

brought under his control. The same clause would also render the working of railways belonging to companies, such as the Great Southern and the Midland, under the entire control of the Commissioner of Railways.

**THE COLONIAL SECRETARY** (Hon. G. Shenton): I may state that the Government think it necessary for this clause to be added to the bill for the reasons pointed out by the Hon. Mr. Wright.

Clause agreed to, and the bill reported.

#### ADJOURNMENT.

The Council at 9-20 p.m. adjourned until Thursday, 17th March, at 8 o'clock, p.m.

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## Legislative Assembly,

Wednesday, 16th March, 1892.

Rickets in Cattle—The Agent-Generalship—Pollution of Perth water supply—Customs Bill: clerical error—Death of the Duke of Clarence: Despatch from the Secretary of State for the Colonies—Further assistance to the Midland Railway: adjourned debate—Hawkers and Pedlars Bill: Legislative Council's amendment—Adjournment.

**THE SPEAKER** took the chair at 7-30 p.m.

#### PRAYERS.

#### RICKETS IN CATTLE.

**MR. RICHARDSON:** I rise, without notice, to ask a somewhat informal question. It will be remembered there was a commission appointed some time ago to inquire into the cause and general character of the disease called rickets, prevailing among cattle in parts of this colony, and more especially in the Southern districts. Some attention has recently been called to this disease in Victoria, and there is an interesting letter on the subject in the last *Australasian*, from Mr. Kendall, a well-known veterinary surgeon

in that colony. All I want to know is whether the Premier will discuss the matter in Cabinet and set aside a small sum in order to obtain the services of a competent veterinary surgeon to report on the disease here, and to give us a satisfactory diagnosis of it. Perhaps the hon. gentleman will make a note of it.

**THE COMMISSIONER OF RAILWAYS** (Hon. H. W. Venn): As the hon. member is aware, I have taken much interest in this question, and I may say, on behalf of the Government, that the matter is under our consideration, and I hope that before the close of the year we may be able to take some steps in the direction indicated by him.

#### THE AGENT-GENERALSHIP AND SIR WILLIAM ROBINSON.

**MR. HARPER:** I wish to ask the Premier with leave, without notice, whether Sir William Robinson has accepted the position of Agent-General for this colony?

**THE PREMIER** (Hon. Sir J. Forrest): Sir William Robinson has not formally accepted the office. Just when I expected to receive a definite reply from him on the subject he was taken ill, and he has been ill in bed since, and not able to attend to business. I have had no communication from him since, nor have I telegraphed to him on the subject, knowing from the medical reports that His Excellency is not in a fit state to attend to business. I am very sorry, indeed, I cannot give the hon. member a more definite reply, but that is the exact position of the matter at the present moment.

#### POLLUTION OF THE PERTH WATER SUPPLY AT THE CANNING.

**MR. TRAYLEN:** Before I resume my seat I purpose moving the adjournment of the House. I am taking advantage of this formal motion for the purpose of calling the attention of the Government to a matter of urgent and grave importance, which has escaped our attention hitherto. I refer to the necessity for making some legal provision for preserving from contamination or pollution the waters that flow into the reservoir at the Canning from which the Perth Water Supply Company obtain their supply of water for the use of the citizens of Perth. It was only last evening—and this will be

my apology for coming before the House at this late stage and in this informal manner—it was only last evening that I was supplied with certain facts which make it apparent to me, connected as I am with the Local Board of Health, that some steps should be taken in the direction I have indicated. It has come under my notice that the works of the Canning Jarrah Company's saw mills are situate on one of the main ramifications of Munday's brook, which brook, as members are aware, with its various ramifications, provides the supply of water from the Canning Hills for the Water Works Company's reservoir. If these saw mills, as I am informed, are so situated on this brook or one of its ramifications as I have indicated, it is obvious that there is very great danger that excrementitious and other matter of an offensive character may be swept into the brook by the storm waters and carried down to the reservoir, and we shall have the sickening or disagreeable necessity of having to drink this water in Perth. So far as I and some of us are concerned this may not affect us very much, for we do not depend upon that water for drinking purposes; but it becomes a serious matter to those whose only supply of potable water is derived from this source. I need not say that the sanitary arrangements in establishments like these bush saw-mills are of a very primitive description. In the bush no one thinks of taking the sanitary precautions we consider imperative in towns and cities; and it will be readily conceived by members of this House, that granting that these timber works are so situated as I have described, when heavy rains come and the brooks are running, very offensive matter may be swept into the stream, and so pollute our supply of drinking water. Sometimes I find that when members bring a matter under the notice of the Government they are charged with not knowing what they want or with having no definite idea as to what is required; and, lest I be so charged in this instance, I venture to suggest what I think is the remedy for the state of things I have described, and to urge that this remedy be immediately adopted. The remedy I suggest is that a short bill—a very short one will do, of perhaps three or four

clauses—be introduced at once, during the present session, placing the catchment area I have referred to under the control of the Perth Local Board of Health, giving that Board ample power to make by-laws, to the fullest extent that may be necessary, for preserving from pollution the waters I have referred to. Some of the details that have officially reached me as chairman of the Board I had better not mention in this House. I trust that members will believe me when I say I have not made out the case to be even as strong as it really is, or as I could did I feel myself at liberty to make public in an assembly like this the details that have come under my notice. The present is an opportune time for dealing with this danger, whilst the brooks are dry, and there is no actual connection between them and the reservoir; and I hope the Government will go to a little trouble, and act upon the suggestion I have made, and come before us with such a measure as I have indicated, before harm is done—or, at any rate, adopt some preventive measures for preserving the health of the inhabitants of Perth from the danger referred to. I beg to move the adjournment of the House.

**THE PREMIER (Hon. Sir J. Forrest):** It is an unfortunate thing that this brook on which these saw-mills are situate should be one of the sources of supply to this reservoir, and no doubt some means will have to be taken to prevent pollution. The difficulty is increased by reason of the fact that the lands are held in fee simple on which these mills are situated. But something will have to be done, perhaps in the way suggested by the hon. member. They will have to fence in this brook, I expect, for one thing; besides taking other precautions. I will speak to the Attorney General, and see what can be done, but it appears almost impossible to do anything in the way of legislation this session, as we are now on the eve of prorogation; and, although there may be some little danger, I do not know that it is so very great that it cannot wait until next session. The population there is not very large, and I should say that the danger of pollution, with such an immense quantity of water, is not very great. Of course I do not mean to say it is not possible, but I think the chances are very remote—very remote indeed, in my

opinion—almost bordering, I think, on the impossible. Still, the hon. member is perfectly right in drawing the attention of the Government to the matter, and I will consult with the Attorney General about it, and see whether anything can be done this session. But time is very short now, as it is proposed to prorogue in a day or two.

MR. RANDELL: It has struck me, on the spur of the moment, that the machinery already provided by the Public Health Act may be found sufficient to meet this evil. The Central Board of Health is invested with very large powers, and I should imagine that some arrangement might be made between the Board and the Government to deal with this matter.

MR. TRAYLEN: I omitted to mention that the Public Health Act contemplates the possibility of a nuisance or something dangerous to the public health arising from "offensive trades" or businesses, and there are powers given to the Board to interfere in such cases; but the subject matter of my remarks is not an offensive trade or business—though a very offensive matter, and I am afraid there is no clause in the Public Health Act that will enable us to cope with the circumstances of this case. I trust members will accept my statement that those circumstances are very grave, and that they call for immediate action. There can be no great harm in placing this area—temporarily, at any rate, until other measures are provided—under the jurisdiction and control of the Perth Local Board of Health, so that they may take efficient and timely steps for preventing harm arising from this cause. At any rate, I have discharged my duty to the public, and I hope the Government will fall in with my suggestion.

Motion for adjournment put and negatived.

#### CUSTOMS LAWS CONSOLIDATION BILL.

##### CLERICAL ERROR.

On the Order of the Day for the consideration of the report of the Clerk of the Parliaments respecting a clerical error in this bill,

THE ATTORNEY GENERAL (Hon. S. Burt) moved, That the Clerk of the Parliaments having reported to this

House that a clerical error had occurred in clause 92, line 11, of the Bill to consolidate and amend the Law relating to Customs, whereby the word "may" had been inserted by mistake, this House is of opinion that the said word should be struck out.

Question—put and passed.

#### DEATH OF THE DUKE OF CLARENCE.

THE SPEAKER read the following message from His Excellency the Administrator:—

"With reference to Joint Address No. 2 from the Legislative Council and Legislative Assembly, the Administrator has the honor to transmit, herewith, copy of a despatch on the subject from the Right Honorable the Secretary of State for the Colonies.

"Government House, Perth, 16th March, 1892."

"Downing Street, 8th February, 1892.

"Sir,—I laid before the Queen, and communicated to the Prince and Princess of Wales, your telegram of the 23rd ultimo, conveying a resolution passed by the Members of the Legislative Council and the Legislative Assembly of Western Australia, on the occasion of the death of the Duke of Clarence and Avondale.

"I am commanded to request that you will inform the Legislative Council and the Legislative Assembly that Her Majesty and the Royal Family highly appreciate the kind sympathy tendered to them in this message.

"I have, &c.,

"KNUTSFORD.

"The Officer Administering the Government of Western Australia."

Ordered—That His Excellency's Message, and the enclosure thereto, be entered upon the journals of the House.

#### MIDLAND RAILWAY: FURTHER ASSISTANCE TO—ADJOURNED DEBATE.

MR. LOTON: As the hon. member who moved the adjournment of the debate, and who was in possession of the House, does not intend at the present stage to make use of his privilege, I propose to say a few words with regard to the amendment on the Notice Paper standing in my name. I will endeavor to be as brief as I possibly can on such a subject. The Premier, in addressing the House the other evening on this subject,

stated, I believe, that he was under the impression that some members had a sort of "down" on this Midland Railway Company.

THE PREMIER (Hon. Sir J. Forrest): "Some people," I think I said; not members.

