

## Legislative Council,

Wednesday, 11th September, 1912.

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

### QUESTION--HIGH SCHOOL RESERVE.

Hon. H. P. COLEBATCH asked the Colonial Secretary: 1, Is reserve No. 3421, bounded by Havelock and Wilson-streets and Harvest-terrace, proclaimed a reserve under the Permanent Reserves Act, and constituted a Class "A" reserve? 2, If so, when and for what purpose was it proclaimed a Class "A" reserve? 3, What is the area of this reserve?

The COLONIAL SECRETARY replied: 1, Yes. 2, Proclaimed a Class "A" reserve for High School 30th November, 1900 (1900 4512 *Government Gazette*), and an addition 29th June, 1906 (page 2044). '3, 5 acres 3 roods 36 perches.

### QUESTION--TRADES' HALL SITE, GERALDTON.

Hon. J. D. CONNOLLY asked the Colonial Secretary: 1, For what purpose was that portion of Geraldton sub. lot 4, fronting Garden-road (and known as reserve No. 2043), reserved? 2, For what purpose is the said reserve now held?

The COLONIAL SECRETARY replied: 1, Reserve 2043 was set apart for public utility. 2, Reserve 2043 is still set apart for public utility, but it was recently reduced in area, the eastern moiety (being Geraldton lot 938, area 0 acres 1 rood 8 perches) being set apart as reserve 14268 for trades hall, *vide Government Gazette*, 23rd August, 1912, page 3888.

### SITTING HOUR, THURSDAY.

Hon. J. CORNELL (South) moved--

*That during the remainder of this session the Council do meet at 3 p.m. on Thursdays for the transaction of business in lieu of 4.30 p.m.*

His object in moving the motion was to allow country members to get away on Thursday evening. Under the present arrangements those members could not leave the city until Friday. To ask city members to meet at three o'clock on the Thursday would not be imposing any hardship. The motion had the approbation of country members, and all he asked was that some consideration should be shown by the city members.

Hon. C. SOMMERS (Metropolitan): As one of the city members he had great pleasure in supporting the motion. It meant a lot to country members to be able to catch their trains on Thursday night.

Hon. M. L. MOSS (West): Although anxious to accommodate the country members, he realised that there would be a difficulty in meeting at three o'clock, a difficulty which could easily be obviated by sitting a little later on Tuesdays and Wednesdays. Since the beginning of the session the House had adjourned before tea at nearly every sitting.

The Colonial Secretary: That is not correct.

Hon. M. L. MOSS: At any rate the sittings after tea had been of a strictly limited character. It was peculiar that a resolution of this character should have been moved by a private member, and it would be interesting to know if it had the full approval of the Minister. The motion proposed an altogether unnecessary tax upon hon. members who did not live in the country, for if the sittings on Tuesdays and Wednesdays were to be extended there would be no occasion to sit earlier than 4.30 on the Thursday.

Hon. J. W. KIRWAN: Our train leaves at five o'clock. How, then, could we attend here at 4.30 if we are to catch that train?

Hon. M. L. MOSS: At all events if we were to sit on Tuesdays and Wednes-

days until 10 o'clock, or half past, the resolution could be hung up until the session was nearing its termination. If the motion were to be made to read 4 o'clock instead of 3 o'clock, possibly a good many would support it. While every consideration should be extended to the country members, those members on their part should remember that city members had businesses to attend to.

Hon. H. P. Colebatch: What about country members' businesses?

Hon. M. L. MOSS: Presumably the country member made provision for his business being carried on during his absence.

Hon. F. Connor: He has to pay for it, too.

Hon. M. L. MOSS: It would be preferable if arrangements were made for the House to sit later on Tuesdays and Wednesdays and thus obviate the necessity of sitting earlier on Thursdays.

Hon. J. W. KIRWAN (South): All that was asked in the motion was that city members should agree to be inconvenienced to the extent of 1½ hours on one day a week, in order to save to country members at least 24 hours in each week. It was desirable that every facility should be given to country members to attend sittings of the House, and at the same time get away early on their weekly return to their homes. Every consideration should be shown those members who were attempting to conscientiously carry out their duties in Parliament without absolutely neglecting their private businesses in the country. There was no objection whatever on the part of country members to sit late on Tuesdays and Wednesdays if necessary, but if the sittings on Tuesdays and Wednesdays were to be extended there would be no occasion for meeting at all on Thursdays.

