the Peel estate and showing what is possible there, the owners of adjoining properties should be allowed to escape taxation? These people should have to pay a tax on the unimproved value of their properties. They should be told that they have to do one of two things, either use their holdings themselves or let somebody else use them. While the present state of affairs continues, these people will continue to hold up their land against settlement. I have said in this House on a previous occasion and I want to repeat it to-day that I shall oppose any further extension of railways until such time as the Government are prepared to impose this tax. My vote will

never be given for increasing the railway mileage until the Government are prepared to impose a tax on the unimproved value of land, especially the land alongside existing railways. Regarding the State trading concerns the Premier has distinctly told another place, and the report has been published in the Press, that none of the present deficit is due to the State trading concerns.

Hon. J. A. Greig: Do you believe that?

Hon. F. A. BAGLIN: Yes.

Hon. A. Lovekin: Then look at the balance sheets on the Table.

Hon. F. A. BAGLIN: I am prepared to take the Premier's word for it. The Premier has made that declaration and it is quite sufficient for me. When he says that during the past year there has been a profit of £7,000 on State trading concerns, I believe he is correct. I can quite understand the opposition on the part of members in this House. Many members here are representing vested interests and not the people.

Hon. A. H. Panton: Hear, hear!

Hon. F. A. BAGLIN: We had a statement by Mr. Miles the other night that the people of the North-West do not want the State Steamship Service.

Hon. G. W. Miles: Quite right too.

Hon. F. A. BAGLIN: On whose authority does the hon. member make that statement?

Hon. G. W. Miles: As a representative of the North-West people.

Hon. F. A. BAGLIN: As a representative of something like 600 people.

The PRESIDENT: Order! The hon. member must not conduct a conversation.

Hon. F. A. BAGLIN: The hon. member does not represent the people of the North-West but only a small section of them. Yet the hon. member declares that the people of the North-West want the Government to scrap the State Steamship Service. I do not take the statement seriously. I have yet to be convinced that this is the wish of a majority of the people in the North-West. We have the word of the Premier that the State trading concerns last year showed a profit of £7,000.

Hon. R. J. Lynn: Do you always accept his word?

Hon. F. A. BAGLIN: I am accepting it on this occasion. If the Premier told us there was a deficit of £7,000, I would believe him.

Hon. G. W. Miles: What has become of the £80,000 lost on the Wyndham Meat Works last year? How has that been made up?

Hon. F. A. BAGLIN: Perhaps the Premier can explain that.

Hon. C. F. Baxter: He cannot.

Hon. F. A. BAGLIN: I claim that the State Implement Works have been of very great value to the primary producers of this State.

Hon. G. W. Miles: They have charged 25 per cent. more than private people.

Hon. F. A. BAGLIN: If that were so, farmers would not buy their machinery from the State works.

Hon. A. Lovekin: And they are making a loss at that.

The PRESIDENT: I must ask hon. members not to interject.

Hon. F. A. BAGLIN: If the State Implement Works machinery cannot be placed on the market at the same price as competitors' machinery, our farmers will not buy their implements.

Hon. G. W. Miles: The Government departments have no option but to buy there.

Hon. F. A. BAGLIN: The State Implement Works have been responsible for regulating the price of agricultural machinery. They have been in competition with outside firms all the time. Firms in Canada, America and elsewhere have not been able to extract from our primary producers any prices they cared to fix for their implements. Apart from the service to the country in this way, it has to be remembered that over £60,000 in wages alone is paid by the State Implement Works. If there were no such works in existence here, that amount of money would be going out of the State.

Hon. J. Ewing: Not necessarily.

Hon. A. H. Panton: Then why did not outside firms start here before?

Hon. F. A. BAGLIN: The whole of the raw material, coal and other requirements are purchased within the State, with the exception of pig iron and bar iron which lines are not procurable here. Surely members must realise what a great advantage these works are to the country. All this money is kept in the State and is being circulated instead of being sent away, thus impoverishing the State. These trading concerns should be considered on broad lines. While the State Implement Works may not be showing a very good profit, it is well to remember the indirect benefit they are conferring on the people of the State.

Hon. J. Cornell: Is there any difference fundamentally between State capitalism and private capitalism?

Hon. F. A. BAGLIN: What applies to the State Implement Works applies to all other trading concerns in this State. They are public utilities. The fundamental principle of State trading concerns should be to manufacture implements or other articles for the use of the people and not for profit. Provided these concerns can square their ledgers the people should enjoy the advantages.

Hon. R. J. Lynn: It is not intended that they should be charitable institutions.

Hon. F. A. BAGLIN: I do not claim that they should be, and certainly they are not being conducted on the lines of a charitable institution. I wish to congratulate the Government on the purchase of the Peel estate. On Monday I paid a visit to the estate and thanks to the engineer, Mr. Anketell, I was able to see the whole of the development work which is being carried out there. The Government are doing a splendid work in

connection with that estate, but I desire to issue this warning that greater care should be exercised in the selection of persons settling on the land. Going there as I did, I was able to see the class of people who are being settled on the land. Having some knowledge of land settlement myself, I do not think that the settlers sent there are of the most suitable class. I believe some of them are most unsuitable for the occupation. The Government should have an expert adviser stationed on the estate in order to give technical advice to the settlers who are very anxious to learn and to make good.

Hon. A. H. Panton: That advice is wanted right now.

Hon. F. A. BAGLIN: That is so. A lot of land has been cleared and quite a number of homes have been erected, and people are ready to go on to their holdings, but the trouble is there is no one on the spot to advise them as to the best methods of cultivation to adopt. I met an old gentleman from England who claimed to be a man of experience in methods of cultivation, and he was endeavouring to apply the experience gained in England to the Peel estate. Undoubtedly failure lay before him. He had cleared one block of swamp land and one block of dry light sand. He was starting off by cultivating the light sand and leaving the swamp. He was talking of putting maize into the light sand. Anyone knows what would happen when the dry weather comes. That man needs the advice of an expert to convince him that he should devote his energies to the swamp land where the moisture will be available later in the year.

Hon. C. F. Baxter: What use are they going to make of the light sand?

Hon. F. A. BAGLIN: A lot of use. I happen to live at Cottesloe Beach where it is all light sand, and I can grow all the vegetables I require. With irrigation and manure, the light sand will grow anything.

Hon. C. F. Baxter: That is the point.

Hon. F. A. BAGLIN: Whoever was responsible for the subdivision of that estate displayed considerable judgment. All the light land can be used for the cultivation of vines and fruit trees. Water is procurable at easy depths and can be raised by windmills or pumping engines. However, it is essential that we should have an expert adviser permanently stationed there to advise people regarding the conditions and the best crops to put in. It has been stated that the Labour Party are opposed to immigration. It is well to remind members, because they sometimes forget the virtues of the Labour Party, that during the time Labour held office an average of 8,000 people were arriving every year. In the last two years we have received only about 1,700 immigrants. I stand with the Labour Party for a policy of immigration, but at the same time we have to see that the right kind of immigrants come here, and that when they arrive we have a home and a place for them.

Hon. J. Cornell: And we ought to see that no more go out of the country.

Hon. F. A. BAGLIN: There are more arriving than going out at present. Coming to industrial questions I agree with Mr. Sanderson's desire to bring about an alteration in the purchasing power of the sovereign. When he referred to this matter the other evening he seemed to get a brain wave. He asked the House the question, "How are we going to increase the purchasing power of the sovereign?" and then he replied to it by saying "Increase our production." That sounds all very well in theory but how will it work out in practice. We are producing more wheat in Australia than we ever did before. Has that increased production made wheat any cheaper? Of course it has not. To-day we have to pay 6d. for a loaf of bread. In theory increased production should mean the increased purchasing power of the sovereign, but unfortunately we have not that properly regulated state of affairs which brings about what we desire as the result of increased production. We have more butter in the Commonwealth to-day than we have ever had before; yet butter is dearer to-day than it has ever been. We can go on quoting instances ad lib. Consequently we must look further afield. It is easy to make a simple statement and say that if we want to increase the purchasing power of the sovereign we must increase production, and if we desire increased production there must be a reduction in wages. That is as far as the hon. member got. A remarkable conclusion is it not?

Hon. E. H. Harris: It is far enough.

Hon. F. A. BAGLIN: It is starting at the wrong end. First of all if it is desired to get the worker to accept a reduction of wages we must convince him that we are going to reduce the cost of living. We must also tell the people in this country that instead of paying 6½ or 7 per cent. for money we must get it at 4 or 4½ per cent. That is the way to proceed. The people who amassed fortunes during the period of the war, and others who have means, are those who must be taxed or whose wealth must be conscripted. It is all very fine to go to the worker and say if you want the purchasing power of the sovereign increased you must accept a reduction in wages." If we want to make our industrial conditions better the first thing to do is to reduce the cost of living, and when the Government or members of Parliament can induce the people to believe that they are making an honest attempt in that direction, the worker will then be prepared to accept a lower rate of wage. It is the duty of the Government to see that the cost of living is reduced and then go to the worker and say, "We want you to accept a lower rate of wages." It must be remembered that the only thing a worker has to sell is his labour, and he is seeking the best return he can get for it. Therefore, there are only two courses open to him, one is to approach the Arbitration Court and the other to resort to a strike.

I would remind hon. members that men do not go on strike for the fun of the thing; they go on strike because they are driven by sheer force to do so. I have had some experience in the industrial world and I have not met a body of men who went out on strike until they had exhausted every means in their power to settle the dispute.

Hon. J. Duffell: What about the holiday the ships' stewards took last December?

Hon. F. A. BAGLIN: It was not a holiday at all. My friend is surely speaking without his book. When the stewards wanted to go back the ship-owners said "We will not have you."

Hon. J. Duffell: They had their holiday.

Hon. F. A. BAGLIN: They made certain demands of the owners and these were refused. Then they were prepared to return to work and the ship-owners refused to allow them to do so. The strike would have been settled much sooner but for the owners. It has frequently been said that the function of a Government as well as of members of Parliament is to endeavour to bring about more cordial relations between the employers and employees.

Hon. A. Lovekin: And to maintain law and order.