MR. LOTON: I wish, on my own behalf, at any rate, to disclaim any such feeling, and in the remarks I have to make on the subject, I will endeavor, as far as possible, to dispel from my mind any interest that any private individual may have in this matter, and to look at it as the hon. gentleman himself said he looked at it, as a question of national interest, a question affecting the interests of the colony and not as affecting any private or particular interests. I have no "down" myself against the Midland Railway Company or any other Company, and if there are any members in the House who do entertain such a feeling, I think on the other hand the Midland Railway Company has in the hon. gentleman himself a very strong supporter in this House, who on various occasions has defended the Company in the strongest and most effective manner. I dare say it will be recollected by some hon. members the circumstances connected with the initiation and starting of this Midland Railway; but I should like briefly to call attention to various facts connected with the history of the undertaking. It was in 1884 that this concession for a land grant railway between Guildford and Greenough was granted, the then applicant being Mr. Waddington. The concession then agreed upon was precisely on the same lines as the land grant concession known as the Hordern, or the Great Southern Railway concession, which contract, if I remember correctly, was entered into in that year. Twelve months after that, when the Legislative Council next met, in 1885, I find that, so far as we knew, nothing had been done in the matter by Mr. Waddington, and an address was moved to the Governor and adopted by the House to the effect, that unless the contract was signed, and the deposit of £10,000 made before the 1st day of July, 1886, the concession should be considered as terminated, and should not be allowed to be hung up any longer. This resolution had some effect. It was passed in

September, 1885, and I find that early in 1886, Mr. Price Williams was sent out here on behalf of the syndicate, and during his stay here the contract was duly entered into. It is dated the 27th February. The works were almost immediately commenced, and prosecuted with varying energy,—mainly, I believe by the person recognised as the contractor, and not by the concessionaire—during 1886; but, for want of funds, I presume, the works were partially stopped, and the thing was hung up for some years—from 1886 to 1889. Various steps had been taken in London to have the matter taken up, and the contractor himself, I believe, went to England to endeavor to form a company and to raise the money to carry on the works. The fact of the matter was the work had been commenced by the contractor here without any funds having been previously provided. When the Legislative Council was in session in 1889, towards the latter end of the session, a further resolution was carried, to the effect that in the event of the holders of the concession failing to comply with the terms and conditions thereof, which necessitated the completion of 100 miles of the railway by the end of February, 1890, the Government should exercise its rights and cancel the contract. That resolution was debated to some extent, and supported by several well-known members on both sides of the House, and I recollect the then leader of the Government distinctly expressing his sympathy, on behalf of the Government, with the resolution. Later in the session, however, a message came down from the Governor, suggesting that the contract should not be cancelled until a further opportunity had been granted the Company to obtain the necessary funds. Shortly afterwards, as the colony was on the verge of obtaining Responsible Government, it will be remembered that the Governor, Sir Frederick Broome, went to England to assist us in obtaining that form of Government, and it was after his arrival there that certain steps were taken, the details of which have been shown in the telegrams read to the House the other evening by the hon. member for Albany (Mr. De Hamel). Those telegrams will explain what took place. When the 27th February, 1890, arrived—the date referred to in the resolution of

the House—it appeared the Company had not succeeded in raising the necessary capital, and an application was made to the Governor, I believe, in London, and to the Government here to extend the time for the completion of the first 100 miles of railway to the 27th February, 1891, on the understanding that the work should be promptly recommenced, and continued diligently without unreasonable delay. This was sanctioned under an agreement entered into, bearing date March 20th, 1890. But it appeared that those interested found they were unable to raise money to go on with the work much further. A small start was made, some £5,000 was cabled out in order that the contractor might recommence the work, and I believe the work was recommenced, and carried on somewhat languidly; when a further application was made for a further extension of time to the 30th of June, to allow the Company to raise capital and recommence the works, which application was granted, on the condition that the Crown Agents were satisfied that £500,000 proposed to be raised should be applied in payment of the construction of the railway works. Further efforts were then made to form a Company, and the telegrams that have been read to us give us the result. An attempt was made in the London market to raise £1,000,000, but only half of that was subscribed, and, instead of the money so raised being applied to the construction of the line, the Crown Agents were informed that £120,000 was to be set aside for the payment of interest on the debentures by the National Bank, for four years, also that £240,000 was to be paid mainly as promotion money, thus leaving out of the £500,000 subscribed, only £140,000 available for carrying on the work. When the prospectus of the Company was laid before the public in June, 1890, certain conditions were set forth, and certain representations were made to the public; and, for the sake of accuracy, I have here a copy of the advertisement that appeared in the *Times* newspaper of the 24th June. I will read some of the conditions. It is headed, "The list will open this day (Tuesday), 24th June, 1890, and close on or before Friday, the 27th, for town and country."

THE MIDLAND RAILWAY COMPANY OF WESTERN AUSTRALIA, LIMITED.

Capital, £1,240,000, in 200,000 Ordinary Shares of £6 each (£1 called), and 40,000 Founders' Shares of £1 each.

Issue of £1,000,000 six per cent. First Mortgage Debentures, redeemable after 1st July, 1900, by the operation of a sinking fund and annual drawings in each year, at the price of £115 per £100 debenture. The whole issue to be redeemed within fifty years.

\* \* \* \* \*

The debentures will be secured by a Trust Deed creating a first charge on the following property of the Company:—(1): The Railway of about 295 miles in length, now in course of construction, at a total cost of £1,062,000. (2): 2,400,000 acres of freehold land to be selected and acquired by the Company as the works progress, part of a total grant of about 3,540,000 acres. (3): The uncalled capital of £1,000,000 on the Ordinary Shares subscribed as hereinafter mentioned.

Arrangements have been made whereby interest on these debentures for a period of four years from the first day of July, 1890, will be guaranteed by the National Bank of Australasia.

\* \* \* \* \*

The debentures will be issued in sums of £100, £500, and £1,000 each, at the price of £100 per £100 debenture.

Payable £10 per cent. on application.

Payable £15 per cent. on allotment.

Payable £35 per cent. two months after allotment.

Payable £40 per cent. four months after allotment.

—  
£100

It will be seen from what I have read that the subscribers were to have as security a mortgage on the railway itself, the plant and rolling stock, also 2,400,000 acres of land, and, thirdly, £1,000,000 of the uncalled capital or ordinary shares, and that a further arrangement had been made whereby the interest was to be guaranteed by the National Bank. The Crown Agents, when they found out how the money raised was to be appropriated, communicated with the Government here, and expressed their dissent, and strongly recommended the then Government—I do not wish it to be understood that any reflection at all is cast upon the present Government—not to withdraw the notice of cancellation of the contract, and told the Government that if they became a party to the appropriation of the money as proposed, they would incur a heavy moral responsibility to the debenture holders. However, instead of following the advice of the Crown Agents,

who were on the spot, and surely were in the best position to know the ins and outs of the whole transaction, the Government here went against that advice, and allowed the thing to go on. It does seem strange, it must seem strange, to all of us that after this advice had been given by the Crown Agents, the Administrator of the Government cabled back saying that the Government withdrew the notice of cancellation; and that, after a second telegram from the Crown Agents, expressing their regret at the decision arrived at, had been received here, the Government still pursued the course they had started upon. And what was the result? The result was this: that when this Government cabled home to the Crown Agents to intimate to this Company that they were free to go on with the allotment of the debentures, notwithstanding the proposed appropriation of the subscribers' money, the Crown Agents refused, positively refused, as I have said, to have anything further to do with the matter or to undertake or incur any responsibility, and left it to the colony to negotiate with the Company. I say it must seem strange to all of us that the Government still insisted upon the course they did. Well, the allotment of debentures was accordingly proceeded with, and the works were recommenced, and we must admit, I think, that very satisfactory progress was made with the construction of this railway from that time up to a period during last year. The Company, I believe, were allowed until the 1st October, last year, to complete the first 100 miles, so that I do not think that anyone connected with this concession can complain that they have been dealt with in any way harshly by this colony. They have been met in every possible way by the Government here; not only by the old Government, but also by the present Government, who have treated them in the fairest possible way they could expect. Every reasonable extension of time to enable them to carry out their contract has been given to them. The works, as I say, were carried on until about September last, or October, when the Company again found themselves in difficulty, and they came to the present Government for assistance, and the Government, in order, I suppose, to enable them to complete another 50 miles which

they were expected to complete, making 150 miles in all, by the end of February this year, guaranteed £60,000 to the National Bank, for which guarantee they have told us on various occasions they took ample security. I trust it may be found ample, and surely 200,000 acres of land ought to be worth that money. At any rate this assistance from the Government enabled the Company to go on with the completion of another 50 miles of railway. I do not know whether the colony had full value for that £60,000, as regards the work done with it; that is a matter I am not going to deal with. It was supposed, and it has been stated, that this assistance was given in the expectation that before it was all spent the Company would have been in a position to have obtained the necessary capital to proceed with the work to its completion. But they have not done so, and now we have before us a further application for assistance, in the way of a further guarantee, not for capital to be advanced, but for the interest on a further issue of debentures to the extent of £500,000. It has been said by the Premier, and I think by one or two other members who have addressed the House on the subject, that it is not necessary or desirable to inquire into the past, but to look to the future. But it appears to me that if any financial institution, in the ordinary course of business, were applied to by an individual or company for financial aid, that financial institution would naturally want to know something about the antecedents of the applicant and his present position. In the same way, I think it is very desirable, and not only desirable but absolutely necessary, that before we come to the assistance of this Midland Company in the manner it is now proposed, we should inquire to some extent into the antecedents of the Company, and endeavor to ascertain what has been done with the money they have raised, or purport to have raised, since the Company was formed. It will be remembered that some questions have been put to the Government, and certain papers connected with the Company have been produced, and among those papers which have been laid on the table is a copy of the Company's balance sheet for the first year of their operations, up to

the 30th June, 1891. I am sorry it has not been brought down to a later date; but we can only deal with the information laid before us. If we have no later information, it is not our fault. We have asked for it, and no doubt the Government have given us all they can, and, as I said, we can only deal with the information supplied us. It is not for me to say what reliance is to be placed on this balance sheet, but I should like to call attention to a few details disclosed by it. It is, or purports to be, a statement of receipts and expenditure on capital account, up to the 30th June, 1891. This account, surely, should show the capital the Company had to deal with, and how they have dealt with it. I notice there is a footnote by the auditors, which appears to be an unusual kind of attestation for auditors to place at the bottom of a balance sheet. It does not certify that they have examined and verified the accounts and vouchers and found them correct, which is the usual form of certificate. They do not attest the correctness of this balance sheet, but simply that they have approved of it. So we must take that balance sheet for what it is worth. On capital account we have, as a credit, 200,000 ordinary shares of £6, on which £1 is paid up,—£200,000, and also 40,000 founders' shares of the same value, which gives us a total of £240,000. Of the 6 per cent. debentures, one million were issued to the contractor. Bear in mind that when they were put on the London market, we have been told that half-a-million was subscribed; but this shows one million as having been issued to the contractor, of which 657,900 debentures were sold. The net amount received as the proceeds of £565,600 worth of debentures was £561,330, which, with the £240,000 on capital account, show a total net amount received of £801,300 up to the 30th June last, the Company having delivered up to that date, 565,600 debentures. On the other side of the account there are various items of expenditure charged. I do not wish to go into the details; there is only one item I want to call the attention of the committee to, and it is this: Funds to be provided by the contractor for interest on debentures during construction, £240,000, of which has been deposited with the National Bank, in respect of £703,000 debentures appar-

ently sold and delivered, £161,791 17s. So that it appears from this statement of account, that up to the end of June last year, out of one million debentures, £703,000 had been sold. It appears a little strange to me that in this balance sheet we have only credit given for the proceeds of £565,600 of debentures, whereas it appears on the other side that £703,000 had been sold. It will be remembered that the National Bank was to guarantee the interest on these debentures, and we may presume that this amount of debentures had been sold at this date. I have shown that on the credit side there is a net amount of £801,300 received, including the £240,000 (from founders' and ordinary shares) on capital account, the remainder being the sum of £561,330, the net proceeds of £565,600 of debentures. The difference between this £565,600 of debentures and the £703,000 of debentures (the number said to have been sold) is £137,400, which is not shown in this balance sheet. I do not know what these realised, but, seeing that the issue was to be at par, and that the shares that were sold realised par within 15s., I calculate that this £137,400 of debentures should realise the same average result, that is, £136,300, which, added to the capital already stated, would make a total sum of £937,600, which should have come into the hands of the Company for the purposes of this railway. In addition to that there are still £297,000 of the first mortgage debentures not in any way accounted for, that being the difference between the £703,000 and the £1,000,000 issued. If they have been sold and delivered and consideration received for them, there will be that sum in addition to add to the amount I have mentioned. On the other side, what has been the expenditure in connection with this railway. Seeing that they ought to have received £937,000, what has been the expenditure? We have only this balance sheet to go by, but we have some further information from the contractor, laid on the table by the Government in reply to the questions of the hon. member for York, as to the amount paid to the contractor up to date; and I do not know but that we are perfectly justified in taking this statement as correct. The contract price, I believe, was about

£3,500 per mile, and we are told that the amount of money received by the contractor from the Company is £526,348—an average of £3,417 per mile on the 154 miles of railway constructed up to the present time. We must bear in mind that we have it on record that the National Bank has advanced the sum of £155,000 to the Company, including the £60,000 guaranteed by this Government; so that there is an overdraft at the Bank of £155,000. If we deduct that sum from the amount paid to the contractor we have £371,348 as the amount expended on the railway out of the capital raised by the Company. In addition to that, we have it recorded that the National Bank has been paid out of capital account, to meet the interest on the 703,000 debentures, a sum of £161,790, which, if added to the £371,348 expended in construction, will give us £533,138 as the amount expended altogether, out of £937,600 purported to have been received, and which should have been received. That leaves a balance of £404,462 to be accounted for.