Hon. J. F. CULLEN (South-East): As a matter of form such a resolution fixing our hours of sitting should have emanated from the leader of the House. It was a pity that the business of country members could be obtained only at the sacrifice of city members, and especially at the sacrifice of Mr. Moss, who was

absolutely necessary in the House. No doubt Mr. Moss would be among the first to make what sacrifice might be necessary. The Colonial Secretary stood for thanks from country members for his previous effort to concentrate the business of the House as much as he could on two nights a week. When it was necessary to meet on Thursday he thought country members would be prepared to do so.

Hon. F. CONNOR (North): While supporting the motion he would point out to members that for the services rendered to the country we were supposed to be sufficiently well paid in coin of the realm, and it might come with somewhat bad grace from him to make these remarks because he had been absent for some time from the Chamber. It would be better, however, that an advertisement should go to the country that we were prepared at all times when necessary to attend the House.

Hon. J. F. Cullen: So we are.

Hon. F. CONNOR: It should not go out to the country that consideration for the convenience of members who represented country districts had led us to alter the rules of the House. He quite agreed with Mr. Moss that a motion such as this should not have come from a private member, but from the leader of the House; at the same time he supported the motion.

Hon. H. P. COLEBATCH (East): There had been no intention on his part of rising to speak, but after the remarks of Mr. Connor and Mr. Moss he felt it his duty to do so. He did not think that the mover of the motion or any country member supporting it intended for one moment that we should have a fixed rule not to sit on Thursday nights. Every country member was prepared to sit on Thursday afternoon and night and on Friday night and on Friday morning too for that matter if there was business to be done. All we intended was to make such provision that when we had to meet on Thursday for only formal business, we should be able to get away. If there was business to be done we would sit on Friday and Saturday as well if it was neces-

sary. He was not in the confidence of the mover of the motion, but he took it that by carrying the motion we would not exclude Thursday sittings. The object merely was to sit at 3 o'clock so that when there was formal business only to be transacted, members would be able to get away. He would not support the motion if he thought it was contrary to the wishes of the leader of the House, but the Colonial Secretary had submitted a similar motion a few weeks ago and he took it that the Minister was in accord with the proposal.

Hon. J. D. CONNOLLY (North-East): It was not with the object of opposing the motion that he rose, but he intended to oppose it on account of it being moved by a private member, unless he had an assurance from the leader of the House that he was agreeable to the motion. He did so as an ex-leader of the House because the Colonial Secretary at all times should have control of the business of the House, and should ask the House to say on what days it would sit and on what days it would not sit. He certainly would not be a party to establishing a precedent which would take the business of the House out of the hands of the leader of the House, and on principle he would vote against the motion unless the Colonial Secretary assured him that it was being moved with his concurrence. Even if it was being moved with his concurrence, he would say in all kindness to the Minister that it was a bad precedent to establish because it was one which he might have reason to complain of later on.

The COLONIAL SECRETARY (Hon. J. M. Drew): The remarks of Mr. Connolly were thoroughly appreciated. He brought forward some weeks ago a motion to a similar effect and it was defeated, and on that occasion he stated that he did not propose to take any further action.

Hon. J. F. Cullen: It was withdrawn.

The COLONIAL SECRETARY: Yes, the motion received no support. He had not been consulted in connection with this motion, but at the same time he was in sympathy with country members, and would support it.

Question put and passed.

Hon. J. CORNELL (South): It was not his object that this motion should apply to the present week. He did not know whether it was necessary to move in that direction.

The PRESIDENT: The hon. member could move a motion to that effect.

Hon. J. CORNELL moved—

*That the motion take effect from Thursday week.*

The COLONIAL SECRETARY (Hon. J. M. Drew) seconded the motion.

Motion passed.

## BILL—TRAMWAYS PURCHASE.

### *In Committee.*

Resumed from the previous day; Hon. W. Kingsmill in the Chair, the Colonial Secretary in charge of the Bill.

Clause 8—Privileges conceded to local authorities: [Hon. A. G. Jenkins had moved an amendment—"that in line one, after the word 'purchase,' the words 'until the year 1939 and thereafter' be inserted."]