Hon. F. A. BAGLIN: That is a good old cry, and I will have something to say about it at a later date. We want industrial peace, and in saying that I am speaking from the view point of the worker. The man who suffers most from a strike is the worker, there is no doubt about that, and because of that we constituted what is known as the Disputes Committee, for the purpose of endeavouring to settle difficulties before they actually involve the cessation of work. Whatever people may think, and they say a lot of unkind things, the policy of the labour movement is that before unionists can go out on strike they must submit the subject in dispute to the Disputes Committee, which committee endeavours to negotiate with the other party. Then of course if the committee fail, there is only one course open and that is to advise the workers to strike. We are blamed for being the aggressors and we are told that we induce strikes. We do nothing of the kind, and we desire to impress that on all. Some hon. members should apply their criticism to the employers and not to the men. I can cite a number of instances where employers have been responsible for the cessation of work on the part of the men. Take the strike of the skin and hide workers of a year or so back which cost many thousands of pounds. We endeavoured to get a conference with the employers, but the employers said, "We will not meet you." And they did not meet us.

Hon. J. Duffell: At any rate some of the poor devils who went on strike are very sorry for it to-day.

Hon. F. A. BAGLIN: They are not.

Hon. J. Duffell: My word they are.

Hon. F. A. BAGLIN: The employees then said that the only thing to do was to cease work, and it was not until then that the employers agreed to meet the men. Is that a reasonable attitude to adopt? There is another instance just now in connection with the clerks at Fremantle. Since last January we have been endeavouring to get a conference with the employers; it was promised when the last agreement was made. They said that when the agreement expired they would meet and discuss the proposed new agreement with us. We have endeavoured to get the employers to meet us but they said that no good could come from a conference. Last night the clerks issued an ultimatum, and if there is a cessation of work the employers and not employees will be responsible. We do not say to the employers, "You must concede the schedule set out by the clerks." What we merely ask is that there shall be a conference, and that if it can be shown that the employers cannot afford to pay the wages asked, and the Arbitration Court is resorted to, that will be satisfactory. But the employers declare that they will not meet us and the only course left to the clerks therefore is to stop work.

The Minister for Education: You can ask for a compulsory conference.

Hon. F. A. BAGLIN: You may ask for it but not get it.

The Minister for Education: You will get it all right.

Hon. F. A. BAGLIN: So far as the shearers are concerned we have endeavoured to meet the pastoralists from time to time. We called on Mr. Lee Steere three weeks ago but he would not deign to meet us. That led to trouble. When we did meet three members of the executive of the association, we did not get anywhere. Mr. Lee Steere said he would get all the executive members together on the following Tuesday. The Disputes Committee were ready, but a letter came from Mr. Lee Steere which simply said that no good could result from a conference and that they were going to carry on as they had been doing. Is that the kind of thing that is calculated to bring about good relations between employer and employee? Would it not be better to meet representatives of the men and discuss the position, even if the conference did prove abortive? Such a conference could do no harm if it did not do any good. The employer should at least meet us half-way and be prepared to discuss the position. I have no wish to delay hon. members any further. Suffice it to say that I am prepared to assist the Government and to place at their disposal what little knowledge I possess to help to stave off the financial crisis and to bring about prosperity to the State.

The MINISTER FOR EDUCATION (Hon. H. P. Colebatch—East) [6.0]: At the outset I wish to thank hon. members for the great kindness and consideration extended to me at one period of this debate, when the

House was adjourned owing to my illness. I regret it very deeply if that course should have caused any inconvenience to hon. members. I am now embarking upon my seventh session as Leader of this House—probably a record—and during the whole of that period I have never received anything but the greatest consideration and kindness from all members. I thank them for this latest instance. It is an ill wind that blows nobody any good, and I think the adjournment of the House for an extra week has not been without its beneficial results, because, had we gone on with the debate in the ordinary course, it would have been finished long ago and we should have missed some of the most instructive speeches that we have heard during the past few days. We should certainly have missed the remarks of those hon. members who were away from the State. Most particularly, we should have missed the edifying speech of Mr. Sanderson, and that very admirable suggestion which he made, the best that I have heard come from him or from any other hon. member during the course of this debate, that the Premier and myself should visit London at the expense of the State. Mr. Sanderson seems convinced that such a course would be in the best interests of Western Australia. I am quite sure that it would be also in the best interests of the Minister for Education. When that suggestion was made, Dr. Saw threw out an interjection which I do not think was justified. The hon. member asked the question, "Is not the Premier away from his office enough as it is?"—a remark which would suggest that the Premier neglected his office work. As a matter of fact, the Premier does conceive it to be his duty to go about the State as much as he possibly can; but, at the same time, there are very, very few men who spend so much time in their office as the Premier does. The Premier is up at daylight every morning, and frequently he is to be found in his office at a time when, I venture to say, other members are enjoying their morning sleep. I do not think he is ever in town without spending his evenings at the office, as well as his days. There is no man who works harder than the Premier, and I am quite satisfied of this, that the Premier would not be able to do his work as well as he does it, would not have the conception that he has of the possibilities of Western Australia, if he confined himself to his office and did not go about the State as much as circumstances will permit. I do not intend to speak at any great length this evening, but there are one or two things on which I wish to make the position clearer than it seems to me to be at present. Finance, of course, is the all-important matter. We have just listened to a suggestion from Mr. Baglin as to how the financial position of the State might be quickly remedied. The hon. member suggested that a land tax should be imposed to this end; and, in order to find out exactly what he meant, I asked him what rate of land tax he would suggest. Mr. Baglin replied, "Impose a threepenny land

tax, and then you can do away with your income tax and in a very few years the whole thing will be put right." Now, from our land tax last year we obtained a revenue of £57,000. That was assessed partly at the rate of 1d. in the pound, and partly at the rate of ½d. in the pound. The report of the Income Tax Commissioner for the year ended on the 30th June, 1920, sets out the total value of land alienated from the Crown in Western Australia at about 20 millions. There has, no doubt, been an increase since then, because our revenue from land taxation, without any raising of the rate, shows an increase as compared with the previous year. Let us allow for a fairly generous increase, and put the total value of the alienated land at 24 millions sterling. A threepenny tax on 24 million sterling is not at all difficult to work out. It would amount to £300,000. That would be the maximum return—£300,000 per annum—from the adoption of the hon. member's suggestion; and he says, "Abolish the income tax." From income tax we collected £337,000 last year. So that, if we adopt the hon. member's suggestion to impose a threepenny land tax and abolish the income tax, we should be losing that £337,000 a year and also the £57,000 of annual land tax. That is to say, we should collect £300,000 instead of £400,000 annually. That is the sort of suggestion the Government receive as to how the financial position may be put in complete order; and it is not only from the Labour side that we get suggestions of this kind. There have been one or two other suggestions, which I propose to deal with in a little while. I am entirely in accord with the statement of Mr. Mills—a true statement, and a statement which is substantiated by an examination of the financial position of every country in the world to-day—that our financial position is largely caused, chiefly caused, by circumstances entirely outside of Australia, circumstances over which the Government of this State have no more control than have the Governments of those other countries which show a financial position very similar to ours. Mr. Nicholson said that the deficit for the year was largely due to the State trading concerns, and that assertion was echoed by Mr. Miles and by certain other members.

Hon. J. Nicholson: I said, "And the other Government activities."

THE MINISTER FOR EDUCATION: Mr. Nicholson went further, and quoted from the balance sheets of the State trading concerns. I want to say at the outset that the State trading concerns are not responsible for one penny of the deficit of approximately £680,000 for the financial year 1920-21; and I want to say also that Mr. Baglin's statement that the Premier had said there was a profit on the State trading concerns of over £7,000, is entirely contrary to the facts of the case. It is correct to say that so far as the revenue and expenditure account for the year 1920-21 is concerned, it has bene-

ated by a contribution from the State trading concerns to the extent of £7,000. That is perfectly true. But that statement has no reference whatever to the profit and loss accounts of the State trading concerns; and, as a matter of fact, in accordance with what I told the House yesterday by way of interjection while Mr. Ewing was speaking, so far as two of the principal State trading concerns go, namely the State Sawmills and the State Steamship Service, the result of neither concern is known to the Government up to the present moment; that is to say, the result for the year 1920-21. The balance sheets for that year have not yet been completed; and I do not know, and the Premier does not know, and I do not think the Ministers controlling those two concerns know, as yet, what those balance sheets will disclose. Therefore, it is impossible for the Premier, or for myself, or for anyone else, to say exactly whether there has been a profit or a loss on the State trading concerns for the year 1920-21. Mr. Lovekin raised the same question on the second day of this session, saying, "You must know what your profit or loss on the State trading concerns has been, because you have transferred something from them to the revenue account." All this suggests to my mind that hon. members are not acquainted with the system under which the State trading concerns are run—a system that is not due to any caprice of the Government, but has been set up by an Act of Parliament, wherefore it should be familiar to hon. members of this Chamber, many of whom took a part in framing that Act. Our State Trading Concerns Act provides that the Colonial Treasurer shall establish for each trading concern a banking account in the Treasury in the name of the concern, and that the Colonial Treasurer shall place to the credit of such banking account moneys appropriated by Parliament for the purpose of the trading concern in such sums as may appear to him to be necessary to meet the financial requirements of that concern. All moneys received or expended in connection with the operations of the concern are to be credited or debited in the banking account, together with such other moneys as the Act further directs shall be entered in such account.

Hon. A. Lovekin: Just go a little further.

The MINISTER FOR EDUCATION: I will give hon. members the whole position. But that is the first phase I want hon. members to get into their minds, that each State trading concern has its separate banking account in the Treasury, and that the money for carrying the concern on is provided out of funds appropriated by Parliament.

Hon. A. Lovekin: That appears from those returns.

The MINISTER FOR EDUCATION: Quite so. Now, under the Act the contribution to interest and sinking fund is "such amount as shall be fixed by the

Colonial Treasurer," and that amount has to be provided, and it is provided in accordance with the Act. Provision is also made for interest on the daily balance provided out of the Consolidated Revenue Fund for the purpose of trading, and that is done.

Hon. G. W. Miles: For one year no depreciation was shown.

The MINISTER FOR EDUCATION: I know that for the first year of operation of the Wyndham Meat Works it was deemed unnecessary to provide any depreciation.

Hon. G. W. Miles: And the State Implementation Works showed no depreciation for 1917.

