

Mr. THOMSON (Katanning) [11.44]: Is it the intention of the Government to introduce an amending Bill? I take it that this is a Bill to renew the Act at present in operation. Do the Government intend to introduce a new Roads Board measure entirely, or merely a Bill to amend the present legislation?

Mr. LAMBERT (Coolgardie) [11.45]: Would the Minister consider the relationship between the Municipalities Act and the Roads Board Act if any such amendment is contemplated? Some time ago in Victoria under the Municipalities Act, of which the Western Australian Act is a model, a reclassification of the older municipalities throughout the State was made on the basis of earnings and cost.

The MINISTER FOR WORKS (Hon. W. J. George—Murray-Wellington) [in reply—11.46]: This Bill simply re-enacts the Roads Board Act of 1911, as amended in 1912 and 1915, and its provisions will continue in operation until 31st December, 1918, and no longer. There has been a new Roads Board Act on the stocks for a long time, and it is the intention of the Government, if permitted to meet the House then, to endeavour to bring it forward next year. With regard to the question asked by the member for Coolgardie, a measure regarding municipalities has already been partially drafted, but what its main provisions are I do not know. If the hon. member will let me know what his ideas on the subject are I will endeavour to arrange for him to see a copy of the proposed measure.

Question put and passed.

Bill read a second time.

In Committee, etcetera.

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

Read a third time and transmitted to the Council.

ADJOURNMENT—SPECIAL.

The PREMIER (Hon. H. B. Lefroy—Moore) [11.50]: I move—

That the House at its rising adjourn until to-morrow (Thursday) at 3 p.m.

On this matter I have consulted with the leader of the Opposition. The Legislative Council will meet at three to-morrow afternoon, and consequently it would be well for this House to meet at the same hour, in order that we may be able to deal with business as it comes from the Upper Chamber. In the circumstances I trust hon. members will agree to the motion.

Question put and passed.

House adjourned at 11.52 p.m.

Legislative Council,

Thursday, 22nd November, 1917.

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The PRESIDENT took the Chair at 3 p.m. and read prayers.

COMMITTEES FOR THE SESSION.

On motion by the COLONIAL SECRETARY, ordered: 1. That the Standing Orders Committee shall consist of the President, the Chairman of Committees, Hon. J. M. Drew, Hon. A. Sanderson, and the mover. 2. That the Library Committee for the present session shall consist of the following members, viz., Hon. W. Kingsmill, Hon. H. Millington, and Hon. J. F. Allen. 3. That the Printing Committee shall consist of the Hon. Sir E. H. Wittenoom, Hon. R. G. Ardagh, and Hon. A. Sanderson. 4.

That the House Committee shall consist of the Hon. W. Kingsmill, Hon. J. Duffell, Hon. R. J. Lynn, Hon. H. Millington, and Hon. H. Boan.

PAPERS PRESENTED.

By the Colonial Secretary: Report of the Commissioner of Railways for the year ended 30th June, 1917; Cemeteries Act, by-laws; Land Act, regulations and by-laws; Parks and Reserves Act, by-laws.

BILL—SUPPLY, £310,000.

All Stages.

Received from the Legislative Assembly and read a first time.

Second Reading.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [3.5], in moving the second reading, said: I do not propose to make anything in the nature of a financial statement or to initiate a debate on the financial position of the country, but I simply desire to explain the purpose of this Bill. Prior to the general elections Supply was granted to the end of November on the basis of five-twelfths of the expenditure of the previous year. Had the money granted in that Supply Bill been expended, it would not have been necessary for the Treasurer to ask for further supply of £550,000 to carry on until the end of January. The Treasurer, however, is considerably within the amount granted to him by Parliament in the previous Supply Bill and consequently requires for the purposes of the Government until the end of January £300,000 only. He also contemplates making the five months' supply of loan money granted last for the seven months, and the only additional amount asked for is £10,000 from the Government Property Trust Account. The intention of the Government had been to submit Estimates for the year almost immediately on the assembling of Parliament, and the Treasurer was prepared, had the necessity for this adjournment not arisen, to have submitted Estimates directly the Address-in-reply in another place had been completed. The present intention is that the Estimates will

be submitted as soon after the reassembling of Parliament in January as the completion of the Address-in-reply will permit. I move—

That the Bill be now read a second time.

Hon. J. W. KIRWAN (South) [3.8]: The Colonial Secretary in introducing this Bill said that he did not wish to initiate a debate on the financial position of the State. I do not desire to say more than a few words, but I think those few words are justified by very strong reasons. The financial position of the State at the present time is such as to cause every member who has the interests of the country at heart the most serious consideration, and apart from that consideration, owing to circumstances over which the Government have no control, there will be no opportunity of discussing the financial position for the current year until January, when seven months of the year will have expired, and when the Estimates are brought down more than half of the money that will be asked for will have been expended. At any rate, seven months of the financial year will have elapsed and I think in view of the very extraordinary circumstances, that a few remarks are justified, more especially in view of the rather full financial statement that was made by the Treasurer in another place last evening. In normal times, to my mind, the financial position would not have been so serious. In normal times in a State like Western Australia, with its great recuperative powers, there would have been no occasion to have been more than ordinarily concerned regarding the financial position, but what adds to the gravity and seriousness of the position is the uncertainty regarding the duration of the war. It now is by no means certain as to whether the war will end in one or two or even three years and some estimates have made it even longer, and because of that this House which has always represented itself as consisting of men possessed of a very high sense of their responsibilities concerning the State generally, more especially its financial aspect, and composed as it is largely of commercial and business men, I should regard the present occasion as one for

some remarks upon the subject, even if they are only in the direction of eliciting information from the Colonial Secretary with a view of assisting those of us who are desirous of knowing the exact financial position and seeing precisely what the future is likely to have in store for us. To my mind, the Treasurer's statement last evening was extremely disappointing. He mentioned economies that had been effected—economies amounting to something like £136,000, and which to my mind are only a drop in the ocean as compared to the deficit with which we are now faced. But there was one bright feature in the Treasurer's statement, and it was that he candidly said he had not done nearly as much as he would like to do or nearly as much as can be done, and which he hopes he will be able to accomplish presently. The Treasurer said he had been in office only four months and that he had not been able to attend to details as fully as he would have liked to do in that short period, but still he had been able to do a good deal. He added that there were certain economies—he was not referring to the economies of policy which, of course, cannot be effected without the consent of Parliament—he referred, as I understood, to economies of administration. He said there were numerous economies in the various departments, to which members could point, and which he thought could be effected, and he trusted that in time they would be effected with the assistance of his colleagues, the other Ministers. The Treasurer's speech led me to suppose what I have thought all along and it is that the Treasurer's position at a time like the present is an extremely difficult one, and it is rendered still more difficult when that Treasurer does not happen to hold the position of Premier as well. I have always thought that the offices should be combined because the man who has control of the money ought really to have supreme charge of affairs. But where those offices are not combined and where a Treasurer is simply one of several Ministers, he consequently is not able to do as much as possibly he would like to do and which the country would expect him to do. The country generally, I am sure, will be very glad to know that he is receiving the

full assistance of Ministers who are associated with him. There is an impression abroad that there are certain men in the State who seem still to pursue the idea that we ought to go on with business as usual. I think that those who advocate business as usual under existing conditions are likely to bring the State into a very parlous condition indeed. The conditions are not normal. We cannot go on with business as usual. As I have said in this House before, if we are to save the State from very serious consequences, and if we are to go in for honest finance, we will have to do things which will cause a considerable amount of hardship. I understand that the Colonial Treasurer—and I only use this by way of illustration—thought it necessary to stop the subsidy of the Fresh Air League on the goldfields, a most desirable organisation, and I am quite sure it cost that hon. gentleman a considerable amount of pain, as it did to everyone else, that he was compelled to adopt that attitude. I am not finding fault in that connection. If economies of that sort have to be instituted, and I am awfully afraid that this will have to be done in the interests of honest finance, it would be very cheering to hear also that economies of a similar nature were being effected in the various other departments of the State. The Colonial Secretary might perhaps offer us some information to-day. He is in charge of a number of large departments and sub-departments which spend a very great deal of money. He is not in the position of the Colonial Treasurer, who has only been in charge of the Treasury for a period of four months. The Colonial Secretary, I think, has been in charge of his departments for about 16 months. I am sure he is very desirous of effecting economies, and I could not believe for one moment, or even suggest, that he would be one of those foolish people who advocate the policy of business as usual. I am certain that no one at all events would believe that of him. I do think he would be doing justice to us, and to himself, if he would be kind enough to tell us what economies he has been able to effect during the 16 months or so that he has been in office, in the various departments and sub-departments under his control. I estimate that he

has made numbers of economies because I can hardly conceive of any man in charge of any department who, in the present condition of affairs, does not see the necessity for honest finance. He would be helping us very much, and I am sure himself too, if he would kindly let us know what these economies are. He would also help us if, as a result of his experiences in the charge of these various departments and sub-departments, he could tell us where it is possible to effect any economies, whether he can see in any direction, by the duplication of work, where economies might be effected, without interfering with the efficiency of the departments. I am afraid that we will in all departments of the State have to go further than that and effect economies which may seem, to some extent, to limit the efficiency of the various departments. I am asking this purely in the interests of information so that we may know exactly what the position is. It will help us to see exactly what is being done in the departments controlled by the Colonial Secretary and spending so much money. If I remember rightly, when the Estimates were before the House on the last occasion, the Colonial Secretary (Hon. H. P. Colebatch) who, I think, brought them in, did not make any introductory remarks regarding them. It happened to be on the last day of the session and there was a general rush, and—it is not in a censorious way that I am saying this—we were on that occasion deprived of information which only the Colonial Secretary could give regarding the details of departments of a very extensive nature. One of the reasons why I think it is fair to himself and to his Government, as well as to members, that he should tell us something regarding these departments, is that presently the Government will be coming down with fresh taxation proposals. I am in the unfortunate position that I cannot see any other way out of the difficulty but by means of fresh taxation, but I think it may be that some hon. members of this Chamber may stand up when these taxation proposals are brought down and take the stand which the Colonial Secretary himself took when the Scaddan Government's increased taxation proposals were before the House. The Colonial Secretary then took the stand that

he would not vote for these increased taxation proposals because he had not confidence in the Government bringing them forward. I am not saying that he was not right, I myself take a different view, but he said that he regretted the Scaddan Government were extravagant, that they were very reckless, and he had not sufficient confidence in them as financiers to give them the additional money which they thought they wanted at that particular time. It may happen that there will be some members of this Chamber who are not at all satisfied with the trend of the finances of the State, who may not be satisfied that everything is being done that is possible in the direction of economy. I think these hon. members would be justified in taking the stand that unless they are satisfied that everything has been done that could be done to effect economies, they will not vote for any further taxation. I would submit to the Colonial Secretary that if he were to inform us of what is being done with regard to the departments under his control, and the economies already effected, and whether it is possible to effect any further economies in these departments, or if he can see any prospect of doing so, either by means of administration or by means of policy, it would be a wise step to take. It is to present these ideas to the hon. gentleman that I have made these remarks. I may not be here to listen to his reply because I have to catch the train, but I shall certainly read it in *Hansard* with a good deal of interest. It is for that reason that I think the House is justified at present in saying something with regard to the financial position of the State.

