

for the House to decide. The House is waiting to decide, and not to waste the country's time.

Mr. Speaker: The member for Murchison will withdraw from the Chamber.

Hon. J. Scaddan: What power have you to order him to leave the Chamber? The hon. member has his rights and privileges. Where do you find the power you claim? You are not entitled to set yourself up as an autocrat.

Mr. Speaker: The hon. member should withdraw under Standing Order 149.

Hon. J. Scaddan: Standing Order 149 does not empower you to do that. That Standing Order provides that the hon. member concerned shall at a certain stage withdraw; but the motion is now before the Chamber to be divided upon.

Opposition members: Divide!

Mr. Taylor: Standing Order 195 provides that as soon as a division shall have been demanded, the Clerk shall ring the division bell and turn a two-minute sand glass, and after a lapse of two minutes the division shall follow.

[The Sergeant-at-Arms called in a constable who approached Mr. Holman but the hon. member still refused to move. Several members of the Opposition surrounded the Sergeant-at-Arms and the constable and there was great disorder. One member went to the door and after a struggle with the Sergeant-at-Arms locked it and took the key away. There were many exclamations mostly demanding of the Speaker what authority he had to order a constable to enter the Chamber to assist in the removal of a member.]

Mr. Scaddan: Where is the Act of Parliament, Mr. Speaker, giving the Speaker authority to control the police? You have no power to do anything of the kind.

Hon. T. Walker: You have no authority.

Hon. J. Scaddan: I draw your attention Mr. Speaker, to the fact that a police constable is in the Chamber, where he has no right to be.

Mr. Foley: I have a good mind to come up there and put you out, too.

Mr. Speaker: Constable Green—

Hon. J. Scaddan: Mr. Green is not your servant.

Opposition members: Divide!

Mr. Speaker: I will leave the Chair.

The Speaker left the Chair at 5.45 p.m.

Legislative Council,

Wednesday, 28th February, 1917.

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

PAPERS PRESENTED.

By the Colonial Secretary: Annual Reports, (a) Gaols Department for the year 1915, (b) Department of Public Works and Trading Concerns for the year 1915/16.

QUESTION — PREMIERS' CONFERENCE, FINANCIAL ASSISTANCE TO WESTERN AUSTRALIA.

Hon. R. J. LYNN (for Hon. R. G. Ardagh) asked the Colonial Secretary: Seeing that at the recent Premiers' conference a sum of money was allocated to Western Australia by the Federal authorities to carry out certain works, will the Minister give a detailed account of the items on the schedule, and also the amount of money allocated for each work?

The COLONIAL SECRETARY replied: No sum of money was allocated. The Prime Minister undertook to loan to the States a sum of £2,000,000, of which Western Australia is to receive up to £500,000 this year, if required, for the purpose of preparing the land and settling returned soldiers thereon.

QUESTION — EXPEDITIONARY FORCES, RECRUITS ON RAILWAY DINING CARS.

Hon. R. J. LYNN (for Hon. R. G. Ardagh) asked the Colonial Secretary: 1, Has any arrangement been made between the Minister for Railways and the military authorities for recruits to receive meals on the railway dining cars, when such recruits present tickets to the dining car attendant? 2, If any arrangement has been entered into, has the dining car attendant been notified by the railway authorities to receive such tickets as payment when presented for meals received?

The COLONIAL SECRETARY replied: 1, No. 2, No.

BILLS (2)—THIRD READING.

1, Footwear Regulation.

2, Sale of Liquor and Tobacco.

Passed.

BILL—MENTAL TREATMENT.

Introduced by the Colonial Secretary and read a first time.

BILL—FRIENDLY SOCIETIES ACT AMENDMENT.

In Committee.

Hon. W. Kingsmill in the Chair; the Colonial Secretary in charge of the Bill.

Clause 1—agreed to.

Clause 2—Amendment of Section 15 (1):

Hon. J. W. KIRWAN: Will the Colonial Secretary explain the meaning of the words "Parliamentary stocks"?

The COLONIAL SECRETARY: This matter has been referred to the Crown

Solicitor, who says that the reference is taken from the Trustees Act of 1900, Section 57, which defines trustees and securities. He presumes it is fitting to remain in the Bill.

Hon. J. W. KIRWAN: Does no one know what Parliamentary stocks are?

The COLONIAL SECRETARY: I have stated what the Crown Solicitor thinks.

Clause put and passed.

Clause 3—Insertion of new section after Section 15:

The COLONIAL SECRETARY: I move an amendment—

That the following proviso be added after paragraph (c):—"Provided that no such consent as aforesaid shall be deemed to have been duly obtained unless it is obtained at a meeting of the committee or of the society or branch, as the case may be, of which notice specifying the intention to move for such consent has been given as provided in rules of the society or branch made under this Act."

During the second reading debate, Mr. Dodd raised the question that it was not proper to give such powers to a meeting, which might by a catch vote carry a resolution contrary to the wishes of the majority of members.

Amendment put and passed.

The COLONIAL SECRETARY: I move an amendment—

That the words "or any person" in Subclause 2 be struck out.

This amendment is designed to meet the objection raised by Mr. Cullen that the clause as it stands might throw unnecessary obstacles in the way of disposing of land. If the amendment is agreed to I will move for the insertion of a new subclause which should cover the whole position.

Amendment put and passed.

The COLONIAL SECRETARY: I move an amendment—

That the following be added to stand as Subclause 5:—"The provisions of this section shall apply to and in respect of any land acquired from any person of any land acquired from any person without pecuniary consideration, if such land has been acquired or is held by the

society or branch free from any trusts or restrictions (except a trust for the general purposes of the society or branch) which are inconsistent with the exercise of the powers conferred by this section."

Amendment put and passed; the clause as amended agreed to.

Clause 4—Insertion of new section after Section 17:

The COLONIAL SECRETARY: I move an amendment—

That the following proviso be added after paragraph (e) of Subclause 1:— "Provided that before requiring the production of the books of a branch or society the Registrar shall give notice of his intention so to do to the Secretary of the Society."

After the Bill had been read a second time the friendly societies held one or two meetings in the matter and they also waited on me. At the outset some of them—a limited number—were hostile to the idea of giving power to the inspectors to make the examinations, but after a discussion, I think most of them were inclined to think that the examinations were necessary. The outcome of the meetings was that they entirely agreed with the Bill as it stood and they asked for merely these two or three small additions.

Hon. J. W. KIRWAN: Should not some reference be made to the length of the notice to be given by the Registrar? A notice can be of only 10 minutes or of half an hour. It depends upon the length of the notice as to whether it will be of any value.

The COLONIAL SECRETARY: I do not think there would be any objection to having a fairly long period of notice, but there might be circumstances in which it would not be advisable to give extended notice. This matter was thrashed out between the friendly societies and the Registrar, and it was agreed that the undertaking to give notice would be sufficient. As originally introduced the Bill did not provide for any notice at all.

Amendment put and passed.

On motion by the Colonial Secretary, Subclauses 3 and 4 amended by striking out the words "Daily penalty £5" and "Penalty £10" respectively.

Clause as amended agreed to.

Clauses 5, 6—agreed to.

New Clause—Amendment of Section 32:

The COLONIAL SECRETARY: I move—

That the following be added to stand as Clause 5:—"Provided that the Committee of Management of any society or branch may, during the continuance of the present war, suspend or modify in such manner as they may deem just or expedient the benefits of any member who is on active service in the naval or military forces of the Crown, but no such suspension or modification shall have effect after the end of the said war."

This provision was one of the things that made the Bill most necessary, and I made reference to it in my second reading speech. It was only afterwards discovered that by some inadvertence the clause had been omitted from the Bill.

New clause put and passed.

Title—agreed to.

Bill reported with amendments.

BILL—INDUSTRIES ASSISTANCE ACT AMENDMENT.

Second Reading.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [4.45] in moving the second reading said: It will be remembered that when the Industries Assistance Act was first passed in the early part of 1915 its operations so far as the making of advances were concerned were limited to the 31st March, 1916. Last year an amending Act was passed, which, amongst other things extended the period during which advances may be made, to the 31st March, 1917. It is now necessary to pass this Bill to, amongst other purposes extend the period during which advances may be made, otherwise there will be no legal authority to make further advances after the 31st March of this year. It was also provided in the original Act that the advances should be made by the Treasurer acting at the instance of an Advisory Board and in the development of this scheme, the Board, under the control of the Minister for Industries, have administered the Act, and it is

one of the objects of the Bill to place the administration of the Act under the Minister for Industries on a legal footing. Another important amendment provided for in the Bill is in regard to the obtaining of security over advances. By the original Act a simple form of acknowledgment was introduced in place of any formal instrument of mortgage or bill of sale as security for advances. Experience has shown that long distance and delays in correspondence made it impracticable to obtain this acknowledgment and contract with the necessary expedition. Consequently, the Bill provides that the statutory security over the holding, crops, etc., of a settler in receipt of assistance shall automatically be effected as a consequence of the assistance rendered. To secure this object, Section 15 has been re-cast and re-enacted by Clause 8 of the Bill. In that clause the proviso originally introduced in this House by the late Mr. Gawler, which reserved the security of prior mortgagees except as to crops, is preserved in the new clause. It is the intention under the new scheme of administering the Act to balance the accounts up to the 1st March and also to spread the repayment of advances over a period of five years. This arrangement necessitates certain amendments to the existing Act. For instance, the third schedule relating to priorities and the distribution of surplus proceeds is repealed by Clause 9 of the Bill and the surplus proceeds will be distributed amongst the creditors pro rata. It will be remembered that until recently very loud complaints were made against the administration of the Act and the board came in for a great deal of hostile criticism. Public meetings were held in Perth and in other parts of the State demanding reform in the methods of the board. There was one very indignant public meeting held in the Perth Town Hall. At all these meetings the methods of the board came in for hostile criticism. I think it can be claimed that under the present Minister for Industries (Hon. J. Mitchell) reforms that were desired by the meetings have been effected. The main feature of the reform has been the decentralisation of the administration. That is practically the

whole of the reform. Previously everything was done from Perth and the result was confusion. Thousands of letters of complaints were never answered and have not been answered to this day. In many cases fertilisers were required by the settlers and were delayed until too late for cropping. Men and frequently women hung about the board's offices for days without getting any satisfaction and members of Parliament representing the country districts were constantly pestered by settlers who had been unable to get answers to letters or satisfaction from the board. When the present Minister assumed control he found the offices of the board constantly besieged by angry and neglected clients. In addition there is not the slightest doubt about it that men were drawing money in some cases and doing no work on their farms. Five hundred and seventy farmers who had received advances amounting to £238,000 had returned proceeds of crops amounting to only £64,000 and 260 others who had received advances totalling £34,000 showed nothing at all.