Hon. H. P. COLEBATCH: The insertion of these words would have his opposition because he did not think the proposal would meet the just dues of the city council. If these words were inserted he would move that the whole clause be struck out, and subsequently, on the recommitment of the Bill, would seek to strike out Clause 6. The effect of the amendments would be to delete from the Bill all those clauses relating to the rights and privileges of the Perth City Council and other municipalities; in effect, it would give the Government power if they so desired to purchase from the Perth Tramway Company just so much as and no more than the tramway company had power to sell. Then the question of whether the municipal council had rights or no rights, and if they had rights the value of them, would be left to be decided either by arbitration between the Government, as purchasers of the concession, and the municipal council, or, as a last resort by the law of the country. So far as he was concerned, the law of the country was always good enough for him, and he thought it should be good

enough for the Government. At the moment, however, he proposed to confine himself to the discussion of the amendment proposed to the clause. It was the duty of any member who opposed an amendment, moved as the result of a report by a select committee, to give his reason for so doing. His reason, with all due respect to the committee, was that they had brought in a report which was in the nature of a compromise between the different elements represented on that committee, and with all deference to the committee, it was not fair to the House that compromises of that kind should be entered into. He would have preferred that the members should have submitted their individual opinions rather than take the view that they had, merely, so far as he could see, for the purpose of arriving at a unanimous report. He could not come to the conclusion, after reading the report, that the finding was in accordance with the evidence taken. He had read and re-read every word of the report and had found that two witnesses, and two only, supported the attitude finally taken up by the committee. The first of these—his evidence was on page 36—was Mr. James Montgomery Speed. He had read Mr. Speed's evidence very carefully and so far as he could ascertain his only reason to support the finding was contained in question 525. He was asked—

Can you give us any reason why there has been no protest from the ratepayers against the attitude of the city council towards the Bill?

His answer was—

I do not think the city council have very much weight with the people. This witness had previously told the committee that he was once a member of the Perth City Council. He was no longer a member of that council and apparently, in consequence, the council did not have very much weight with the people. He believed the same gentleman was once a member of that House, and no doubt had he been pressed on the point, he would have told the committee that for the reason he was no longer a member of the House, the Legislative Council had not very much weight with the people.

That was one of only two witnesses who supported the report as submitted by the committee.

Hon. D. G. Gawler: He is the only ratepayer who came forward.

Hon. H. P. COLEBATCH: Yes, but members should note his evidence because he was one of only two witnesses out of a large number called who supported the finding of the committee. The other witness was Mr. James Osman Fisher, chairman of the Belmont Park roads board. His evidence was given on pages 28 and 29. In question 406 he was asked with regard to the council being deprived of the rights of the trams—

But the council think that it is not a benefit. Do you think that they should be deprived of their rights?

His answer was—

Yes, if it is in the interests of the public generally.

Hon. M. L. Moss: Read question 407.

Hon. H. P. COLEBATCH: Question 407 stated—

Then you believe in confiscation of rights if it is in the interests of the public generally?

The answer was—

No, that is not my statement.

Experience had shown him that there was nobody who believed in confiscation when their own rights or privileges were to be confiscated: it was only when somebody else was to be penalised. He wished it were possible to convince members of the committee of the danger in confiscating the rights of the council. Mr. Davis, in speaking on this question a few days ago, said that he was astonished that he (Mr. Colebatch) should propound the theory that the right of one individual should stand against the whole of the community. He could not repeat that assertion too often, and if he liked he could find a hundred authorities all down the ages for the statement. He proposed to quote two authorities only on this question of the maintenance of a right, if it was a right. The first he would quote would be familiar to all: he referred to the ancient law giver Solon, who when he was asked what he considered the ideal form of popular government said that form of govern-

ment under which the slightest wrong done to the meanest citizen would be regarded as an insult to the whole community. That was a strong defence of the principle right of any man. The other quotation to which he would refer was from an article published in the *West Australian* of the 28th August, 1911—

As regards the concurrence of the municipalities this clearly is a condition imposed by the legal position of these bodies. The public franchises which have been conferred on the Perth Electric Tramway Company by the city council and the suburban municipalities are obviously to be revoked only at their will and pleasure, and then only subject to the conditions specified in the agreements between the parties. All powerful as Parliament is, it is not easy to conceive of it going to the length of acting over the heads of the municipal councils in a matter of this kind since its doing so would involve the immeasurable curtailment of the powers and privileges which municipalities now enjoy.