Hon. H. STEWART (South-East) [3.24]: I agree with a great deal that has been said by Mr. Kirwan and think that not only members of this Chamber but the people throughout the country are desirous of hearing from the Government that there is really an earnest endeavour on their part to considerably reduce this deficit, and to bring us to that position in which we will be able to meet our obligations. To my mind economies must and can be effected in practically every department of Government expenditure, and those economies so far effected are not sufficient to satisfy the requirements of hon members. Furthermore,

the people themselves have shown that they can stand further taxation, not, as Mr. Duffell has said, by way of the taxation of thrift altogether, but by the taxation of the thrifless. In a community like this, where the people can spend the tremendous sums they do on amusements and luxuries, and on betting, I consider that if they are of the type that the people of this country should be, they are fit and should be prepared to meet taxation on these forms of expenditure, and that they and the State will be the better for such taxation. When we come to consider the position of this State, it appears that the taxation per head, according to Mr. Knibbs, in 1914-15 was 23s. per head of the population, which is below the average for the Commonwealth as a whole, that average being 28s. 4d. I do not know that the position is to-day appreciably different, but I do think that, as has been said by one hon. member in the course of the Address-in-reply, the people in this country are not being taxed to anything like the extent to which the people in the Old Country are being taxed. The present is a time when we should all be prepared to bear our share of the burden, and bearing our share of the burden is helping to live during this trying period not only as a State but as a people in meeting our obligations, which for some years the State has been failing to do. Let us go back to the year 1910. We there find that in loan expenditure and current expenditure the amount was in round figures 3½ millions. Let us also look at the number of permanent and temporary officers in the public service, and by that I mean those under the jurisdiction of the Public Service Commissioner, who are by no means all the people who are in the service of the State. These numbered 1,308. For the year ended 30th June, 1913, the expenditure of loan moneys and current expenditure was seven millions and the people under the Public Service Commissioner then were 1,678. Had the number of people who were permanently employed in the service of the State under the Public Service Commissioner been comparable to that expenditure they would have numbered 2,616. Coming down to the year ending 30th June,

1916, we find that our expenditure in round figures was 5½ millions and the number of people under the Public Service Commissioner 1,699. Had that number been comparable with the time when we were paying our way, in 1910, the number under the Public Service Commissioner would have been 2,180. I mention these figures to illustrate that the people whose positions are safeguarded as officers of the public service do not amount in number to what one would ordinarily expect that number to be from the amount of expenditure that had been indulged in by the State. It is not my fault that I am unable to place before the Chamber more complete figures. I have endeavoured to get from the officers of the Government the number of people employed in the service of the State, and the amounts paid to them during these periods of years, the amounts disbursed in salaries and wages, and the particulars as to all the people in the service of the State, so as to have full data on which to base conclusions, but I have been unable to get this information. It is information which ought readily to be available. Apart from that, from the figures I have submitted, I contend that they show that the number of officers who are under the Public Service Commissioner who are safeguarded, but that these only form a proportion of those who are in the service of the State. There are indeed numerous other people who have rights and privileges which are being safeguarded under the Public Service Act, and these privileges do not only affect the permanent Public Service, a service which has grown so tremendously during this period of heavy expenditure. As it is desired that the House shall rise shortly, I do not wish to take up unnecessary time, but to point out that in connection with the expenditure in this State there are two items which I wish to compare with the expenditure of other States, and on which we are largely in excess. The interest on the public debt is nearly double the Commonwealth average, and the expenditure of all "other" branches of service, excluding railways, justice, police, domestic, education, charities and medical; this is £5 8s. 8d. per head, while the Commonwealth average is £2 3s.

ld., showing that in these all "other" expenditures, which includes the State trading concerns, the Public Works Department, and so forth, our expenditure is excessively heavy, and if we are not going on expending loan moneys, here in this direction lies the means by which substantial reductions may be introduced. Reverting to my remarks as to people who are in the service of the State, I should like to bring before members and the public, that the *Civil Service Journal* has pointed out that in five years one department—I do not know which—had shifted its premises four times in accordance with the wishes of the Minister and against the controlling head of the department.

The Colonial Secretary: Four times in five years?

Hon. H. STEWART: Yes. We all know that would be a matter which would involve a considerable expenditure, and it has been done during a time when the State has been troubled financially, and can we be assured that this kind of thing is not going on at the present time? I would like to ask the Minister for Education if he can explain to us the reasons—and not being sure of my ground I ask—why the premises of the Education Department have been shifted, as alleged, perhaps sacrificing rent already paid. Was it absolutely necessary that this should be done, if it was done? To sum up my remarks, my general attitude is this: I feel, and the country I think feels, besides any economies that may be introduced, we have to face these curtailed services in various departments, in various public utilities which we have been accustomed to, and we must be prepared to put up with less satisfactory services than we have had in the past, if by so doing we are able to carry out our work and improve the financial position of the State.

Hon. J. M. DREW (Central) [3.35]: I do not desire to delay the passage of the Supply Bill, but the Colonial Secretary in the course of his speech made a statement which raises a point that requires elucidation. He said that under the previous Supply Bill, supply was granted until the end of November to the extent of £500,000.

The Colonial Secretary: To the extent of five-twelfths of the expenditure of the previous year.

Hon. J. M. DREW: I would like to know what the amount was; still it does not matter what the amount was. The hon. member stated that the Government had been able to live within their income.

The Colonial Secretary: I made no such statement. I know the hon. member does not desire to misrepresent. The statement I made was that before the general election, Parliament granted supply on the assumption that it was sufficient until the end of November. Five-twelfths of the amount of the expenditure of the previous year was granted and I said that the Government had lived well within the amount granted by Parliament. Parliament granted £1,456,000 from revenue, £400,000 from loan, £70,000 from the Property Trust Account, and £300,000 advance to the Colonial Treasurer, in all £2,226,000.

Hon. J. M. DREW: The hon. member said the Government had lived within their income. If not, instead of asking for £300,000 from the Consolidated Revenue, we would have been asked for £500,000.

The Colonial Secretary: That is assuming the Government spent the whole of the amount voted by Parliament. If the Government had spent five-twelfths of the amount which was expended in the previous year by the end of November, we would have had to ask for £550,000 instead of £300,000, but the Government had not spent that amount, and as the Government had not spent five-twelfths of the expenditure of last year, it was only necessary to ask for £300,000 for two months more.

Hon. J. M. DREW: All I want to know is how this economy has been effected, because there has been economy to the amount of £200,000 in nine months. The different departments went carefully into the matter and said that they required £200,000 more than has been expended. Therefore, I am curious to know how the economy has been effected as it is not necessary now to ask for more than £300,000, whereas if the money had all been spent, the Colonial Secretary now would have been asking the House to vote £500,000. There must be some explanation.

Hon. A. SANDERSON (Metropolitan-Suburban) [3.40]: I have one protest only, and that is in regard to the raiding of the sinking fund. It is obviously impossible, and it is undesirable, to discuss the financial position of the country at the present time. I sympathise with the leader of the House in his position, but after all said and done, the finances of the country are outside his hands. He is here as the spokesman of the Government. I did not hear all the hon. member had to say in moving the second reading of the Bill. I was five minutes late and his speech was over so that he could not have told the House much. I sympathise with him and with the Government. Looking at it in any way, it is a most difficult contract that we have on hand. But surely there are some limits to what we may do, or should do, or must do, and one is that we should not be dishonest. I say that by raiding the sinking fund we put ourselves on a low grade and it will be a difficult contract to get back to the level on which we stood.

Member: Restore it.

Hon. A. SANDERSON: So far from restoring it the next step will be raiding the sinking fund itself. We are going to postpone—those are the words used—the payment of the interest which may be carried over to the sinking fund. I will give a concrete case. The Coolgardie Water Scheme loan was obtained at 3 per cent. at par, some of it at any rate. Three million pounds at 3 per cent. at par—it is almost incredible to me, but we did it. The Treasurer is not to take the sinking 3 per cent. sinking fund and 3 per cent. interest; we will pay 6 per cent. in all." Now I understand the proposal of the Treasurer is this: not to take the sinking fund which now amounts to several million pounds—not to do that yet—but I say having taken this step of postponing the interest payments to the sinking fund, the next step will inevitably be practically the raiding of the sinking fund itself. The position is very serious. I do not want to be aggressive in my criticism of the Government: I fully realise the difficulties of the position. There are so many things entirely beyond our control, but there is one limit. There

is nothing dishonourable in going bankrupt; many straightforward and honest men have gone bankrupt. Rather than put themselves into a false position, they have sought the protection of the court so that all their creditors should be treated fairly. This is the protest I wish to make. We are getting down into a lower level. It is said, "Needs must, when the old gentleman drives." I do not want to discuss the financial position of the country now; I do not consider it is as hopeless as some members seem to think. We ought to be thankful that we are living in Western Australia in a crisis like this. I have no desire to criticise or attack the Government unfairly. At the present time nothing has been done; this is only a proposal and I hope members of the Ministry, members of Parliament and the public will have time to consider whether they will tax the sinking fund and the interest fund. I do not care what the circumstances or the position of affairs may be, it would be ten times better from every point of view that we should not do this, whether we are thinking of our own credit and honour or whether we are thinking of our creditors. When we consider the vituperation that we heard against the Labour party for their unbusinesslike and dishonest methods of finance, we realise that the present Government, the Government of all the talents, will come down to the level of a fraudulent bankrupt if they dare to carry out this proposal. That is the protest I wish to make. I hope the leader of the House will not think that I have attempted to discuss the financial position or that I wish to embarrass either himself or the Government at a juncture like this. I realise that we have to close up our ranks for the big fight ahead of us, but at the same time I venture to give a warning that the Government will find it a fatal mistake from every point of view, whether of honour, or of the interest of ourselves or our creditors, if they dare to touch these trust funds.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East—in reply) [3.47]: In refraining from making any general remarks as to the financial position when moving the second reading, I did not desire that any hon. member who wished to pass any criticisms or ask any questions, should

not do so. I thought I was simply following custom in the matter of introducing what is only a Supply Bill for a couple of months. It has been quite unusual in the introduction of a Supply Bill to go exhaustively into the financial position of the State. In respect to different matters that have been raised, I shall be glad to enlighten hon. members as far as I am able, and I will esteem it a favour if hon. members will let me have their enquiries, when I will place them in possession of all the information they desire. The date of the general election is probably the principal reason for the Estimates being presented so late in the session. If we could find some means of getting back to the old system, under which the general elections were held in May, we would probably get over all this trouble about the Estimates being introduced at the end of a session, which is entirely unsatisfactory from every point of view.

Hon. W. Kingsmill: They could have dissolved three months earlier.

The COLONIAL SECRETARY: Yes. The intention of the Treasurer is to present the Estimates as soon as possible after Parliament re-assembles, and it will not be the fault of the Government if the Estimates are not placed before the House in ample time to afford members an opportunity of fully considering them. Mr. Kirwan expressed some dissatisfaction that the economies already referred to by the Treasurer were not greater than they are. I would like to impress upon hon. members that even where it is possible by the amalgamation of offices to economise in the public service, there are always pension and other rights of that sort to pay, so that the State does not get a full immediate benefit from the change, and the economy effected is permanent and for future benefit rather than for immediate relief. Also, we have to face increases in many instances to those on the lower rungs of the ladder, increases properly granted in view of the increased cost of living. These increases such as the bonuses to married men in the railway service, run away with a good deal of money and serve to offset quite a lot of small economies.

Hon. V. Hamersley: Will a reduction be made when the cost of living comes down?