THE PREMIER (Hon. Sir J. Forrest): No, no! Where is the money lodged with the Bank to pay interest?

MR. LOTON: I have given it in their own figures, and it will be quite open for the hon. gentleman to controvert them. If these people have not got this £404,462—and possibly they have not, for it appears that shares which purported to have been paid up to £1 have not been paid up at all, or, if so, were paid from funds raised by debentures; and, in such case, the sum of £404,462 would be reduced by £240,000, thus leaving a balance of £164,462, which should be available towards the completion of the works; and allowing for the difference between the £703,000 of debentures sold and the £1,000,000 issued, there is still a balance of £297,000 of the first mortgage debentures not accounted for,—call it, for the sake of argument, £300,000. If these are what are to be given as our security, where is the consideration money that was paid for them when they were issued? If there has been no consideration paid for them, what is the value of them as a security? And what about the security for the first debenture holders? Why should it be proposed to go into the market with second mort-

gage debentures if there are £300,000 of the first mortgage debentures not subscribed for? Surely they are of much more value than the second mortgage debentures, and it would be to the interest of the Company themselves, if they are short of money, to raise the balance on these first mortgage debentures rather than issue second mortgage debentures. Now, sir, with all these facts before us—and I submit they are facts so far as they go—leaving £297,000 debentures not issued, or not accounted for, and an amount of £164,462 which ought to be available, why should this Government be a party to guarantee the interest on the proposed issue of second mortgage debentures, with these facts, disclosed by the Company's own balance sheet and other papers staring us in the face? What will be the position of these second mortgage debenture holders at the end of the ten years? They would be out in the cold with regard to the security; and how can we, with these facts before us, become a party to guaranteeing, in the English market, interest for ten years on these second mortgage debentures, with the first security over the land and the railway to be satisfied, and this money not accounted for. Supposing, for the sake of argument, that the Government did agree to guarantee this interest for ten years, and the Company goes into the market to raise this money, what will be the position of those who may be induced to subscribe it? We have been told by the Attorney General that the Government will see that no prospectus is issued that will not bear the closest scrutiny; if so, I take it that the position of the Company should be clearly placed before the investing public before they subscribe these second mortgage debentures. And if that is done, and these facts are placed before them, as they ought to be, is it likely that this money will be raised? Supposing this issue of debentures fails, what will be the position of this colony, after agreeing to guarantee this interest for a certain number of years, and the money should not be forthcoming? Is that going to assist the credit of this colony when it wants to go into the money market on its own account? I submit, in all sincerity, it is not. On the contrary, it must have a very injurious effect, and,



in my opinion, cannot fail to damage the best interests of the colony in the eyes of the financial world. I might enlarge upon this question at very great length, but I do not know that it would do much good if I did. My desire is to call the attention of members to the facts disclosed from the accounts before us, as presented in the Company's own balance sheet and other documents, so that the representatives of the people of the colony in this House, if they are determined to go into this guarantee at all, it shall not be my fault if they are not enlightened as to the actual state of affairs, at all events to the utmost of my humble ability. I am opposed to the Government of the colony granting assistance of this kind. If the Government is to render any assistance at all let it do so when it can go into it with clean hands, and be able to come out of it with clean hands. I cannot see myself, at present, though I am open to conviction, that the Government, if they go into this guarantee with all the facts before them, are likely to go in with clean hands or to come out of it with clean hands. The question of the working of this railway, in the event of its being completed and the Company ceasing to work it, is not a matter for our consideration at the present time; and I agree with what the Attorney General said on that point,—that this risk or contingency was taken by the colony when it first entered into this contract. But there was another risk or contingency, as to whether the concessionaires, after commencing the work, could carry it out to completion, according to the terms of the contract, and, to my mind, we need not go out of the four corners of that contract. It is the duty of the Government to keep as near as they can keep to its four corners, and see that it is carried out, or otherwise enforce the penalty provided. I am not averse, myself, if these people are really prepared to go on with the work, and prosecute it to a completion with reasonable diligence, — I am not averse to their being allowed a moderate extension of time to enable them to do so. It does not matter if the time were extended another year for completing the line, but there is one condition that should be insisted upon, and that is that no further extension of time be given as

regards our right to throw open the lands that are now locked up under this concession. If the Company require any extension of time to complete their contract, that should not be allowed to operate against this Government reopening their lands for sale along the route of this line. There is no reason whatever why these lands should be locked up any longer than agreed upon. This concession of 12,000 acres of land for every mile of railway constructed was a first-class concession to any Company. The land is good, and if the efforts of the Company have resulted in failure, it is not because the concession given by this colony was not ample. The reason of the failure is that it has been badly financed from the very beginning; and, so far as I have been able to look into the question, that bad beginning has been continued, and is likely to be continued.

MR. RICHARDSON: The financing part, I think, has been too good; not too bad.

MR. LOTON: We have had some light thrown on it by the telegrams that have been read, and I ask this House is this the standard of financial morality which the Government of the colony should set up at the present time? Is it the standard of morality that the representatives of the people in this Assembly, in this the first stage of the Constitution we have just entered upon, are going to set up? If it is, I submit it will be a stain recorded in the history of Western Australia which will never be wiped out.

THE PREMIER (Hon. Sir J. Forrest): No, no!

MR. LOTON: Stains recorded in the history of a country cannot be wiped out; they remain there for all time; and I submit again it will be a blot and a stain upon the fair fame of this colony if, with the facts before us, this House agrees to the proposals that have been put forward by the Government on this occasion. I will say no more. I think I have troubled members long enough, and I must apologise for taking up so much of their time. My object has been to endeavor to make things as clear as I could, and I trust that my statements may have some weight, and that members will fully and carefully consider them. If they do so, and give an unbiassed vote, in the best

interests of the colony, they will not vote for the giving of this guarantee. I now move, as an amendment upon the Premier's motion, to strike out all the words after "That," and insert the following: "having considered the proposals made by the Midland Railway Company to the Government, as contained in their letters of the 26th February and the 7th March, in which the Government, in consideration of certain proposed securities being given, is asked to guarantee 4 per cent. interest for a term of ten years on an issue of £500,000 second mortgage debentures of the said Company; the proceeds of which are to be applied to the payment of certain existing liabilities of the Company, and to the completion of the line of railway between Guildford and Greenough: "This House is of opinion that it is inadvisable, and adverse to the true interest of the colony for the Government to pledge the revenue of the colony by entering into any agreement to pay, or to guarantee the payment of any sum of money, either as interest or otherwise, on account of the Midland Railway Company, or their assigns, in connection with the carrying out of the Contract dated the 27th day of February, 1886, for the construction of a railway between Guildford and Greenough."

MR. RICHARDSON: I think that the question before the House now with reference to this Midland Railway has been so well threshed out that possibly there may be some difficulty in saying anything fresh with regard to it. I do not intend to traverse the early history of this Company, which no doubt reflects very little credit on anybody concerned. I think I might use even stronger terms than that about the formation of this Company. Probably in London they may be well acquainted with this method of doing business in connection with the formation of companies, and possibly the transactions we have heard of in connection with the inception of this particular Company may not be exceptional transactions, though, no doubt, to us in this colony they appear somewhat startling disclosures. But what occurs to my mind is, how much is it our business, at the present stage of this question, to go into the early history of this affair? I am not for a moment questioning that at the time when the Government of the

day assented to the Company's financial proposals, they did not, in the words of the Secretary of State at the time, accept a certain amount of moral responsibility as regards the debenture holders. I am not questioning that at all. What I maintain is this, as the Attorney General has already pointed out: if we give this guarantee that is now asked for we shall, beyond doubt, take a full share of the onus of moral responsibility towards these first mortgage debenture holders. What I am afraid of is that we shall be doing this somewhat at the expense of the second mortgage debenture holders. But so long as nothing is kept back from these debenture holders, so long as the Government take care that there is nothing kept back from these people, and they go into this thing with their eyes open, I do not see that there is any moral responsibility on our part; still it may be a question whether it is good policy on our part. The greatest fear I have is whether, in giving the first mortgage debenture holders a larger amount of security at the expense of the second mortgage debenture holders, our action may not have the effect of making these second mortgage people rather cautious as to entering into this undertaking at all. The hon. member for Albany (Mr. De Hamel) made a remark that had some effect on my mind and it is just possible there may be something in it. The hon. member said he did not believe that the directors of the Company dare let it drop, dare let it collapse. To my mind that is one of the doubts that overhangs the whole question, and throws any doubt at all as to the necessity or the expediency of our present action—whether, if we leave them to their own devices, they would dare to allow the whole thing to collapse with the prospect of actions for fraud being brought against them by the debenture holders, and whether, with all their ingenuity, they would be able, if that were done, to keep on the right side of a stone wall—for, I am inclined to think they have rendered themselves liable. On the other hand we have to take a practical view of the situation. We have to consider this: would it do the colony any good, or the prospects of this railway any good, or serve our purposes at all (from a political point of view), to

know that these persons would be punished, and perhaps justly punished? Would it be a good card to play to tell them they must do the best they can, and that they must expect no assistance from us? We know they are very ingenious and very resourceful, and, if we did tell them this, the probability is that they would keep us waiting, with this incubus (as it has been called) hanging over us, another two years. I maintain that from a political point of view that would be to this colony disastrous. The whole question is involved in such intricacies, its early history, with its fraud and its questionable transactions, and our own moral responsibility in the matter—the whole thing is in such a tangle and such a maze that I think the best way is to cut it all off, and say we—this Assembly and this Government—acknowledge and accept no moral responsibility in this matter, but view it simply from the point of view of policy and expediency. It may be said that this is rather low ground to take, but I think that in our position it is justified. If you are in want of a pair of boots, you do not set about to inquire into the moral character of the shoemaker, so long as he makes you a good pair; and, if we get this railway, I do not see that we have any more right to inquire into the moral character of those who undertake to provide it for us than we have to inquire into the moral antecedents of our shoemaker, or of our tailor, so long as they give us a good fit. The Government, I take it, will take every care that they are amply protected, and that the interests of the colony are protected, in the way of forfeiture clauses in this proposed agreement, so that there may be no loophole left for these people to get out of; and so that, if this railway is not completed according to contract, it will be unquestionably forfeited to the colony; also that the Government will hold some power over these people by which they can compel them to work this line when it is finished, and continue to work it. If once this railway were established, it would be a very disastrous thing indeed, after our enjoying it for a month or two, if this Company were unable to run it, and that at the same time they could stand off and the Government was not empowered to enter into possession and work it