It had been said that there was no public protest against what the Government proposed to do, and therefore the amendment would give ample protection. On page 7 of the Report of the select committee, Mr. Molloy, who was the witness under examination, was asked in question 53, whether the ratepayers had ever had an opportunity of expressing an opinion on the subject, and he replied—

At the time of the half-yearly meeting inflammatory articles appeared in certain newspapers with a view to inciting a greater attendance and, with the exception of Mr. Titus Lander, who was the only champion the other side had, the people approved unanimously of the principle of municipalisation.

On the following page, Mr. Molloy was asked whether it was true, as had been suggested, that he had stood in the way of a referendum, and he replied "Never." Then he was asked—

There is power given to the ratepayers in the Municipalities Act to call

a public meeting if they are dissatisfied with the action of the council?

And he replied "Yes." The next question and answer were—

What attitude have the council taken up on this matter?—They are unanimous in regard to the views I have propounded to-day.

So that we had not only the Council itself but the ratepayers of the municipality of Perth unanimously behind the mayor in insisting that the Government if they took over these rights should properly compensate the council.

Hon. D. G. Gawler : Barring Speed.

Hon. H. P. COLEBATCH : He would make a present of Mr. Speed to the hon. member. On page 11 of the report, towards the bottom of question 102, the witness being examined was Mr. Northmore, who said—

It has been the practice on the part of the newspapers writing on the subject to ignore these rights of purchase, and to deal only with the right of the council to get the whole concern handed over to them at the end of 35 years, and that gives the newspapers the opportunity of saying that for 27 years the city council will have to groan under an iron heel or some such phrase which they are pleased to use. I would put it to the committee that the most valuable right we have is the right given to us to take over this concession at the end of 13 years from the present time, paying merely for the value of the fabric, and having then the right in perpetuity.

On page 16 the Town Clerk, Mr. Bold, in answer to a question, said—

I think the ratepayers are largely apathetic on all public questions, and the majority of people I talk to do not seem to understand the subject.

That was a point which should be considered. Why was it that the majority did not understand the subject? The reason was that the public press had wilfully, repeatedly, and deliberately misrepresented the facts of the case. He was not referring to the opinions of public newspapers; they were entitled to them, and were always at liberty to exer-

cise them; what he was referring to was the distortion of the facts. On the day when the Bill was to be considered by the Legislative Council, at the second reading stage, an article appeared in the *West Australian* practically telling the Legislative Council that it would be childish to attempt to interfere with the measure at all, that good Mr. Scaddan had said his last word in regard to it, and that the Legislative Council must swallow it, and it was repeatedly said that if that were not done the people of the City would have to groan under the existing oppression for the next 29 years; but the newspaper wilfully ignored the question of the right of purchase in 12 years. On the day on which the select committee was to hold its first sitting the same newspaper, under big headlines, and in a prominent position, published an interview with the general manager of the tramway company, and that gentleman represented that if the people did not buy now, the company would continue to grind them down for another 29 years. Again the fact was suppressed that the city council could come to the rescue of the people. He (Mr. Colebatch) wrote a brief letter replying to the statement made by the manager of the company; that letter was certainly published, but not in the prominent position which was given to Mr. Somerset's interview. The letter was published in a stray corner, where, he ventured to think very few people saw it. Then there followed another leading article in the same newspaper wilfully and deliberately distorting the facts, and again suppressing the fact that the city council could come to the relief of the ratepayers at the end of twelve years, and repeating the absolute untruth that unless the Bill was passed the public would have to groan beneath oppression for another 29 years. That was the reason for Mr. Bold's reply to the question, to the effect that the majority of the people did not understand the subject. He (Mr. Colebatch) had no quarrel with leader writers who expressed their opinions; they were entitled to those opinions; but he did quarrel with leader writers, newspaper

proprietors or anyone else who repeatedly wilfully and deliberately misstated facts.

Hon. Sir J. W. Hackett: You really do not think that?