The COLONIAL SECRETARY: These bonuses to which I refer have been granted for the period of the war only; not as increases, but as war bonuses. I do not quite follow the contention of Mr. Kirwan when he says that the Treasurer is in a disadvantageous position through not being Premier. The argument was freely used when the Treasurer took office, that he would be in a much better position to discharge the duties of that office through being relieved of the constant distractions that fall to the lot of a Premier. It was regarded as a very difficult matter for a Premier to give detailed attention to all the affairs requiring such attention on the part of a Treasurer, and I am quite confident that the experiment of appointing a Treasurer who shall not be saddled with the responsibilities of Premier will be found to be of great advantage. I can assure the House that the Treasurer is receiving the fullest possible co-operation of all Ministers, who are unsparingly assisting him in his efforts to economise. So far as the departments under my own control are concerned, I hope it is not expected that I should go into a detailed statement. When I assumed office I found under the control of the Colonial Secretary certain trading concerns, most of which were losing money. The position of some of them, such as the fish supplies, was absolutely impossible. After testing the thing for a few months and finding it impossible I closed up the fish supplies. Fortunately we lost very little on the realisation of the assets, and we have saved the loss on the trading, which amounted to some £10 per day. State ferries are now doing fairly well. A number of the departments are of such a nature that they cannot be lightly interfered with in the matter of expenditure. We are making considerable savings this year in the Aborigines Department, but it must be remembered that we have to carry out our obligations to the aboriginal inhabitants of this country and the savings to be made must not be allowed to result in any hardship on the unfortunate natives. The same thing applies to a number of other activities of the Colonial Secretary's department. There is, for instance, the charities branch. The demands on the Charities Department these times are greater than in normal times. The number

of widows and people requiring assistance is constantly increasing, and I do not think that any hon. member would suggest that that department should do less than exhaustively enquire into the merits of every case; and when the merits of a case have been established then the necessities of the case must be met, even though we are hard up. A similar argument may be applied to a number of our institutions. We cannot help the fact that even the patients in the Claremont Hospital for the Insane are constantly on the increase, and while every effort is put forward to secure economic and effective administration, we cannot overlook the fact that the cost of supplies is constantly increasing. If hon. members set out with the assumption that we should make great savings in institutions of that kind they must, to be logical, hold that these institutions were previously administered in extravagant fashion. I have no hesitation in saying that I do not think my predecessor, Mr. Drew, allowed any institution under his control to drift into a lax and improvident condition. In most of these charitable institutions we have to face an increased number of patients and a steadily increasing cost of supplies, and while everything is being done to keep down expenditure wherever possible, it is not practicable to treat a larger number of people when supplies are dearer, at a lower cost than they have been treated in the past. In some of these institutions the management in the past has not been, I think, altogether efficient, and reforms are being introduced which will effect considerable savings and at the same time increase efficiency. But in the treatment of the sick, of the mentally afflicted, and of the inmates of the old men's home, and the old women's home, it is not the policy of the Government that the hardships of their position should be increased. We are endeavouring to secure a more equitable arrangement with the Commonwealth Government in the matter of pensions to old age and invalid pensioners. The present practice of depriving those people of their pensions when they enter a hospital or a charitable institution is entirely unfair. The matter has been taken up with the Commonwealth Government, and I hope

that we shall get a measure of relief. Several amalgamations have been carried into effect; for instance the Immigration and Tourists Department, which has not been overburdened with work for some time past, has taken on the management of the State hotels, and the amalgamation will make for both economy and efficiency. Another department, in regard to which I see no possibility of effecting reductions, although some economies may be made, is the Education Department. When we remember that we have to teach a number of children increasing by something like 3,000 a year, it must be realised that it is impossible to cut down expenditure unless we cut down the educational facilities enjoyed by the people of the country. This is a thing which I am not prepared to do, and I was pleased the other day to read in the *Kalgoorlie Miner*—in which Mr. Kirwan has some interest—the remarks of the senior proprietor, my old friend Mr. Hocking, emphasising the necessity of doing nothing to interfere with the educational facilities of the children of Western Australia. In regard to taxation proposals, I prefer to leave them until they are submitted to the House. I trust before these are submitted the Estimates will have been before hon. members, who will have an opportunity of considering them fully. Mr. Stewart made reference to the comparatively limited number of State employees under the Public Service Act. It is necessary to remember that in addition to those under the Public Service Act there are the employees of the Railway Department, the Police, the Education Department, and many others. Mr. Stewart also referred to the tremendous burden of our interest and sinking fund as compared with what the other States are carrying. That is a matter I have referred to in the House over and over again. There is no doubt that having sowed the wind we must reap the whirlwind. That is a thing over which the present Government have no control. Undoubtedly loan money has been spent in the past to a greater extent than a population of 300,000 people could afford, and in consequence we have to bear this enormous interest and sinking fund burden. In respect to the other questions referred to by the hon. member, it will be necessary to dissect those

items to a much greater extent than he has done before he can expect any reasonable explanation. As to the department which has been removed four times in five years, in opposition to the advice of the permanent head; I do not know which department is referred to. I must say that the only removal of the Education Department which I know of was carried out at the earnest request of the departmental head, and in order to remove the department from premises entirely unsuitable and which, if they had continued to be occupied, would have required the expenditure of a large amount of money before they could be made to meet the purpose.

Hon. W. Kingsmill: It is not altogether a matter of temperature, then?

The COLONIAL SECRETARY: No. Although the premises were undesirable enough from that point of view, the accommodation was entirely inadequate, and had the department continued in those premises no other result but serious inefficiency could have been expected. I trust I made clear to Mr. Drew the exact statement of the Treasurer in regard to the amount he is asking, but if the hon. member requires any detailed information as to exactly how the amount is £300,000 instead of £550,000, I shall be very ready to obtain it for him.

Hon. J. M. Drew: If you will, I shall be glad to have it.

The COLONIAL SECRETARY: The reference of Mr. Sanderson to the sinking fund I think can very well be dealt with when that Bill comes before the House. I quite realise that the Government will have to obtain the sanction of both Houses of Parliament before the sinking fund payments can be suspended. Therefore, when the Bill comes forward it will be my duty to put up a case that will justify hon. members in voting for it. So far as the Coolgardie water scheme sinking fund, to which the hon. member has alluded, is concerned, I may point out that the three per cent. sinking fund provided for that scheme is very much higher than provided by any other State Government in Australia.

Hon. A. Sanderson: I gave that merely as an illustration.

The COLONIAL SECRETARY: Quite so. If that sinking fund be continued it will provide sufficient to liquidate the loan long before it matures. I think the hon. member will have little difficulty in obtaining—in fact I will obtain for him—the exact figures showing that the sinking fund will liquidate the loan a long time before maturity. It is well to remember that no other State in Australia has provided sinking funds on such ample lines as Western Australia has done. No other State is suffering so much from the obligation to keep sinking funds going. And yet, in spite of the fact that the burden of the other States in this particular is so much lighter than that of Western Australia, nearly all, if not all, the other States have suspended their sinking fund payments. However, these are matters which we shall have ample opportunity of considering when the measure dealing with the suspension of the sinking fund comes before the House. I entirely agree with the sentiment expressed by Mr. Sanderson that, in spite of the great difficulties surrounding us, we all ought to be very thankful that we are living in Western Australia to-day. The attitude of the Government is that our difficulties, although serious, are yet not insuperable, and that if we obtain a reasonable interpretation of the financial provisions of the Commonwealth Constitution and a proper appreciation of the financial relations between the Commonwealth and the States, and as regards the moneys to be placed at the disposal of each State, and, further, if we are able again to stimulate the industries of the country when war conditions have passed away, there is no doubt that in a few years' time Western Australia will be restored to a prosperity even greater than she has previously enjoyed, and that the State finances will sooner or later be placed on a sound footing.

Question put and passed.

Bill read a second time.

In Committee, etcetera.

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

Read a third time and passed.

BILL—ROADS ACT CONTINUATION.

All Stages.

Received from the Legislative Assembly and read a first time.

Second Reading.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [4.5] in moving the second reading said: I need only remind hon. members that for some years past this measure has been re-enacted annually, and that unless this Bill passes the principal Act will expire on the 31st December next. As hon. members are aware, there are many amendments necessary in the Roads Act, and I hope it will be part of the second session of this Parliament to put through a comprehensive amending Bill. I move—

That the Bill be now read a second time.

Question put and passed.

Bill read a second time.

In Committee, etcetera.

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

Read a third time and *passed*.

BILL—SALE OF LIQUOR REGULATION ACT CONTINUATION.

All Stages.

Received from the Legislative Assembly and read a first time.

Second Reading.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [4.10] in moving the second reading said: I need only remind hon. members that this Bill refers to the Act under which during war time the trading hours of hotels are restricted to the twelve hours between 9 a.m. and 9 p.m. The

existing legislation expires on the 31st December next, and the passing of this Bill is necessary in order to enforce those provisions after the close of the year. I move—

That the Bill be now read a second time.

Question put and passed.

Bill read a second time.

In Committee, etcetera.

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

Read a third time and *passed*.

BILL—POSTPONEMENT OF DEBT ACT CONTINUATION.

All Stages.

Received from the Legislative Assembly and read a first time.

Second Reading.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [4.13] in moving the second reading said: I do not think hon. members desire any explanation of this measure. It is one which has been re-enacted from year to year since 1914, and it is brought into operation only by proclamation on the advice of a Royal Commission. The Act has, I think, given every satisfaction in the past, and no complaint has been made against it. It is considered highly desirable that the measure should be continued during the period of the war. I move—

That the Bill be now read a second time.

Question put and passed.

Bill read a second time.

In Committee, etcetera.

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

Read a third time and *passed*.

BILL—LAND AND INCOME TAX.

All Stages.

Received from the Assembly and read a first time.

Second Reading.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [4.15] in moving the second reading said: The land and income tax contemplated in this Bill is merely that which is already in existence, and which has been re-enacted from year to year. The position is that Parliament during last session made altered provision as to the date on which returns should be furnished, and generally provided for the furnishing of returns to the Income Tax Commissioner. These returns have been sent in and the assessments are now ready, but without the authority of this measure it is impossible for the Commissioner to collect any taxation. I hope hon. members will not get the idea that because we are passing a Land and Income Tax Act for the financial year 1917-18, it follows that there is not going to be any increase in the income taxation during this financial year. It is the intention to present another income tax measure in January or February as soon after the meeting of Parliament as convenient. The present Bill merely re-enacts the existing legislation. I move—

That the Bill be now read a second time.

In Committee, etcetera.

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

Read a third time and *passed*.

SUSPENSION OF SITTING.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [4.20]: We have now to await one more measure from another place, and if it is agreeable to hon. members I think that the best course will be to wait a reasonable time so as to deal with the measure before the ordinary dinner adjournment. The Bill, as I stated yesterday, is one merely to apply the provisions of the existing Act which shortly

expires to the harvest of 1917-18. The amending Wheat Marketing Bill will be presented to Parliament early in January.

Hon. Sir E. H. Wittenoom: Shall we then have an opportunity of discussing it?

The COLONIAL SECRETARY: Yes, the one we are about to deal with is purely a formal measure.

Hon. R. J. Lynn: The agreement will be ratified and it will be too late to discuss it.

The COLONIAL SECRETARY: What agreement does the hon. member refer to?

Hon. R. J. Lynn: The agreement with the Westralian Farmers, Limited.

The COLONIAL SECRETARY: The sole purpose of this Bill is to extend the provisions of the Wheat Marketing Act to the 1917-18 season.

Sitting suspended from 4.20 to 10.5 p.m.

BILL—TRANSFER OF LAND ACT
AMENDMENT.

Returned from the Legislative Assembly without amendment.

BILL—WHEAT MARKETING.

Received from the Legislative Assembly and read a first time.