Hon. Sir E. H. Wittenoom: Is that all lost?

The COLONIAL SECRETARY: It may be recovered later on. I do not think I am exaggerating if I say that this method of centralised administration without inspection in the country caused a loss to the board of not less than £100,000. It was also responsible for vexatious delays and dissatisfaction to the settlers. Under the re-organised system the board works through eight district centres and has 21 inspectors. Advances to settlers are made by the inspectors on the farms. All the heavy correspondence under the old system is saved and all the previous delays so often fatal when ordering fertilisers, machinery parts, etcetera, have been avoided. Payments are made up to 9s. per day worked subject to the satisfaction of the inspector but a great many settlers voluntarily take a lesser amount. It is not contemplated that the employment of these inspectors will increase the administrative cost of the board because it is compensated for by the reduced expenditure at the head office, whilst, on the other hand, there can be no question but that it enormously facilitates the operation

of the settler and protects the funds of the State. It may interest hon. members to know the probable outcome of the operations of the board during the current year. To seed and harvest the 1916-17 crop the board is making advances in respect to some 650,000 acres. Hon. members will understand how important the functions of the board are when they realise that 650,000 acres is nearly one-third of the total area cropped in the State. The advances to the 31st of December, 1916, total £405,908, that is in respect to the 1916-17 crop. Further advances to the 31st of March, 1917, are estimated at £70,000, and for bags there will be another £70,000, bringing the actual cropping cost and harvest cost up to £545,908. The board will also pay rates, land rents, taxes, interest amounting to £170,000, provide £80,000 for machinery, and pay land rents, and Government indebtedness totalling £133,000, or a grand total distributed by the board of £928,908 to cover all cost in respect of the 650,000 acres. It is a very large sum of money, very little short of a million pounds, and the fact that it is a large sum will completely justify the actions of the administration in insisting that there shall be decentralised control and constant and accurate inspection. But there is the other side of the picture. On a conservative estimate it is believed that the receipts from wheat grown on this 650,000 acres will total £1,300,000 or £371,000 over and above the total amount advanced for all purposes including rents, interest, taxes and Government indebtedness. This result will, spread as it is over 2,000 farmers, represent an earning capacity of something like £600 for every settler assisted, and I do not think it can be said by any other section of the community that they are earning wealth to the State to the extent of £600 per man. As indicating what happened in the past, and might have been expected to happen in the future had this system of decentralisation and inspection on the farm not been adopted, the following instances may be cited. In one case wife and husband own separate properties. The husband is on the board. The wife crops under lien to the National Bank. The result of last year's crops is as follows:—Husband cropped 300 acres, advances £688, creditors £557, return

from crop £257 14s. 3d.; wife cropped 400 acres, advances £609, creditors £73, return from crop £716. Those figures highly justify the idea of inspection. In another case, a settler requisitioned for 1½ tons of manure to crop 100 to 130 acres. A monthly stores allowance of £7 4s. 0d. was paid throughout the year. When the inspector called it was found there was no crop and the settler hurriedly disappeared. In another case, the settler enlisted and the board were not advised. The monthly payments were continued for seven months until inspection revealed the position. Excess payments are now refunded. In another case, the settler enlisted and the board was not notified. The stores allowance was continued by the old board. No arrangements were made to look after the property. The inspector found the horses running in a crop of 100 acres and the machinery out in the weather. In another case, the inspector reported that there was 70 acres of crop on the property, which had not been harvested last year and was still standing in September, 1916. In another case, the inspector found the property practically abandoned and the person left in charge was working for the roads board. He continued to draw the allowance from the late board at the rate of £6 per month. Payment was stopped by the new board after inspection. In another case, the area cropped was 130 acres, while super was supplied for 200 acres; 250 acres were cleared. The indebtedness was £641 2s. 6d. and the proceeds £147 6s. 5d. The balance owing was £493 16s. 1d. I daresay there are a great many other cases, but those are quite sufficient to show the folly of continuing the system of advancing large sums of money without careful inspection and some authority in each district, and a district officer through which this business can be done. I want it to be understood that it is freely recognised that both in the preparation of the original Act and in the administration of the board the previous Government was under the very great disability of having to evolve something entirely new for which there was no experience to guide them. The present Government make no further claim than that they have profited by the past experience and introduced administrative me-

thods which that past experience has shown to be necessary. In just the same way the amendments to the Act proposed in this Bill are amendments shown by experience to be necessary, and are not intended in any way to reflect on the wisdom of either the Government or the Parliament responsible for the passing of the original measure. The amendments asked for are suggested by the experience gained in the past. I have already mentioned that the third schedule dealing with the method of distribution of surplus proceeds has been done away with and that surplus proceeds will be distributed amongst creditors on a pro rata basis. Those outstanding creditors have total claims amounting to £550,000, and it is hoped that the very substantial surplus assured from the present harvest, together with the determination of the Government as expressed in this Bill to spread the repayment of advances over a period of five years, will enable the board to go a very long way in the matter of wiping out the claims of the outside creditors who are in many cases merchants, small shopkeepers, and others who have assisted the farmers to the limit of their ability, and have stood out of their money for a long period, and the Government feel that in endeavouring to protect the interests of those creditors we are entitled to impose certain conditions upon them, and the condition the Government impose is to limit to a maximum of eight per cent. any interest charged on any account coming under this heading. It will, perhaps, facilitate matters if I briefly outline the scope of each of the clauses of this very important Bill. Clauses 2 and 3: this amendment was required to bring the Act into line with the new administration. The old Act conferred all powers on the Colonial Treasurer instead of upon the board and the Minister controlling the department. Clause 4: the amendment dispenses with the necessity of getting the acknowledgement and contract signed by an applicant for assistance. These forms are quite unnecessary, and have made the working of the Act very cumbersome and added to the cost of administration. An acquittance is obtained for all moneys paid by the board, thus fully satisfying the requirements of the Audit Department. Under the principal

Act, it has been necessary for the departments to obtain an application in every case before paying Government indebtedness. It will not now be necessary to do this. Clause 5 and 6 empower the board to make cash advances. Such advances have as a matter of necessity been made since the inception of the board; the proposed amendment will regularise such advances and make the position clear for the future. The board will now have the power to advance for any purpose they think fit. Many applications are made for a coil of wire, a few sheets of iron, and other small items. It is desirable that payment should be made by the board in such cases as the bank cannot take a mortgage for less than £25 at a time, and the cost of registering the mortgage would in some cases exceed the value of the articles purchased. The only way to get out of the difficulty is to give the board power to make these payments, and for amounts over £25 the board can take a mortgage. It is also better business for the board to make these advances as it has security over the settlers' crops and could recover its advances in a shorter period than the bank could. Clause 7: Subsection 2 of Section 14 of the principal Act is repealed, the same being unnecessary. The second paragraph of Clause 7 renders the consent of the board necessary before advances can be repaid. It is unlikely it will be necessary to exercise this power, but circumstances may possibly arise where the board may find it desirable to withhold a settler's clearance, possibly in the interests of the creditors. Clause 8 gives the board security over all lands, implements, live stock, and other chattels. Under the present Act the board hold security only over the stock and machinery supplied by the board. The amendment will not only strengthen the board's security, but will protect the honest settler. The board will stand in the same position as any other public trustee. The clause will also prevent the dishonest settler from selling his hitherto free assets and clearing out when he is indebted to the board. This clause of the Bill does not prejudice the rights of existing lienees. Clause 9 repeals the Third Schedule of the principal Act, which provides for the distribution of the surplus

proceeds in the order of priority laid down. Under the amending clause the surplus proceeds will be distributed amongst the creditors on a pro rata basis. Clause 10 dispenses with the necessity of keeping an alphabetical list of assisted settlers, this being cumbersome and unnecessary. Clause 11 protects the land, crops, and chattels of the assisted settler from seizure by legal process without the consent in writing of the Minister. The position of the board would be impossible if creditors had the right to levy execution.

Hon. Sir E. H. Wittenoom: I take it that that means it is impossible for any settler to pay off any creditor, even if the settler has the money, unless he gets the consent of the Minister. That is what it reads like.

The COLONIAL SECRETARY: That would not be the effect.

Hon. Sir E. H. Wittenoom: It reads like that.

The COLONIAL SECRETARY: It protects the settler from seizure without the consent of the Minister. Clause 12 empowers the board to lease abandoned properties, or other properties which may come into the possession of the board. This provision will make it much easier to handle abandoned properties, and will be of great advantage to both the board and bank. Clause 14 empowers the board at their discretion to spread the repayments of their advances over five years. It is desirable that this should be permissible on the part of the board; otherwise we should be compelled to keep settlers on the list for five years whether the circumstances justify it or not. The power is not likely to be applied harshly or unreasonably. Clause 15 extends the operation of the Act to March, 1918, the previous Act expiring in March, 1917. Clause 16 legalises the past dealings of the board, some of which have been irregular but necessary. In the Committee stage I propose to move an amendment which I will have placed on the Notice Paper. I move—

That the Bill be now read a second time.

On motion by the Hon. J. M. Drew, debate adjourned.

BILL—TREASURY BONDS DEFICIENCY.

Second Reading.

Debate resumed from the previous day.