The MINISTER FOR EDUCATION: I cannot enter into the details of the balance sheets just now. My intention is to give the position so that any hon. member who wants to understand it can understand it. I want to remove, first of all, the misapprehensions which exist on both sides—one party contending that the deficit is contributed to by the State trading concerns, and another party contending that the State trading concerns have contributed a profit. Both statements are equally wrong. The State Trading Concerns Act provides that the balance standing to the credit of the banking account of a trading concern at the end of every financial year shall be applied as the Governor may direct, and in the absence of any direction shall be carried forward to the next year's account. Now, that is what is done, unless the Treasurer otherwise directs. As a matter of fact, large balances, large profits earned by different of these State trading concerns, have been carried forward to the next year's trading account.

Hon. A. Lovekin: You swell your deficit and carry forward the balance.

The MINISTER FOR EDUCATION: Not necessarily.

Hon. A. Lovekin: Yes. You are financing the State trading concerns out of revenue.

The MINISTER FOR EDUCATION: Where there is a balance standing to the credit of a concern's banking account, it is carried forward to the next year's account unless the Treasurer determines otherwise; that is, a balance to credit. Now, provision is also made as to how losses shall be dealt with. If the revenue and receipts of any State trading concern are insufficient to meet the working expenses during the financial year, the deficiency is to be made good out of the working capital as shown in the schedule to the Act, or provided by parliamentary appropriation, as the case may be. That is what happens when there is a loss: the loss is met out of working capital, or out of such other money as may be appropriated by Parliament.

Hon. A. Lovekin: I follow that; that is quite clear.

Hon. G. W. Miles: The appropriation swells the deficit.

The MINISTER FOR EDUCATION: No. If there had been any appropriation from revenue for that purpose, the deficit would have been correspondingly swollen. But there was no appropriation from revenue for that purpose last year. There has been no appropriation from revenue account during the year 1920-21 to meet such losses.

Hon. G. W. Miles: In that case, we are so much worse off. The position is worse than ever.

The MINISTER FOR EDUCATION: That is a point which the hon. member will be able to determine when he has the whole of the balance sheets before him and finds out what profit and loss there has been. I freely admit that if on an investigation of the balance sheets for the year it appears that the losses on those concerns which show a loss exceed the profits shown on those concerns which make a profit, then that difference will have been lost by the State, in excess of the deficit which is shown on revenue account.

Hon. G. W. Miles: That has been going on year after year.

Sitting suspended from 6.15 to 7.30 p.m.

The MINISTER FOR EDUCATION: Before tea I was endeavouring to make clear to hon. members the position of the State Trading Concerns in relation to the Consolidated Revenue Account. I am not speaking as an advocate of the State Trading Concerns, nor am I speaking against them. I suggested at an earlier stage that when the whole of the balance sheets are completed and placed on the Table, there should be a debate, if members so desire, on a substantive motion dealing with the trading concerns. If such a debate is to be of any value, it will be necessary for hon. members to thoroughly inform themselves of the actual position. The contention I started out with was that in reference to the Consolidated Revenue Account for 1920-21, no addition whatever has been made to the deficit because of losses on State Trading Concerns, but that as a matter of fact £7,000 has been transferred from the trading concerns account in the Treasury to the Consolidated Revenue Fund—

Hon. A. Lovekin: Tell us what becomes of the losses.

The MINISTER FOR EDUCATION: I will tell the hon. member everything. And that the transference of this amount does not suggest that the State Trading Concerns as a whole last year made a profit of £7,000. The two things have nothing whatever to do with each other. As a matter of fact the balance sheets of two of the largest concerns, the State Steamship Service and the State Sawmills, have not yet been completed, or, at all events, are not yet known to members of the Government.

Hon. A. Lovekin: Where do they bank?

The MINISTER FOR EDUCATION: All of them at the Treasury.

Hon. A. Lovekin: Then it must be reflected in the Treasury books.

The MINISTER FOR EDUCATION: How can the Treasury books reflect stock, and debts outstanding, and all that sort of thing? The Treasury books simply show the cash balance. It would be as reasonable to say that a man can tell whether he has made a profit or loss by looking at his bank book as it is to suggest that the position of the State Trading Concerns can be discovered by a glance at the Treasury books. The Treasury is purely a banker for these State Trading Concerns. The hon. member asked what became of any losses. Under Section 17 of the State Trading Concerns Act, when the revenue receipts of any trading concerns are insufficient to meet the working expenses the deficiency shall be provided out of the working capital shown in the schedule to the Act, or provided by Parliamentary appropriation, as the case may be. Last year this House passed an appropriation under the Loan Act for the purpose of the State Trading Concerns account.

Hon. A. Lovekin: Surely it all comes down to revenue and expenditure, and therefore is reflected in those figures.

The MINISTER FOR EDUCATION: I am sorry if I am not able to satisfy the hon. member. Let me put up a position, which is not based on the facts, and see if by an extreme illustration I can satisfy the hon. member. Suppose that a couple of State Trading Concerns make a profit of £7,000. That amount will be transferred to Consolidated Revenue Fund. Suppose another State Trading Concern makes a loss of £100,000. That amount will be taken out of the State Trading Concerns working capital provided for under the appropriation by Parliament.

Hon. A. Lovekin: Taken from the revenue?

The MINISTER FOR EDUCATION: No, not from the revenue at all. There was an appropriation of loan account last year for the very purpose. By that extreme illustration, which is not at all in accordance with the facts, there might have been a loss of £100,000, and still it would not be reflected in the revenue and expenditure account. I am not suggesting that we should not have to pay it in the end, or that we should not be £100,000 worse off. Of course we should be, but it would not be shown in the revenue account.

Hon. A. Lovekin: Your position is not tenable.

Hon. G. W. Miles: Our deficit would be that much the larger.

The PRESIDENT: I ask the hon. member not to interject any further.

The MINISTER FOR EDUCATION: I merely put up that as an extreme case, to make clear to Mr. Lovekin the principle acted upon. When there is a loss for the year, it is taken out of working capital, which may have been, and as a matter of fact is, provided out of loan. It is taken out of the working capital. Section 18 makes provision in the case of profit or loss. The profit or loss

for each of the State Trading Concerns each financial year, when ascertained, shall be treated in such manner as the Treasurer shall direct, but any profit available in cash and not required for the purposes of the trading concern shall be paid to the credit of the Consolidated Revenue Fund. In a statement published in the "West Australian" yesterday—and I think it is practically the same as the statement on which members on both sides have been basing their equally erroneous contentions—occurs this line, "Trading concerns, profit £7,784." That £7,784 consists entirely of amounts transferred under Section 18 of the State Trading Concerns Act, which provides that if there be a profit available in cash and it is not required for the purpose of that particular concern, it shall be paid to the credit of the Consolidated Revenue Fund. It happened during the year 1920-21 that the State Ferries on two occasions had sums of money representing profits for which there was no use in that concern, sums amounting to £1,250 and £1,500. Both sums were transferred in accordance with Section 18 of the Act. It also happened towards the close of the year that the State Hotels had a sum of £5,034, representing profits for which there was no use in that particular trading concern. And that sum, in accordance with Section 18 of the Act, was transferred to Consolidated Revenue Fund. And those two sums from the State Ferries and the sum from the State Hotels made up the £7,784, which was transferred during the year from the State Trading Concerns account to the Consolidated Revenue Fund. But they have no bearing even upon the profits of the year of the two trading concerns, because the profits from the ferries was £900, and as a matter of fact they transferred the sum of £2,750. What I want hon. members to do is to endeavour to separate entirely in their minds—because they are separated by Act of Parliament—the State Trading Concerns from the annual statement of revenue and expenditure, and then consider the State Trading Concerns by themselves, judge them on their own merits. I do not hesitate to say—I am sure I am only echoing the Premier—that I am utterly opposed to State Trading Concerns. And for the purposes of my opposition I do not care very much whether they pay or not. I am opposed to them because I think that in all forms of competitive business they are an unwarranted and harmful interference with private enterprise and must eventually damage the State. I am opposed to them, too, because I think they are entirely foreign to the proper functions of Government. Of course, if they were otherwise commendable, that objection might not be insuperable. But I know they do take up a great deal of the time of Ministers which ought to be devoted to the more legitimate functions of Ministers. However, whether we are opposed to them or in favour of them, we ought all to know exactly how they are run. Hon. members frequently talk about the possible selling of these con-

cerns. But we cannot complete such a sale without the sanction of Parliament.

Hon. A. Lovekin: Then take the power. This House will support you.

The MINISTER FOR EDUCATION: This House would give the power, but would another place? We have to look at the facts as they are. The Labour Party would not permit the State Trading Concerns to be sold, would not agree to repeal that section of the Act which compels the submission of any such sale to Parliament. And the Country Party, which form another third of the House, at a conference some time ago were opposed to the selling of the State Trading Concerns because of the State Implement Works. At their last conference the president put up a strong plea for the alteration of that attitude and for the carrying of a motion that the Government should be empowered to sell the State Trading Concerns. But the motion was negatived and another motion carried directing that each of the State Trading Concerns should be dealt with on its merits—which means that if it paid it should be retained, and if not it should be sold. I cannot understand that attitude. There is no principle in it. And it must be obvious to the meanest intelligence that it is mighty difficult to sell a concern which will not pay. One hon. member said that, while an embargo had been placed on the selling of the concerns, it would still be possible to lease them. It merely serves as another illustration that hon. members do not know the Act under which the State Trading Concerns are run. Section 25 provides that the Minister may sell or lease any of the trading concerns, provided that possession shall not be given to an intending purchaser or lessee without the approval of Parliament being first obtained. If hon. members will look at the schedule, they will find that as a matter of fact three of the State Trading Concerns included in it at the time the Act was passed had been disposed of, and that one other, not a new one, the Wyndham Meat Works, which was not included when the Act passed, has since been brought under the Act. The position to-day is that the Government not only cannot dispose of or lease any of its State Trading Concerns without the authority of Parliament, but cannot establish a new concern without the authority of Parliament. The State Trading Concerns are eight in number, and in order to assist those hon. members who desire to go thoroughly into this matter with a view to seeing whether the State Trading Concerns are losing or making money, I should like to offer these few remarks: The State Sawmills is one of the concerns in regard to which the balance sheet for the year 1920-21 has not yet been published. But it is a concern which pays fairly handsomely. Its profit last year, 1919-20, was £15,000, and its profit for the year which has just finished will be considerably more than that. I do not know the exact figures. The State Implement Works last year showed a loss of £1,527. They have made a loss from the time of their