Second Reading.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [10.6] in moving the second reading said: I have only to point out to members that this measure proposes to extend the operation of the present legislation for wheat marketing to the harvest of 1917-18. It is submitted at this juncture as a matter of extreme urgency. Under the 1916 Act the Government have control of that portion of the 1915-16 harvest that now remains on hand. Section 3 of the 1916 Act made provision for the extension by proclamation of the provisions of the Act to the harvest of 1916-17, but it made no provision for the extension of the provisions of the Act by proclamation to any subsequent season. A proclamation dated 6th December, 1916, issued in accordance with the provisions of Section 3 of the Act, extended the operations of the Act to

the harvest of the 1916-17 session. By a further proclamation under the Act, dated 8th August, 1917, and issued in accordance with Section 10, the sales of old wheat are prohibited except through the Minister up to 30th December, 1917. This prohibition refers only to the wheat of the last two seasons and the Government, pending the passing of the Bill now submitted, has no authority or control over the wheat of the 1917-18 harvest. Until this Bill is passed the Minister will not be in a position to prevent any trafficking in the wheat at present being distributed in the northern portions of the State and which will shortly be distributed in the Eastern districts and elsewhere. At the present time we have still on hand the major portion of the 1916-17 harvest, notwithstanding that all the mills are now gristing full time on behalf of the scheme, several thousand bags of inferior wheat still await treatment or disposal and this wheat is likely to be prejudicially affected if any of the new season's wheat now ready should come on the local market in competition with it. Experience has shown that the farmers are ready to sell their wheat at prices ranging from 3s. 6d. to 4s. 6d. per bushel for immediate cash rather than to share with the less fortunate farmers who cannot ship their wheat so early and have to receive payments by instalments under the scheme. Apart from the injury to the scheme, members will realise that it will be unfair to growers. It will be recognised that the price is sustained by the pool because the Government have control and by means of that control are able to maintain wheat at a relatively high price. As soon as this Bill becomes law and the necessary proclamation has been issued thereunder, any sale of wheat, except such as may be exempted, must be made through the Minister and the wheat marketing scheme; and the penalty provided under the existing Act is a fine of £500 or in default imprisonment. The power of acquisition by the Government and of controlling all the wheat in the State is necessary in order that we may have security for the joint guarantee given by the Commonwealth and State Governments. Farmers delivering wheat of the 1917-18 season to the pool are receiving a mini-

mum price of 4s. per bushel. It is intended shortly after the reassembling of Parliament in the new year to submit a comprehensive machinery Bill dealing with the procedure to be adopted for the handling of the next harvest and making provision for certain necessary amendments. When this Bill is submitted full opportunity will be given to members to criticise any proposed amendment in the methods of appointment of buyers or any variation in the management of the scheme or personnel, and also any other matters which members may desire to discuss.

Hon. W. Kingsmill: Will the agreement be submitted for ratification by the House?

The COLONIAL SECRETARY: Yes. Arrangements have been made for the bulk storage of wheat by the construction of silos and necessary large depôts. Shelter sheds are to be provided at certain important country centres to save the wheat from the winter weather, which may be expected to commence about April of next year. The approximate capacity of these sheds is as follows:—Geraldton 1,000,000 bushels; Spencer's Brook 5,000,000 bushels; Midland Junction 500,000; Narrogin 1,000,000; Tambellup 500,000; or a total capacity of 8,000,000 bushels. Provision will be made for extension if the requirements of the harvest warrant it, and from the Government Statistician's forecast it would appear that the capacity of the Spencer's Brook shed will require to be considerably increased. It is hoped that the Railway Department will be able to move the wheat from the various sidings to the depôt before the winter weather sets in. Preparation has already been made for the construction of these sheds in the early districts, such as Geraldton and Spencer's Brook where matters are well under weigh; and it is considered that quantities of wheat will be receivable at the Geraldton depôt early in December and at Spencer's Brook later in the same month. The material for the depôts is being supplied by and at the cost of the scheme, and tenders are being called for the erection of the sheds by contract. The sites at Geraldton, Tambellup and Midland Junction are Government land, and suitable arrangements have been made for acquiring or

leasing the necessary land at Spencer's Brook and Narrogin. The cost of the construction of silos and of the erection of sheds at the various dépôts will be borne proportionately by the various pools utilising them or receiving benefits therefrom. It is estimated that the cost of the sheds will be not more than 1½d. per bushel, and it should be made up by the saving on one year's agency commission. In regard to inferior wheat, satisfactory arrangements have been made for Messrs. Dalgety to act as sole selling agents of all wheat unfit for shipping or milling. In regard to weevilly wheat, a special arrangement has been made that all mills in the State should grist on behalf of the scheme. Much of the wheat damaged by flooding will be saved, and by these means suitable grain, at a reasonable price, will be made available for the feeding of poultry, pigs, etc., in the metropolitan area, and in some country districts, where farmers are using good f.a.q. wheat for this purpose. The only matter likely to be contentious in respect of the Bill is the arrangement about to be entered into by the acquiring agents.

Hon. G. J. Miles: It has been entered into, has it not?

The COLONIAL SECRETARY: It has not been finalised. A provisional agreement has been entered into, and the Westralian Farmers, Ltd., are now making the necessary arrangements to acquire the wheat. In this agreement, when finally decided upon, arrangements will be made to specially safeguard the efficiency of the work done, owing to the fact that one acquiring agent will have the monopoly throughout the State, and regard will also be had to the fact that the responsibility will be determined at the dépôts. It is expected that this agreement will be finalised very shortly. It will be included in the Bill and submitted to Parliament when Parliament meets in January of next year.

Hon. W. Kingsmill: After the work has been done.

The COLONIAL SECRETARY: Last year the acquiring of this wheat was done by five different firms.

Hon. C. Sommers: And by the millers also.

The COLONIAL SECRETARY: Yes, the millers in addition.

Hon. G. J. Miles: Did those four agents put up a deposit?

The COLONIAL SECRETARY: Yes.

Hon. G. J. Miles: Are they doing it this year?

The COLONIAL SECRETARY: The agency firms who, in addition to the millers, acquired the wheat were Messrs. Dalgety, Dreyfus, Bell, and John Darling. This system of acquiring wheat by a number of buying firms has been recognised for several years past as being both wasteful and inefficient. There was no good reason for it, and there can be little doubt that, had it been understood at the outset of the Wheat Pool, that the pool was likely to continue for a number of years, the Government would not have tolerated for a moment an arrangement under which four or five firms were permitted to buy at separate stations, each keeping up a special staff and involving quite unnecessary costs to the farmers. At the outset it was thought that this pool would continue for only one year, or at the most two years, and it was held to be undesirable to disturb the existing business of those firms, all of which have rendered important services to the State, and have been of considerable assistance to the farmers. But, latterly, particularly after last year, it was recognised that this pool might go on for a considerable period and that the Government were no longer justified in entering into an arrangement not efficient, and unnecessarily costly. In the past the private acquiring agents have been entirely agreeable to this system of competition, indeed they insisted that it was necessary in their interests that they should be allowed to keep up their business connections in the various portions of the State. This year they have decided that competition is not desirable. I do not know whether I am wrong in refusing to credit these firms with entirely philanthropic motives in coming to that decision: I do not know that I am wrong in expressing the opinion that they have come to that decision because they have found that, under competition, the farmers' own co-operative company was gradually driving them out of the field.

Hon. R. J. Lynn: I think the Government suggested that first.

The COLONIAL SECRETARY: The suggestion was made that competition should be done away with. That was suggested in the first instance by the central board in Melbourne. Moreover, it was generally recognised that the system was wasteful and inefficient, and it was recommended that it should be abolished. Those firms that in the past have been strongly opposed to doing away with this competitive system, which they said was necessary to them in order that they might maintain their business connections in the various parts of the State, after last year's experience suddenly became converted to some system that would do away with competition. I venture to suggest that the reason was that the Westralian Farmers, Limited, competing with four other acquiring agents, and with all the millers, managed last season to acquire four-ninths of the total harvest. When the zone system was suggested it was obvious that it was very much to the advantage of the private acquiring agents, because, on the basis of last year's operations, those four firms had to divide amongst them something less than five-ninths of the total harvest, whereas, under the suggested zone system, they would have been assured of four-fifths of the total, which would have meant a tremendous increase of business in their interests. On the other hand, the position of the Westralian Farmers, Limited, would have been quite different. Having in open competition with the other buying firms gradually built up a business which gave them four-ninths, or nearly one-half of the trade, they would have been required under the zone system to be content with only one-fifth of the total business. They would also have had to submit to the closing up of their co-operative companies in respect of acquiring wheat in all parts of the State, except in the Fremantle zone, which would have been divided between the Westralian Farmers, Limited, and one of the other acquiring agents. I do not think it is necessary for me to go at any length into the negotiations leading up to the arrangement which has been provisionally entered into with the Westralian Farmers, Limited.

Hon. W. Kingsmill: If the hon. member could make them clear, it would be of some help to us.

The COLONIAL SECRETARY: I have the papers here, but obviously it would take a long time to go through them. The proposal was made that this zone system should be adopted. I think that in the first instance the proposal came from the central authority in Melbourne, and was made through the general manager in Western Australia. On this scheme being submitted the four private acquiring agents at once fell in with it. It is by no means surprising that they did this, because it was an arrangement very much to their advantage; so much so that it practically destroyed a competitor that was becoming very dangerous to them. It assured them of four-fifths of the total harvest, whereas, under competition, they had been unable to secure more than one-half. But while it was understandable that they should approve of that scheme, it was equally understandable that the Westralian Farmers, Ltd., who had shown themselves capable of acquiring nearly one half of the harvest under competition, should strongly protest against the scheme. They were in a peculiarly strong position because, after all, if the work is not economically done the cost of it falls on the owners of the wheat, the farmers, and so their own co-operative company is in a strong position in appealing for fully just treatment in a matter of this kind. Clearly, if too much is paid for the work, and if that too much is paid to a private agent, then the profit goes to the private company, and no doubt is responsible for those big dividends we read of in the newspapers. In the *West Australian* on day last week there was published a summary of the balance sheet of Messrs. Dalgety & Co., showing a profit of £440,000, the payment of a handsome dividend to the shareholders, and the carrying forward of a large sum to the reserve account. If too much is paid to these private buying firms it goes into private pockets, whereas if it goes to the farmers' co-operative company it finds its way back to the farmers in dividends. Thus, the Westralian Farmers, Ltd., being a co-operative company, was undoubtedly entitled to a full measure of justice.

Certainly it would not be a full measure of justice if a company which, under a competitive system, had shown itself able to acquire four-ninths of the total harvest was to be told, "We are going to have the zone system, which will confine you to one-fifth of the total business and will nip in the bud those co-operative companies which you propose to establish in various parts of the State." The result of the protest from the Westralian Farmers, Ltd., was that the Government, having previously pledged themselves to the system of co-operation—and the National party behind the Government are also pledged to this system of co-operation—could not do otherwise than lend a sympathetic ear to the farmers. The Government were not prepared to sanction a scheme under which this co-operative enterprise would be practically destroyed. We did not think it was a fair thing to tell the Westralian Farmers, Ltd., that we were going to establish a system that would eliminate competition and also prejudice them very considerably indeed. No doubt, had a scheme eliminating competition, and at the same time securing to the Westralian Farmers, Ltd., that percentage of the business which they might reasonably expect to obtain under competition been put forward, they would have raised no protest. But it was entirely natural that they should protest against the doing away with competition and at the same time the cutting down of their business from nearly one-half the total harvest to one-fifth. Those negotiations proceeded, and finally it was decided by the Government that, rather than cut out anybody, they would make a reduced price on the competitive rate prevailing in previous years, a rate slightly in excess of that which any of the companies were prepared to do the work for without competition, and that they would offer this new price to the whole of the firms and to the Westralian Farmers Ltd. under the competitive system. That offer was made. The Westralian Farmers, Ltd., agreed to do the work at that price with competition, but the remaining four firms refused to do it.