themselves. With reference to what has fallen from the hon. member for York, it struck me there was a good deal in one remark which he made with reference to the advance of £60,000 guaranteed by the Government, when he said that if this advance would have ensured the completion of the work he would not have had anything to say against it. Possibly it did not occur to the hon. member that if the present proposal comes to anything we shall get back that £60,000 at once, and that it will only cost us another £5,000 to get this railway completed. Therefore, on this ground, I think the hon. member ought to be satisfied with this arrangement. There is another point which I should like to have cleared up,—it concerns, perhaps, the legal members of the House more than us laymen; that is, with regard to the mortgage over the Company's lands held by the first mortgage debenture holders. The hon. and learned member for York has told us that in the face of the security held by these first mortgage debenture holders, the value of the security left for the second mortgage debenture holders is very little, as the trustees of the first mortgage debenture holders have the right of sale. There are now 154 miles of this railway finished, and the Company are entitled, in respect of those 154 miles, to select, at present, 934,000 acres of land. I take it that the first mortgage debenture holders hold a security over those 934,000 acres in respect of the line so far as it has gone up to the present, but I do not understand how far these second mortgage debenture holders are to participate in this security. It seems to me it would be rather hard lines, if the money which is to be provided by these second mortgage holders will serve to strengthen the position of the first debenture holders by completing the line, and converting their present security of 934,000 acres into 2,400,000 acres,—it seems to me it would be rather hard lines if these second mortgage debenture holders were not allowed to "chip in" with them. It seems to me that the principle is much about the same as in the case of a bottomry bond, where, I believe, the last bond virtually becomes first, because it is that which really makes the first of any value. In the same way I am almost inclined to think that these

second mortgage debenture holders whose money is going to prevent this railway from collapsing, and going to complete it and make it a going concern, ought really to come in before the first mortgage people; or, in any case, they ought to come in with them, and have a collateral security over the whole line. It has been said by the hon. member for York that it would be better to let the whole thing collapse, and for the Government to enter into possession and complete the line themselves, and it has been urged that as the Company is only entitled to 924,000 acres now, whereas if they complete the line they will become entitled to about 3,300,000, the colony would save about 2,400,000 acres, which at 2s. 6d. an acre would furnish £300,000, or about sufficient to complete the line. But the difficulty would be to dispose of all this land. The same argument would have held good from the very first, and there would have been no necessity for this Company or any other company to have undertaken the work for us, if we could have made sure we could have sold the land and paid for the railway out of the proceeds. But the difficulty was and is to realise on the land and to raise the necessary capital to build the line. It was for that reason that we preferred to let a private company take this risk upon themselves; and the position now, so far as we are concerned, is no different from what it was at first. I hardly think it would be fair for the Government to claim this railway and give nothing at all for it. That argument, carried to its logical conclusion, would come to this: that it is not a wise thing on our part to go into this land grant railway system at all, but undertake such works ourselves. But we, in our wisdom, thought it would be better not to incur this responsibility ourselves, but to give the land to others and let them incur the responsibility. If we had not adopted this principle, we should not now have had the Great Southern line between Beverley and Albany; and, I ask, do members consider that line a bad thing for this colony or not? Would any member in this House desire to exchange the position we were in before we had that railway, and be without it, but still have our land, rather than we should have that railway, and have parted with our land? I am afraid if this colony had

undertaken the responsibility of constructing that line on its own account, it would have found itself pretty heavily in debt at the present moment, and we should have found the words made use of by Mr. Speaker many years ago, about our railways costing us £40,000 a year to work, come true, if that line had been in the hands of the Government. But, in the hands of the present Company, I believe there was actually a profit of £4,000 on the working of that line last year. I think it is quite out of the question for the Government to do what the hon. member for York suggests. There is one point in connection with the desirability of having this Midland Railway finished, which, I think, has not been sufficiently dwelt upon, and that is the enhanced value it will give to the Government lands all along this line. The Company does not take all this land, it must be remembered; and, when they complete their railway, the value of Government land will increase as much as the Company's land will. We shall then be in the same advantageous position in respect of the land between here and Walkaway as we are now in respect of the land between Beverley and Albany, which is traversed by the Great Southern Railway; and I maintain we shall derive a considerable income from that source. There is yet another view I should like to put before hon. members: let them take back their minds to the position the colony was in before this Midland Railway was ever initiated, and let them ask themselves this question: if it was put to us whether we would enter into a joint guarantee with the National Bank to provide the interest on £500,000 for ten years, if by doing so we could get a railway built for us from Guildford to Geraldton—if that had been put to us when this railway was first mooted, would our answer have been *yea* or *nay*? I take it, if that alternative had been put to us, there would have been no difference of opinion as to what our answer would have been. Practically the position is pretty much the same now. Without this guarantee we are not likely to have this railway, and, with this guarantee, we have a prospect of obtaining it. The question is whether it is not a very good bargain that is now offered to us, to have a railway built

connecting us with our Northern district, to have the intervening country settled, and to have its resources developed, all at the cost of—what? A joint guarantee with the National Bank for the payment of ten years' interest on £500,000. I am inclined to think that is not a bad bargain for this colony. Looking at the whole question, not simply from a moral point of view as to the past history of this undertaking, but from a practical and common-sense point of view, if these people are willing to subscribe £500,000 to complete this line, with their eyes open, and with no attempt made to hoodwink them with any specious and false representations—and I should prefer to see the whole thing fall to the ground, sooner than that our fair name should be sullied by any misrepresentations in connection with this matter—but if, with their eyes open and a full knowledge of all the circumstances of the case, these people are willing to subscribe another £500,000—and I take it that it will be the first mortgage debenture holders who will probably subscribe this money after all, and that there will be very few new people drawn into it—if they are willing to do so, it appears to me that this colony will have no cause to regret its bargain.

**MR. MOLLOY:** I rise to make a few remarks on this very important subject, and I trust I may make myself intelligible to certain gentlemen connected with the Press who have complained bitterly of me in the past with regard to what they call my "fluent incoherency." They say they are driven to despair to render my "fluent incoherency" intelligible. I hope I may on this occasion so improve my "fluent incoherency" that they may be no longer driven to despair in that respect, as I am particularly anxious they should not be driven to despair on my humble account. The subject now before us is a very important one, and I have endeavored to approach its consideration with a considerable amount of application, and I have done so with anxiety. I say it is an important subject, for in my opinion it means, to some extent, the ruin or the progress of the colony itself. At the present time, when we are endeavoring to attract population to our shores, and are entering upon a policy of public works for that purpose, with borrowed

money, in order to develop the resources of the colony, it is very desirable that the name of the colony should not suffer deduction abroad. We have been treated to the history of this Midland Railway at considerable length in the course of this debate, and two nights have now been occupied with the speeches of hon. members on the subject. We have been treated to some very exhaustive speeches from several members on this side of the House, who have spoken in opposition to the proposals of the Government, and we have also been treated to some strange disclosures with regard to the very lax commercial morality (to use a very mild term) which characterised the inception of this undertaking. Some members have characterised it by much stronger terms. But I would ask what have we now to do with the early history of this Company? What countenance did we give the promoters of the Company to induce people to subscribe their capital to support the scheme? The only countenance I can think of that we gave in connection with the early history of this undertaking has been that referred to in the telegrams we have had read to us, when the Government of the day declined to act upon Lord Knutsford's advice tendered to it, as to not granting any further extension of time for the Company to carry on their works. But surely those who were about to embark their money in this undertaking had full opportunity of inquiring into the nature and stability of the investment they were about to enter into. They had the prospectus of the Company before them, and I find that the appropriation of the capital subscribed, which has been so severely criticised in the course of this debate, is very distinctly set forth in that prospectus. It was always intended to provide for four years' interest at 6 per cent., upon the debentures, out of the capital subscribed, and deposited for that purpose with the National Bank. That being the case, the subscribers knew what they were investing in. They knew that a certain amount of the subscribed capital would be set aside for this specific purpose. They knew also, as business people, that the person holding the original concession had expended a considerable sum of money in obtaining it, and it was valued at the time as being worth about £90,000. They also knew the terms of

the concession; they knew that the Company was to receive 12,000 acres of land for every mile of railway completed, and they knew that only 6,000 acres was to be selected, as the line was in course of construction, in 20-mile sections. They knew all the conditions, and, with this knowledge, and the Company's prospectus before them, they came forward and subscribed £500,000. We have been told that £240,000 of this subscribed capital was appropriated to a purpose for which it was not subscribed. I have taken some trouble to try to elucidate this mystery of the appropriation of this money, and I think it is explained, to some extent, in this way: £113,000 was paid to Mr. Bond, and £89,000 was paid to Mr. Keane. This was paid out with one hand, and, apparently, paid back to the Company with the other; so that we have £200,000 out of the £240,000 accounted for in that way, and the only money that was not properly appropriated, so far as I can see, was the remaining £40,000, which was appropriated to some purpose which has not been made known. But, in any case, what have we to do with it? Are we the custodians of the Company on the one hand, or the custodians of the subscribing public on the other hand? Did we lend any countenance to this Company or those connected with it to defraud these people of their money, or did we think that they were being defrauded? I am not aware of it. It is also said that only £140,000 out of the half-a-million subscribed capital was appropriated to the work of construction. What has that to do with us, when we find that 154 miles of the railway has actually been completed? The contract price was £3,500 per mile, and the subscribers knew it, and were content to subscribe their money upon that understanding; and, if it has not cost that much to build the line, they certainly have no reason to say that they have not got full value for their money. The Company somehow or other have completed 154 miles according to contract, and, having done so, they are now in difficulties, and they ask us to come to their assistance by guaranteeing this interest, so as to give the investing public confidence to subscribe their money, so as to have the line completed. We know that they were in difficulties before, in