Hon. J. M. DREW (Central) [5.21]: This Bill deals with the financial situation. It is true that the measure deals with the situation in a theoretical manner, and offers no solution of a problem which has perplexed many minds. It simply provides a repository into which may be placed the deficit of the 30th June last, and any other deficiencies which may occur in years hereafter. It shows how these deficiencies may be kept out of sight provided money can be raised for the purpose. But the measure opens the whole financial question, and provides an opportunity for the unrestricted expression of the views of hon. members on this important subject. The Colonial Secretary has recognised that this is so. The hon. gentleman entertained the House with a lengthy speech in ventilation either of his own views or of the views of the Government on the question. Before discussing the Colonial Secretary's more important remarks I wish to refer to some observations he made with regard to the schedule, and also with regard to the previous Government's commitments. The hon. gentleman pointed out that certain obligations had been incurred by the previous Government prior to the 30th June, 1916, but that they were not included in the financial statement at the end of the year. That is quite correct. It is undeniable. It is a thing which always happens to a greater or lesser extent, no matter what Government may be in power. It applies equally to income with expenditure. I was anxious to provide a counterblast to the schedule to this Bill, and with that object in view I asked a question as to what amount of money earned during the time the Scaddan Government were in power, came in after the books had been closed at the end of the financial year. I received through the Colonial Secretary a memorandum from the Under Treasurer stating that it would take some weeks to furnish the information. Consequently I withdrew my question, as I did not desire to put the country to the expense which would be involved in the preparation of such a state-

ment. But I think hon. members will recognise that a considerable amount of revenue must have come in since the close of the financial year, which amount in all justice should be credited to the previous Government. Apart from that, however, there are some very large items which form a set-off to the schedule of this Bill. In connection with trading concerns, after allowing for bad and doubtful debts and for liabilities on trading account, the saw mills showed a balance of £9,519; the brickworks, of £599; the quarries, of £304; the implement works, of £67,666; and the steamships, of £15,000; or a total of £93,088. To this total must be added the stocks on hand, and paid for out of revenue, which stocks of course involve an increase of the deficit. The stock on hand at the saw mills was £156,635, at the quarries, £2,055; at the brickworks, £2,139; at the implement works, £72,631; making a total of £233,460 represented by stocks on hand at the State trading concerns. In fairness to the late Government these amounts, totalling £326,460, should be at least mentally credited to the debits stated by the present Ministry. The Colonial Secretary said that unfortunately the present Administration had had to carry out the commitments of their predecessors. In my opinion that was a very unfair statement for him to make. The statement may be accepted by some people who do not know better, but it certainly will not be accepted by members of this House. There could have been no commitments outside of the ordinary on revenue account. There was, of course, expenditure in connection with the repair of public buildings and the putting of the jetties in order, and other works of that character. Outside these commitments, however, the whole of the expenditure to which the present Government were committed by the previous Government had to come out of loan, and therefore has no bearing whatever on the deficit as it appears to-day. The present Government had the fullest opportunity to carry out any policy of economy which they considered to be in the best interests of the country. The Estimates were not prepared by the previous Government. They had not been touched before we left office. They were prepared by the present Ministry, and prepared after mature considera-

tion. They were not introduced into Parliament until very late in the session. And those Estimates showed no regard for economy. That fact was stressed by members of this House who pointed out that the Government who went into office for the purpose of effecting economies had made no effort whatever in that direction. In many of the departments the votes were actually increased by a substantial amount over that which had been considered necessary by the previous Cabinet. If there were commitments, and heavy commitments, such as are implied by the Colonial Secretary, they should have been trotted out and named. Item after item should have been given in order that hon. members might ascertain the truth of the situation. But the Colonial Secretary has not adopted any such course; and we can only come to the conclusion that he was not in a position to give such information, for had he been in a position to do so I am inclined to think he would not have spared the feelings of his predecessors. But the position of the Colonial Secretary's speech which aroused my warmest interest was his explanation of how the deficit arose. That explanation manifested the Colonial Secretary in an entirely new light. The hon. gentleman no longer levels charges with all the recklessness of irresponsibility. He devotes himself to a calm, analytical examination of the position as he found it. To say that the speech of the hon. gentleman caused me surprise is to express my feelings but feebly. I was amazed and bewildered at the change which has taken place in the Colonial Secretary since he has been clothed with responsibility. He reminded me of the gentleman mentioned in Scripture, who went into the temple to curse the objects of his hatred, but who came out with a benediction on his lips for those things which had previously excited his malevolence. For four years I sat in this Chamber and writhed under the lash of the present Colonial Secretary's criticism as he dilated on the iniquities of the Labour Government.

The Colonial Secretary: Oh, you never writhed!

Hon. J. M. DREW: The hon. gentleman's criticism was not confined within narrow limits; it frequently took a very wide sweep; but it was chiefly directed at the

financial administration of the Scaddan Government. Apart from the trading concerns and the Perth tramways and the Esperance railway, the hon. gentleman offered no opposition to the vigorous public works policy of the Scaddan Ministry. And the tramways purchase, I may point out, was supported by his present Chief. The present Premier assisted the then Premier in getting the purchase Bill through Parliament. Besides, we all know that the tramways are paying at the present time. But the burden of the present Colonial Secretary's complaint was that the then Ministry were wasteful and extravagant, and were building up a deficiency in consequence. On the 8th December, 1914, the present Colonial Secretary said—

The Government are enjoying a more generous revenue than was ever enjoyed by their predecessors, but the position in which they find themselves is due to a general laxity of administration and unprofitable trading concerns.

On the 3rd August, 1915, the hon. gentleman said—

This is merely an instance of the muddling incapacity which has produced the present financial position. Critics of the Government have often asked where they would have money saved, but though instance after instance is pointed out, we hear no more about it. We cannot go about the country without finding at every step evidence, not only of gross extravagance, but of muddling.

Hundreds of other quotations in the same key could also be given were it necessary. When a certain taxation measure was introduced by the previous Government the present Colonial Secretary said he would not give the Government any more money to waste. The whole Parliamentary life of the hon. member has been marked by one continuous accusation of financial incapacity on the part of the previous Government. His condemnation was usually in general terms. Only on a few occasions did he give specific instances of what he termed extravagance. Week in and week out these charges were dinned into our ears. That was before enlightenment came to the hon. member, before he had an opportunity of peeping behind the scenes. Now he has a different tale

to tell. He has discovered the truth, and he is not ashamed to proclaim it from the house-tops. The deficit, we now find, is not due to the trading concerns or to the prodigality of the previous Government, but is due to causes either unavoidable or justifiable. The Colonial Secretary has shown, in a more able manner than perhaps any member of the previous Government was capable of, that those causes were either unavoidable or justifiable. The operation of Federation is said to be responsible for a heavy portion of the deficit. The Colonial Secretary stated—

Just as a doctor who wishes to intelligently treat the ailments of his patient tries in the first instance to discover the original cause of the complaint, so too, there may be some profit, if not only the Government and members of Parliament, but the public generally, apply themselves diligently to discover what is the reason for the present deficit and the probable increase in the immediate future, and why it is that it will be found so difficult to get rid of it.

Then the hon. member quoted Mr. Jull's statistics, and added—

Thus, whilst the contributions of the public to the Commonwealth revenue have materially increased, and the population of the State has grown, as Mr. Jull's figures show, by 28 per cent., there has been a reduction of no less than £277,029 in the revenue returned by the Commonwealth to the State, and that reduction is one of the very material causes of the present unfortunate financial position of the State.

The Colonial Secretary went on to say this—

If members will turn to the tables compiled by Mr. Jull they will find that as against an increase of 28 per cent. in population there has been an increase of 115 per cent. in the interest and sinking fund charges, and if they add that increase to the decreased revenue paid by the Commonwealth to the State they will have the whole position in a nutshell.

That is very refreshing indeed to me, for it conveys a complete exoneration of the previous Ministry. Then the Colonial Secretary went on to say that the increased interest

and sinking fund obligation would not be a serious matter if all the money borrowed had been expended on undertakings which, in addition to providing working expenses, had also provided their interest and sinking fund charges. I thought he was going to saddle the Scaddan Government with all the responsibilities; but in view of the fact that all the undertakings, with the exception of the trading concerns, were supported by the Liberal party, not only in this House, but in another place, he could not urge that contention with any hope of success. Let us consider how the money borrowed by the Scaddan Government was spent. In the first place, it was spent in carrying out that Government's own policy, and in the second place in carrying out a big programme of works left by the predecessors of the Scaddan Government. In 1911, before the Wilson Government went out of office, they brought down a lengthy programme of public works, including no fewer than 11 railways. The Scaddan Government had to find the money to construct those lines, and some of them were of great length. Then there was the metropolitan sewerage scheme, an enormous undertaking, involving the expenditure of over a million pounds, another legacy left us. I have here a percentage analysis of borrowed money expended by the Scaddan Government to the 30th June, 1915, not having had an opportunity of securing later figures. The fractions which I give are approximate, to avoid decimals. On railways was spent 34 per cent. of the money borrowed, on the Agricultural Bank 20½ per cent., on water supply and sewerage 10¾ per cent., on harbours and rivers 5 per cent., on the Perth tramways 4¾ per cent., on workers' homes 4 per cent., on new trading concerns 3 per cent., on the power house at East Perth 2¾ per cent., on the development of goldfields and on public buildings 2 per cent., on roads, bridges, public buildings and land purchases 2½ per cent. That is how the money was spent up to the 30th June, 1915. With the exception of the purchase of the "Kangaroo," there has not been since then any big undertaking to which Parliament was opposed. The railways which cost so much are probably the most unprofitable of the lot. Of course, eventually, they will prove payable, but at the

present time many of them are not providing sinking fund and interest. Yet no member ever opposed the building of railways, except perhaps that at Esperance. On more than one occasion, when moving the second reading of a Bill for the construction of an agricultural railway, I was stopped by members who said they did not want any information, but were already convinced of the necessity of the line. The *West Australian* recently published an interesting statement in regard to our railways as follows—

The reason why our railways do not pay, and the impossibility of making them a profitable venture under existing conditions, are discovered by a study of the following interesting table. The lesson of the table is that while capital expenditure upon the system has been increasing at a furious rate, with a corresponding growth of the interest charges, nothing like this increase is noted in the traffic earnings. We have built railways unceasingly. We have not kept pace in production to utilise them economically. It will be seen by the table that over a period of 14 years our population has increased by little more than one-half; the mileage, capital cost and interest of the railways each by nearly one and a half; and the tonnage of goods carried by about one-fourth. The war has doubtless had some effect on the figures of 1915-16. Nevertheless the enormous increase in the mileage and cost of the railways compared with the smallness of increase in earnings and in demands upon their carrying capacity—the tonnage of goods carried and the total earnings have increased to a much less degree than the population—is alarming. The table illustrates in striking fashion the necessity of increased population and production to utilise the vast system which our handful of people have built up on borrowed money.