inception of £30,000. The State Brick Works showed a profit last year of £2,182 and they have made a loss since their inception of £1,819. The State Quarries last year showed a loss of £189, and since their inception have shown a loss of £600. The State hotels showed a profit last year of £7,175, and since their inception have made a profit of £45,684. State ferries last year showed a profit of £950 and have altogether shown a profit of £6,138. The position of these five concerns, leaving out the State Sawmills, is that last year they made profits of £10,307 and losses of £1,716, which is a net profit of about £8,600. Since their inception these five concerns have lost £83,311 and made profits of £51,822. Therefore on these five concerns the losses for the whole period amount to £32,000. The three concerns which are not dealt with in that list are the State Sawmills, which are a profitable undertaking and would certainly more than wipe out the loss of the £30,000 on the other concerns, the State Steamships and the Wyndham Meat Works. The State Steamships up to the end of 1920 showed a profit of £218,000. That £218,000 might be added to the surplus that the State Sawmills would show over and above this other loss and would probably mean a total of £220,000, but as against that we have to consider the loss on the Wyndham Meat Works. For the two seasons during which the Wyndham Meat Works were operating the loss may be roughly stated at £175,000. I do not think this amount is very wide of the mark, or at all events not sufficiently wide to destroy the argument I am setting up. The balance sheet is not yet out, but I know pretty well what I am talking about. This would leave a profit of £50,000 to stand against the State steamships' balance sheet for last year, that is 1920-21. The State steamers may have lost more or less but that is roughly the position. It may be said in a general way that up to the end of 1920 the State trading concerns as a whole would show a very fair profit because of the large profit made by the "Kangaroo." If we come to the end of 1921, however, the State trading concerns—I am speaking without seeing these two balance sheets I have mentioned but with a certain knowledge of the matter—will show a loss. If we look forward to the end of the year 1922 I feel sure that there will be a considerable loss. Although these minor works, the implement works, the brick works, the quarries, hotels and ferries go along making their loss of £1,000 or so or a profit, and practically balance each year, there is nothing to suggest that the State steamships can be run next year without a considerable loss, and there is no justification for hoping that the Wyndham Meat Works can be operated otherwise than at a very big loss. The State Sawmills will, I expect, make a profit. It is no use misrepresenting the facts. I am sure that when we go into the figures—I do not know whether a sufficient amount has been written off or whether the stock is re-

presented in the right way—we shall find that at the end of June, 1920, the State trading concerns will have shown a profit because of the big profit earned by the "Kangaroo," but that at the end of 1921 the State trading concerns will have shown a loss because of the heavy losses on the Wyndham Meat Works, and that the prospect for the future is not bright because of the position so far as the State steamships and the Wyndham Meat Works are concerned. We know what has happened in connection with our steamers. We sold one and we burnt another.

Hon. A. J. H. Saw: Cannot you have a wreck?

The MINISTER FOR EDUCATION: We have had a lot but they have not been complete wrecks. We have one boat loaned to us by the Commonwealth Government, the interned vessel, the "Bambra," which will not run at a profit. The "Kwinana" which always worked at a profit on the North-West coast was burnt, and then we have the "Kangaroo." All I can say about the "Kangaroo" is that I expressed my opinion regarding her before I became a member of the Government.

Hon. A. Lovekin: Do not you think some action should be taken to prevent what you are suggesting now?

The MINISTER FOR EDUCATION: The Wyndham Meat Works will undoubtedly play the chief part in determining whether our State trading concerns are to be run at a profit or loss. Wipe them out and I believe, notwithstanding the unpromising position so far as the State steamers are concerned, that the State trading concerns would balance. At Wyndham we are faced with the question of an interest and depreciation charge of something like £80,000 per annum. During last year when the works were operating we paid 3d. per lb. to the growers for their cattle. We received at Wyndham something like a little over 5d. per lb. for the meat and we lost money, without taking into account interest or depreciation, at the rate of something like £3 per head for every bullock.

Hon. G. W. Miles: How many did you kill?

The MINISTER FOR EDUCATION: It was over 20,000 head. I do not remember the exact number. When we started we hoped that the meat market would continue firm. Mr. Hickey to-night said that everyone knew what would happen after the war. I have not met a single person yet who has not been astonished at everything which has happened since the war. The price of meat dropped from 1s. per lb. to 5d. per lb. and is now dropping lower than that. Hon. members will realise what this means in the case of the Wyndham Meat Works. A difference of 1d. per lb. represents £50,000 per annum on the operations of the works. It is not difficult to understand, therefore, that when meat drops from 1s. per lb. to 5d., a very heavy loss must result.

Hon. G. W. Miles: The figures you have given us show £220,000 loss in the last two years. That is to say £80,000 on overhead charges plus £60,000. In one particular year it was £140,000.

The MINISTER FOR EDUCATION: In one year it was £140,000, but for the previous year it was £45,000. The works cannot close their accounts on the 30th June, but must run to the end of the year. When the balance sheet is presented it will be to the 31st December, 1920. We have had the balance sheet to the 31st December, 1919, which shows a loss of £45,000. There was certain meat in hand which had to be realised on, and when it came to the realisation that loss was increased by something like £5,000, so that there was really a loss of £50,000.

Hon. G. W. Miles: What are the hides in hand valued at?

The MINISTER FOR EDUCATION: There was the same drop in hides as there was in meat. So far as the future is concerned, it depends on three factors, the availability of shipping space, the price of meat in the world's markets, and the labour conditions. We have no influence over the price of meat. So far as the available shipping space is concerned, I realise that we are up against a good many difficulties and that it is not only the combination amongst the working men that affects matters. So far as the labour conditions are concerned, it is not only a matter of wages, but it is a matter of the men who go to Wyndham realising that they are partners in the concern. It may be absurd for me to suggest the profit sharing system in connection with a losing proposition, because the works are not likely to make any profits. However, unless the employees can be made to realise that it matters to them whether the works make a profit or not, we shall never make the works successful. It is impossible to employ at Wyndham for the whole period the number of plumbers that may be required at one time; and the same applies to carpenters or other workers. Unless the workers are prepared, because of the isolation at Wyndham and the many difficulties which have to be faced there, to forego certain trade regulations, which at present they have determinedly insisted upon, it will be impossible to get full value for the money we spend in wages there. I do not grudge the workers a good wage; they are entitled to it. The conditions are such as to justify the men in demanding a good wage, but we shall never do any good there until they realise that it matters to them whether the works pay or not. If they go there with the idea of collecting their wages, whether the works pay or not, the time will come when they cannot be operated. There was an instance when corned beef was absolutely at a prohibitive price in Perth. We had a quantity of very good corned beef up there, and we sent a number of casks to Wyndham in which to

bring it down. This meat would have reduced the price of corned beef in the city to the worker to 4d. or 5d. per lb. The coopers, however, would not handle the casks because they had not been made in Australia. They said, "We have been trying to get the Federal Government to impose an import duty on these casks so as to compel them to have the casks made in Australia. The Federal Government will not listen to us, so we must refuse to handle the casks that are not made in Australia." That is an instance of the destruction of valuable property. When things are worked in that way it will be impossible even under favourable shipping and market conditions to make the works profitable. It is necessary also, to give these works a chance, to spend a considerable sum of money in increasing the storage accommodation. When the appropriation for the work was passed the argument was used that we would save the tremendous loss that occurs in bringing beef down by boat to Perth. We were told that we could bring down chilled meat, and the saving on that would pay the interest on the works. Because of this the works were originally designed to hold meat for two or three weeks and to send the meat down to Perth after that time. The storage accommodation was designed, therefore, only to carry the kill of three or four weeks at the most. Chilled meat, however, could not be brought down here; fresh meat has been brought down and sold at prices which realised to the squatter about £1 or 30s. per head. One squatter told me that he only got the same price as he would have obtained had he brought down a corresponding number of roosters.

Hon. G. W. Miles: That is correct.

The MINISTER FOR EDUCATION: It must be accepted that we cannot bring chilled beef down to Perth. The Wyndham Meat Works, therefore, become a proposition for freezing for export. We can only get three or four ships in a year at the outside to take that meat away, and we must have storage capacity to enable us to carry the quantity of meat that has to be stored. We must, therefore, face an expenditure of probably £120,000 or £130,000. I would separate these State trading concerns under two or three different heads. The State ferries represent a public utility. Whilst I would prefer to see them controlled by a local authority and managed by local interest that would not interfere with my argument that they should be publicly owned. I say the same in regard to the State hotels. They were established in country towns where there was only one hotel. Having had a pretty wide experience of country towns I think, from that point of view, the policy is a good one. If there is only one hotel in a town, the State hotel is the best type we could have. I would separate these two branches and treat them as apart so far as the condemnation of the principle of State trading is concerned. Re-

garding the shipping on the North-West coast, if we had suitable ships I would say that there is no more violation of principle in running those vessels along the North-West coast than there is in running a train through our agricultural areas. There again it is a public utility. The others are competitive trading concerns and I object to them, as a matter of principle, whether they pay or whether they do not pay. Coming to the questions of the finances generally, Mr. Nicholson made a point that the sinking fund had been contributed out of capital and not out of revenue. I do not know what that hon. member means. I can assure hon. members that all the sinking fund due and represented as having been paid during last year, is debited against consolidated revenue. If we had wiped out the sinking fund then, we would have wiped that amount off the deficit.

Hon. R. J. Lynn: Where do you get it from; you borrow it, do you not?

The MINISTER FOR EDUCATION: Yes, we borrow the money. The House passes a Bill sanctioning a loan to cover the payment.

Hon. R. J. Lynn: We do not want to go on along those lines for all time.