Hon. R. J. Lynn: That was after they were asked to submit a price for the zone system.

The COLONIAL SECRETARY: Yes. No exception was taken to the price they submitted, but the Westralian Farmers, Ltd. protested against the zone system as being unfair to them, and the Government upheld them in their protest. The Government acted rightly, not only for the reason that the Government and the party behind them were pledged to the co-operative system, and that the farmers, if they choose to co-operate to handle their own stuff, should be allowed to do so, but also because it would not be fair to say, "We will destroy competition" and to say to one firm who, under competition, has built up a business comprising nearly one-half the harvest, "We are going to restrict you to one-fifth."

Hon. R. J. Lynn: Why did you not call tenders for the total handling of the harvest?

Hon. W. Kingsmill: Did the Westralian Farmers protest in writing, or did they do so by deputation?

The COLONIAL SECRETARY: By deputation I think. After the four acquiring agents had refused to accept the rate in competition with the Westralian Farmers, which the latter had agreed to adopt, the following letters were written. A letter was written to the manager of the Westralian Farmers, Ltd., on 27th October, 1917, as follows:—

Adverting to your letter of 17th instant with respect to your company operating in the handling of the 1917-18 harvest for the partial services referred to in my letter of the 12th instant, I have to advise you that your offer to do the work for the aggregate rate of 2½d. per bushel with competition as set out in your letter of 5th idem is provisionally accepted and subject of course to a mutually satisfactory agency agreement being entered upon. This acceptance is with the understanding that if you are able to operate at any siding or group of sidings without competition your company will, so far as the wheat so handled is concerned, perform the services required at the aggregate rate of 2½d. per bushel as agreed to in your letter of the 17th October.

It will be remembered that before this letter was written the mercantile shipper agents had already refused to come into competi-

tion, and the Government had decided that they would not abolish competition if by so doing it meant destroying the farmers' co-operative company. On the same day that that letter was written to the Western Farmers, Limited, a letter was written to each of the four private firms concerned. It will be seen that that letter is a definite and final acceptance of the offer of the Western Farmers, Limited. I know that capital has been made out of the fact that the mercantile shipper agents offered to do the work for less than they had ever contemplated doing it before. That offer was not made until after the offer of the Westralian Farmers, Limited, had been definitely and finally accepted, subject to the provision that if the other people still refused to come in on the competitive basis the Westralian Farmers, Limited, would have to reduce their price accordingly.

Hon. R. J. Lynn: That offer must have been definite when the Honorary Minister met the deputation.

The COLONIAL SECRETARY: It was a definite offer on the 27th October. The following letter was written on that date to the four private firms concerned:—

Further to my letter of 6th October and adverting to yours of 8th instant, I have the honour by direction to advise you that the work of performing the partial services for the handling of the 1917-18 harvest, as set out in my letter referred to, is open to you either jointly or separately at the rates mentioned in that letter, aggregating 2½d. per bushel, but with competition subject of course to a mutually satisfactory agency agreement being entered upon. If, however, by means of amicable arrangements or otherwise with those whom it may concern you are able to operate at any siding or group of sidings without competition, it is understood that so far as the wheat so handled is concerned the services will be performed at the aggregate rate of 2¼d. per bushel as agreed to in your letter of the 28th ultimo.

Hon. R. J. Lynn: That is a competitive price on the zone basis.

The COLONIAL SECRETARY: No, not the zone basis at all.

Hon. R. J. Lynn: On the price submitted by them for the zone basis.

The COLONIAL SECRETARY: No. At an increased price.

Hon. W. Kingsmill: The Government wanted the zone system.

The COLONIAL SECRETARY: The matter had not come before the Government for consideration then, and when it did so the Government said, "No, rather than do this we will pay a little extra and have the competition." The Westralian Farmers, Limited, offered to do the work at 2½d. under competition, and the Government said, "Will you do it"? That offer was made to the private acquiring agents, but they refused. The Government then accepted the offer of the Westralian Farmers, Limited, to do it at 2½d. with competition or at 2¼d. without competition. It was therefore too late after that for the other agents to do anything else except to say, "All right, we will come in under competition." After that letter was written to the other acquiring agents they did send in an offer to the Government that they would do the work without competition at a still lower figure, a figure which previously they said it would not pay them to do the work for. The only two points in connection with that proposal are these—first that whatever the desire of the Government might have been it was not open to them to accept this lower offer because, as the letters indicate, the offer of the Westralian Farmers, Limited, to do the work at that price had been accepted. The other point is that when we find these firms offering to do the work at the price which they had previously declared was unprofitable, and by which they were bound to lose money, I think we must come to the conclusion that they were willing to lose a little money in order to destroy the competition of these co-operative companies. If there is any other point on which I can enlighten hon members I shall be pleased to do so. I move—

That the Bill be now read a second time.

Hon. W. KINGSMILL (Metropolitan) [10.37]: It would appear from what I have heard during the last few hours that it is not alone those who practice to deceive who weave the tangled web. I acquit everyone on both sides of the web from any wish to

deceive, and yet a more tangled web of circumstance than that which we have before us now has not come under my notice. It would appear that this Bill, which is ostensibly an innocent continuance Bill in connection with the operations of the Wheat Marketing Act of 1916, is only innocent upon the surface. It would appear, too, that it carries as its consequence the acceptance of an agreement, certainly a somewhat mysterious agreement with regard to detail, and an agreement which it is said is not yet finalised, between the Westralian Farmers and the Government. The effect of the finalisation of that agreement will in some respects be serious to certain persons. To some people, if only to a few, it is possible that the injustice which may be done—if I may call it so—or the injury which may be done, may be somewhat wider spread than hon. members recognise. At all events in view of the fact that the statements which have been made are so extremely conflicting in character—and I hold a brief for neither one side nor the other—I think it is only fair that the matter should be sifted out, that some method of inquiry should be instituted, an independent and impartial a method as possible, which will bring out the just basis, not only of the facts, but of the policy upon which any agreement should be founded. It is a most unfortunate thing—and I say this honestly and in all sincerity—that it is extremely hard to define the status of one party to the agreement. I am not alluding to the Government, but to the Westralian Farmers, Limited. What is the Westralian Farmers, Limited? Is it a trading concern?

Member: Absolutely.

Hon. W. KINGSMILL: And what connection has it with any political body?

Member: None whatever.

Hon. W. KINGSMILL: I am glad to take that assurance. I cannot help thinking that if we go into the matter of identities, we will find that the Westralian Farmers, Limited, and a certain political party are practically identical and indistinguishable.

The Colonial Secretary: That is not so.

Hon. W. KINGSMILL: So I am informed.

The COLONIAL SECRETARY: The Westralian Farmers, Limited, is a co-operative company registered under the Companies Act with shareholders.

Hon. W. KINGSMILL: I am speaking of the identity of the personality of the shareholders, which will show a most remarkable coincidence with the leading people of a certain political body.

Hon. J. A. Greig: The Westralian Farmers, Limited, represent all shades of political opinion.

Hon. W. KINGSMILL: So does the other political body I understand. That is one of their strong points, the various shades of political opinion which they claim to represent. They claim to represent everybody. I do not want to make an attack upon the Country party, which hon. members must know I am speaking of in this matter. I must say I was vastly amused the other day to see in their journalistic organ what these people think of themselves. When the question of retrenchment was being discussed some one, the editor, I presume, had a little article in the paper wherein he said that it was absolutely necessary to cut down the number of members of the Assembly. The Assembly contained 50 members, 13 of whom were Country party people, and as Country party people were the most important persons in the House he would keep these 13, but cut down the rest. That was put forward as a serious proposition. If I am doing an injury to these gentlemen it is due to lack of information—information which I am seeking. There are various instances of policy which might very well be settled or advised upon by a select committee—and I think we could form one in this House—which would be capable of rendering an impartial judgment and of elucidating the necessary information, such as, for instance, the rejection of the zone system. It has been explained that this zone system was rejected because it did not suit the Westralian Farmers, Limited, which is a co-operative association. It was rejected by the Government because they had as part of their policy as a National Government the fostering and protection of co-operative institutions. They have so many policies to carry out that I am glad they are finding an opportunity of putting some of them

into actual practice. I presume the next thing they will carry out will be plank No. 4 of their platform, which is the further strengthening of industrial trade unionism. I would like information on this point. I understand that co-operation is very largely availed of by the farming communities in the States of South Australia, Victoria, and New South Wales; that co-operative societies are even further advanced in those States than they are in this. And yet we find that for some occult reason, some reason which does not appear on the surface, these co-operative societies are perfectly willing, under this very scheme, or under a similar scheme, to accept the zone system in those Eastern States. Why that system should be good for States with highly developed co-operative societies and bad for this State, is a point on which I should like some little enlightenment. Co-operation, it seems to me, is one of those blessed words like "Mesopotamia" was to the old lady, and "National Government" is to the people of this State—words which carry, I was going to say, no meaning, but I shall say more meaning than meets the eye. I should like to know whether the farmers themselves, or whether the Government, or whether the other members of the community, have ever paused to think what the system of co-operation—absolute co-operation carried to its logical and ultimate issue—really means. For instance, I would like to ask the leader of the House whether he has thought for a moment what co-operation in its fullest possible extent would mean to that fair town which is written on his heart so to speak—the town of Northam. Has he realised what it would mean to a town like Northam once these gentlemen, who I understand are already putting this co-operative system into operation, were to carry it to its extreme logical issue? Why, Northam, which lives upon a farming community, which supplies the members of that community with everything they require, which has machinery depôts and so forth, would be only a railway station and an hotel, and possibly a church. For all their other needs the farmers would go past Northam, and past every other town of the same class in this State, and come to Perth. Perhaps it is not well that I, as a metropolitan member, should object to such

a course being adopted. But there is a danger, possibly, to the metropolis. I heard a gentleman to-night in a most eloquent speech say that he hoped the time was not far distant when the farmers would follow their product right from the field into the mouth of the consumer in the Old Country. If they are going to do that, we may depend upon it that the farmers will have their Agent General, perhaps the same as the State has, perhaps a different one; but they will have their Agent General to act as an importing agent for all their necessities. Such a state of affairs may be good, or may be bad. It is, I think, for people who have not given the matter as much thought as they might have done, to consider whether it is good for the country or bad for the country. There, again, is a matter upon which a committee such as I desire to see the Bill referred to can offer very valuable information indeed. Another matter upon which I should like to be informed is with regard to the liability of this proposed contracting party, and how that liability is to be met. I refer to the subject of deposits. I find that last year the deposits aggregated, according to an answer given to a question asked in another House, £127,500. I presume the total was not considered excessive in view of the risks run, and I presume that these gentlemen, the Westralian Farmers, Ltd., are prepared to furnish a deposit at least equal to that amount. I do not know whether that is the case or not; we have no information on the subject; nor does it appear possible to get that information, because this agreement which means so much to the farmers, and may mean even more to the rest of the people of the State, has not yet been finalised: that is, if we pass this Bill without arriving at some conclusion or without getting the Government to give us an assurance of the terms of the agreement, we are giving them practically a blank cheque. Personally, much as I admire the Government, in some of their actions at all events, I do not feel inclined to do that. And let me point out, too, that the present Government are bent upon the support and the fostering and the protection of these co-operative societies. Why not go a step further? If these co-operative societies are so good for the peo-

ple who enter into them—and it appears that only one class of the community is going to enter into this—why do not the Government go a step further and let all the taxpayers of the State have the benefit of co-operation? I do not propose to enter into matters of dates and letters and deputations, and all troubles of that sort, which are matters of fact, and upon which there does not seem to be any conclusive evidence. Such matters are among those which should be cleared up by the intervention of a body such as I suggest. But I must say that I should like to see this Bill, more especially as it relates to the proposed agreement, referred to a select committee of this House consisting of three members; and it is my intention, when the proper stage is reached, to move that such be done. With that reservation, it is my intention at the same time to support the second reading. Let me add that, as another matter of policy, the Government should think well before they take a step which will have the effect of practically chasing out of this country people not of Western Australian representation alone, not merely of Western Australian fame, but known all over the world, like Dreyfus & Co., Jas. Bell & Co., Darling & Sons, and Dalgety's. I hold that we should think twice before we take a step which would result in hunting out of the country the four firms I have mentioned; and I would ask hon. members, in view of these facts, and in view of the mystery and obscurity which surround the subject, to support the request which I shall make to the House at the proper time, after the second reading, to refer the measure to a select committee.