These figures show that while the population has only increased by 56.62 since 1901-2, the mileage worked has increased from 1,356 to 3,332, or 145.72 per cent.; the capital cost has gone up from £5,410,426 to £17,118,195, or 131 per cent.; the earnings have only been increased 37.24 per cent.,

while the interest bill has mounted up by 147.24 per cent. Who is to blame for this state of affairs? Will all the responsibility be cast on the Scaddan Government? Which member of the House ever opposed an agricultural railway, if we except the Esperance railway? (Certainly none during my 17 years' connection with the House. It will be seen from the published statement that the *West Australian*, as well as the Colonial Secretary, has been looking for causes, other than the maladministration of the Labour Government, for the increasing deficit. Seven months ago it was the trading concerns; to-day it would still be trading concerns if there was a peg left upon which to hang the charge. But our friends do not tell us now the trading concerns are responsible for the financial position, because if they did, they would be very soon bowled out. The trading concerns at the present time are swelling the revenue, and I can prove it by the Government's own financial statement. From that it is seen that for the seven months to 31st January last the metropolitan abattoirs and sale yards had a revenue of £11,757 and an expenditure of £8,456. The Government meat stalls had a revenue of £21,579 and an expenditure of £20,426. The State brickworks had a revenue of £2,264 and an expenditure of £1,054. State ferries, revenue £3,229, expenditure £2,159; fish supply, revenue £6,454, expenditure £8,285; State hotels, revenue £16,392, expenditure £12,964; State Implement Works, revenue £29,736, expenditure £52,543. Of course in that case the machinery manufactured was sold on terms; consequently the value of the work done would be more than equal to the expenditure. Dairy farm, revenue £1,313, expenditure £1,405; quarries, revenue £3,052, expenditure £2,923; State steamships, revenue £129,992, expenditure £84,175; State sawmills, revenue £108,543, expenditure £114,223; tramways, revenue £30,030, expenditure £49,130; North-West cattle, revenue £121,093, expenditure £117,996; Yandooka estate, revenue £11,665, expenditure £15,541. The totals are—Revenue £537,123, and expenditure £491,289. This extract from the monthly Treasury statements proves that the trading concerns

started by the Labour Government contributed to the revenue £45,834 in excess of the expenditure for the first seven months of the present financial year.

Hon. R. J. Lynn: But no provision is made there for interest and sinking fund.

Hon. J. M. DREW: No provision for interest and sinking fund is made, either, in the deficit. I am striving to prove that the trading concerns are not responsible for the increase at the present time in the deficit; hence, it would be improper to introduce any question of interest and sinking fund, as no one knows better than the hon. member.

Hon. R. J. Lynn: But interest and sinking fund has to be found out of revenue.

Hon. J. M. DREW: Of course interest and sinking fund must be found out of revenue, but it has nothing whatever to do with the increase in the deficit occurring at the present time. No interest and sinking fund has been debited this year, thus increasing the deficit.

Hon. J. W. Kirwan: I understand that the increased interest and sinking fund bill this year, as compared with last year, amounts to £108,000.

Hon. J. M. DREW: Everyone understands that interest and sinking fund are debitable in connection with all works for which the money has been borrowed and upon which interest has to be paid. There is little cause for wonder that the Colonial Secretary has had to search for other data in order to be in a position to make a fresh explanation as to the causes for the present deficit. The Labour Government deliberately increased expenditure in certain directions, and it is gratifying indeed to learn that the present Government do not intend to undo their good work. The Colonial Secretary has told us there has been a vast increase in the educational vote during recent years, and then he added—

I do not think it is the desire of hon. members, or of the public, that an attempt should be made to adjust the deficit by cutting down our educational facilities.

And further on he promised that the number of technical schools will be greatly increased. So that no retrenchment may be

expected in that direction. Surely that is a powerful tribute to the wisdom of the Labour Government, which increased the educational vote from £197,030 in 1910-11 to £300,871 in 1914-15. It is not only admitted now that we did no wrong, but our successors notify they are so pleased with the result that they propose to do better. A more flattering testimonial could not possibly be handed to any Government. The Colonial Secretary has referred to the enormous expansion in the Medical, Lunacy and Health Departments' votes; but he has no words of condemnation, only words of approval. The only reform that is threatened is one in the direction of compelling those who use the metropolitan hospitals and who are in a position to pay for their maintenance, to supply the necessary funds. Although I and my late colleague heard, or read, with appreciation this generous confession of the Colonial Secretary, we certainly could wish that it had come seven months sooner. To us it sounds very much like, "The pardon that came too late." But there is one consolation, it disarms our hostile critics in this House. If they do not follow in the hon. gentleman's footsteps, they will be in no position to do us much injury. But there is one noble exception, and that is the Hon. J. F. Cullen. Like Goldsmith's Village Schoolmaster, even though vanquished, he is not conquered. He twitted the Hon. A. Sanderson with being cursive and then proceeded to be discursive himself, and not only discursive but gloriously indefinite. He entered into regions above the clouds, and when the Hon. J. W. Kirwan brought him to earth by the practical and direct question as to what his remedy was for avoiding a deficit, the hon. gentleman was staggered for about 10 seconds, and then, if I may translate his words freely, he replied, "Economy, which will hurt no one; taxation, that will press heavily on no one; and immigration." Play at economy and taxation, bring in immigrants by the hundred thousand—and lo and behold the deficit would disappear like the mists before the morning sun! The hon. gentleman would also like to give the Government a clean slate, would like to bury the deficiency which has been built up

since the present Government has entered office; and to do so he would not have the slightest hesitation to break into a financial year and accommodate the present Government. I do not think Mr. Cullen will receive much support for such a proposal in this House; consequently it is waste of time for me to further discuss the matter. The hon. gentleman referred to what he termed the financial chaos which faced the present Government when they took office. If there was financial chaos then, it has been intensified under the present Administration. It took the Scaddan Government five years to create a deficit of £1,450,000. The present Government has created a deficit of £482,000 in six months, or at the rate of five millions in five years. For the whole of the 12 months of last year we went to the bad to the extent of £441,000. The Wilson Ministry have gone to the bad since August last—I am giving them one month's clear run—£40,000 more in half a year.

The Colonial Secretary: You know perfectly well that the last half of the year is the worst from a revenue point of view.

Hon. J. M. DREW: I am aware that is so, but I hold, if the figures be compared with the corresponding period in any of the previous years, it will be found that they will not bear comparison. If there was financial chaos, as stated by Mr. Cullen, when the present Government took office, it is now necessary to find a more forcible phrase to describe the conditions existing at the present time. But the Government have a remedy for financial trouble: it is increased population and increased production. That is a far off remedy; if the horse only lives long enough it will get grass.

Hon. R. J. Lynn: It is the only remedy.

Hon. J. M. DREW: I agree; but I say it is a long way off. Everyone who has given the matter any thought at all will admit that there is not going to be any material increase in population until after the war is over, and for many months afterwards, until things settle down. In the first place, we shall not have the necessary labour to prepare the land for the 25,000 immigrants whom the Government propose to introduce during the first year after the war; and

years must elapse before there can be any substantial increase in production. Meanwhile, what is to be done? Is the deficit to go on increasing for years to come, or are no efforts to be made to put things right? When the present Government was in opposition we heard nothing at all about increased population combined with increased production. The Colonial Secretary has stated that he mentioned the matter several times, but it is not within my memory that he did so. It certainly was not what the bulk of the Government and its supporters told us when they were in opposition. They then said the only remedy was the removal of incompetent administrators. That was to be the beginning of economy, and the assured passport to prosperity. Now we have to look to the distant future for the millenium which was then so glibly promised. Government supporters in this House and outside must be very easily satisfied indeed if they are satisfied with that astounding reversal of form. The Government are apparently making every preparation—I have the proof here—for a lengthy course of lean years. They are putting up systematic methods in order to get anticipated deficits out of sight. This Bill provides a financial lumber room for these unsightly spectres so that they may not obtrude themselves to the view of the public. There might be certain grounds for funding the Labour Government's deficiency and providing taxation to wipe it off, thus giving the Government a clean slate. But even that appears to be somewhat premature. It looks like a farce to start paying off the old deficit and providing taxation for the purpose of building up a new one at an alarming rate. Be that as it may, no sound argument can be put forward in the direction of urging that legislation can be placed on the statute-book which would indicate that we have entered permanently into the deficit building business. The Colonial Secretary has said—

I want to make it clear that this Bill does not provide for funding any future deficit. It provides for the bringing of future deficits before Parliament so that Parliament may say what shall be done with them.

That is a remarkable statement. Subclause 4 of Clause 4 reads—

If such expenditure in excess of revenue in any year shall amount to one hundred thousand pounds or upwards, the excess shall be transferred to and placed to the debit of the Deficiency Account mentioned in section three of this Act, and a Bill shall be introduced in Parliament by the Colonial Treasurer to authorise the issue of Treasury Bonds or Inscribed Stock to an amount equal to such excess, and if such Bill is duly passed the proceeds of the issue shall be applied to the liquidation of the deficiency debt by being placed to the credit of the Deficiency Account.

That clause says that the excess of £100,000 or over shall be placed to the debit of the deficiency account, and that the Government shall introduce a Bill authorising the issue of treasury bills to pay it off. Parliament, of course, as Sir Edward Wittenoom suggests, need not agree to the authorisation, but if Parliament passes this sub-clause it would stultify itself if it refused to agree to the passage of the Bill. The Colonial Secretary adds that it is necessary to bring these deficits before the notice of Parliament. That is news to me. I must have been in a dream during the last five years, Mr. President. Apparently Parliament has been unaware, to my great surprise, of the existence of the Scaddan deficit. If it was unaware of this, it must have been deaf and blind, if the deficit did not arrest its attention. But the deficit is brought before the notice of Parliament every year. It is anticipated in the Estimates that are placed before Parliament. Sometimes the deficit is more: and in cases it may be less. At any rate, the deficit is signified to members of Parliament in the Estimates that are placed before them for their consideration, and in addition from time to time an excess Bill is submitted with a view to legalising any such excess. Ample opportunity therefore is furnished to members of Parliament to keep in touch with the deficits, even if they do not reach the daily newspapers. This sub-clause will have the effect that it will enable the Government to hide their annual losses by debiting them to deficiency account and so deceiving the general public. I intend to support the second reading of the Bill. It

has been passed, I think, without opposition in another place, but I certainly reserve to myself the right to review some of these clauses. I promise Mr. Sanderson that if he moves the amendment he suggested he will receive my support.

Hon. R. J. LYNN (West) [6.3]: I am quite in accord with the Government for introducing this measure in order to fund the deficit, but I am opposed to any of its sub-clauses authorising the funding of any deficit in the future. I think with Mr. Sanderson, that the total debt of the Commonwealth to-day, under which we are staggering, together with the State indebtedness, and also the anticipated amounts that must be borrowed in the near future, will increase our interest and sinking fund to such an extent that we must do something further in this State than talk about funding deficits.

Hon. A. Sanderson: Hear, hear!

Hon. R. J. LYNN: I am sorry indeed to hear from the Colonial Secretary that he considered economy in connection with the civil service of this State almost impossible.

The Colonial Secretary: I did not say that.