November last, and the Government then lent them £60,000, and I was one of those who strongly protested against the wisdom of that action. We have been told it was done in the interests of the country, and the Premier has told us that the action of the Government on that occasion was applauded all through the colony. But I have always maintained that it was not a proper proceeding on the part of the Government, and I have already, in this House, questioned whether the object the Government had in view in lending the Company that £60,000 was ever fulfilled. From the information we have had laid before us, I think it has been clearly shown that the way that money was expended did not fulfil the object which the Government told us they had in advancing it. It is even doubtful whether the Government got fair value for their money, and it certainly cannot be said that it has enabled the Company to proceed with the work; for now that the £60,000 is gone, we find them in the same position as they were in before they got it. I have always held that the Government had no right to act as they did in the matter of that £60,000, and that the object in view was not realised in any way. It was said that one of the main objects was to prevent the men employed on the railway being thrown on the labor market, but we know that this object was not fulfilled, for these men are now unemployed and the works at a standstill. However, it is no use now talking about the past action of the Government; it is done and cannot be undone. But with regard to the present proposal it seems to me that there are several considerations which should commend it to the favorable attention of the members of this House. The proposal is to give a joint guarantee with the bank for the payment of interest for a term of ten years, amounting to £65,000, on certain conditions, one of those conditions being that we are to get back at once the £60,000 advanced in November last, and which otherwise we cannot claim until next November, and which we may not otherwise get back at all. Therefore, all we are now asked to do is to extend our risk by £5,000. And we have this advantage—and I think members will agree with me that it is a distinct advantage over the former

guarantee:—the present guarantee (which, as I have said, is only for £5,000 more than the former guarantee) is to extend over ten years, instead of our having to pay it at once, or within four or five months, as was the case with the £60,000 advanced in November last. We also have this further advantage, that for the first two years we shall not have to pay anything at all. Then again we shall have an assurance—which we did not have before—that the capital required for completing the line will be paid into our credit at the bank, and can only be drawn out from time to time upon the certificates of our own officers for the work done, according to a revised schedule of rates. That being so, I feel satisfied there cannot be in this instance a repetition of any of the “frauds” and “swindles” which we have been told were perpetrated upon the debenture holders when this Company was organised. It is not the debenture holders, but the Government of this colony, who have to be satisfied in this case with the bargain they are about to make, and we may rest assured that the Government will—at any rate we expect they will—take every care to see that their interests are protected, and that there will be no loophole left for any misappropriation of the funds now proposed to be raised. We surely may give the Government credit for having sufficient intelligence and astuteness to see that any agreement entered into with this Company will be so hedged round that there can be no misappropriation of this money, and that it shall be expended in completing this railway, and that the debenture holders and the colony shall have good value for their money. The Government, I take it, will see to this, or they will certainly be to blame. The expenditure of the money will virtually be in the hands of the Government, and it is for them to see that it is expended to the best advantage, and that the interests of all concerned are properly protected. What, then, is our position with regard to this proposal? We undertake the risk certainly of having to pay £65,000 instead of £60,000, but we have the advantage of having that risk spread over a term of ten years; and we also have the advantage of a much better security for our money. It has been questioned whether

this security is available, but I take it that the Crown law officers will see to that, before the Government commits itself to this agreement. At any rate we are told that we have 800,000 acres of land, and also  $\frac{1}{10}$ th interest in the completed railway, which, it is said, is to cost £700,000, according to the Engineer-in-Chief's estimate. Surely that is ample security and (as it appears to me) very good terms for a risk of only £5,000 more than we have already incurred; and I think we would be acting in the best interests of the colony if we agree to these proposals. The Government, I take it, will take care that no misrepresentations are made to induce people in England to invest their capital in this concern. The investing public at any rate will have before them all the information to be gained from the reports of the debates in this House, and they will enter into the risk with their eyes open. So long as the Government see that the subscribers are not misled by false representations it seems to me that they will incur no moral responsibility, in the present case at any rate. Looking at the matter from every point of view it appears to me that the present proposals are worthy of our favorable consideration. They will certainly, if acted upon, extricate us from considerable difficulties, and we have an opportunity now offered of having this important work carried to completion at the minimum of risk so far as we are concerned. It is unnecessary for me to dwell upon the advantages which the colony will derive from an expenditure of half-a-million of foreign capital amongst us at the present time in the completion of this great work. It has been suggested that we should complete the uncompleted portion of the line ourselves. If we did so it would cost us £309,000, according to the Engineer-in-Chief's estimate, and, when we complete that portion, how are we to deal with it? The work now completed is at either end of the line, and the work to be done is to connect these two portions; and we have to consider what would be our position with both ends of the line in the hands of a private Company. It is not as if we could step in and make them forfeit the whole of the line. All we can do, I take it, if the Company do not complete their

contract, is to withhold from them the lands, except as regards those sections which they have already completed. The Company, we may assume, have already secured the best available land at either end, and it is just possible that they may be content with what they have got, and proceed no further. Is that a desirable prospect for this colony to contemplate? It has been suggested that if they do not work the line we can fine them a certain amount per day; but is it likely they are not going to work those portions of the line which they have been able to complete? Is it likely they will abandon a line that taps such country as that about Gingin from this end, and about Victoria Plains from the northern end—tapping, as I am informed, the best lands along the whole of the line. We may depend upon it the Company will work these two ends, and the only weak point I see in the present proposals is that there is no provision made for the Company working the whole line when it is completed. We know that as soon as the railway is finished they will become entitled to their 12,000 acres of land for every mile constructed, and they can demand it to be issued to them. But, supposing when they have obtained possession of the whole of their land they should find that working the line is not a profitable venture, what is to hinder them from disposing of their lands and abandoning the railway? It may be said if they did that, they would lose the capital invested in the line, and that the railway would then revert to us. But I will endeavor to show that it would not pay the colony to be saddled with the working of this line, in that event, for I take it there would be a considerable loss in the working of it for some years, until the traffic increased as settlement extended and the country got under cultivation. The loss on the working of the line would be during the first few years, and until the country along the line became settled. It has been said that if this railway had not been undertaken by a private company it would have been one of the first works undertaken under the present form of Government. I venture to deny that. According to the lowest estimate, the line could not be constructed for less than £700,000. The interest on that would be £28,000 a year, and the work-

ing expenses, at the lowest, would be another £10,000 a year, which would make an annual charge of £38,000, to which we may add another £7,000 for maintenance, which gives us an expenditure of £45,000 a year. To meet this expenditure what amount of traffic is there likely to be for the first couple of years? We might possibly expect £8,000 or £10,000, leaving a deficiency of £35,000 a year, to be provided out of the revenue of the colony. Is it not better for us to have the line constructed on the land grant system? We have plenty of land, and, after we pay for the construction of this line with one-half of the land alongside of it, the remaining half that will be left us will be largely increased in value. The land remaining to us after the completion of this railway will be worth twice what the whole of it was before the line was constructed. We shall also be benefited by the increase of population and the extension of settlement, and the establishment of direct communication between here and the northern portion of the colony. Then, again, there is the labor which these works will give employment to. Large numbers of men have found employment on this line in the past, and, although I questioned, the other day, whether the number was so great as had been represented, still there can be no doubt that this railway has given a large amount of employment, and the expenditure of another half-a-million in connection with this work must give further employment to some hundreds of people. All this means an addition to the public revenue. We have been told by the Colonial Treasurer that our revenue benefited largely last year from this railway; and, if we have another £500,000 expended on it, it must necessarily further benefit the revenue. All these are points which I commend to the earnest consideration of hon. members in dealing with these proposals. If we find we are not committing the country to any extravagance, if we find we are dealing with a reasonable proposal, if we find we are only running a risk which it is necessary to run in connection with loans of any kind, if we find we are not saddling ourselves with a permanent annual charge in the way of interest or sinking fund, if we find that we



have no principal to pay back, and that, notwithstanding all these advantages, we are going to reap all the benefits that we would derive if we were about to saddle the colony with a debt of half-a-million of money,—if we find ourselves in this position, I ask members to weigh earnestly the advantages that are offered to us on the one hand and the small risk we are asked to undertake on the other hand. These proposals seem to me to be extremely reasonable. They seem to me to be proposals that will conduce largely to the interests of the colony. They seem to me to be fraught with advantages which we have no right to forego, when we consider that among those advantages we may look for an increase to our population, an increase of our revenue, an increase of expenditure on public works, and increased employment for our laboring classes. Surely, with these ends in view, we may safely commit ourselves to proposals of this character. As is known to this House, I was one of the strongest opponents of the action of the Government in advancing this Company £60,000 under the conditions that money was guaranteed, but now it appears to me we are offered a favorable opportunity of extricating ourselves from the false position we have been placed in, in connection with that matter, and of saving the colony a loss of £60,000. I say that advisedly, a loss of £60,000, besides at the same time losing all the advantages which these proposals will give us. I think we should endeavor to divest ourselves of any prejudice we may feel with regard to the early history of this Company or its financing, and approach the subject as reasonable practical men, in the interests of the colony, and deal with it as we ought to deal with any other scheme which, in our opinion, as the representatives of the people, will benefit them and redound to the credit and prosperity of the colony. Supposing, as some will have us believe, there has been a swindle perpetrated in the past, what has that to do with us now, beyond showing us the necessity of having our wits about us, and of being on our guard in dealing with these people, so that the interests of the colony may be safeguarded and its good name not made to suffer. I take it we are quite competent to see to that. I

take it we may trust the Government to protect the interests of the country in this matter. If they do that, I think they will do all that can be reasonably asked of them, and we also shall do all that can be reasonably asked of us. I take it that our duty ends there. We have nothing to do with private interests, or with the prosperity or the failure of private individuals. All we have to consider is whether these proposals are in the interests of the country, and whether, in accepting them, we are committing the country to an obligation which is fair and reasonable, considering the advantages which the country is going to derive from it. There is one point I would like particularly to allude to in these proposals, for I think it is a wise provision to make. I allude to the provision under which the Government may purchase this line of railway at any time, at a price to be fixed by arbitration. But there is one thing that strikes me in connection with this question of arbitration, and that is whether the amount of £240,000, said to have been misappropriated for the benefit of the promoters of the Company, instead of being spent on the works, would have to be taken into consideration when arbitrating the value of the railway. I dare say the first mortgage debenture holders would want to include that amount in the price to be paid for the line, in case of its going to arbitration, and there might be a difficulty about it. Therefore, I take it that when the arbitration clause is inserted in this agreement between the Company and the Government care will be taken to make that point clear, and that the value of the railway, in the event of the Government desiring to purchase, shall be the actual value when taken over, without reference to how the money subscribed in the first instance was appropriated. I think it would be as well to add words to that effect to that paragraph in these proposals dealing with the right of purchase. I take it we should then have everything we could desire provided for in these proposals. I will say no more on this subject. I am sorry if I have wearied hon. members. I have endeavored to make myself intelligible even to those who complain that my "fluent incoherency" drives them to despair. I have endeavored to show that

the proposals of the Government are reasonable ones, and that, if carried out, they will conduce to the best interests of the colony, and I have suggested what I think would insure proper security, so far as we are concerned, in the event of our purchasing this railway. I think if this is done we shall have made an excellent bargain, and extricated ourselves from a position of considerable difficulty.