Hon. Sir E. H. WITTENOOM (North) [10.52]: I very much regret that I was not present to hear the introductory speech of the leader of the House. I take considerable interest in this Bill, and any remarks that I make in connection with it are more for the purpose of gleanings information than for that of reflecting in any way upon the Government. The present Ministry, I understand, came into office under the condition that they would oppose State industrial enterprises, and would, as far as they possibly could, foster private enterprise. We can all recognise the wisdom of a policy

of this nature, especially when a recent Government have practically exhausted all our borrowing powers, and the prospects of future borrowing are so poor that the best policy any Government could follow would be to try and get as much private enterprise and private money as possible into the country. I believe it has been stated by members of the present Government that they are opposed to these industrial enterprises, but that as they had certain heirlooms in the form of the industrial enterprises handed down to them from a previous Government, they would do their best to get rid of those which it was possible to get rid of, and that the others they would carry on until such time as they could hand them over to private people without loss to the State. Those are the promises which I am speaking of, and those are the opinions which I understood were held by the Government. I gather that the Government are anxious to get this Bill through, and I share with them that anxiety. I shall make every effort to help to get the Bill passed, because I know that unless the measure does go through, the Government are in no position to handle the wheat question or to handle the pooling of the present season's wheat. That would be a very serious matter. My only reason for objecting to the Bill is that I desire some explanation—and I may add, some satisfactory explanation—as regard the agreement which has been arrived at with the Western Australian Farmers, Ltd. As I understand, the circumstances are somewhat as follows: For some couple of years back four or five firms have been conducting the business of the wheat pool, four or five large firms, firms which have invested very large amounts in this State, firms which have become involved in the business of this State by supporting and helping farmers, firms that have done their best, both with capital and enterprise, to advance the wheat business and the harvesting business, and the agricultural development of the State. These four or five firms carried on the wheat pool business last year under very heavy guarantees; and, in as much as it was practically the first year that they had done this business, undoubtedly the work, owing to inexperience, was to a con-

siderable extent not carried on to the best advantage. We hear of expensive arrangements, such as three or four agents going into one district, each firm having a man representing it in one district, and all these representatives competing with each other to get business. I have even heard it said—though I am not prepared to vouch for the truth of it—that some agents, coming across a farmer with perhaps 2,000 bags of wheat comprising 1,500 first class and 500 second class, did not hesitate very much as to what they should do with the second class portion providing they got the business. Many little matters of that nature are said to have happened; but it must be obvious to everybody that the competition of half a dozen men, or a man for each of these companies, must have made the running of the pool, if not more expensive to the producer, very much more disadvantageous to the firms. This state of affairs had prevailed to such an extent that this year it was decided, so far as I can understand, that it would be advantageous to resort to the zone system, under which the country would be divided into various districts, which districts would be apportioned amongst the various agents. I understand, further, that this method of doing business is not without precedent, but that it has been practised in the other States with success and carried on economically. Therefore, there is no reason against our adopting that system here and working under it. But there appears to have been some trouble in working out the zones in this State. All I know about the matter is that, after hearing that some attempts were made to work the zone system here, I saw in the newspapers one day—it came to me like a thunderclap—that the whole of the business had been handed over to the Western Farmers, Limited. Now, that seemed to me an utter breach of the whole of the principles under which the wheat pool was originated; and I was astounded, because I remember that one of the most important remarks made by Mr. Hughes, when introducing the pool system, was that the business relations of wheat agents and of all descriptions of private enterprise should be interfered with as little as possible during the time the Government were

obliged to take control of the wheat business, and that after the war matters should revert to the manner in which they had been conducted originally. We have a Government in power who were opposed to industrial enterprises being carried on by other than private individuals, a Government who were also of the opinion that it was wise to encourage as far as possible private enterprise. Now we find that they throw out of the running altogether four or five important business firms, and give to one firm a monopoly. It is only fair to ask for an explanation of such an extraordinary state of affairs. As an ordinary member of the public as well as a member of Parliament, it occurred to me that the proper course would have been for the Government to adopt the zone system whereby they would be able to carry out their policy of not interfering with private enterprise more than they could possibly help, and whereby they would not interfere with the numerous firms which had, year in and year out, helped the farmers of this State. Instead of that the Government interfere with them in the way we have heard. The Government ought to have created the zone system and asked for competitive prices, and a settlement could have been arrived at either by conference or by a gathering of experts. Thus it would have been possible to arrive at what would have been a fair price to charge. Then the firms could have come in or they could have left it alone. Instead of this we find to our astonishment that one firm gets a monopoly of the whole business. I do not know whether it is political influence; I do not know anything about these matters: I am only looking at the question superficially, as I see it as a business man, and it seems to me that the Government, professing to be opposed to industrial enterprises being carried on by the State and favouring the encouragement of private enterprise, have acted in an extraordinary way by wiping out four or five influential firms. It is hard to reconcile this with the policy which they have enunciated from time to time. It is really very difficult to understand why this course should have been adopted. I have been told, and I have listened to arguments in other places, that this has been the work of the Honorary Minister.

The Honorary Minister is quite new to this business; he is a young and inexperienced Minister, and if the whole of the business was left to him, as I imagine has been done, the Government acted unwisely in placing this responsibility on the shoulders of this young and inexperienced man. I might sympathise with Mr. Baxter—for it is he to whom I am referring—because we know well that a number of the people who are interested in this matter are his constituents, and therefore he is placed in a very awkward position. It is a position that I do not think the Government should have put the Honorary Minister in. But it only seems in keeping with other actions of the Government. Not long ago Mr. Scaddan was given the portfolio of Railways which to me was the most amusing action I have ever known. Mr. Scaddan was known to have given the highest wages he could and to have employed the greatest amount of labour possible, though we know that he carried out the dictum of his party. Yet, when we found ourselves in an almost bankrupt state and a new Government was installed to put matters right, one of the first actions of that new Government was to appoint Mr. Scaddan Minister for Railways; he was given control of a department which required the greatest amount of pruning and retrenchment to be done. It certainly required looking after and to make him Minister for Railways was to say the least of it, an amusing thing. It seems to me that the action of appointing Mr. Baxter Honorary Minister is on a par with the selection of Mr. Scaddan to fill the position of Minister for Railways. What I would like the leader of the House to explain is why these firms which have done so much for Western Australia should have been treated in this way. I take no exception to the Westralian Farmers Limited, taking their fair share with everyone else. My opinion is that a fair rate should have been fixed, either by a conference of experts or at a meeting, and that all should then have applied to come in, and also that the zone system should have been resorted to. Each firm would then have had its own particular area to deal with, and if there were any who did not care to take on the work at the price fixed, they could stand down. I

am not taking exception to any action of the Westralian Farmers Ltd. So far from blaming them I consider they deserve the greatest credit. There are evidently some capable men managing that business and they deserve to be congratulated on the success they have attained in preventing the other firms which have done so much for Western Australia and which supported and carried on this business before the Westralian Farmers were in existence, and who bore the heat and burden of the day, from entering the field. It is difficult to know what to do with the Bill before the House because once we pass it we confirm the action which has been taken. I understand, too, that the Westralian Farmers Ltd. have secured this contract at the same price as that which was fixed for the zone system. Whilst the Government have declared themselves to be against monopolies, has anyone heard of a case in which a monopoly was encouraged more than has been done in this instance? I can only say that I am astounded to think that the Government should have permitted such a transaction to be completed, and I am not alone in holding this view. But of course I am not in the Westralian Farmers Ltd., and I am not in the Government. I am glad to have had the opportunity of placing before the House my views on this most extraordinary position in regard to which we should certainly have some explanation. Unless I get a satisfactory explanation with regard to the agreement I shall vote against the second reading of the Bill.

Hon. C. SOMMERS (Metropolitan) [11.10]: It seems to me that a great fuss has been made about nothing. From what I have been able to gather by listening to the debate in another place, the Westralian Farmers Ltd. tendered to do certain work and because they succeeded, someone else is sore about it. Sir Edward Wittenoom says that he may be right or he may be wrong, and he may have heard this or he may have heard that. I think he is mostly wrong as he so often is. He has referred to combines, but I have heard of him being interested in a big timber combine, one of the biggest combines in this State. Yet, when the farmers combine he has a great deal to say about it.

Hon. Sir E. H. WITTENOOM: I never said anything against combines.

Hon. C. SOMMERS: The hon. member referred to a monopoly which amounts to the same thing. There is no mystery about this agreement. The file has been laid on the Table of another place, extracts were taken from it and read by the Premier, and hon. members seemed satisfied. Now, to talk about a select committee at the present stage of such an important measure is to suggest that it should not be passed. The Bill is one that should go through. Agents have been appointed and sufficient money has been put up as guarantee. We might therefore safely leave the rest to the Government who will see that the State is protected. Sir Edward Wittenoom said that by giving this contract to the Westralian Farmers Ltd. we are driving out four firms who have invested an immense amount of capital in Western Australia and who have done so much for the farmers. With the exception of Dalgety and Co. for whom I have the greatest respect, very little if anything has been done by those firms for the farmers. Dalgetys have helped many of the pastoralists but I am not aware that they have assisted farmers to any extent. But assuming that they have—

Hon. Sir E. H. WITTENOOM: Now you do not know what you are talking about.

Hon. C. SOMMERS: I know that so far as the pastoral industry is concerned that firm has done a great deal, but at the same time the pastoralists have done much for Dalgetys. In regard to the other firms of Bell and Co., Dreyfus and Co., and Darling, I would like to know what capital they have invested in this country. My experience of these firms is that they generally form a combine when they buy, they fix the rate for wheat and they hang together to beat the farmer as low as they can. I am not complaining about that; it is business; but when anyone wants to give them credit for the assistance they are supposed to have rendered the farmer, I will always take exception to what may be said. The facts of the matter are that these four big firms tried to freeze out the Westralian Farmers Ltd. It is all very well for Sir Edward Wittenoom to say, "Why not resort to the zone system?" The Westralian Farmers Ltd. have a number of subsidiary companies, I think 62 in all, seat-

tered all over the wheat belt, therefore it is only right to suppose that this season they will get a very much larger share of the wheat business. Last year the Westralian Farmers, Ltd., secured about four-ninths of the whole business. That is an indication that there must be some clever business men at the head of the concern, when a small firm like the Westralian Farmers, Ltd., was able to secure that proportion of the wheat handling business. The fact of the matter is that the Government offered the buyers the same price all round. The Westralian Farmers were prepared to do business on those lines, but the other firms said they would work at certain prices only on the condition that they were given the whole of the business. I think no Government could accept their offer on such conditions. In the circumstances it was in the interests of the State that the offer of the Westralian Farmers, Ltd., should be accepted; it was a perfectly fair and legitimate offer, seeing they were willing to reduce their price in competition with others. The other firms were not prepared to do this, and now they have lost the business. I do not suppose that is a serious matter for a firm like Dalgety and Co., which has already a large business. I have only to say in addition that it is only natural that the farmers should prefer to handle their produce through their own association; and so far as the Government is concerned all they have to do, and all they are expected to do, is to see that the wheat goes into the pool on terms satisfactory from the taxpayers' point of view—that is to say, that there is no inferior wheat but all fair average quality.