Hon. R. J. LYNN: In other words the Colonial Secretary said that the amount so saved in this direction would be very little indeed compared with the amount of the monthly deficit. That might be all right, but until we endeavour to effect these economies it is indeed a difficult matter to know to what extent economies could be effected. I am of opinion that large economies could be effected in the civil service of the State. We have too many luxurious and extravagant departments controlled in a very extravagant manner, and which, of necessity, must be extravagant in their administration. I hope my friends from the North-West will not take exception to some of my quotations respecting the administration of the general departments of the State. Let us take as an illustration a place like Port Hedland. There we have a harbour and light department representative, a police department representative, a railway department representative, and a treasury department representative. All these departments should be directly under the control of one department. We have water policemen there, but do not know

what their occupation is. We have a lighthouse keeper to light the lights perhaps once in five or six weeks, whereas these positions could easily be amalgamated, both here and at other outports. There should be a conference between departmental heads, and the Minister in charge of the department should be sufficiently strong to stand up against the scandalous waste of money in many of these outports. I am speaking purely of the coastal ports, because my experience has not taken me into the agricultural or goldfields areas. It is reasonable to assume, however, that if we have this extravagance exhibited in places which come under one's notice the same extravagance and duplication of work take place in other parts of the State.

Hon. J. J. Holmes: What about Fremantle; is there any extravagance down there?

Hon. R. J. LYNN: I will come to Fremantle later. We have representatives of all these departments at Port Hedland. Recently I travelled on a boat along the North-West coast and much to my surprise I found two or three auditors on board going up to Port Hedland to audit the accounts of these respective departments. The chances are that no boat would come along for weeks after to take them away. One of the auditors went up to audit the railway branch of the Port Hedland-Marble Bar line. The trains there are run once every week. Another auditor went up under the Public Works Act to audit the roads board books and so on. These positions could easily be amalgamated and large savings effected. What appeared to me as being more absurd than anything else was that we have the railway department at Port Hedland controlling the weekly service to Marble Bar, that a man arriving from Marble Bar at Port Hedland on a Government railway has to go to a storekeeper in Port Hedland in order to buy his ticket for the State steamship service boat to come south. To this storekeeper a commission of 5 per cent. is paid on the ticket, and upon all tickets for passengers travelling by the State Steamship service, while the Government officials are walking up and down doing nothing. A steamer

discharges her cargo. It is put into the railway shed, sorted by the railway officials and got ready for its destination. When it is ready they have to go to this same storekeeper in the town in order to get from him a delivery order to send these goods on. The State pays 5 per cent. commission to procure this delivery order, while the department does the work. In my opinion this state of things applies in the coastal districts throughout the State. Let us take a place like Albany. The Fisheries department and other departments under the control of the leader of the House are represented there. There is a fisheries inspector at a fairly high salary.

Hon. W. Kingsmill: Not a very considerable salary.

Hon. R. J. LYNN: A couple of hundred a year.

Hon. W. Kingsmill: I do not think he gets that.

Hon. R. J. LYNN: Assuming that he gets £150 a year. It all helps to add to the weight of expenditure in certain directions. The water police in Albany could be made honorary inspectors and the salary of this man saved. It does appear to me that no sooner is a department created than the under secretary or the official in charge of the department is so anxious for his own welfare that he immediately begins to set about increasing the staff in order to make the department appear of some importance. So the thing rolls on. I am satisfied that if a commission was appointed, or if the under secretaries were told by the Ministers—

Hon. W. Kingsmill: Another commission?

Hon. R. J. LYNN: Someone must be appointed in order to inquire into this matter. It appears to me that Ministers—

Hon. A. Sanderson: Ministers were appointed for this purpose.

Hon. R. J. LYNN: They are so much taken up with office boy detail in many cases that they have no time to inquire into a matter of this sort. By the time they have read through the numerous files with which they have to deal from A to Z they have no time to see in what direction economies can be effected.

Hon. Sir E. H. Wittenoom: Yet they travel about a good deal.

Hon. R. J. LYNN: I have not met many of the Ministers in the course of my travels. It is no good begging the question. We are a small population with a heavy debt, and with the debt we have to-day in this State together with a large amount of interest and sinking fund which we are called upon to provide, we cannot afford to pay further taxation until some economies are attempted.

Hon. J. Ewing: But we must have them both.

Hon. R. J. LYNN: I am willing to admit that we must have both, because although the Colonial Secretary says that we must stimulate our industries and increase our population, I am of opinion that our population will not increase to any extent for a long time to come, and if we cannot increase our population we cannot stimulate our industries. With regard to additional taxation, which I believe is necessary, I think that this deficit should be funded, but from the date on which it is funded the Government of the day should endeavour to balance the ledger. It is no use going on as we are to-day, allowing, as this Bill will allow, any shrewd Treasurer to juggle figures in a manner that will enable him to present balance sheets on the eve of an election.

Hon. W. Kingsmill: All Treasurers are shrewd.

Hon. R. J. LYNN: The report of the Fremantle Harbour Trust lies on the Table of the House. Last year the Trust provided interest and sinking fund, and also paid into the consolidated revenue of the State £19,000. Yet it appears from the schedule of this Bill that the sum of £10,000 is going to be provided out of last year's income of the Harbour Trust. The State Steamship Service is providing an amount of £7,000, although for the year there is a surplus. One can easily see the opening that is left for any shrewd Treasurer. It is a very easy matter indeed—and any man in business knows that it is—to make certain arrangements that are going to carry one ahead in the future. The Treasurer, we will say, is going out of office on the 30th June. He finds that his figures are such that there will be a fairly heavy deficit. He says naturally "There is going to be a fairly

heavy deficit. There is no election till October, and I am going to make this deficit another £200,000 more than it would ordinarily be." He then says to the Commissioner of Railways, "Put another £100,000 worth of coal in stock." He says to some other department, "Provide something necessary for the next two or three months in advance; coal is going up and we must have a stock." He may also say that some other commodity is going up and it is necessary to have a stock of it. At the end of June his statement of receipts and expenditure is prepared, and there is an amount embodied in the statement of expenditure totalling a couple of hundred thousand pounds. He is going to the Country in October. At the end of June the deficit is funded, but from the beginning of July he starts to make good. Between July and October, when he goes to the Country, he perhaps balances the ledger of the State, and in having done so because of his shrewdness in the matter of finances he is returned to office with the reputation probably of being the saviour of the State.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. R. J. LYNN: I was referring to the kind of frenzied finance that might have lent itself to any shrewd Treasurer, and in looking at the Bill I think that when it reaches the Committee stage, we should eliminate Part 2 in order that all future deficits should again be referred to the House, not in the manner prescribed by this measure, but brought before the House again as in the present instance. In making some endeavour to balance the ledger in this State we have certain trading concerns which were referred to by Mr. Drew, and although a surplus of revenue over expenditure was shown in connection with these undertakings, there still must remain a large amount to be debited to the respective concerns in the shape of interest and sinking fund as well as depreciation before it can be considered that any one of them is showing a surplus. I realise that in the *Statistical Abstract* we have the revenue and expenditure both given, but at the same time we have a corresponding debit which is ever increasing in connection with the interest and sinking fund

debit every month. I think that the trading concerns that are showing losses to-day should be closed down. Of course I am willing to admit that it is very difficult to say that any of these trading concerns are losing propositions. Take the State Steamship Service. We admit that that service has certain liabilities outstanding as well as certain assets, and it all depends at the end of the financial year as to whether the amount of the assets outstanding exceeds the liabilities, and will then allow sufficient in addition to the surplus that may be shown, in order to display a surplus for the year. But I think that the Government, if they succeed in getting into recess, should immediately go into these items and endeavour to observe that economy that we have all preached so much about. I realise that on top of all the economies that the Government can enforce, a certain amount of taxation will be necessary. I think that the most equitable means of taxation is a graduated income tax.

Hon. W. Kingsmill: Differentiated graduated income tax.

Hon. R. J. LYNN: That to my mind is the fairest means of taxation. But I am going to take exactly the same stand in connection with any taxation proposals by the present Administration that I have always taken in connection with these proposals when they have been submitted by previous Governments. I am personally opposed to supporting increased taxation until the Government shows that some economy is effected. I am satisfied that economies can be effected, and in order that these economies may be brought about some attempt should be made in that direction before the Government are given permission to impose additional taxation. A Bill was introduced in another place some time back respecting a commodities tax. To my mind that was a most iniquitous measure, one that would have added freight to the cost of goods to be delivered on the gold-fields and in country districts. It would have imposed an additional tax on people living in those places, as against those living in the metropolitan area. Any form of taxation of that nature should be equitable, otherwise this House should not al-

low it to go through. One of the fairest taxation proposals would be in the shape of a tax imposed through the Harbour Trust. Approximately, one million tons of inward cargo reaches our State per annum. I am not a believer in providing additional burdens for the producer to bear, and the taxation proposal I suggest now is one which relates solely to inward cargoes. It would not be necessary to spend any money in connection with the collection of that tax; the machinery is already there, and the amount which I think it would yield would be approximately £125,000. That is a matter which is worthy of consideration when we remember that the collection of it would not involve the expenditure of one penny. The suggestion is that 2s. 6d. per ton should be levied on inward cargoes, and that that amount should be collected as additional wharfage.

Hon. J. Duffell: Three shillings and ninepence per ton to the consumer.

Hon. R. J. LYNN: Undoubtedly someone has to pay it, but it would be distributed in the metropolitan area on an equitable basis and everyone would be contributing the same amount.

Hon. J. E. Dodd: It would not be a burden on industry.

Hon. R. J. LYNN: Then there might be a graduated scale so far as such articles as motor cars, pianos, and other luxuries are concerned. These should pay a considerable sum in excess of the 2s. 6d. which I have proposed. I repeat that a very large revenue would be obtained, and I venture to suggest that the tax would not be felt by the consuming public.

Hon. W. Kingsmill: What about the Federal authorities?

Hon. R. J. LYNN: They have no control over our Harbour Trust to-day.

Hon. W. Kingsmill: Oh!

Hon. R. J. LYNN: I anticipated this, but have we not collected money in the shape of a harbour improvement rate for years?

Hon. J. Duffell: It has been expended at Fremantle.

Hon. R. J. LYNN: A harbour improvement tax has been imposed on coal, and we have not heard anything about that.

Hon. W. Kingsmill: What about commerce and intercourse between the different States?