The MINISTER FOR EDUCATION: I am not arguing from that point of view; I am merely answering the arguments advanced by Mr. Nicholson. Every penny of sinking fund is debited to revenue and is accounted for in the deficit. Sir Edward Wittenoom said that the other States looked down upon Western Australia because of her deficit. The other States are being faced with deficits now and not one of them has made any contribution to sinking fund for years past, and not one has any sinking fund of any consequence at all. When we reach that point, as I think we have reached it now, when Western Australia has a sinking fund and interest on it which exceeds the deficit, while these other States, boasting smaller deficits, have no sinking fund at all, and no accumulated interest on sinking funds, then I say those States have nothing to crow about in comparison with the conditions obtaining in Western Australia. I am not taking credit for any particular Government for the establishment of these sinking funds. I merely say they are there, and we as a people who make these contributions to our sinking funds, are entitled to insist upon that fact when it comes to a comparison with other States.

Hon. G. W. Miles: What about the point that Treasury bonds do not contribute towards the sinking fund?

The MINISTER FOR EDUCATION: I am coming to that point in due course. I can assure hon. members that I shall omit nothing of any importance. Mr. Cunningham said that our credit in London was not good because we had to raise £2,000,000 on Treasury bills. That hon. member must have forgotten that, in those negotiations, we were associated, not by any particular desire of our own but at the suggestion of our

financial advisers in London, with the Labour Government of New South Wales. Does Mr. Cunningham suggest that Mr. Storey, and his Government, destroyed the credit of New South Wales because they did as we did? Mr. Sanderson said that had the Treasurer kept in touch with the State's financial advisers in London, what he referred to as "this discreditable procedure" might have been avoided. I do not quite know what the hon. member meant. As a matter of fact, the Treasurer was in almost daily touch with his financial advisers in London, and every step taken was in accordance with their advice. Members who have followed the position more closely than Mr. Sanderson, will have noticed that Tasmania and South Australia were bracketed together because they were advised that that was the best way to secure money. Those two Governments waited month after month until they were informed that the time was opportune for them to secure their money. After waiting all that time, those two States were then able to get it. Similarly with respect to New South Wales and Western Australia; we were told in due course that we could go on the money market with favourable prospects. The fact that we were bracketed together had no bearing whatever on the position which arose. Hon. members will be aware that the Imperial Government found it necessary to prohibit any loans being floated for the Dominions, over a period. It was then that our advisers said: "It is of no consequence; we must obey the order of the Imperial Government, but here is the money on Treasury bills for six months." There was nothing discreditable in that procedure. As a matter of fact, the money we secured on those Treasury bills was the cheapest we have had for a very long time. It ran out at just about 6 per cent. Where, therefore, is the hon. member's contention that the action of the Government was discreditable to the State, when, as a matter of fact, the Treasurer merely acted in pursuance of the advice received from our financial representatives in London? It would have been rank folly for Western Australia to do anything contrary to the advice of our London advisers. Mr. Sanderson also referred to the sinking fund being on inscribed stock. Of course it is. I am astonished to think that that should be news to any hon. member in this House. Does the hon. member think that sinking fund can be paid except in accordance with the Act of Parliament governing that position? The Act provides that a sinking fund shall be provided three years after the raising of a loan. In respect of the loan floated for the Coolgardie Water Scheme the rate fixed was 3 per cent. In respect of other loan flotations, the sinking fund is provided at 1 per cent. and under most of our recent measures, it is necessary to provide half per cent. for sinking fund. The temporary accommodation by way of Treasury bills has never affected the sinking fund and there is no provision under any Act by which sinking fund could be paid on

Treasury bills. These bills are redeemed when the loan is floated. Mr. Ewing made a point—I do not know exactly what he was driving at—about the Labour Government raising more by means of inscribed stock and less by means of Treasury bills than had been the experience under the National Government. Is not that hon. member aware of the fact that during nearly the whole of the war period we were prohibited from going on the London market? We were only able to raise money through the Commonwealth Government and we had to do it in the way they suggested. Practically the whole of these bills have been issued to the Commonwealth in respect of their loans to us and in turn they will be translated into inscribed stock when the Commonwealth have raised the money and determined the rate of interest. It is only a temporary arrangement. Even if the hon. member finds that this temporary arrangement has extended over three or four years I do not know that he can complain. There have been abnormal conditions and those abnormal conditions which prevailed during the war still prevail to the same extent, if not to a greater extent than during the war. There is nothing extraordinary in this position. The Commonwealth Government have the Treasury bonds and when they want inscribed stock and know the rate of interest, the bond or bills will be translated into inscribed stock. The position is absolutely clear. The hon. member suggested that when that was done, it would mean that the deficit would be increased to the extent of about £75,000. I have not calculated it up and I do not know whether his figures are correct or not. It should be borne in mind, however, that in a year or two our sinking fund will be relieved to a considerable extent owing to the liquidation of the loan in respect of the Coolgardie Water Scheme. The liquidation of that loan will mean that the State will not be required to continue its contribution of 3 per cent. per annum. The position, therefore, regarding the translation from Treasury bills to inscribed stock will be more than compensated when the Coolgardie Water Scheme sinking fund is no longer required. Another matter Mr. Sanderson brought forward was that we have to find £1,000,000 every half-year in London. He made some mysterious suggestions of how we got it there and what it cost in exchange. On matters of general administration regarding the affairs of State, hon. members may form their own conclusions, but in respect of financial matters, the technical banking affairs of this State are dealt with by men of experience. Not one penny of money is brought from London to Australia or from Australia to London, with the natural result that there is no exchange involved whatever. I do not know what Mr. Sanderson was driving at. We have loans raised in London and we have sales of timber, meat, and so on. Immigrants who come out to Australia deposit their money in London and pick up other money when they arrive here. We have in London

the money we want there and the money we want in Australia we have here. By judicious financing we do not require to send money home for use there or to despatch money from London for use in Western Australia.

Hon. R. J. Lynn: The only trouble is that we have not got enough of it.

The MINISTER FOR EDUCATION: That is quite right. Coming to the question of the railways, Mr. Nicholson hit the nail on the head when he said that our trouble was on account of the mileage as compared with our population, but Mr. Panton was not right in his deductions regarding what he described as the loss incurred on the carriage of wheat. It is a fact that the average cost of running the railway is about 1.84d. per ton mile and the revenue from wheat is about 1.06d. per ton mile. If the hon. member's contention that there is a loss of .78d. on the carriage of wheat were correct, it would mean that all we would have to do would be to say that as it costs 1.84d. per ton mile, we will charge a flat rate on all articles of 1.85d. Everybody knows that that would be absurd. The cost of hauling a full train load of wheat is not so much as the cost of hauling other articles where there is not a full train load. Therefore, the freight book is always made up on a differential basis. Some articles are carried for less and others at higher, than the average rate.

Hon. R. J. Lynn: Hear, hear. That is what I have always contended in connection with full train loads.

The MINISTER FOR EDUCATION: It is not correct to say that because wheat is carried at something less than average cost, it is carried at a loss. The same thing applies to other classes of goods. There is no successful manufacturer of electricity, for instance, who does not sell a lot of his output at less than the average cost. He could not get on if he did not do so.

Hon. J. Nicholson: Every trade has certain concessions.

The MINISTER FOR EDUCATION: Yes, coal and timber is carried at a cheaper rate.

Hon. J. Nicholson: No, not now.

The MINISTER FOR EDUCATION: It is certainly carried cheaper than the average rate. A rate of 1.84d. per ton per mile is not paid for coal and timber. It is the fact that these things are carried in full train loads, that enables them to be taken at less than the average cost. Reference was made to the railway strike. I will not argue the point. It is false to say that the Government might have stopped the strike before it started because the chief point on which the strike took place was the demand that there should be a separate and distinct rate of payment for night work. That is why the strike occurred, and at that time the railway men in Queensland were considering the advisability of a strike on much the same point.

Hon. A. H. Panton: That is not so, so far as the disputes committee were concerned.

The MINISTER FOR EDUCATION: The Government refused to agree to the demand regarding night work and the Arbitration Court refused it later on, supporting the action of the Government. Reference was made by Mr. Miles to the question of the freight on the trans-Australian railway compared with the rates on our lines. He said that the freight on cattle between Nannine and Midland Junction was £2 5s. per bullock for 500 miles, while that between Port Augusta and Kalgoorlie was 30s. for 1,100 miles. I would ask that hon. member to ascertain whether the freight of 30s. from Kalgoorlie to Port Augusta is a payable proposition. He will find it is nothing of the kind. It is very questionable whether the Commonwealth has in this and other matters given Western Australia a fair deal by carrying the produce of another State to Western Australia for less than the actual cost. I would remind the House that the railway policy of the country was really taken out of the hands of the Government by the Legislative Council. The Government suggested that three commissioners should be appointed and I am more convinced now than when I moved the second reading of the Bill that their suggestion was right. This is the practice in most other countries of the world. The suggestion was made, however, that we should get one highly qualified commissioner. By paying a big salary it was thought that we would get a super man from somewhere. I wish to point out to members that railways in other parts of the world are losing money. In Canada last year the loss was variously estimated from 17 millions to 30 millions sterling. It has been impossible so far to arrive at the exact amount because certain figures of cost and interest could not be obtained. For the year ended 30th June, 1920, however, the losses on the Canadian railways, taking the lowest estimate, were 17 millions sterling. South Africa also has made huge losses on its railways. In England the loss has been enormous. Every State of the Commonwealth shows a big loss. The fact of the matter seems to be that the costs have bounded up in such a way that it has not been possible to overtake them in any country. It is a fact that it is impossible to overtake increasing railway costs simply by putting up fares and freights. To illustrate this, the increase in freights and fares during the month of August compared with August of last year amounted to no less than £30,000 and the actual revenue derived by the railways during last August as compared with the same month of last year showed a difference of £2,000.

Hon. A. H. Panton: Because people are walking instead of riding.

The MINISTER FOR EDUCATION: It has been proved by demonstration that it is impossible to increase revenue com-

mensurately with costs merely by putting up fares and freights.

Hon. A. Lovekin: It follows a natural law.

The MINISTER FOR EDUCATION: Every country is up against the same problem, the enormous increase in the cost of running the railways and no apparent means of overtaking it. It is a problem which will be solved in time, but we have not yet succeeded in finding a solution.

Hon. F. E. S. Willmott: You will be up against it always so long as you have one in 40 grades.

The MINISTER FOR EDUCATION: Other countries with the best grades imaginable are confronted by similar losses.