Hon. R. J. LYNN (West) [11.18]: I very much regret the necessity for this discussion at the present late hour, but I do not think there is necessity for discussion on this Bill. I am in accord with Mr. Kingsmill's suggestion that the Bill should be referred to a select committee. I would remind members that this House has on a previous occasion adopted a resolution which I think we might very well act on in this instance. On November 9, 1916, the House agreed to the following resolution moved by Mr. Kingsmill—

That in the opinion of this House it is desirable that all Bills having for their object the granting of a concession to

any person, corporation or company should be brought before Parliament as private Bills.

This, of course, is not a private Bill, but it is a Bill which, if passed, will authorise the Government to acquire the 1917-18 harvest. By the passing of this Bill authority will be given to the Government to complete an arrangement already entered into—if we may accept the statement communicated by Mr. Baxter to the Press with the Westralian Farmers, Ltd., to act as sole agents for the acquisition of this wheat. This innocent-looking Bill of two clauses, if it be passed to-night, will authorise the Government to acquire the season's wheat, and the Government will then ratify the agreement already entered into. I am sorry that Mr. Baxter is not here to-night, because twelve months ago he appealed strongly in this House for the appointment of a select committee to investigate this self-same Bill. And he gave many reasons in support of that appeal. He was not satisfied with many of the agents then operating, and he was anxious at that time for a select committee to be appointed in order that there should be no misunderstanding relative to all matters connected with this important subject. Mr. Baxter was then a member of the Country party, and he stressed the point that he was interested as a vendor and producer and also interested to the extent that the people of his Province expected him to protect the interests of the producers. If Mr. Baxter or any other member of the Government or of the party supporting this Bill, is a shareholder or interested in any way in the Westralian Farmers, Ltd., I contend they have nothing to fear from referring the Bill to a select committee. A select committee, if appointed now, could work to-morrow and Saturday and complete its labours by Tuesday.

Hon. J. Duffell: What about Sunday?

Hon. R. J. LYNN: I am quite willing to sit on Sunday if the House desires me to do so. If the honorary minister was an interested party twelve months ago, it is reasonable to assume that he is interested to-day. I am only interested in this question to the extent of desiring to ascertain that there is nothing wrong in the agreement. It may be that the agreement

is in the interests of the producers and of the State also. The select committee could sift the evidence. The honorary Minister, and also Messrs. Sinclair McGibbon and Taylor, when giving evidence before last year's select committee, stressed the point they were anxious to secure co-operation. I have nothing to say against the principle of co-operation provided the co-operative system is brought in under fair and reasonable conditions. But the position to-day is that a Bill has been put through Parliament under which the very people who have set up this co-operative concern are practically absolved from the payment of their debts. While I am not here to advocate the case of the merchants, I wish to make an appeal on their behalf at this juncture when the mercantile community is being attacked at the very root. Those people having been absolved from the payment of their debts, the Industries Assistance Board was brought into existence by a previous Administration, and the money which was thereby provided for the purpose of carrying these people on is being diverted into other channels, to the establishment of other businesses to compete against the people to whom they are indebted. We have been told by Mr. Sommers—who is to be complimented in that he prefaced his remarks by the statement that he is an interested party—that this co-operative concern has 62 subsidiary companies. I want to put this proposition. If a man in charge of one of these subsidiary concerns has to take in half-a-dozen bags of wheat which is not f.a.q., as required by the Pool, is he likely to jeopardise his billet by refusing to accept the wheat because it is not up to quality. And it has to be remembered that the Westralian Farmers, Ltd., are not responsible for the actions of these subsidiary concerns. It would be a simple matter for two or three thousand bags of wheat below standard to be passed in to the Pool amongst 12 million bushels. In connection with last year's agreement we had the statement by the then Minister for Industries that the agreement had not been finalised in as much as no guarantee had been put up. We had an assurance that the agreement had been signed but that the buyers were not operat-

ing under the scheme. If that be true, I am in accord with Sir Edward Wittenoom when he says it shows a lack of caution on the part of those controlling the department that an agreement should be finalised and the necessary bond not be put up. I am not quite clear myself as to the exact community of interest between the Westralian Farmers, Ltd., and the subsidiary concerns. I give credit to the Westralian Farmers, Ltd. Unquestionably they have some shrewd heads running the concern, because these small subsidiary companies have been set up in every district, but they have no connection with the parent body, which is not responsible for the transactions of the subsidiary concerns. Each subsidiary concern carries its own responsibility, and if by reason of drought or any other of the difficulties which beset the farmer it is unable to meet its liabilities the parent body cannot be held responsible. That is an aspect of this question which should be given serious consideration by this House. To hear some hon. members speak one would imagine that this was a very mild thing indeed, the giving of a monopoly for the acquiring of the total wheat in the State. But that brings into the business channel of the monopolists considerable other business of the State. It brings into their business channel the agreement recently entered into by the Minister for Works for the representation of the State Implement Works in country districts, involving some thousands of pounds per annum.

Hon. J. Duffell: A very good scheme.

Hon. R. J. LYNN: Well, if the figures quoted in another place indicate the results, it is not a good thing. If previously the State was able to sell for £700 machinery worth £58,000 it is not a good thing to ladle out to the Westralian Farmers, Ltd., over £4,000 commission on sales of £40,000.

Hon. J. Duffell: That is absurd.

Hon. R. J. LYNN: I am sorry the hon. member should make such remarks. In another place the question was asked, what was the value of all the implements and parts sold from the State Implement Works in 1915-16. The reply was £58,875 15s. 5d. Then came the question, what was the value

to the 30th June, 1917, and the reply was £40,601. The next question was as to the total amount paid on commission to agents in 1915-16, and the reply was £710 13s. 11d. If the hon. member will just take those figures and refer to the other questions—which I had no intention of dragging in—he will find that it means $7\frac{1}{2}$ per cent. of all the business done, to £50,000 per annum, and 8 per cent. on the turnover if the turnover exceeds £65,000. And this $7\frac{1}{2}$ per cent. and 8 per cent. is exclusive of all business risk, for all losses are borne by the Government. If my friend will take the figures he will find it represents over £4,000. I only wish I had the business acumen to drive such deals, and happened to meet Ministers who would allow me to drive the deals. In respect of this co-operative system in existence, some would have us believe that it is purely in the interests of the Country party, and that politics have no part in the game. The Farmers and Settlers' conference and the *Primary Producer* and Mr. Baxter are all in accord with the one object, namely, the establishment of these co-operative systems to the detriment of everybody else. To that I would take no exception provided they were doing it with their own finances. But we are asking remote country storekeepers who have stood by the farmers for many years to submit to the sacrificing of their interests. Mr. Baxter himself on one occasion said here that many of these men were involved, and we have heard statements made in the House that many of them would never meet their liabilities. In view of those statements I ask the House to consider whether it is advisable in an abnormal time that we should divert business from its customary channels. Take the wheat-acquiring firms established in days gone by. They had to give letters of credit for some millions of money. Yet when the money market is in a more parlous condition than ever before, when it is almost impossible for any new firm or corporation to come into existence, we find this new company flourishing in war time. This $2\frac{1}{2}$ per bushel will amount to approximately a commission of from £125,000 to £130,000. In view of all the circumstances relating to this measure, and considering that, to some extent, owing to the whirligig

of politics a party is sufficiently strong to make an agreement with a company not altogether disassociated from that party, at least allied with it in its political as well as its mercantile career, I do hope the House will not pass the Bill until an opportunity is given for the perusal of the file, and for evidence to be obtained, not only from departmental heads, but from anyone else willing to adduce evidence. I have no wish to enter into the question of the comparative merits of the zone system as against the competitive system, or as to which is in the interests of the farmers. If I read aright the recent controversy in the Press it indicates this: the Government decided to establish the zone system. They called upon firms operating in Western Australia to quote under that system. Various ports were allocated to the several companies, and after the allocation of the ports the price was quoted. This was an open price submitted by four companies, and placed on the file in the department in sealed envelopes, so that the information contained could be made available if it were considered necessary. However, progress was reported on several occasions. Communications were exchanged, and so we arrived at a stage where the Westralian Farmers, Ltd., according to a letter I have in my possession, were allocated the Fremantle zone, in conjunction with Messrs. Dreyfus. And after the negotiations had proceeded awhile, for some reason or other unknown to me, and I think unknown to every other member, they refused any further negotiations. It was then that the firms operating discovered that the Westralian Farmers, Ltd., were in a position to do this zone work, this competitive work, in zone districts at zone rates. And having arrived at that conclusion, the Minister, on the 27th October, wrote to the respective companies and told them that he had completed this agreement with the Westralian Farmers, Ltd. There may be nothing wrong in connection with this at all. It may be that the Honorary Minister controlling this department has done the best thing, not only for the State, but for the farmers. But is it wise that we should pass a Bill authorising the Government to acquire the wheat and then bring down a Bill which will include the

agreement, when it will be too late to voice any protest? I have much pleasure in supporting the second reading, in order to indicate to the House that I shall support the appointment of the select committee proposed by Mr. Kingsmill.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East—in reply) [11.40]: I do not intend to reply at any length, because I have not heard any arguments necessitating any further explanation than that which I presented to the House in moving the second reading. I regret that Sir Edward Wittenoom was not present at that time, because my remarks might have afforded him some of the information he desires. Reference has been made to the fact that in Victoria this zone system is being carried into effect; I think one hon. member said it was there working satisfactorily. But, subject to correction, and admitting that I do not know exactly what has been done in Victoria, I think the zone system was brought into operation in that State so late as the present year, and that therefore there has not yet been time to prove it. But that is not the point. The point is that the principal advisory board in Melbourne consists of the representatives of Messrs. Dalgety, Bell, Darling and Dreyfus. Therefore it is not by any means surprising that on the recommendation of the principal advisory board there has been adopted in Victoria a system that is not contrary to the best interests of those four big firms. I have not the slightest doubt that had those same four firms had as much influence in Western Australia as apparently they have in those other States, the zone system would have been adopted here, with the result that the farmers' own co-operative company, which, under the competitive system, was able to acquire four-ninths of the total wheat, would have been driven to accept a system under which they must have been content with only one-fifth of the total wheat. I do not intend to go into an argument on the merits of co-operation generally. Mr. Kingsmill suggested that the town of Northam and other country towns were going to be destroyed by this co-operative system. But I have yet to learn that the country town benefits through the farmer being put to undue cost

in the marketing of his produce. If the farmer, in getting the proceeds of his harvest to the market, is compelled to pay an unnecessarily high tribute to big firms, I think it is reasonable to assume that the country town, which lives on the farmer, will have very much less to live on than it would have if the farmer were able to market his produce at the lowest possible cost. Whereas under normal conditions the big firms provided a large amount of money and also competed with each other, or are supposed to do so—whether they do or not is not for me to say—under the present circumstances both these elements are lacking, these big firms are not required to find the money with which to finance the harvest for the reason that this is provided by the Government, and there is not that element of competition at all which must be the ability of one firm to offer a bigger price than another. Reference has been made to the matter of a deposit. I may say at once that a deposit will be required from this company. Deposits were put up last year by each of the acquiring agents with the exception of Dalgety, Limited, for the reason I presume that with a firm of that standing such a thing was considered unnecessary. Last year a very substantial deposit was required because these agents had to carry the responsibility from the time of acquiring the wheat up to the time of shipment. It might well mean that they would have to carry the wheat over 12 months or even a longer period. This year the acquiring agents are asked to carry the responsibility only until the arrival of the wheat at the depot, which is a much smaller matter. When the agreement is finalised it will be found that a deposit or bond quite adequate to the nature of the responsibilities which the Westralian Farmers are called upon to assume has been provided. It is all very well to say that the Prime Minister when introducing the pooling scheme promised that the business of existing firms would be protected. In moving the second reading of the Bill I said it was not contemplated that the pooling system would have to continue year after year. It was thought that it would probably be only for one or two years, and that in the

circumstances it would be a pity to disturb existing arrangements.