MR. THROSSELL: No doubt members generally will agree with regard to the hard names that have been lavished upon some of those who have been connected with this railway in its early history—though I do not see that it has much to do with the question now before us—but most members will agree that the hard names we have heard in the course of this debate have been deserved. But the question we have now to consider is whether, regard being had to all the surrounding circumstances, it would be wise or not for the Government to enter into the proposed agreement with the Company on the basis submitted in the Premier's resolution. I desire to deal with that question simply as a business man dealing with a business proposal, and it appears to me that the whole question lies in a nutshell. We owe at present, in connection with this railway, a sum of £60,000, which, unless some further assistance is forthcoming, we are likely to be called upon very shortly to pay. On the other hand we have an opportunity here of getting that liability wiped out at one stroke, and, instead of having to meet this promissory note for £60,000 when it becomes due in November next, we have a chance of getting it repaid at once and at the same time doing the colony a good turn in getting this railway completed, and also spreading the payment of our renewed promissory note over a long term of years. At present we are in this position: we have an unfinished railway, we have our lands locked up, settlement retarded, the labor market disorganised, hundreds of men out of employment, and anything but an encouraging prospect in front of us. On the other hand these proposals of the Government show us a way out of these difficulties. They show us how, by increasing our present liability to the extent of £5,000 or £6,000 only, we can get

this railway finished, we can get our lands unlocked, we can stimulate settlement upon those lands, we can find employment for hundreds of men now thrown out of work, we can secure the expenditure of a large sum of money in the colony, spread over a considerable time, we can attract population, and we can increase our revenue. This seems to me, briefly, the position in which we are placed in at the present moment, and the only question we have to consider is this: is it wise, or is it not wise, in these circumstances, to adopt these proposals of the Government? To my mind, speaking as a business man—and I have given the matter very serious consideration during the past few days—I think it would be very wise on our part to accept this means of relieving ourselves from the horns of a very disagreeable dilemma, one from which at the present moment I see no other means of escape. The mistake made, if any, was in advancing that £60,000 in the first instance. I think that the amendment of the hon. member for the Swan (Mr. Loton) would have come better if it had come before that money was advanced to this Company; but, in our present position, I think the proposals of the Government are such that, as business men, studying the interests of the country, we should accept. Such being my views of the matter, and as the question has been discussed very fully, I shall only add that I shall have pleasure, under the circumstances, in supporting the Government proposals. In doing so I believe that when all matters in connection with this very disagreeable question are fairly considered, it will be found that the Government will also have the support of the country in their proposed course of action.

MR. QUINLAN: I would first express my surprise and regret at the disclosures made in the telegrams and correspondence read to us in connection with the early transactions of this Company. I do not see, however, that it devolves upon this House to concern itself at present with this matter, and say whether the promoters of the Company acted in an honest and legitimate way or not towards the original debenture holders, or whether this colony acted as it should have done in that matter. As to that, we have not been placed in our present position by this Govern-

ment, but by a former Administration, and I do not think that any good can arise now by referring to what a Government that is past and gone may have done. The question for us now is, what is the best course for the present Government to adopt. The motion of the Premier is, in my opinion, a reasonable one, and I must say I consider it a business-like one. I have studied the matter very carefully for some considerable time, and have come to the conclusion that the Ministry on this occasion at any rate have had their wits about them, and acted in our interests. I do not know that anything could be added to these proposals. I have thought of the suggestion that provision should be made to compel the Company to work the line on its completion, if they can find this money; but we have already been made acquainted with the fact that the Company under the present contract is liable to a fine of £100 a day, if they do not run their trains. That seems to me a very important provision; and it is hardly likely that the Company, after having invested hundreds of thousands of pounds in this railway are going to render themselves liable to forfeiture, or to a penalty for not working the line. The motion, to my mind, contains everything that could be desired in the interests of the colony. It places the Government in a much better position than they are in now. They have already advanced this Company £60,000, and the only security they now have is £90,000 of debentures and 200,000 acres of land; whereas, if the present proposals are carried out, the Government, for a further advance of £5,000 or £6,000, will get as security £300,000 first mortgage debentures, 800,000 acres of land, and a three-tenths interest in the completed railway. I think when we find the colony is going to get all this we may say it is getting something handsome. I was one of those who, when the question of the £60,000 advance came before this House, said I considered that the Government had acted wisely, provided that they took care that they got value for the work they were paying for, and a certificate from their own engineer. I think the majority of colonists were under the impression—I was myself—that this railway would become immediately forfeited

to the Government in the event of the Company failing to make good the amount advanced to them; but I find now that we really could claim nothing for three years to come. This only strengthens the argument in favor of the present proposals, and I think the House would do well to adopt them. There is another aspect of the question which I think will go a long way towards this Company being able to raise this £500,000, and that is the knowledge that the Government and the National Bank are risking this amount in providing the interest upon these debentures. I know the National Bank is a very careful institution, and they are the wrong people to put their hands to anything they are likely to lose any money by. I am confident that an institution of such magnitude and business capacity is not likely to go into this matter unless they are satisfied that the thing is pretty safe. It may be asked—and I think it is the most serious question before us—can the Company, even with this guarantee, raise this money? I doubt whether they could, without the guarantee which the Government and the bank are asked to give, but I think we have good reason for believing that they will now. It has been said we ought not to assist a private company, but, in my opinion, we are assisting ourselves in this matter more than we are assisting the Company. Already, since the temporary stoppage of these works, a great number of hands have been thrown out of work; and what would be the result if this stoppage continued for another two or three years? It would have a very bad effect upon the colony. Not only this, but we should be showing English investors that we have no faith in our own country if we declined to come forward and help this undertaking. I intend to support the Government on this occasion, and I trust the majority of hon. members will also do so. Some hon. members may laugh; but they will laugh more heartily when they see this line completed and in working order. On the other hand, if the Government are defeated we shall have no occasion to laugh, but to be sorry. Certain information connected with the past history of the Company has been asked for by the hon. member for York. No doubt it would be very desirable, in

order to satisfy our curiosity as to where the money went, to have this information; but I have an idea myself that some gentlemen here got a good deal of it, although I believe the major portion of it went to English capitalists. If the Government of the day had taken the advice of Lord Knutsford, in June, 1890, there would have been no necessity for us to discuss this question to-night. But it is for us now to decide what is best to be done. We have got our foot into a hole, and we must consider which is the best way to get it out again. I think it would be disastrous to the colony if this railway came to grief, and the whole thing collapsed, and we were left with an unfinished line. As regards the country through which this railway passes, it is acknowledged by competent authorities that, although some portions of it are bad, a great deal of it is very good. I think, myself, that, taken on the whole, it will compare favorably with the land through which the Great Southern line passes. Yet we know it was said of that line that it would not pay for the grease on the wheels. I do not think anyone would say that now. I think this Midland Railway has many advantages over the Great Southern, because, in addition to passenger traffic, there will be a great deal of live stock and other traffic between here and the North. Yet we know that the Great Southern line last year made a net profit of £4,000, which, I believe, was almost all made out of passenger traffic alone. It was the same with our Eastern Railway when it was proposed to build the first section between here and Fremantle. People said it would never pay, and that there was no necessity for it; that Letch's vans and the old river steamers would answer every purpose for many years to come. But what has been the result? We know that line is paying handsomely now, and we hope it will yet pay much better. I think we may expect the same results from this Midland Railway. I feel sure that if we carry this motion we shall be acting in the best interests of the colony, and that we shall have the approval of, at any rate, a vast majority of the colonists that we have done what is right and proper in assisting the Government in making the best possible bargain that could be made. There-

fore, the motion shall have my hearty support.

**MR. CLARKSON:** It is not my intention to make a long speech this evening. I am sick and tired of the very name of the Midland Railway, and I believe the large majority of the members of this House as well as people outside are sick also. We all know the past history of the Midland Railway; we know it won't bear looking into very closely, there being some shady transactions, to say the least of them. This wretched Company has been in difficulties from its very commencement, having led a miserable life; and if I was asked to agree to the loan of a sixpence to bolster up that Company, I would refuse to do so. But I look on the present proposal as a new departure, and something almost distinct from the original Company. I think the proposal is a very reasonable one, and we should be doing quite right in guaranteeing, in conjunction with the National Bank, the interest for a certain number of years. If a proposal was before the House for a line of railway to be built from Guildford to Greenough, it would be a question to consider whether such should be built or not. But we have already half that line of railway built, and the colony has already suffered rather seriously from delay through the non-completion of this line. A large portion of the best land in the colony has been locked up for years, but now we have a very good chance to complete this line and have done with it, and I shall certainly support the proposal of the hon. the Premier in this matter. I might comment on the information laid upon the table, but I do not see that there is anything to be gained by doing so. Let this wretched Company rest in peace, if it can; and let us complete this work.

**MR. R. F. SHOLL:** I do not apologise to the House for my reason for opposing the proposal of the Government. I need give no such apology. A great deal of allusion has been made to the past life of this Company, and it has been stated that we ought to bury the past. But it is acknowledged all round, even by the Government, that the transactions in respect to the floating of this Company are of a very shady nature indeed; and what are we asked to do? We are asked as

members and representatives of constituencies to join in bolstering up a bubble. Everyone must admit that the whole transactions of the floating of that Company are of such a nature that they won't bear the light of day; and yet we are asked by the Government of this colony to bolster up what everyone acknowledges to be very shady transaction indeed. A Company that has been floated on false representations—

MR. A. FORREST: What about mining companies?

MR. R. F. SHOLL: I have nothing to do with mining companies. I say that we here, as public men, are asked to join this colony in taking in and lulling the suspicions of the English debenture holders, by guaranteeing, in conjunction with a financial institution, the interest for eight years. Only the other day a case was mentioned to me wherein the manager of a financial company in one of the other colonies had played the "confidence trick," and got property into his possession, and after paying the rates on that property he found himself in the dock as a criminal, and the supposed owner discovered that the property which ought to be his had been sold 19 years ago. Here the interest will be provided for paying the original debenture holders their 6 per cent.

THE PREMIER (Hon. Sir J. Forrest): Who will provide it? You should explain it, and not make random statements.

MR. R. F. SHOLL: The Premier, in addressing the House the other night, stated that unless the Government did something in this matter, the work would not be proceeded with. I must agree with the hon. member for Albany when he stated that there are public men whose names are connected with this Company as originally floated who dare not let their transactions in connection with this Company see the light of day; and whether the majority in this House decides to assist this Company or not, these people, who, I believe, are wealthy men and with considerable reputation, dare not let this Midland Company fall through, for, in addition to their reputation, I think it very likely that a criminal information would be laid against them.

THE PREMIER (Hon. Sir J. Forrest): You don't know anything about it.

MR. R. F. SHOLL: The National Bank have everything to gain and nothing to lose in this matter, and I do not see that there is any public spirit in their proposal.

THE PREMIER (Hon. Sir J. Forrest): Explain that.

MR. R. F. SHOLL: The National Bank have made certain advances, representing a little more than £100,000, and they have securities representing £48,000. They agree to surrender these securities on condition that this money, when raised, will pay off the whole of their liability. I do not see there is any public spirit in that. As hard-headed business men, it is agreed that the manager should bring forward this proposal.

THE PREMIER (Hon. Sir J. Forrest): Their other securities are not in this colony.

MR. R. F. SHOLL: The bank is unsecured for £50,000.

THE PREMIER (Hon. Sir J. Forrest): I don't think so, locally.

MR. R. F. SHOLL: It has also been stated that in the event of this Company failing, it would be a bad advertisement for this colony; but I cannot see that, for I think it would be a worse advertisement to find this colony is bolstering up a bogus company.

THE PREMIER (Hon. Sir J. Forrest): What about the position of the debenture holders?

MR. PARKER: What about the position of the new debenture holders?

THE PREMIER (Hon. Sir J. Forrest): The old ones I want to know about.

MR. R. F. SHOLL: With regard to this Company, I would like to point out that as far as the colony is concerned we have received very little consideration from this Company. We find the Company have taken every advantage. They took as much land as possible, and have deviated their line so as to throw the whole of the good land on one side which they can select, and the bad land on the other side, which is left to this colony. The first survey of the line was right through good country on both sides, but they thought that was not a very good move.