Hon. F. E. S. Willmott: But ours are getting worse and worse.

The MINISTER FOR EDUCATION: I intended to refute the statement made by Mr. Panton until Mr. Ewing threw out another suggestion and I must say that Mr. Panton's was the sounder of the two. Mr. Ewing says, "Do not charge interest and sinking fund against the railways but have a land tax."

Hon. J. Ewing: I did not mention it. I said taxation.

The MINISTER FOR EDUCATION: The hon. member did mention it. He said it would pay the farmer to double his land tax and have his railway freight cut down by one half.

Hon. J. Ewing: Yes, and I believe it too.

The MINISTER FOR EDUCATION: So do I. A somewhat similar proposition was put before the farmers and settlers' convention a year or two ago and they carried it. Then they went home and woke up and saw what it meant. I will tell the hon. member what it means. Our present land tax yields £57,000 a year. The interest and sinking fund bill on our railways is £856,000 a year. In order to get that by land tax it would be necessary, not to double the land tax, but to multiply it by 15.

Hon. J. Ewing: I did not mention the land tax particularly.

The MINISTER FOR EDUCATION: If the hon. member disputes it, I must accept his statement, but I distinctly heard him say that it would pay the farmer to double his land tax and cut his freight down by one half.

Hon. J. Ewing: I was referring to direct taxation.

The MINISTER FOR EDUCATION: Those were the remarks of the hon. member and they were the remarks made at the Primary Producers' Conference. As I have pointed out, to obtain by land taxation the amount required to pay interest and sinking fund on the railways, it would be necessary to multiply the land tax by 15. That is to say, the man who now pays by way of land tax on the $\frac{1}{2}$ d. basis would have to pay $7\frac{1}{2}$ d.

Hon. R. J. Lynn: Mr. Ewing is quite right.

The MINISTER FOR EDUCATION: But the scheme will not work. The man who pays on the penny basis would have to pay 1s. 3d. That would be a good rousing land tax. Now let us look at it from the point of view of half the freight. At present the railways contribute towards interest and sinking fund £261,000, and that to their total revenue is as £261,000 is to £2,600,000, that is one-tenth of their revenue. Therefore, if we relieve the railways of their interest and sinking fund, we cannot cut the freights down by one-half. We can only take 10 per cent. off the freights. It would be an admirable proposition for the farmer if it were possible to cut down his freights by one-half by merely doubling the land tax, but I have made it clear that it would be necessary to increase the land tax 15 times and then it would be possible to knock off freights only 10 per cent.

Hon. J. Ewing: You have misrepresented me.

The MINISTER FOR EDUCATION: I have a clear note of the hon. member's statement—that it would pay the farmer to double the land tax and cut his freight down by half.

Hon. J. Ewing: Mr. President, may I explain my position? I perhaps did make that statement but in my speech I said distinctly that my policy was direct taxation, not singling out the land tax at all. Under these conditions I still maintain that I am right.

The MINISTER FOR EDUCATION: The hon. member has admitted that he made the statement, but I shall deal with it now, not as a statement by the hon. member, but as a popular impression in the public mind which caused the primary producers' conference to carry a resolution in favour of land taxation, an impression which when removed caused them to vote it down at the following conference. They realised then that it would mean they would have to pay land tax when they got no production, and they saw clearly that the relief in the way of freights by the removing of interest and sinking fund would not be worth a snap of the fingers to them. Also that to put up the equivalent in land tax would mean, not doubling the land tax, but multiplying it by 15. I am not speaking as an advocate or as an opponent of the land tax, but I wish to make the position clear. A number of minor matters have been referred to in connection with land settlement in particular. If I do not refer to them this evening, I hope members will understand it is because I do not wish to take up too much time. I make a practice of taking notes of any important points raised during the debate and of passing them on to the Ministers concerned. In many cases, of course, it is impossible for the replies to come back to me, but members should not think that their suggestions are being overlooked. One hon. member referred to the proposal of the Government to settle a number of people at Es-

perance and other places, and wanted to know what assistance they would be given. They will be given all the assistance necessary. In 1908 50 settlers went to Tammin. I do not think that any of them had any money. These people went up there under the same form of assistance that we propose to give the people who are leaving the mines through lack of employment and other reasons and people who are participating in the group settlement schemes. These 50 settlers who went to Tammin had several bad seasons, and undoubtedly they had to put up with a very great deal of hardship, but they faced their troubles courageously. During the present week the wife of one of these settlers was in Perth and her position to-day is a credit in the Western Australian Bank of £4,700 and everything free.

Hon. F. E. S. Willmott: Is she a widow?

The MINISTER FOR EDUCATION: Another of these settlers has just purchased in Perth a house costing £2,400 and paid cash for it. I know that a very large number of these Tammin settlers, who only 13 years ago went there with nothing, and who at that time had no prospect of ever making anything except just bread and butter on wages, are to-day well to do settlers.

Hon. A. Lovekin: That is quite true.

The MINISTER FOR EDUCATION: There is the same opportunity before people who like to go out to-day under this group settlement scheme. Mr. Hamersley made a remark that might well be kept in mind when we come to consider the question of land taxation. The hon. member said that people could not afford to improve their land at the present cost of material partly due to Government borrowed money. While perhaps it is not actually a fact that they cannot afford to do so, it is a fact that the cost has been largely increased. It is also a fact that land unimproved is in many cases difficult of sale. These things must be taken into account when the question of land taxation is being dealt with. I have noted a remark which was made by Mr. Cornell regarding soldier settlement. The hon. member has been entirely misinformed. The Act provides that the soldier settler shall get his land at 50 per cent. of the usual price and the practice has been, is, and will continue to be, that he shall have the same period as any other settler in which to make his payments. If the period is 25 years, he will get 25 years, but instead of paying 6d. per acre per annum, taking that as the figure, he will pay 3d.

Hon. J. Cornell: I said I was speaking subject to correction.

The MINISTER FOR EDUCATION: Several members have referred to the question of immigration. Some expressed surprise that more people were not being brought out; others seemed to condemn the Government for bringing out any at all, and others again stated that they did not understand the principle on which we are working. When the

Federal Government set up their emigration agency in London, they offered to provide all expenditure for propaganda work and for bringing the emigrants out. The Commonwealth said to us, "Tell us what you want and we will bring them out." Most of the State Governments fell in with the scheme, but I have a shrewd idea that some of them did not want many. Victoria wanted some, South Australia wanted a few, but I do not think New South Wales or Queensland wanted any. We wanted immigrants and we said that we would participate in the scheme provided we had the final right of selection or rejection. We know the class of immigrant we want, and we are not desirous that others should be brought out. The Commonwealth Government agreed to what we suggested and we have the right, through officers appointed by ourselves, of approving of or rejecting any emigrant who offers himself; and the Commonwealth bears the whole expense of the propaganda work and of bringing them out. This strikes me as being an entirely satisfactory arrangement. I do not think this State has been guilty of luring immigrants out under false pretences. I do not think we are getting as many immigrants as we can comfortably handle, but the Government have all the circumstances in view. We recognise that in certain districts there is a good deal of unemployment. We have to come to the assistance of people here and there. The number of immigrants coming out is not so great as it would be if all our industries were in full swing. We have no desire to flood the labour market, or to create unemployment, but we want to have all the machinery there. We realise that there is employment in the country at good wages and we are bringing people out, but not in the large way in which we ought to be bringing them out and in which Australia needs them, and will get them presently when its industries are again on a normal footing.

Hon. J. Nicholson: Are we debited with any particular cost in regard to the immigrants?

The MINISTER FOR EDUCATION: No; the Commonwealth pay the cost. The wheat pool is another matter to which reference has been made. Mr. Nicholson wanted to know why one section of the community should be supported at the cost of another, as though the wheat grower was the only man who ever got any advantage from the public. The wheat grower in Australia has not had too good a deal, and he is not getting too good a deal at the present time. The increased tariffs imposed by the Federal Parliament are not helping the wheat grower. The hon. member talks about helping one section of the community at the cost of another. These tariffs are helping a different section altogether at the cost, largely, of the wheat-grower, so that anything we can legitimately do for the wheat-grower is entirely justified. Nothing like so much is done for the farmer as for other sections of the community. Dr.

Saw said that the rights of consumers must be fully protected. This will be done under an Act of Parliament and the House will have an opportunity to deal with that measure, one of the provisions of which will be that the price of wheat for local consumption will be fixed from month to month in accordance with the world's parity.

Hon. J. Cornell: It is a wrong basis.

The MINISTER FOR EDUCATION: I will deal with the hon. member's suggestion directly. We could not do otherwise even if we wished, because there is not going to be a pool in South Australia and in some of the other States, and our price for local consumption will be regulated by London parity. To fix the price from month to month is the proper basis. I fought for it in Melbourne, but could not get any support. Mr. Cornell suggests that we should have a pool for five years with a flat rate for the whole of that period.

Hon. J. Cornell: A Commonwealth pool.