Hon. R. J. LYNN: No less a sum than £10,000 is being funded in connection with the Harbour Trust for last year, although they have paid a large amount into Consolidated Revenue. I am not a sufficient expert in finance to know whether the Trust are evading the Federal Constitution. The Trust to-day can provide sufficient money to pay interest, sinking fund, depreciation, and renewals, and then pay a sum of £19,000 into Consolidated Revenue, and on top of that we fund £10,000 in connection with the Fremantle Harbour Trust. These are figures which require to be reconciled; I cannot reconcile them. I venture to throw out a suggestion that, considering the machinery is in existence for the collection of the money, the idea which I have outlined for the raising of extra revenue might be put into operation. A considerable sum of money which would not be felt by the consuming public would be provided for the State. Under the Bill it is at the discretion of the Minister as to what interest shall be paid on the inscribed stock. The Colonial Secretary anticipates that a sum of £100,000 would have to be debited to Consolidated Revenue in order to find the interest and sinking fund for the funding of the deficit. If it is the position that we are going to carry an additional £100,000 in connection with this as a debit against Consolidated Revenue, and the same policy of drift is to be allowed to continue, I do not think it will be a question of waiting for the financial year to close to fund further deficits; but it will be necessary to fund them every six months. There are many other questions of economy that might be considered, but I have no wish to delay the House other than to say that the Government should immediately go into the question of all trading concerns, and having satisfied themselves that no economies can be effected, the introduction of taxation proposals must then of necessity receive attention. I hope that when the Bill reaches the Committee stage members will agree to eliminate the clause relating to the funding of deficits for the future. "Sufficient unto the day is the evil thereof." The present deficit

is with us and the money in connection with that deficit must be found somewhere. The question has been previously asked, out of what fund the money was provided in order to pay our accounts when this deficit was accumulating, whether it came out of trust funds. It would appear so from one of the clauses of the Bill, which provides that in future the Treasurer may use any trust funds in order to pay current expenditure. I think that a bad principle. As I have said, the money had to be found in order to pay our accounts. This million and a half must have been obtained from some source, and whether it was found from loan money or trust moneys, or by Government securities, I recognise it must be paid back. Once it has been paid back, I hope the endeavour will be to more successfully estimate our requirements in future.

Hon. Sir E. H. WITTENOOM (North) [7.47]: I had not intended speaking on this subject until I heard the speech this afternoon by Mr. Drew. Mr. Drew's speeches at all times are lucid and usually they are logical and interesting, but unfortunately today he took a line of debate with which I cannot feel at all sympathetic. He was trying to justify the administration of the previous Government in the actions they took in times gone by. Although that justification was set out so carefully by Mr. Drew I am afraid that the viewpoint he put forward is not that from which the general public will look on such things. The general public is more likely to view the question from a business point of view, as I and many others will be inclined to do. The position is that some five years ago the Government came into power with a credit balance of somewhere about £13,000. They remained in power for five years, and spent during that period between loan money and revenue, I think I am safe in saying, over 20 millions of money, and during that time also they accumulated a deficit on revenue account, again I think I am safe in saying, of a million and a-half.

Hon. R. G. Ardagh: It is more than that now.

Hon. Sir E. H. WITTENOOM: I am speaking of the term of the late Government. Mr. Drew set out this afternoon to justify his Government in having arrived

at that position after five years. Let me suggest an illustration. Supposing a member of this House having a certain amount of capital were to go to England for five or six years, placing in charge of his business here a certain number of men selected by himself. He places no obstacles or difficulties in their way; and provides them with every facility. He comes back at the end of five years and finds that his managers have accumulated a deficit of a million and a-half. What would happen? He would probably say to them, "You had every facility and any amount of capital, 20 millions, and yet you have a deficit of a million and a-half." To the ordinary mind—

Hon. J. W. Kirwan: What about the present Government which has accumulated a deficit of half a million in six months?

Hon. Sir E. H. WITTENOOM: At the present moment I am dealing with the past. Mr. Drew went to considerable pains and displayed a great deal of ingenuity in his endeavour to explain away how it happened that his Government had accumulated a deficit of a million and a-half, and to justify it. I think instead of taking all the time he did, and using all the arguments in endeavouring to justify the late Government, he might have done so in a sentence of a dozen or 15 words. I could do so. What do we find the position to have been? The Scaddan Government were elected to office under a promise that if they were elected they would see that better conditions all round were provided. And to show how quickly they realised their responsibilities under that promise, I think I am keeping within a safe margin in saying that at least 1s. per day was added to the wages of the lowest paid men in the railway service. They were elected to raise the rate of wages all round and to give every facility to those people who elected them. My only objection is that that Government went in to represent a class—they did not represent Western Australia—and they represented that class faithfully and well. Mr. Drew referred to 15 railway Bills and asked which member of this House had made objection to any one of those railways. He never told this House that any of those railways would never pay: his Gov-

ernment never attempted to stop the construction of any of them. His whole argument was that the Labour Government had done its duty. I admit that they spent hundreds of thousands of pounds handsomely.

Hon. J. W. Kirwan: Did not the previous Government pass most of those railway Bills? Is it not a fact that those railways were authorised before the Liberal Government went out of office?

Hon. Sir E. H. WITTENOOM: I am speaking of the question of raising the cost of the working railways. In addition to raising the salaries and wages of the staff at a cost to the State of between £130,000 and £140,000, the Labour Government adopted a policy of railway construction by day labour. In an endeavour to make the railways pay, they proposed the raising of the railway rates. I contend that this country cannot afford the continuous raising of rates.

Hon. J. W. Kirwan interjected.

Hon. Sir E. H. WITTENOOM: I am reviewing the facts as they appear to me. I am not here as an advocate on behalf of the present or any other Government, but am merely putting forward facts and figures. What this country wants is a Government which will make ends meet. Mr. Drew said members of this House had not objected to those railways, that although he had been 17 years a member of this House, he did not recollect an instance in which objection had been raised. In reply I would point out that it is not the function of this House to block legislation. The Government is elected by the people, and when the Government bring forward proposals to this House it is considered that those proposals have been authorised by the people. What would be the effect did this House object? The Government would say that they could not carry on seeing that the Legislative Council persisted in throwing out its measures. They would tell the farmer they wanted to give him a railway, but that the Legislative Council had thrown out the proposal. What was the attitude when any new railway proposals were made, which it was known would not pay?

Hon. J. E. Dodd: Did the hon. member ever oppose any one of those railway Bills?

Hon. Sir E. H. WITTENOOM: No, on the ground I have just put forward that it is the duty of the Government to put before this House proposals which are considered to be necessary. Had this House objected, what would your Government have said?

Hon. J. E. Dodd: I am not speaking personally.

Hon. Sir E. H. WITTENOOM: They would have said that the Council was interfering in matters of policy. Fortunately the Legislative Council has been able to do good at times, but this House has never set up any opposition to reasonable proposals by the Government under a scheme of providing railways for farmers. It only requires an agitation by a dozen or so farmers for a railway, whereupon a railway is put out a dozen miles. Why do not the Government take up the position of saying, "No, that railway is not justified." I do not care what Government it is. I wish to say that during their five years the Labour Government were given a fair trial and were found wanting. Mr. Drew took credit to his Government for the fact that they had raised the education vote by something like £100,000. That is a very big sum for a small community like ours to spend. It is something like £1 per head for every man, woman and child in the State, to give educational facilities such as only very much older established nations should expect. Then we come to the trading concerns. It is claimed that the trading concerns provided these people with facilities which were required. I contend that if this be a correct policy, it should be carried out in its entirety, and not be so established as to injure one place for the benefit of another. Why should Perth, Boulder and Geraldton have cheap fish while Marble Bar, Yalgoo and such other places have to pay an exorbitant price for that commodity? If the policy could be applied universally throughout the State, it might be possible to make these concerns pay, but under existing arrangements the result can only be mischievous and have the effect of driving out of business the private citizens of the State. Without wishing any disrespect to the Government, I claim that the trading concerns should be managed by experts, and I con-

tend that it is impossible for the Government to successfully conduct competitive businesses.

Hon. H. Millington: What about Millar's?

Hon. Sir E. H. WITTENOOM: May I remind the hon. member that Millar's have been responsible for the introduction of much new money which has been distributed amongst the people of this State. I need point only to the number of men employed by the firm. I do not wish the impression to be taken that I am opposed to extending the benefits of education, but I do think the cost to the State is too much for a small community such as ours. I personally believe in education. This deficit is now with us and the next thing to be done is to put it right. The present Government have made certain proposals to this end, and in my opinion they have done more than their predecessors. Of course they have not yet had a long time to get their hands in. If they were to adopt Mr. Drew's suggestion and immediately set to work cutting down everything, the effect would be exactly what the other party desire—namely, to make the present Government so unpopular that the electors would at once return to their old affection. Undoubtedly that is what would happen. It must be remembered, too, that in spending this tremendous amount of loan money, fifteen millions sterling, the late Government have heaped a vast amount of taxation on the community. The very people who have had this money spent amongst them are the supporters of the Labour party. It cannot be contradicted that a great deal of this money has gone in labour contracts and in trading concerns, expenditure on steamers, and so forth—all requiring labour and hardly one of them paying. Let hon. members look at the expenditure that has taken place in Western Australia from which the State gets no return. From justice and police there is no return. From education there is none. The railways are now a losing concern. The only source of revenue at present is direct taxation. Who pays direct taxation? Fourteen thousand people in Western Australia. I had a return on that subject furnished in this House. It is obvious that anyone receiving

less than £200 per year pays no income tax; and the majority of our people, especially women, receive less than £4 per week and thus pay no income tax. Further, they pay no wheel tax and no road tax. They pay nothing except customs duties on clothes, tobacco, beer and so forth; and, as we know, customs duties go to the Federal treasury. In respect of these people, Western Australia receives only a revenue of 25s. per head per annum. So that the bulk of the people here pay about £440,000 per year in taxation, or not one-third of our annual interest and sinking fund bill. The loan expenditure has been devoted—I am not saying this in any way offensively—mostly to the class of people who pay very little towards the revenue of Western Australia, whatever they may pay towards the Federal revenue. An hon. member just now interjected, "Why did not we object to these railways of the Government?" Let me point out that it is no function of this House to dictate the policy of the Government. The members of the Government are there to suggest a policy, and if we can improve that policy it is all we undertake. Mr. Lynn suggested certain amendments; but there are all sorts of difficulties in the way, as he found. Such amendments want careful thinking out by the experts who understand the subjects concerned. It is for the Government to come before us with proposals, and I hope they will come before us with proposals which will enable us to get rid of the deficit. The taxation proposals of the present Government were such as could not possibly be entertained, and I am delighted to see that they have been withdrawn. Coming now to the Bill, I am in accord with the funding of the present deficit: but I shall not support the proposals of the measure in regard to future deficits unless the consent of both Houses of Parliament has to be obtained every time a deficit is funded. I am aware there are difficulties in the way. During the tea hour I was thinking that it would be a good thing to require that a deficit should amount to £500,000 before it was funded. But then the Government would think, "Let us gather up our deficits to that amount and get them funded." The next difficulty is that we

might have in office here a Government such as the Federal Government that held office for a long time with a very strong majority in the House of Representatives and able to do just as they liked in the Senate. Such a Government would be able to fund away deficits as much as they liked, even with the precautions here proposed. As I am not sufficient of a financier to understand all about funding, I shall await what suggestions may be made. With these remarks I have pleasure in supporting the second reading.