THE PREMIER (Hon. Sir J. Forrest): Do you blame them for that?

MR. R. F. SHOLL: I really must protest, Mr. Randell. When anyone speaks from this side there are continuous remarks from the Government bench. It was the same when the hon. member for York was speaking last night; there was continual interruption.

THE PREMIER (Hon. Sir J. Forrest): That was to keep him straight.

MR. R. F. SHOLL: When members are speaking in opposition to the Government, the interruptions are continuous. I think this is hardly fair, because the hon. gentleman can have his reply afterwards. With regard to this good land, the same thing has occurred on the Irwin, where they left all the sandplain for the Government; and I say the Government will have very little good land left, because the whole of it will be in the hands of this Company. This railway will be 278 miles in length; the land to be selected will be 3,360,000 acres; and out of that quantity there are pledged to the debenture holders 2,394,000 acres, leaving a balance of 966,000, for which we are supposed to be secured for the guarantee of £60,000. Out of that number, one of the first robbers, the founder, has the first pick of 13,560 acres for every 20-mile section completed, and that will give him 188,484 acres for his private use.

THE PREMIER (Hon. Sir J. Forrest): Anthony Hordern got 40,000 acres.

MR. R. F. SHOLL: Mr. Bond is entitled to 13,560 acres of the first selection for every 20 miles of railway completed.

THE PREMIER (Hon. Sir J. Forrest): We had three-tenths of that for the other advance.

MR. R. F. SHOLL: No doubt this proposal will be carried in this House, and Mr. Bond, who is really more interested in this railway being carried through than any other person connected with it, has made no concession at all. We find that other people connected with it have made concessions in consideration of the assistance given by the colony, but Mr. Bond has made no concession whatever.

THE PREMIER (Hon. Sir J. Forrest): 134,000 acres were selected first, and the balance of 60,000 odd was not selected; and when the Government selected they had to give him the first choice. In the agreement he waived his claim to the

right of first selection, and we did select 134,000 acres.

MR. R. F. SHOLL: But Mr. Bond had already selected as far as he was entitled by the length of line constructed.

THE PREMIER (Hon. Sir J. Forrest): There is no evidence that he selected any of it.

MR. R. F. SHOLL: It has been stated by the hon. member for West Perth (Mr. Quinlan), in his apologetic speech for supporting this proposal, that the matter of the unemployed was very serious. I mean to say that in this country there is no reason at present to have any unemployed; for we have Estimates before us for expending half-a-million of money, and when these works are got under weigh, there is not likely to be any unemployed at all. I don't think that consideration has anything to do with the matter. I think this proposal is one which the colony ought not to mix itself up in. It does not concern the colony. The Midland Railway Company have been extending rapidly their operations on the good land. On the Irwin they have hedged pretty well all the good country, and have extended the line on to the Moore River, and have to go a very little distance indeed, about 30 miles, when they will have encompassed the whole of the good country between Arrino and Clinch's. Speaking generally, they are now pretty well entitled to select over the principal country between here and Geraldton. A large proportion of the land between the two sections, however, is sandplain. We retain in our possession, until the completion of the construction, 6,000 acres per mile, which the Company will eventually, upon completion, have power to select; and I am not so certain but that it would pay this colony better for this Company to receive no assistance from us, unless they can carry out their contract properly. I think it is not correct to say that it is in the interest of this colony that this Company should receive financial assistance from it. My reason for voting against this motion is that I do not think this colony should pledge its good name, and mix itself up with a shady concern.

THE PREMIER (Hon. Sir J. Forrest): You say it is mixed up already.

MR. CANNING: The information that is laid on the table has been of very

great use to hon. members. I cannot say it is either a shock or a surprise. I had a tolerably good idea of what the character of the revelations would be; and I think it would not be fair, in considering this question, to pass over that information. At all events, certain facts have come to our knowledge which show that the remarks which had been made as to the character of the proceedings connected with the formation of the Company are amply borne out. What do we find? We find that the laws which applied to joint stock and limited liability companies were disregarded. There were in reality no shareholders. Certain shares were allotted, and, when that had been done, application was made to the public for debenture money. The public had the right to suppose that the first payment upon those shares had been made, and that the shareholders were *bond fide* shareholders, and the debenture holders would have the security of the uncalled capital. Well, it is pretty clear that this is not the case with regard to this Company. I am not going to follow the workings connected with the formation of this Company. As regards the proposals now before the House, I approach their consideration with my mind entirely free from prejudice. I think the thanks of this House and the country are due to the hon. member for York, for having elicited the information which this House now possesses. Whatever decision may be come to with regard to the proposals, it was most desirable that we should be acquainted with the history of this undertaking. The momentous question now under consideration is really what course is best to be taken in dealing with this matter. On the one hand it is urged that the railway in its present unfinished state is wholly useless for traffic, and that if we withhold the aid asked for, the railway cannot be completed for some years to come; also that the entire cessation of the works will be productive of very serious consequences to the colony at large; that there will be considerable financial disorganisation; that there will be a feeling elsewhere that the affairs of the colony are not in a sound condition. These and other reasons that have been put forward are somewhat plausible, some few forcible; and we are now to give them consideration. It was urged, moreover,

that the character of the security offered was such as precluded all possibility of loss to the colony; but in connection with that security, there are some questions which ought to be considered. One question is, may we not, by committing ourselves to this course now proposed, be in some measure connecting ourselves so far with the Company that if litigation should arise hereafter, the colony may be parties to it? That consideration should not be lost sight of. With regard to the £300,000 of debenture bonds proposed as a portion of the security, they are really only in the nature of an acknowledgment by the Company of its liability. They are of no absolute value. They are simply documents which they will hand over, and which will be a recognition of the Company's liability to the Government for the guarantee given. Nothing more; they have no absolute value. As to the 800,000 acres of land, of course the value of that security is a matter of opinion. Assuming that we are satisfied on the whole with the value of these securities, there is still one question remaining. With regard to Mr. Bond, it is reported that this gentleman has not invested one shilling in this undertaking, although he is a large shareholder. He receives a very considerable quantity of land in return for his venture in the formation of the Company; and I think it would be only reasonable that Mr. Bond should be called upon to join in the guarantee that is to be given to the Government. I think we may reasonably ask what is the present position of Mr. Bond in relation to this Company. If we are content to leave the past alone, we ought, at all events, to deal with the present and have some regard for the future. Without giving any expression of opinion on the Premier's motion, but assuming the House thinks fit to consent to it, yet I submit there ought to be laid before the House the contract of Mr. Keane and the revised schedule of prices for the work. Also if this proposal be agreed to, and in view of the reckless expenditure which has undoubtedly characterised the operations of the Company both here and elsewhere, and considering that the means of controlling the expenditure which the Government propose for completing the work are somewhat vague

and insufficient to accomplish the end in view, I would suggest that the Government should appoint some person whose duty it shall be to control the future expenditure connected with this undertaking. I think I may bring forward, in justification of such a measure, the consideration that we have every reason to believe that the £60,000 guaranteed by the Government has not been expended in the manner that was originally contemplated.

**THE PREMIER (Hon. Sir J. Forrest):** £3,500 a mile.

**MR. CANNING:** £12,000 a month was to be advanced. The duties of such a person as I suggest would be somewhat like those of the Auditor General. I do not think it would be fair to cast such a duty as that on the Auditor General of the colony; but I think that duty ought to be performed, and there are amply sufficient reasons for strongly urging something of the kind being done. There are two important questions to be asked, and I have no doubt the House will think it very desirable they should be asked. The first is: What assurance have we that, in the event of the House agreeing to the proposals of the Government, the money which the Company undertake to raise can be raised? Will the Government give to the House a distinct assurance that they have information which enables them to state substantially that the money will be available? Because, if this House agrees, and it be found that the money cannot be raised, I am afraid we shall place ourselves in a somewhat unenviable position. I think it is most desirable that we should this evening have some distinct assurance on that head from the Government. The next question I should like to ask is whether, in the event of the purchase of the railway being eventually decided upon, the Government have considered already the basis on which that value shall be calculated; whether it is intended to enter into the account the moneys that have been improperly diverted in London from the purposes of the railway, or the nominal value of the shares.

**THE PREMIER (Hon. Sir J. Forrest):** An arbitration.

**MR. CANNING:** But this matter ought to be distinctly understood by this House, that those amounts improperly

expended or diverted in England shall not be reckoned as part of the value or cost of the railway.

**THE PREMIER (Hon. Sir J. Forrest):** I am afraid we won't be in office when that has to be dealt with.

**MR. CANNING:** There is one other question which no doubt can be answered: Will any such arrangement as that contemplated in connection with the Midland Railway Company set aside the original contract entered into between the Government and the concessionaires, or any subsequent contract with the transferee of the concession, or any of the conditions of such contract or concession, or in any way prejudice the rights of the Government and the colony, under any such contract or concession?

**THE PREMIER (Hon. Sir J. Forrest):** Certainly not; that will be provided for, of course.

**MR. CANNING:** There is still one consideration left, and it is this: will the railway and the land together be of sufficient value to cover the indebtedness of this Company to the bondholders, present and future, and to the Government?

**THE PREMIER (Hon. Sir J. Forrest):** I believe they will.

**MR. CANNING:** There is no uncalled capital; that is a fiction, in the present case.

**MR. RICHARDSON:** That is without reference to the second bondholders.

**MR. CANNING:** No, I mean the whole of the bondholders and the Government.

**MR. RICHARDSON:** It is open for them to demand that they shall be placed on the same footing as the present bondholders.

**MR. CANNING:** I will only ask the Government, if possible, to give an answer to these questions.

**THE PREMIER (Hon. Sir J. Forrest):** I did not quite catch what the hon. member's questions were, but I understood two of them. One was whether the original contract and the rights under it would be preserved. I may answer, yes. In the contract we made with reference to the first advance, we preserved all the rights of the contract; and it would be as a matter of course that any agreement made with the Company would be subject to all the rights and powers of the Government under the original con-



tract. The hon. member also asks whether I consider the value of the railway and the lands will be sufficient to pay the present debenture holders, and those who are to come into existence. I consider it would be a very good security. A railway running through the temperate parts of Western Australia nearly 300 miles, which will certainly cost £800,000 to build, ought certainly to be worth over £1,000,000, with 2,400,000 acres of land. There is not a million of liability at present. The total value would be about £1,200,000. I think that a railway through this territory, with 2,400,000 acres of land alongside of it, is worth £1,200,000; and I think the security these people would have would be an excellent security, which may not earn any interest at all for a little while; but the security must increase in value as time goes on, and must return a large income in the future. I have said that all along; I have told my friends in England the same thing, over and over again, that if they invested their money and waited till this country is developed by these railways they would have their reward, but that if they expected to get a return at once, they would not get it, because land does not become more productive by having a railway run through it, the railway being only a facility of transit, and some years must be allowed for occupation and development. I did not intend to speak again on this motion, although I have prepared one or two notes; still I think the remarks to-night do not require anything more to be said, and if it had not been for these direct questions I would not have risen. Still, as I am up I may refer to a few matters that have been spoken of to-night. I will refer to what the hon. member for the Swan said. I am not at all prepared to admit his calculation with reference to that balance-sheet. I believe if those persons who understood the details of that balance-sheet were here, they would give a very different account from that which the hon. member gave. I do not pretend to be an accountant, but I am quite sure the amount of money he says has been obtained and not accounted for does not explain the true state of affairs. The hon. member made a point as to the standard of morality in this colony. I believe we do set up a standard as high

probably as anybody else, but the hon. member forgets that when he wants us to set up a high standard for our future transactions, he has himself charged the Government of this colony with not having been up to that standard in the past. I do not consider myself that there has been any stain on the good name of this country in the past, but I will say that there will be less stain on its good name in the future, by reason of the proposals I have brought before you; so that if there is any stain on the country, it exists already, because everyone who has spoken here says that these debenture holders have been taken in, and that the Government in this country has been responsible for it to a great extent.