Hon. H. P. COLEBATCH: Yes, he did, and if hon. members read the article which appeared in the *West Australian* only on that morning they could come to no other conclusion. Over and over again this statement about the 29 years in which the people would be ground down was repeated, and the appeal was made to the ignorance of the people because they had never been given the opportunity of knowing the exact facts. A great deal had been said about the amalgamation of the different agreements between the municipalities. On page 4 of the select committee's valuable report—valuable, even though he could not agree with its finding—Mr. Molloy, in question 16, recited not only the method by which the difficulty might be overcome, but the method by which it had actually been overcome already. He said that an arrangement was made that the different municipalities should receive different amounts, and added—

It will be seen therefore that the difficulties contemplated about the varying agreements have been satisfactorily settled among the parties concerned.

One reason why the other municipalities differed from it was that they declared the city council had made a much better agreement than they had done, and if the city council's agreement were carried out the suburban municipalities would not be so well off. If the city council had made a better agreement, they were entitled to the benefits of it.

Hon. M. L. Moss: Is it not a fact that the agreements expire on different dates?

Hon. H. P. COLEBATCH: That was so. It would be too tedious to read all this evidence, and all he was trying to do was to direct the attention of members to the salient points. In this same sentence Mr. Molloy went on to say—

I had an offer from them; it started with a large sum, but eventually the directors of the company came down

and said that they would fix us a definite price of £475,000. I was in communication with the Perth City Council, and I told the tramway company that the council would not consider it at that price.

Now we were asked to make a deal which the city council considered was not good enough for them. We were asked to make this bad deal and confiscate the rights of the council into the bargain. Mr. Molloy went on to say—

The directors then said that if I could get them a definite offer of £450,000 they would recommend their shareholders to accept it.

Evidently this agreement did not represent the bedrock price that the Perth Tramway Company were prepared to take. Mr. Molloy went on to say that the municipal council were not prepared to give that exorbitant figure, and therefore it endeavoured to bring the tramway company to reason, and the course which he proposed was reasonable and proper. Mr. Molloy said, "We will compete against them," and then it was proposed to make purchases of motor 'buses. What happened? The Government went to the protection of the Perth Tramway Company, and would not allow the municipal council to compete against them with a view to bringing them to reasonable terms. Mr. Molloy said on page 4—

It was necessary for me to send in an application to get the consent of the Governor to borrow the money for the purpose of these motor 'buses, and Mr. Johnson asked me to send in my application. I think the letter was sent in about December, but up till now we have received no answer.

In effect the Government had said to the city council, "No; we are not going to allow you to bring these people to reason."

Hon. A. G. Jenkins: Negotiations were in progress for the purchase then.

Hon. H. P. COLEBATCH: The next consideration was as to the actual value of the rights of the Perth Municipal Council under the agreements. If the course he proposed was adopted and the Bill was passed in such a way that the

Government could buy what the company had to sell and no more, the Committee need not worry to consider the value of those rights. On this point evidence had been given by Mr. Corbett and Mr. Weir, who gave large figures, but they might be considered as witnesses prejudiced in favour of the municipal council, so their views could be passed over. Mr. Short, however, said that the value would be £100,000, and his words were—

If you are going to buy, plus the obligations of the Perth City Council, then you must not pay more than £375,000. That is all it is worth, but if you are going to buy without obligation to anybody it is worth £475,000.

That statement clearly placed Mr. Short's valuation at £100,000. Then there was the evidence of Mr. A. H. Williams, who was a member of the Claremont roads board and a strong advocate of the passing of this Bill. In answer to question 214, Mr. Williams said that he valued the reversionary rights of the city council at between £50,000 and £60,000, and on page 21 he made it clear what he meant by that amount, namely, that it was what the Perth City Council's rights would be worth if they only had the reversion of the trams in 1939. That witness left out the more valuable right of purchase at the end of twelve years. Thus Mr. Williams, who must be regarded as a hostile witness, practically agreed with Mr. Short that the value of the Perth City Council's rights was £100,000.

Hon. M. L. Moss: I suppose Mr. Williams's tramway would be taken over if the trams were nationalised.