Hon. J. W. KIRWAN: (South) [S.7]: I do not know whether the last speaker heard the speech with which the Colonial Secretary introduced the Bill. If he did, I should think his remarks ought to have been directed towards those observations of the Colonial Secretary which I consider were an excuse for the late Government for piling up the deficit of £1,400,000 in the course of the 4½ years they were in office. I do not say that the Colonial Secretary, in excusing the late Government for the condition into which the State has got financially, succeeded in completely exonerating them. I do not say that there are not sins of omission and commission on the part of the late Government, notwithstanding the Colonial Secretary's remarks; but I do not think I ever heard any member of the late Government deliver a defence of their financial policy so effective as the defence offered by the present Colonial Secretary. Having regard to the present position, however, it seems to me that what we are concerned with is not so much the deficit piled up by the late Government. That is past and gone, and nothing that we can do can alter the position. What concerns most of us in this House, and what concerns the country generally, is why during the six months the present Government have held office they have piled up a deficit of £481,000? During the seven months of the financial year, the deficit has reached £615,000. The late Colonial Secretary, Mr. Drew, in his desire to be fair to the Government, dealt only with the six complete months the present Government have been in office. The deficit piled up during that period amounts to £481,000.

In the endeavour to explain away that enormous deficit, piled up since the late Government left office, the Colonial Secretary made the speech in which he really excused the late Government for their deficit of 1½ millions piled up in 4½ years. I have not heard what the position is for the present month of February, but I do hope that at last the Government may have a surplus for the month. They have had a long series of six monthly deficits, each very large; and I hope that when the February returns are issued to-morrow they will prove more cheering than any for the preceding six months. When the Colonial Secretary and other members of the present Government endeavour to explain why their deficit is so large, why it is so enormous, due regard being paid to time, as compared with the deficit of the previous Government, why the drift instead of being stopped, as we were promised, has been increasing fourfold, two reasons are usually suggested. Those reasons are that it is owing to the loan obligations of the late Government being so heavy, owing to the charges which have to be paid in the way of interest and sinking funds; and, further, the decreased amount received from the Commonwealth treasury. It is easy for the Colonial Secretary or any other Minister seeking to defend the present Government on these lines to talk in this way from platforms to men who are not acquainted with the particulars. But Ministers are careful to avoid figures. I will tell the House figures which I think hon. members can carry in their heads. What exactly is the increase as regards interest and sinking fund this year as compared with the previous financial year? In the bulky papers which were presented to us when the Estimates were before the House—the papers were laid on the Table, but few of us had time to read them before they were passed—there is, on page 15, a statement of the allocation of interest and sinking fund. Hon. members will find there an exact statement of the increase in the amount to be paid for interest and sinking fund during the current financial year as compared with last year. According to these papers the estimated

increase amounts to £108,000. That increase is really at the rate of £9,000 per month. During the six months the Government have been in office, the additional amount they had to pay on this account, as compared with the amount paid by their predecessors in the previous year, is at the rate of £9,000 per month. For six months that totals £54,000. That amount of £54,000 is the chief excuse put forward in explanation of a deficit of £481,000. But to come to the point raised by Mr. Sanderson and also mentioned by the Colonial Secretary—the decreased amount which Western Australia receives from the Commonwealth. These very same papers clearly set out the total received from the Commonwealth. The decrease in the amount which Western Australia will receive from the Commonwealth during the current financial year as compared with the previous financial year is £20,142. That information is to be found on page 7. The total reduction for the twelve months is £20,142. Half of that amount would represent the decrease for six months, and half of that is £10,000. So the decreased revenue this Government are getting as compared with the revenue the previous Government got during the preceding year amounts to £10,000 for the six months. But compare the revenue for the last six months with that for the corresponding six months of last year. When Mr. Drew was speaking, the Colonial Secretary interjected and said, "But why speak about the last six months? Because the second six months is always better than the first." Consequently I am now comparing the last six months with the corresponding six months of the previous year. During the last six months this Government received £63,000 more in revenue than the previous Government got during the corresponding period of the previous year. In other words, they had to pay in increased interest and sinking fund £54,000, and they suffered a decrease of £10,000 from the Commonwealth. But the increased revenue they got during that period has been £63,483. There are the exact figures, which the Colonial Secretary and others so frequently talk about vaguely. Any hon. member can find these figures in the books presented to us. But that does not complete the

position. Compare the expenditure of the present Government during the six months they have been in office with the expenditure of the late Government during the corresponding six months of last year. What do we find? The expenditure of this Government during the last six months has been £177,000 more than the expenditure of the late Government during the corresponding six months of last year. That is a position somewhat difficult of explanation, and it is always referred to in very vague terms when a member of the Government speaks. But if hon. members will take again these papers which were thrown on the Table without our having time to glance through them, when the Standing Orders were suspended and the Estimates passed without a chance even of questions being asked, they will find here in the estimates of expenditure some of the most astonishing increases for a Government that came in pledged to straighten the finances, pledged to stop the financial drift, pledged to live within their income. I have here the exact statements made by the Treasurer, who pledged himself before taking office. However, it is perhaps not necessary to read them, because hon. members have heard them before. The present Government, when in Opposition, pledged themselves to straighten the finances. They came in for that particular purpose. What did they do? They brought down these Estimates, which were not criticised in another place, the Labour party apparently having agreed that they would give the Government enough rope to hang themselves with. That has been the policy they have pursued for some time. The Country party, it is said, had an understanding with the Government under which a distinct promise was made that these Estimates would be passed with all these monstrous increases, and that a system of economy should afterwards be instituted. I have not heard of a single instance of economy but I could mention dozens of cases of gross extravagance. What do the Estimates reveal? Increases of a most amazing character, increases in the Colonial Secretary's Department, amounting to £25,444. In the other House no explanation was made of that increase. Here in this House we had no time to glance at the thing. Of course the explanation always given is "Oh, educa-

tion!" But education is quite a different matter altogether. The increases under the heading of Minister for Education amount to £16,000. Then, of course, reference is made to the increases under Hospitals. We find substantial increases under that heading. I am not amongst those who say that all these increases are justified, even if they were confined to education and hospitals--there are times when increases may not be given, and neither the cause of education nor that of hospital treatment suffers. The department of the Minister for Works shows an increase of £25,500. When the late Government were in office they were spending three or four millions of loan money a year. To-day we know of no public works of any consequence being carried on, except the Wyndham freezers. Yet, despite that, we find an increase in the Public Works Department of £25,500. The Minister for Mines has an increase of £4,000. As a member of a mining community I say that probably none of these increases are justified, while on the other hand considerable economies could be effected in all the departments, without in any way depreciating their efficiency. The Treasurer's Department shows a startling increase of £61,000. To be quite fair, I should say I think there is included in that an item of £40,000, loss sustained by the Foodstuffs Commission, for which the present Government are in no way responsible. However, I venture to say that on going through these Estimates it will be found that the expenditure by the end of the year will represent a considerable increase on the figures given: this too under a Government pledged to economy. I claim that the Government are positively extravagant. How, otherwise, can all these various items be explained? Here, in a time of crisis, the Government have spent during the last six months £177,000 more than the previous Government spent in the corresponding period of last year. The total represented by increased interest and sinking fund was £54,000, and the decreased revenue received from the Commonwealth represented £10,000. During the last six months the Government have received £63,000 more in revenue than the previous Government received during

the corresponding period of last year. Yet here we are faced with a deficit for the six months of £481,000. So far as the Bill before us relates to the funding of the deficit provided for in the schedule, I can see no other way of dealing with that deficit. Not by any system of economy or additional taxation or increased revenue through our services is it possible for us to make up that sum. Therefore the Bill to that extent is worthy of our support. But when it goes beyond that and provides for future deficits, I claim that it introduces a most pernicious and dangerous principle. If we are to believe what his critics say, Mr. Wilson is not a good Treasurer, is indeed a very bad Treasurer. In a few weeks, it may be, Mr. Scaddan will be Treasurer. If we are to believe what his opponents say, Mr. Scaddan also is a bad Treasurer. But here we are making the path smooth for Treasurers who wish to spend more money than they receive. In the other House there was no discussion on the Bill, except that Mr. Wilson introduced it and Mr. Scaddan warmly congratulated Mr. Wilson on the excellent nature of the proposal. Of course it exactly suits both the late Treasurer and the present Treasurer. It is quite a different question when it has to be viewed by people who are not Treasurers, nor likely to be Treasurers, and who simply have to look at the question from the standpoint of the broad interest to the State. Our object should be to make the path of Treasurers who spend more than they receive as thorny and difficult as possible. Hitherto they have been carrying on illegally. A deficit has always hung around the neck of the Treasurer.

Hon. W. Kingsmill: Successive Treasurers never seem to feel the weight of it.

Hon. J. W. KIRWAN: But they ought to, and although they may seem to be cheerful, I refuse to believe that any man occupying the position of Treasurer does not feel anxious when he has a large deficit. Whenever deputations go to Treasurers while there is a deficit he always has the excuse that they must keep down the expenditure. If this easy means of getting rid of the deficit is adopted we are practically offering a premium to Treasurers to outrun the constable. I think that a Chamber such

as this, composed of men who represent business classes, will see at once the danger of passing any portion of this Bill other than that which provides for the present deficit. Mr. Sanderson has proposed that the second part of the Bill should be struck out. I think that the commonsense of members of this House ought to be sufficient to induce them to strike out that second part. It is not a party question and has nothing whatever to do with party politics. We do not know what changes the future may have, how long the present Government may be in power, and how soon another Government may take their place. When future deficits arise let the Treasurer come along and confess his sins and say, "I have a deficit of a million and a-half (or whatever it may be), and I cannot get rid of it by any means, and now I want you to fund it." That is a punishment to the Treasurer who has outrun the constable. If we take away the only means of imposing a check upon Treasurers, we will be making a very grave mistake. Sir Edward Wittenoom in the course of his speech referred to the wiping off of a deficit when the late Government came in. He said that the late Government came in when the finances were practically square.

Hon. Sir E. H. Wittenoom: There was a credit balance of £13,000 odd.