Hon. Sir E. H. Wittenoom: The Prime Minister said that private firms would not be interfered with more than necessary, but you are interfering with them altogether.

The COLONIAL SECRETARY: It was never contemplated that these private firms should be protected indefinitely at the cost of the farmer, and that an excessive price should be given for the handling of the farmers' wheat. It has also been stated that the price at which the Westralian Farmers are to do the work is the price fixed for the zone system. The price at which they are undertaking to do this work, however, is lower than the price contemplated under the zone system, which was a maximum of 2d. and a minimum of one penny and a fifth, according to the work which had to be performed. The agreement with the Westralian Farmers contemplated a maximum of one and five-eighths of a penny, and a minimum of one penny and an eighth, according to the work required, so that it will be seen a saving has been effected by this arrangement. I think that the hon. gentleman who suggests referring the Bill to a select committee can hardly appreciate how necessary it is that the measure should be passed immediately. The harvest is now being reaped in different parts of the State, and it is imperative that there should be some agency to acquire it.

Hon. J. F. Allen: We had a select committee at this time last year and the report was brought up on the 28th November.

The COLONIAL SECRETARY: The provisions of the Bill were extended. They were extended last year to take in the 1916-17 harvest.

Hon. J. F. Allen: The select committee brought up its report at the same time as this last year.

The COLONIAL SECRETARY: Quite so. Directly, the wheat will be coming down, and unless arrangements are finished quickly we shall be in a worse position than we were a year or two ago when it was necessary for the House to pass certain legislation to cancel certain contracts made for the sale of wheat. The desire on the part of hon. members who wish to refer the

Bill to a select committee is apparently not that it may deal with the measure itself but that it may consider some agreement which is at present in process of negotiation between the Government and the Westralian Farmers. I do not know that this is the proper course to adopt on the part of members who wish to refer a Bill to a select committee. I take it that it is usually desired to consider the provisions of the Bill itself.

Hon. W. Kingsmill: And the conditions under which it will operate.

The COLONIAL SECRETARY: If hon. members desire at a later stage to refer this agreement when it is finalised and presented to Parliament next year to a select committee they will be welcome to do so.

Hon. W. Kingsmill: When is the harvest coming in?

The COLONIAL SECRETARY: It is coming in now.

Hon. W. Kingsmill: Then what is the good of referring the matter to a select committee when we meet again?

The COLONIAL SECRETARY: It is by no means unusual for a Bill of this nature to be passed empowering the Government to enter into these agreements as was the case last year, and I see no reason why the Government should be denied the right to enter into an agreement this year. Reference has been made to the Implement Works, and Mr. Lynn in making the reference quoted figures to show that it is going to cost a lot more to dispose of the implements under the new arrangement than under the old one. I do not know that this has anything to do with the Bill, but I might mention that the figures quoted as representing the agency costs for the year prior to the making of the arrangement with the Westralian Farmers did not include the cost of the three depots, and the salaries of travelling agents in addition. There is no comparison between the figures quoted by the hon. member.

Hon. R. J. Lynn: If there is a wrong impression created remove it by appointing a select committee.

The COLONIAL SECRETARY: Now the hon. member apparently wants a select committee to inquire into an agreement entered into between the Implement Works and the Westralian Farmers. I trust that

hon. members will not agree to the appointment of a select committee, which can have no other effect than to dangerously delay this matter. With regard to the zone system, I would repeat that it was approved of by the four acquiring firms, Messrs. Dreyfus, Bell, Darling, and Dalgety, because it offered the best method of getting rid of competition which was becoming very dangerous. It was not approved by the Westralian Farmers because they said that it was unjust that when they had shown themselves able, in open competition with the other firms to acquire practically half the business, an arrangement should be made by which the competition should be knocked out, the bulk of their smaller companies destroyed and their business decreased from one-half to one-fifth. In view of that protest the Government decided that the zone system, whatever might be its merits in the other States, was not an equitable proposal for Western Australia.

Hon. Sir E. H. Wittenoom: All that we are asking for is that instead of competition the zone system should be formed, and the price should be fixed for doing the work, that the promise of the Prime Minister that no business should be interfered with more than possible should be adhered to, and that each business, the Westralian Farmers included, should be allowed to acquire a certain interest in the undertaking.

The COLONIAL SECRETARY: I do not know exactly what the promise of the Prime Minister was, or whether he has himself carried out the whole of his promises, and I do not know either to what extent the Government are bound by the promises made by that hon. gentleman, but it is not correct to say that the Government assisted the Westralian Farmers to drive the other firms out of business.

Hon. Sir E. H. Wittenoom: I did not say so.

The PRESIDENT: Hon. members must not interrupt the speaker.

The COLONIAL SECRETARY: This zone system was favoured by the private firms because if it had been brought into existence it would have strangled the co-operative company and prevented its development. I wish to correct the statement made by Mr. Lynn that this agreement will

mean the payment to the Westralian Farmers of £120,000. Such is not the case. Assuming that the whole of the wheat had to be handled in this way, and that this company would get the maximum payment, the payment would be about £67,000, a little more than half the amount suggested by the hon. member.

Hon. R. J. LYNN: How many bushels are there?

The COLONIAL SECRETARY: Assuming that they handle 10 million bushels at one penny and one-fifth the amount will be something like £50,000. Generally speaking the figures quoted by the hon. member are twice as great as they ought to be.

Hon. R. J. LYNN: They are likely to be near the mark.

Question put and passed.

Bill read a second time.

To refer to Select Committee.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [12.1]: I move—

That Mr. President do now leave the Chair for the purpose of consideration of the Bill in Committee.

Hon. W. KINGSMILL (Metropolitan) [12.2]: I move an amendment—

That the Bill be referred to a select committee consisting of Hon. J. F. Allen, Hon. J. M. Drew, and Hon. H. Stewart, with power to sit on days during which the House stands adjourned, and power to call for persons and papers; to report on Tuesday, the 27th November.

I have already explained the reasons actuating me in moving for a select committee; and I have only to add that, if my amendment is carried, the passage of the Bill would be delayed such a comparatively infinitesimal time that I do not think the risks which the leader of the House appears to fear need be regarded with apprehension. The hon. gentleman's proposition to review the agreement on re-assembling at the end of January does not commend itself to me. Perhaps one of the most interesting and one of the most interested witnesses who I hope will be examined by the select committee will be the Honorary Minister, Mr. Baxter. I feel that both the Honorary

Minister and the House have been at a most distinct disadvantage in that, unfortunately, Mr. Baxter has been absent this session. He might have shed a deal of light on this subject, and there might not have been the least trouble had he been present. I want the Bill to go through; I realise that it should go through; but, at the same time, if is absolutely necessary that the House should understand the contingencies which await the passage of this Bill. For that reason I move for a select committee.

Hon. R. J. LYNN (West) [12.4]: I second the amendment.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East—in reply) [12.5]: For reasons which I have already given, I trust the House will not adopt this amendment. The only addition I wish to make to the reasons I have advanced is that the mover of the amendment suggests as one ground for appointing the select committee that the Honorary Minister, who necessarily is more familiar with this matter than I or any other member of the Ministry, should be called to give evidence before the select committee. The Honorary Minister is not in the State, and cannot be in the State until the end of next week. Consequently, the sitting of the select committee must inevitably delay matters considerably; and, although I do not use that as an argument in favour of this House slurring its business, or doing anything that should not be done, I take it we are all anxious that this first portion of the session should be concluded as quickly as possible in order that we may apply ourselves to something which we consider is of more vital importance at the present time.

Amendment put, and a division taken with the following result:—

Ayes	8
Noes	9
				—
Majority against				1
				—

AYES.

Hon. J. W. Hickey
Hon. J. J. Holmes
Hon. W. Kingsmill
Hon. R. J. Lynn
Hon. G. W. Miles

Hon. H. Millington
Hon. Sir E. H. Wittenoom
Hon. J. F. Allen
(Teller.)

NOES.

Hon. R. G. Ardagh	Hon. C. McKenzie
Hon. H. P. Colebatch	Hon. C. Sommers
Hon. J. Duffell	Hon. H. Stewart
Hon. J. A. Greig	Hon. H. Carson
Hon. V. Hamersley	(Teller.)

Amendment thus negatived.

Question put and passed.

In Committee, etcetera.

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

Read a third time and passed.

ADJOURNMENT—SPECIAL.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [12.14]: I move—

That the House at its rising adjourn until Wednesday, the 23rd January, 1917.

Question put and passed.

House adjourned at 12.15 a.m.

Legislative Assembly,

Thursday, 22nd November, 1917.

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PAPERS PRESENTED.

By the Minister for Railways: Report of the Commissioner of Railways on the working of the West Australian Government Railways for the year ended 30th June, 1917.

By the Premier: 1, Amendments to Regulations of the Education Department. 2, Proclamations under the Shipping and Pilotage Ordinance, 1855. 3, Regulations under "The Fire Brigades Act, 1916."

By the Colonial Treasurer: Regulations under "The Plant Diseases Act, 1914," concerning: (1) wine casks (2); onions; (3) sale of insecticides and fungicides (2); (4) citrus fruit.

QUESTION—STATE IMPLEMENT WORKS.

Hon. W. C. ANGWIN asked the Minister for Works: 1, What was the value of all farming implements and parts sold from the State Implement Works for the year ending 30th June, 1916, including implements and parts not manufactured at the State works? 2, What was the value for year ending 30th June, 1917? 3, The total amount paid as commission to agents for year ending 30th June, 1916, also for year ending 30th June, 1917? 4, What rate per cent. was paid as commission to agents for the years ending 30th June, 1916, and 30th June, 1917?

The MINISTER FOR WORKS replied: 1, Implements of own manufacture, £51,429 9s. 4d.; parts of own manufacture, £5,813 2s. 7d.; implements and parts not own manufacture, £1,633 3s. 6d.; total, £58,875 15s. 5d. 2, Implements of own manufacture, £32,203 3s. 6d.; parts of own manufacture, £6,856 12s. 10d.; implements and parts not own manufacture, £1,536 11s. 4d.; total, £40,601 7s. 8d. 3, Year ended 30th June, 1916, £710 13s. 11d.; year ended 30th June, 1917, £1,374 9s. 2d. 4, to the 30th November, 1916, 5 per cent. on actual agricultural deliveries made, being the outcome of orders directly booked by agents. In order to hold our business together it became necessary from the 1st December, 1916, to the 30th June, 1917, to pay on all agricultural deliveries made within an agent's district, a commission of 5 per cent. In this

The SPEAKER took the Chair at 3 p.m., and read prayers.