The MINISTER FOR EDUCATION: With a Commonwealth pool it might be possible to do as the hon. member suggests, but I will not say that it could be done. If we had a State pool and we fixed the price at, say, 6s., and the London parity was 8s., the farmer would be getting that much less, and if London parity dropped to 4s., he would not get his 6s. because wheat would come from elsewhere and he would have to take 4s. We would have no power to protect him against the growers in the other States. Even with a Commonwealth pool great difficulty would be experienced in getting the farmer as a permanent proposition more than the world's parity value for his wheat. However, we are faced with the position that the other States are not going to enter in the pool, and the Commonwealth will not give us a pool. This State will have a pool of its own under an Act of Parliament, and a Bill to provide for it will be presented shortly. It is worth while remembering that the Victorian Parliament has recently passed through a general election because of this question, and as a result of the election, that Parliament finds itself in an unsatisfactory position. Reference has been made to the metropolitan water supply, and Mr. Hamersley and Mr. Ewing have urged the use of Mundaring water. I am not going to argue this question because it is one which only engineers can decide. Those hon. members suggest that we should do something which engineers of repute will not sanction. How can the Government act contrary to such advice? I ask those hon. members to read the report presented to the Government by Mr. Ritchie. He puts the position clearly and reasonably, and if those hon. members read that report with an open mind, they will come to the conclusion that the decision arrived at by the Government is the right one. I wish to say a few words on the subject of education. Mr. Miles asked for a higher standard of education for country children. I am en-

tirely in accord with that, but he suggested that the Marble Bar school was closed because there were no facilities there for higher education. I tell the hon. member that if every place of the size of Marble Bar claimed the right to have facilities for higher education it would be necessary to provide another £100,000 on the Education vote. Do hon. members realise that 52 per cent. of the educational expenditure in Western Australia is incurred on behalf of 18 per cent. of the population? In places we are conducting schools for as few as eight children. We have in this State 83 schools with fewer than 10 children. The average cost of education in these schools is £29 9s. 9d. per child per annum as against an average cost in the city of £6 9s. 4½d. Of the whole of our schools, over half of them, to be exact 335, have under 20 scholars, and the average cost of these 335 schools is £14 9s. 5½d. per scholar per annum. There is no State in the Commonwealth that is doing so much for the country children, and there is no State in the Commonwealth in which the number of country children left without education is so small as in Western Australia. In addition to that, for those children that we cannot possibly reach, we have established correspondence classes the enrolments in which number 400, and some of these children are even going to the extent of taking junior examinations. I do not want it to be thought that I do not agree with the hon. member. I say we ought to do as he suggests, but as a matter of fact, at the present time we are doing more than any other State in the Commonwealth, and we are prepared to spend as much more money as Parliament will allow in that direction. There is no other State in the Commonwealth that provides a driving allowance for children attending distant schools. We spend £10,000 per annum on the driving allowance. I would tell hon. members exactly what that means, and in this connection I do not altogether agree with the suggestion of the Royal Commission. By the way, the report of that Commission is an admirable one, and it will prove of great value to education throughout Australia. The report states that on this matter of the driving allowance we are going beyond what is being done everywhere else, and the suggestion is made by the Commission as to how we might save a little money in that regard. The suggestion is that the driving allowance should be given only to those in need of it. The principle of the driving allowance is this: The State is supposed to provide educational facilities for the children where they are. There is, however, a distance limit. We establish a school and children are left outside that radius. If within the radius a parent is obliged to send his children to the school in the best way he can, but if it is outside the radius—and if the Government have not carried out their obvious obligation to the parent, and the parent still sends his children to that school—we say that we will give an

allowance of 2s. 6d. per child per week. This is a fair proposition, but it would not be fair or desirable to inquire into a man's means before telling him whether he might have that allowance or not. We say that if we do not put a school within the required distance and the parent chooses to go to the expense of sending his children to that school, thereby relieving the State of the obligation of providing a school close by, the parent is entitled to receive something. It would not be right or desirable to inquire into the means of that parent. I have an absolute abhorrence of creating in any of our schools anything in the way of two sets of children, one set getting assistance from the Government, and the other receiving nothing. The driving allowance is not a charitable allowance; it is a recompense to the settler because the Government were not able to carry out their obligations by way of erecting a school where it was needed. The fact remains that only in Western Australia is this allowance granted. We are at the present time doing more for country education than any State in the Commonwealth, and that accounts chiefly for the expenditure per child being greater than in any other State. We are prepared to go on doing that, but we cannot as Mr. Miles suggests, provide facilities for higher education everywhere without a big increase in our expenditure. We have taken steps recently in the direction of ensuring that teachers going out into the country shall be better trained. We have provided that they shall have a 12 months' course instead of six months. If hon. members will look at the report of the Royal Commission, they will find a statement that in that respect we are not spending as much money as we should be doing in the training of our teachers. Since the present Government have been in power no secondary schools have been established in Western Australia except in country districts. We have six secondary schools, the Modern School which was established in 1911 by the Wilson Government, the Goldfields High School established in 1913 by the Labour Government, and four other schools established since I became Minister for Education, at Northam, Albany, Bunbury, and Geraldton. Those four schools cater in the matter of secondary education for the whole of the country districts and children selected to attend those schools receive an allowance to enable them to board in the town where the school is carried on. There has lately been a clamour for an increase in that allowance, but this allowance was only intended to represent the difference between the cost of keeping a child away from home and the cost of keeping that child at home. Dr. Saw made reference to hospital services, and he advocated that there should be a separate Minister for Health. I notice also that it has been claimed incessantly that there should be a separate Minister for Mines. If we are to have separate Ministers for separate departments, we shall require to have many more Ministers. I admit that

partly on account of the State trading concerns the present Ministers are overburdened with work. I know that my own portfolio, which covers Education, Justice, North-West and few other things does represent a good deal of work, but I do not think it would be practicable to have a separate Minister for Health or a separate Minister for Mines under present conditions. So far as the Bill it is intended to introduce is concerned, I hope when it is brought forward the hon. member will be satisfied that it will have for its object the increased efficiency of medical services. Reverting back for a moment to the Education vote, I heartily endorse the recommendation of the Commission in regard to the medical and dental attention of school children. So far it has not been possible to make an additional appointment; it is difficult to get officers to fill the positions at the salaries offered, and I think that these positions are worth more than people realise. There are hundreds of children—I would be quite safe in saying thousands—growing up with defects which might have been remedied if systematic medical attention had been given them. People say that is the business of the parent. That has been the argument ever since the commencement of time, and I think we are realising now that we are each other's keepers. I say unhesitatingly that notwithstanding the extremely difficult financial position of the State, £2,000 or £3,000 a year, or even £4,000 or £5,000 a year, devoted to the systematic medical and dental examination of school children would be of the utmost benefit to future generations in Western Australia. Mr. Rose made reference to the question of the substitution of margarine for butter. Now, a Bill on that subject was suggested and drafted last year. Further, inquiry showed that the powers which the committee had, enabled them to impose regulations which would prevent the public from being deceived. Those regulations were imposed, and the advice that I have received is that the sale of margarine lately has very materially decreased. If the hon. member can make it clear that it is a fact that margarine is being sold to the public as butter, that the public are being in any way imposed upon, and that our present regulations are not effective, then we will do something to make them effective, because not only from the point of view of the butter producer, but also from that of the consumer, it is important that people should not be imposed upon. I believe there was a time when the idea was held that margarine was all right; but I believe the present firm and well-established opinion of the medical profession—Dr. Saw will correct me if I am wrong—is that margarine is not as good as butter for the purpose of human consumption. A number of other matters were mentioned by Mr. Rose, and I merely make this reference to them in order to assure him that they are receiving attention. For instance, there was the very important question of the storage of potatoes. Another reference of the hon. member was to the Stallions Bill, which, as

I have already told him, is drafted and ready for introduction. I do not know that I have much to say on the subject of mining, which is a very important question. However, the Minister for Mines has dealt with it exhaustively, and his remarks will appear in "Hansard." I do object to the statement made in various parts of the House that the law passed last session in regard to tributing has been flouted, and that the Government are allowing people to flout the law. We are doing nothing of the kind. That law in regard to tributing simply sets out the conditions under which the mining companies shall let tribute if they wish to let them. If, on the other hand, they do not let tributes, then they have to carry on their mines in accordance with the laws of the land; and they are doing that. They are not defying the law. They simply say, "Under the conditions that have been set up, we are not prepared to let tributes; if the conditions were different, we would let them." Mr. Harris said that the parties might have been called together, and thus the necessity for the appointment of a Royal Commission to inquire into the question obviated. But we knew nothing of that. The present position is that Parliament has passed an Act, and that the companies say the conditions imposed by that Act are not suitable for tributing, and that therefore they, the companies, will not let tributes under the Act. The Government thought that the best thing, in the circumstances, was to appoint a Royal Commission to find out the facts of the case. If the Royal Commission report that alterations of the law are necessary, then the Government will consider the advisability of drafting a Bill embodying such alterations. If the Royal Commission report that the law is all right, it can stand. I fully recognise that there never was a time when the mining industry required assistance more urgently than it does at the present time. If hon. members will read the speeches of the Minister for Mines, they will find that the Government realise that necessity. I am sure the House was considerably edified by the remarks of Mr. Cornell on the results of the investigations made by him into the South African mining industry. It shows how much benefit accrues to the House, and ultimately I hope to the country, from members travelling about the world. Particularly do these remarks apply to Mr. Cornell's observations on miner's disease. The Government, and eventually the country, are deeply indebted to Mr. Cornell for his careful investigation, and for the detailed information he has furnished regarding these matters. As for taxation on the sale of mines, the Government propose to repeal the provision in question.

Hon. J. Nicholson: What about the Federal taxation on sale of mines?

The MINISTER FOR EDUCATION: We have no power over the Federal law, but representations have been made to the Federal Government. Regarding the North-West I do not propose to speak at length to-

night, because I have already talked quite as long as I should. But the Commissioner for the North-West has been appointed, and, the Commissioner leaves for the North on the 8th of this month, and the Government have great confidence in him. We believe that he will receive the support of hon. members, and also that of the people in the North; and we believe that he is a good man, and that his administration will effect the saving of a good deal of money in various ways, and also the saving of many petty irritations to the public. Further, we believe that the Commissioner's presence there will result in any large expenditure undertaken in the North being designed on lines which will lead to further development.

Hon. J. Cornell: It is to be hoped that the Commissioner will be allowed to establish himself before he is knocked down.

THE MINISTER FOR EDUCATION: The Commissioner will be afforded every assistance, and he goes to his post with a good deal of authority, and with the knowledge that the Government have absolute confidence in the importance of the North-West and a full recognition of the obligations of the people of this State to the North-West. I am satisfied myself that very important results will follow, and before very long. The references to the industrial position I do not know that it is necessary for me to deal with to-night. I spoke on that subject in connection with the Wyndham Meat Works, and I think those remarks apply all round. I do not suggest that the faults are all on one side. There are as many faults on one side as on the other. But this is the cardinal fault, if I may be permitted to say so, as far as the worker is concerned. If it were fixed in the mind of every worker that anything that was lost he had got to share in ultimately, and that anything that was made, anything that was produced, any wealth that was created, he was ultimately going to get a share of, then half the industrial troubles would disappear. What has got to be got rid of on the other side is the selfishness inherent in human nature, the love of money, which is the root of all evil. If we could get rid of those two things—the greed of the employer on the one side, and the indifference of the worker on the other, the feeling on the part of the worker that it does not matter to him what he produces so long as he gets the money in his pocket: the most dangerous theory imaginable; if only the worker could be got to believe that of any loss he must bear his share, and that of any extra wealth produced he will get his share—

Hon. F. A. Baglin: He does not get it; that is the trouble.