Hon. J. W. KIRWAN: It was associated in my mind with the idea that the deficit which the Moore Government had created was practically wiped out when the Scaddan Government came in. In one period, during the career of the Moore Government, there was a deficit of over £300,000. The then Premier seemingly became alarmed at the condition of affairs and took over the Treasurership himself. The consequence was that the deficit of over £300,000 was virtually, if not actually wiped out. Suppose this Bill had been in operation at that time, what would have happened? We would have had that deficit with us to-day though hidden away. We would have been paying interest and sinking fund on that deficit in place of its having been wiped out by a system of additional taxation and economy combined. If this Bill is passed in its present form, deficits will be covered up. The Colonial Secretary

will say that they do not ask the House to fund the deficit, but merely that they will have to report the matter to Parliament. The process is this: excess of expenditure over revenue must be reported to Parliament. That, however, is what goes on at the present time. The condition of the finances is constantly before Parliament. The Bill says—

If such expenditure in excess of revenue in any year shall be less than £100,000—Mark that—

The excess may be carried forward. There is a permissive power that it may be carried forward, but when it goes on to the question of where the expenditure in excess of revenue is over £100,000 it immediately becomes mandatory.

The excess shall be transferred to and placed to the debit of the Deficiency Account mentioned in Section 3 of this Act, and a Bill shall be introduced in Parliament by the Colonial Treasurer to authorise the issue of Treasury bonds or inscribed stock to an amount equal to such excess.

The deficiency account that is referred to here is referred to further on—

And if such Bill is duly passed the proceeds of the issue shall be applied to the liquidation of the deficiency debt by being placed to the credit of the deficiency account.

It is an involved process of covering up a deficit, and really confusing the minds of the public. The idea is on a par with that character who on signing a valueless cheque said—"Thank goodness that thing is settled." Every deficit we have had in the past of over £100,000—and we had a great many—that was wiped off in the ordinary course of events would be with us to-day if this Bill had then been in existence.

Hon. G. J. G. W. Miles: What about Clause 9?

Hon. J. W. KIRWAN: There again it is permissive. That particular clause referred to says that the Colonial Treasurer may do it. He may—

Out of any surplus revenue at his disposal purchase any Bonds or Stock issued under the authority of this Act or, with the consent of the holder thereof, pay off the same at par and such purchased or

redeemed Bonds or Stock shall be cancelled.

That clause is not of very much value. It is purely a permissive power which is given to any Treasurer, if he has a surplus, to utilise it for the purchase of any bonds or stock. There is nothing mandatory or compulsory about it.

The Colonial Secretary: I mentioned that I was putting in an amendment to make it mandatory.

Hon. J. W. KIRWAN: If the word "shall" was in, it would be somewhat of an improvement. On the other hand, I do not see that there is very much encouragement to a Treasurer to seek to create a surplus. He might conceal, or avoid getting one. I hope that in the interests of the State the whole of the second part of this Bill will be struck out. It would lead to even worse financing than we have had in the past.

Hon. J. J. HOLMES (North) [8.40]: This Bill is so important that I cannot let it pass the second reading without saying a few words. I have listened attentively to the speeches delivered by the Colonial Secretary, by Mr. Drew, and by Mr. Kirwan. In spite of the ingenuity of both Mr. Drew and Mr. Kirwan the fact remains that the Labour Government came into power 5½ years ago with the revenue and expenditure practically balanced by their predecessors. During these five years the finances of the State have drifted to the extent of 1½ million pounds. Hon. members supporting, and speaking on behalf of the late Government can use what arguments they please, but they cannot alter that fact. Following on that we have the remarks made by Mr. Kirwan that during the last six months the present Government have allowed the finances to drift to the extent of another £450,000. I am not speaking as a supporter of the present Government or as an advocate of past Governments, but I say that to the ordinary common sense man the present Government have done nothing but carry on the business that they took over from their predecessors. This drift of £450,000 must surely be the result of the business conducted by the previous Government. The present Government

came into power to stop this drift. They were told by a number of their supporters that the past Government should have been allowed to go on to the end of their term and that by the time they had reached the general elections, some six months later, the country would then have declared against them. The present Treasurer, however, announced that this policy of drift should not be allowed to go on; there was nothing to be done but that the Liberal party should step in and put a stop to it. My complaint is that nothing has been done so far towards stopping this drift. The only reason the present Government gave for removing the past Government from office was that of straightening the finances, because the country could not be allowed to drift in that way any longer. We have reached the stage when it has become alarming. I am prepared to saddle the past Government with the 1½ millions and to say that the deficit of £450,000 incurred by the present Government is a result of the past Administration. If the present Government had ways and means of stopping the drift and were satisfied from their analysis of the figures that they could do so, they should fulfil their promise to straighten out the finances. If they did not know that they could do it, they should not have attempted to do it. I am going to put my foot down and say that the million and a half is far enough to go, and that if we fund that amount it is all that we should be expected to do. The present Government recognised that what they should do was to fund the deficit, get rid of the past and start off with a clean sheet, and keep a clean sheet. Hence we have the schedule of this Bill. To the 30th June we wipe out the past, they say, and for the future we will be responsible for any deficit there is, and in fulfilment of our promise the revenue and expenditure will be brought into line. I think that was the view which the Government took of the matter. It was the common sense policy of the Government that as soon as they took office the expenditure and revenue should be brought into line. I wish this House had power to make the only stipulation which I think will

meet these excesses, and that is that the Government or the Treasurer whoever he may be, unless he can bring the expenditure into line with the revenue, should automatically go out of office. If we could accomplish that it would be the means of getting rid of the deficit.

Hon. J. W. Kirwan: A very good idea.

Hon. J. J. HOLMES: That is the only salvation for the country I can think of.

Hon. J. W. Kirwan: Will the hon. member bring forward an amendment to that effect? It will be carried.

Hon. J. J. HOLMES: It is the only salvation that I can think of, namely to provide in this Bill that any Treasurer who cannot make the revenue coincide with the expenditure must automatically with his Government go out of office. We have to put our foot down somewhere. I was surprised at the announcement made by Mr. Cullen yesterday, that as we have accumulated another half a million since the Bill was introduced we should add it to this amount and fund two millions. The present Government came into office to fulfil a promise that economies would be effected. There are many ways in which those economies can be brought about, but, as Sir Edward Wittenoom has said, it is not for this House to announce the policy. It is for the Government to show ways and means, and then it will be for the House to improve or amend the Government proposals. As far as taxation for the purpose of increasing the revenue is concerned, I am satisfied that imposition of taxation is necessary, but there must be economy first, and that economy can be not only introduced but enforced is patent to everyone who takes particular view of the situation. Would hon. members start out to reduce the salaries of civil servants? I do not think anyone would suggest such a thing. But what I do object to is that whenever we embark upon anything new, when a new department is built up, new experts are brought in, and one asks himself what the Government experts are doing at the present time. Take the much abused freezing works at Wyndham. Surely one would have thought that the engineers in the Government service who are doing very little at the present time

would be capable of superintending the operations at the freezing works. No. An outside expert is to be introduced to complete that work.

Hon. G. J. G. W. Miles: He came too late.

Hon. J. J. HOLMES: If the man before him was discharging his duties satisfactorily, then where was the necessity for the introduction of the new man? Apart from that, in the administration of the wheat pool, one would have thought that the expert men in charge would have been competent to deal with it, but another expert was brought in at a very high salary, and he has gone to swell the already big staff.

The Colonial Secretary: His salary does not come out of revenue.

Hon. J. J. HOLMES: I know, but the fact remains that whenever we start anything new we do not seem to be able to find anyone in the service capable of assuming control. We must always have resort to outside experts, and then we create new departments. I am quite prepared to support the funding of the million and a-half, but I do not consider any further sum should be funded without first consulting Parliament, and further, I repeat that the expenditure should be made to coincide with the revenue, and failing that, the Government responsible should automatically go out of power.

On motion by Hon. J. Ewing, debate adjourned.

BILL—AGRICULTURAL LANDS PURCHASE ACT AMENDMENT.

In Committee.

Hon. W. Kingsmill in the Chair; the Colonial Secretary in charge of the Bill.

Hon. H. CARSON: There is a notice of a new clause on the Notice Paper which I had intended to move. The settlers of the Bowes area had asked me to move this new clause, but they recently received certain figures which were prepared by the Under Secretary for Lands, and after having gone thoroughly into them they asked me to withdraw my amendment. The settlers are greatly concerned about getting the Bill passed into law, and they fear that any amendment which may be made by the Legislative Council may jeopardise its

chance of getting through another place in view of the present disturbed conditions there. I therefore have no intention of proceeding with my amendment.

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

House adjourned at 8.55 p.m.

Legislative Assembly,

Wednesday, 28th February, 1917.

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

QUESTION—FRUIT EXPORT.

Mr. WILLMOTT (without notice) asked the Minister for Agriculture: In view of the statements appearing in the Press regarding the prohibiting of the importation of fruit into Great Britain, will the Minister state what action, if any, has been taken?

The MINISTER FOR AGRICULTURE replied: On Friday evening last an intimation reached me from the naval authorities in Melbourne stating that in view of the prohibition of the importation of fruit into the United Kingdom, special permission had been obtained from the Prime Minister's Department to complete arrangements for the shipping of fruit by one ship now loading, but that another ship shortly to arrive would not be allowed to call at all at Western Australia, and that subsequent steamer arrangements must remain in abeyance. Upon receipt of this intimation I immediately arranged for a cable to be sent to the

Agent General asking whether he could throw any light on the subject, and at the same time surmising that the Imperial Government must have decided not to allow any further importation of fruit, though intimation directly to that effect had not reached me. Later the newspapers reported Mr. Lloyd George's speech, in which he stated that the importation of certain fruits would be entirely prohibited—amongst them being apples. On Monday morning I communicated with Sir John Forrest, who represents in the Federal Parliament practically all the fruit-growers of Western Australia, asking him if something could be done to relieve the position. I understand that during last year, when there was a glut of fruit in Victoria, arrangements were made with the Railway Department that stationmasters throughout the country districts should become receivers of fruit, distributors to the public, and receivers of the cash. If such an arrangement can be carried out in Western Australia, I feel confident that excellent results would accrue, and that fruit could be distributed, at a reasonable price, amongst people who very seldom see any of it. Further, there are still inquiries being made from the Eastern States for our fruit, and it is hoped that a considerable quantity may be exported to Victoria. Already many thousands and cases have been forwarded to the Eastern States. Failing our being able to carry out the proposals which I have enumerated, inquiries are already being instituted by the Agricultural Department with regard to supplying evaporators for drying a portion of the crop. The department had already arranged with the firm who built the evaporator at the Brunswick State farm orchard to have everything in readiness, so that a supply of evaporators would be available promptly. I would like, further, to draw the attention of the House to a telegram which appeared in this morning's *West Australian*, regarding the action of representatives of Western Australia in waiting on the Minister for Customs on Saturday respecting the export of Western Australian fruit. No reply has yet been received from the Agent General or from Sir John Forrest. I am in hopes that some arrangement will be made by which at any rate portion of our fruit