SEVERAL HON. MEMBERS: No, no!

THE PREMIER (Hon. Sir J. Forrest): It was said that we stood still and saw it done.

MR. LOTON (and other hon. members): No.

THE PREMIER (Hon. Sir J. Forrest): If these papers are no reflection on the Government of this colony, I am very glad to hear it. What was it the last Government were asked to do? They were asked to withdraw their cancellation of the contract. Our agent, Sir Frederick Broome, had entered into an agreement, with the sanction of this Government, to extend the time beyond the 30th June for same works. About that time some £5,000 was sent to this country, and a few days elapsed after the 30th June before those works were commenced; and because that was so, we were asked to cancel the contract. If I had been a member of the Council at that time, I should have hesitated before cancelling the contract, and I very much question whether we should have done that. It seems to me that if, as the hon. member for the Swan said, I have been a very good advocate for this railway, I may plead guilty to this, that I had to put my case as well as I could before hon. members, and say all I could in its favor, and no doubt I tried to put the best face on it that was possible; but I will say also that those who opposed it have looked on the black side altogether, and have not seen one single virtue in the proposition of the Government. They have not dealt with the matter as it affects the future of the country. They

have said we will ruin our good name by being mixed up with some scandalous people, and will sully the name of the colony. But they have not dealt with the question as it affects the future of the colony. All their criticisms have been confined to transactions that happened some years ago in London; but I think it is scarcely fair to people in England to criticise them as some hon. members have done. I am sure those hon. members do not know all the facts in reference to these people; and I am sure the persons who occupy positions as directors in London will be very much surprised if they read the debates of this House. I know only one member of that syndicate, a distinguished officer of Engineers, a man well-known, who has been decorated by his Sovereign, a member of the House of Commons, and a man of the highest integrity and honor—that is Sir William Crossman; and I am quite sure he would not be associated with anything scandalous or fraudulent. I have no doubt the other gentlemen are also men of probity, or they could not occupy the positions they do. Therefore when hon. members talk in a random way about these people, they should be very sure they are on safe ground. I do not mean to say some persons may not have made considerable plunder out of it. Possibly they have. I notice that the opponents of these proposals have not taken counsel together. Each one seems to be a general in command of his own army, which consists of himself. We first had the hon. member for York bringing forward a motion that we should not proceed until certain questions were answered. Then we had the hon. member for Albany, who brought forward a motion affirming that our proposals should be referred to a committee. Then the hon. member for the Swan brought forward a motion, which really means “No” to the proposition of the Government. I hope there are no more amendments to be put. I hope hon. members will now deal with the matter before them, and get to a division in order to see whether the proposals of the Government are likely to meet with approval or not. I notice that the hon. member for York expresses great sympathy with the present debenture holders, who have been very badly treated—I think he used the word

“swindled.” The hon. member for Albany talked about swindlers and such like; but these people have not complained yet, and until they do complain I think they do not deserve any sympathy from us, because we are not in full possession of the facts. The hon. member said that the Company must cease to exist in 1894, and that by leaving the Company to collapse, this colony would be able to get the line for a mere song. But, I say, so much for the hon. member’s sympathy for the debenture holders. These people would be so injured by the Government not coming to their assistance in any way, and their property would be so depreciated, that we, the colony, would come in and get their property for a song. So much for the hon. member’s high-minded patriotism, and for the credit of the colony, and for its good name; yet, at the same time, we are to so act towards these people that they should be ruined, and when their property has become of no value, we are to go in and get it for a song! The hon. member for Albany was even worse than the hon. member for York, because his idea was forfeiture—take the property away from them—take possession of it.

MR. DE HAMEL: I sympathised with the debenture holders, not with the Company.

THE PREMIER (Hon. Sir J. Forrest): If you wait to take these people’s property for a song, where is your sympathy? The hon. member referred to the exorbitant price which the present contractor has been getting. I am aware that the price is greater than we have been paying for our railways of late, but until the present Government came forward with loan proposals, there had been no railway in this colony built for less than £3,500 per mile. There are very few instances, if any. It is a good price; but when people use very big words, such as “exorbitant,” you would think that such prices had not been given before in the colony. I believe all the railways in this colony have cost us £3,500 a mile, some of them more; therefore how is this an exorbitant rate? It is not a rate that is anything out of the way; in fact it is cheaper than we have been in the habit of paying for our railways, in the past. I would like to point out also that these

propositions are merely the basis upon which an agreement will be made. We shall have to take very great care, and the Attorney General will be very careful in drafting the agreement. The hon. member for the Gascoyne (Mr. R. F. Sholl) referred to some land to which one of the directors of the Company had a prior right. Does he think we are going to allow that gentleman to have that land if we want it? We shall be masters of the situation, I take it, and we shall say, "Unless you agree to these terms, we are not going to do anything." He cannot get that land without our consent. Still, we will use the position so as to be secure as far as possible. I say that if there have been in the past any transactions or dealings with the debenture holders that won't stand the light of day, we will do the very best thing we can, in the interest of those people, by agreeing to the propositions now before the House to ensure that instead of their having no security, as they have scarcely any now, having only the two ends of an unfinished railway, they will get this half-finished work carried to completion, and then they will have a splendid property. But if it be, as I understand, there are only 700,000 debentures issued, and the 300,000 that will be given to us as part security will be secured also on the second mortgage, then the second mortgage debenture holders can take a lien on the 300,000 debentures after the Government and the bank have been satisfied. So that the second mortgage debenture holders will be in a very fair position, for, after satisfying the bank and the Government, they will have the land. The 300,000 debentures belong at present to the shareholders, as the bonds have not been issued. I can only reiterate what the Attorney General has said, that in dealing with this matter in London we will be very careful that no misrepresentation takes place; that the prospectus shall be approved of by our agents; and that whatever is done shall be above-board, and be done in an honest and proper way, because without our approval there will be no chance of their getting a single penny. I may say I am very pleased indeed with the course of this debate. It seems there is a majority in favor of the proposals of the Government. They can see this is a very im-

portant matter. They agree with the Government that this line should be completed and made a going concern; that it is to the interest of the colony that the land along that railway should be opened up and facilities of transit be given; and they see also that it is not a good thing for the colony to be associated with disaster or failure at the present time. To stand still and do nothing is not a policy that we should associate ourselves with. If a time of emergency and difficulty comes, that is the time when we should take responsibility on our shoulders. The other course which has been suggested in this emergency reminds me of the time of old when Nero is said to have fiddled while Rome was burning. We have undertaken to develop this territory and put it on the highway of prosperity, and we cannot do that better than by encouraging railway communication throughout the length and breadth of the territory. I am very much obliged to hon. members who have by their voices and speeches given a practical support to our proposals.

MR. CANNING: Possibly what has been said about the debenture holders may be misunderstood. It has been said, "Let the debenture holders take care of themselves." Now I think that manner of speaking of the debenture holders is much to be deprecated. The people lent their money on what appeared to be almost a national undertaking; and if it should go forth that their interests are spoken of with so much indifference and so slightly, it may have a bad effect. There should be some expression of opinion to the effect that this House considers it to be its duty to protect the interests of the debenture holders.

THE PREMIER (Hon. Sir J. Forrest): That is what we are trying to do.

MR. CANNING: They invested their money on the faith of representations made as to the stability of the undertaking, and from the confidence they had in the respectability and position of those persons who are associated with it; and, in view of these considerations weighing very much with them, nothing should be said or done that will tend to shake their confidence in any undertaking connected with this colony.

Resolution put.

The committee divided, with the following result:—

Ayes ...	20
Noes ...	7

Majority for 13

AYES.	NOES.
Mr. Baker	Mr. Canning
Mr. Burt	Mr. Darlôt
Mr. Clarkson	Mr. De Hamel
Mr. A. Forrest	Mr. Parker
Mr. Harper	Mr. R. F. Sholl
Mr. Hassell	Mr. H. W. Sholl
Mr. Marmion	Mr. Loton (Teller).
Mr. Molloy	
Mr. Paterson	
Mr. Pearse	
Mr. Phillips	
Mr. Piesse	
Mr. Quinlan	
Mr. Richardson	
Mr. Simpson	
Mr. Symon	
Mr. Throssell	
Mr. Traylen	
Mr. Venn	
Sir John Forrest (Teller).	

Question—put and passed.

Resolution to be reported.

MR. PARKER: Before the resolution of the committee is reported, I should like to point out that it is not in accordance with the speech of the hon. the Premier. The first paragraph in the resolution says:—"That in consideration of the security offered by the Midland Railway Company, to be shared jointly by the Government and the National Bank of Australasia, that is to say—£300,000 1st Mortgage Debentures (carrying  $\frac{3}{10}$ ths interest in the completed Railway and works) and 800,000 acres of land, to be selected by the Government and held by them for sale to meet the guaranteed interest—the Government shall give a guarantee, in conjunction with the National Bank," etc. Now I understand from the hon. gentleman's speech that these 800,000 acres are not in addition to the  $\frac{3}{10}$ ths interest carried by the debentures, but this means that the Government are also to have a special allotment of 800,000 acres in addition to the £300,000 worth of debentures.

THE PREMIER (Hon. Sir J. Forrest): It does not say that.

AN HON. MEMBER: The  $\frac{3}{10}$ ths are in brackets.

MR. PARKER: If both were put in brackets, as printed in the resolution, there might be something in it; but that is not the proposition as explained by the hon. gentleman.

THE COMMISSIONER OF CROWN LANDS (Hon. W. E. Marmion): It really does carry  $\frac{3}{10}$ ths of the railway and also 800,000 acres of land. In a letter from the Company the security embraces that.

THE PREMIER (Hon. Sir J. Forrest): Yes, that is so.

Resolution reported to the House, and, a division being called for by Mr. Loton, the House divided with the following result:—

Ayes ...	19
Noes ...	7

Majority for ... 12

AYES.	NOES.
Mr. Baker	Mr. Canning
Mr. Burt	Mr. Darlôt
Mr. Clarkson	Mr. De Hamel
Sir John Forrest	Mr. Parker
Mr. A. Forrest	Mr. R. F. Sholl
Mr. Harper	Mr. H. W. Sholl
Mr. Hassell	Mr. Loton (Teller).
Mr. Molloy	
Mr. Paterson	
Mr. Pearse	
Mr. Piesse	
Mr. Quinlan	
Mr. Richardson	
Mr. Simpson	
Mr. Symon	
Mr. Throssell	
Mr. Traylen	
Mr. Venn	
Mr. Marmion (Teller).	

Question—That the report be adopted—put and passed.

#### ADJOURNMENT.

The House adjourned at 12:10 a.m.