THE MINISTER FOR EDUCATION: He must get it ultimately.

Hon. A. H. Pantou: He gets a bare subsistence.

THE MINISTER FOR EDUCATION: Mr. Stewart said that a great deal of the legisla-

tion foreshadowed is unimportant. As each Bill comes forward, it will be my business to justify it; and if hon. members think it of no importance, they will reject it. Mr. Hamersley said that Parliament should have met immediately after the general election. It met as soon as practicable. Even if we had met immediately after the election, we should still sit until Christmas, and Ministers would have had no opportunity of dealing with departmental matters. Reference has been made to redistribution of seats. I hope Dr. Saw will compare the figures of population he quoted with the figures of production quoted by Mr. Stewart. I say most seriously that it is not the idea of the present Government that there shall be a redistribution of seats on a population basis. I say it would be a wicked position if, because of conditions that are not natural, conditions that are unnatural, half the population of the State being concentrated within 20 miles of the town or of the capital city, the preponderance of political power was placed in that half. I consider that the metropolitan area has sufficient representation as things are. No doubt the present distribution of seats shows great anomalies, which will have to be rectified. But that rectification will have to be effected on a sound basis. It would be good-bye to the prosperity of Western Australia if the idea were adopted that the large centres of population must be allowed practically a majority of seats, thus enabling them to entirely control the politics of the State. Another matter I wish to refer to is the amalgamation of Federal and State departments and also the Federal position generally. When the Bill for the amalgamation of the State and Federal Taxation Departments was before this House I said, and I repeat it now, that if anything is going to drive the people of Western Australia to the acceptance of a policy of unification, it will be the irritation at the knowledge of waste through the existence of similar Federal and State departments side by side doing the same thing. If we can effect any amalgamation which does not forfeit our sovereign rights, but which relieves our State of unnecessary expense and our individual citizens of unnecessary irritation, we are going to remove arguments in favour of unification, and not establish them. And that, I maintain, is what has been effected by the amalgamation of the Taxation Departments. We still have our State Commissioner of Taxation and our State taxation laws unimpaired, and we save £20,000 a year, and rent of offices as well. Moreover, the taxpayer will have to furnish only one return instead of two. Reference has also been made to a transfer to the Commonwealth of the State Savings Bank. Nothing will be done in that regard without Parliament knowing all about it. I do not know what is contemplated; I do not know that anything is contemplated. But I would like hon. members to reflect for a moment on the position. We have five or six millions of money in our State Savings Bank. The

Commonwealth have established a Federal Savings Bank—to my mind, in absolute defiance of the Constitution, and in defiance of the conditions of the Federal Convention. The Federal Constitution says, "Banking other than State banking." I say the Commonwealth have no right to establish a Federal Savings Bank. However, that has been done. Then the Commonwealth puts up the rates of interest in order to attract customers. What are we to do? If we do not put up our rates of interest, we not only fail to get new money in, but our old money will go. So we put up the rates of interest in order to keep the money we have in the State Savings Bank, and to attract other money there. But we have to put up our rates of interest not only on new money, but on the five millions we have already got in the State Savings Bank. Now, that five millions is out at lower rates of interest, which in some cases cannot be altered for years. There are a good many things connected with the savings bank question that hon. members would do well to consider carefully, if they want to get down to the bedrock fact, which is that for the Commonwealth and the State to compete in the savings bank business means ruination.

Hon. J. Ewing: Give the Commonwealth everything; that is the best way.

The MINISTER FOR EDUCATION: This State did not agree to the handing over of its Taxation Department until it had an agreement thoroughly securing it in all respects. We could have handed over our State Savings Bank on the same terms as other States have done it; but we shall not hand over our savings bank except on conditions which the Parliament and the people of Western Australia will approve. It is idle to deny that the Federal Government have frequently done things which are opposed to the spirit of the Constitution, and in many cases opposed to the wording of the Constitution. Who ever dreamed that the Federal Government would impose probate duties? I am a great believer in probate duties, and I think the State should receive more revenue from probate duties. But what is the position at the present time? In the case of large estates the Commonwealth comes in and takes up to 15 per cent. of the whole estate. The knowledge that this taxation is imposed by the Commonwealth must militate against the raising of State probate duties, because otherwise we shall be taking the whole estate in the form of probate duties, which would doubtless be in accordance with the views favoured by Mr. Baglin. But, I ask again, who ever dreamed that the Commonwealth would come down on sources of revenue such as probate? There are other actions of the Commonwealth Parliament to which I have previously drawn attention, and to which I desire once more to draw the attention of hon. members before I sit down. One of the features of the Federal Constitution was that the Commonwealth should be limited to certain matters of expenditure, and that when

the Commonwealth had defrayed that expenditure out of the moneys that it collected from the public, all the surplus should be distributed amongst the States. That, I say, was the principle on which we federated, the principle of the financial sovereignty of the States. The principle was that the Commonwealth should not have any money. The Commonwealth can take by way of taxation all the money that it requires in order to carry out the functions for which it was formed; and, those functions having been carried out, all the money that the Commonwealth has left is the property of the States. It was laid down in the Federal Constitution that "the balance shall, in accordance with this Constitution, be paid to the several States, or applied towards the payment of interest on debts of the several States taken over by the Commonwealth." Now, in 1908 the Commonwealth Parliament passed an Act called the Surplus Revenue Act. That Act says that "The Treasurer may in any year, subject to Section 87 of the Constitution"

—Section 87 is that from which I have just quoted, providing for distribution of surplus revenue among the States—"pay to the credit of the trust account of the Consolidated Revenue Fund such moneys as the Governor General thinks necessary for the purpose of appropriation." In 1908 the Commonwealth could not interfere with that provision and the money could not be retained by them. In 1910, the bookkeeping period having expired, it was open to the Commonwealth Government to make some other provisions and in that year they passed the Surplus Revenue Act. Section 6 of that Act reads:—

In addition to the payments referred to in Section 4 of this Act—

Section 4 covers the per capita payments to the State and also the special payment to Western Australia—

the Treasurer shall pay to the several States in proportion to the number of their people all surplus revenue (if any) in his hands at the close of each financial year.

That was the law the Commonwealth Parliament passed when it had the right to vary the provisions in the Constitution covering the bookkeeping period. It merely re-enacted the provisions of the Constitution and that is the law as it stands to-day.

Hon. J. Cornell: They never had any surplus revenue.

The MINISTER FOR EDUCATION: Has the hon. member never read the reports of what the Federal Treasurer has stated in Parliament. On the 17th September, 1920, the Commonwealth Treasurer, Sir Joseph Cook, said that the Commonwealth revenue for 1919-20 was £52,782,748 while the expenditure out of revenue was £50,558,383, leaving a surplus on the year's transactions of £2,224,365. There was brought forward from the previous year a surplus of £3,523,058. That shows that at the end of

the year 1919, there was a surplus revenue of £3,523,058 which, under the Constitution and under the Act passed by the Federal Parliament, the Federal Treasurer was compelled to distribute among the States. He never attempted to do anything of the sort. He carried it forward to the next year and put forward his Estimates showing how he intended to spend it. In 1920 he anticipated that there would be a surplus of £334,000. He did not spend that money, however; he carried forward the accumulated surplus and at the end of June, 1920, he found himself with an accumulated surplus of £5,747,423, which he was compelled under the Commonwealth law and under the Constitution to distribute amongst the States. Again he did nothing of the kind. He carried it forward in his statements covering the financial year and showed what he intended to do with the money. He indicated that as they had that amount in hand there would be no necessity to raise so much taxation and he predicted that they would end the year about square. At the end of the 12 months, he actually found himself with a surplus of £6,000,000. He is compelled under the law of the Commonwealth and under the Constitution to distribute that money among the States, but again he has done nothing of the sort. He is carrying it forward to next year.

Hon. G. W. Miles: Cannot you sue the Commonwealth for the amount?

The MINISTER FOR EDUCATION: I do not know how we could succeed.

Hon. J. Cornell: They do not intend to ever have a surplus.

The MINISTER FOR EDUCATION: This is making the task of financing the States increasingly difficult. Whereas the framers of the Constitution clearly intended that the financial powers of the Federal Government should be to raise by taxation the revenue they require and to hand the balance to the States, the Commonwealth Government are doing exactly the opposite. It was never intended that the Commonwealth operations should increase the financial embarrassments of the State. The position is that the Commonwealth Treasurer lightens all his financial difficulties by passing them on to the States. I trust that when the Federal convention is held, it will be composed, as has been urged by this Chamber, of representatives in equal numbers from each State. That is the only legitimate manner in which a compact, involving the partnership of the States, can be varied. If that should be the case, I do not think we need have any fear but that the representatives of the smaller States will demand not only that the future arrangements shall be not less favourable than was intended by the framers of the Constitution but will demand that the clear provisions of the Constitution shall be carried out in the letter and in the spirit.

Question put and passed; the Address-in-reply adopted.

House adjourned at 9.6 p.m.

Legislative Assembly.

Thursday, 1st September, 1921.

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

QUESTION—SCHOOL TEACHERS AND QUARTERS.

Mr. MacCallum SMITH asked the Premier: 1, Is it correct that the head teachers of the North Perth and Victoria Park schools suffer no deductions from their salaries though they do not occupy the official quarters? 2, If so, is it his intention to lay on the table of the House the papers in connection with these cases?

The PREMIER replied: 1, Yes. The quarters at Victoria Park are not occupied by the head teacher on account of their being situated in a low-lying locality. The health of the head teacher's wife was impaired through residence there. The quarters are let to a private tenant by the Public Works Department. The quarters at North Perth are not occupied by the head teacher, as the Minister when inspecting the school considered that the quarters were unsuitable as the residence of a teacher of a first class school. The quarters are let to a private tenant by the Public Works Department at a rental of 25s. per week. 2, Papers herewith.

QUESTION—STORM-WATER DRAINAGE AND RATES.

Mr. MacCallum SMITH asked the Minister for Works: 1, How many drains are there in the metropolitan and suburban areas