Hon. H. P. COLEBATCH: Mr. Williams was strongly in favour of the Bill, but his evidence was directly against the recommendation of the committee. Mr. Charles Harper, the mayor of Victoria Park, said, in answer to question 451, that there was no doubt that the Perth City Council had rights. That gentleman was not prepared to assess the value of those rights, but he said there was no doubt that they existed. Mr. James Chesters, the mayor of Subiaco, was also a hostile witness, inasmuch as he was strongly in favour of nationalisation and

of this Bill. Question 490 of that gentleman's evidence and the answer thereto read—

Have you ever considered the question from the aspect of the city council, who claim to have certain rights and privileges in their agreements and Act?—I certainly believe that if Subiaco had the same agreement as Perth I would be one to move heaven and earth to get some compensation for those rights.

Hon. A. G. Jenkins: That is what the committee have endeavoured to give them.

Hon. H. P. COLEBATCH: Question and answer 492 read—

You believe those rights have a value?—There is no question about the rights being of some value. Of course there will be some compensating rights given by the Government inasmuch as the Perth people will benefit, but they will be the only ones to benefit from the cheaper fares.

Then there was question 506 of Mr. Chesters' evidence—

Do you think the city council have any reversionary rights in this matter, and if so, at what do you estimate their value?—I should say there is not the slightest doubt they have such rights, seeing that the trams are to revert to them absolutely free. If you take the actual valuation made by Mr. McCarthy, of Melbourne, last year, and the whole of the tramway assets, and compare it with the price the Government are prepared to pay for them, it seems that there are certainly reversionary rights somewhere. Mr. McCarthy valued the property at £325,000, and the Government are prepared to pay £475,000; the difference would seem to suggest the existence of reversionary rights.

Hon. M. L. Moss: That is obviously absurd.

Hon. H. P. COLEBATCH: Mr. Chesters took the same view as Mr. Short, only he had not gone into the details. On page 40, question 580, there was also a point to which members had not given sufficient attention. It involved a matter of very grave importance, be-

cause no member wished wantonly to injure a body like the Perth City Council. Mr. Weir was asked "What about possible extensions"? and his reply was—

They would make extensions I presume only in the event of the extensions promising a profit. There is another aspect to the question: The city council have incurred very big liabilities of something like £700,000, thinking that they had these valuable rights reverting to them in time, so it is hardly a fair thing to take away an asset on which they have borrowed in the past.

Hon. R. J. Lynn: Mr. Weir is a paid advocate as an actuary.

Hon. M. L. Moss: What is the £700,000 he refers to?

Hon. H. P. COLEBATCH: This was the general indebtedness of the Perth City Council, which that body had incurred in the belief that in their reversionary rights to the trams they had one of their most valuable assets. One reason given by the committee why their recommendation should be regarded as a fair compromise was that when the Government took over the trams they would give cheaper fares and better working conditions. He had already pointed out that the State railway service constituted by no means a perfect or satisfactory service.

The CHAIRMAN: The hon. member would do well to confine himself to the matter before the Committee.

Hon. H. P. COLEBATCH: Mr. Chesters had referred to this matter in answer to question 493, where he was asked, "You said Subiaco hoped to get cheaper fares"? and the reply was—

I said that the reason why the resolution was carried was that eventually they hoped to get cheaper fares. Personally, I do not look for them only at given points, but the majority of the people living beyond the terminus will of course have to pay the full fare.

The question which the Committee must consider was whether the Government could give cheaper fares and better working conditions. The Premier in reply to question 514, said that Mr. Short made

the present day value of the tramway company's property £183,073 as the tramways existed at the present moment, and in answer to question 516 he enumerated other amounts which brought up the value of the whole system to £203,385. It was for that concern, worth £203,385, that the Committee were asked to vote £475,000 of the taxpayers' money. At the end of question 517, the Premier said—

That is the physical valuation. The original cost of the whole system as estimated—I think this was extracted from the books—is £272,304.

That was the total amount the company had spent on its undertaking.

Hon. J. D. Connolly: Without allowing for depreciation?

Hon. H. P. COLEBATCH: Mr. Short allowed £70,000 for depreciation.

Hon. R. J. Lynn: Their balance sheet shows £470,000.

Hon. H. P. COLEBATCH: The balance sheet would be explained later. Mr. Somerset, in answer to question 379 as to the life of the rails, said, "I should say it would be 15, 20, or 25 years." Obviously most of the rails had served at least half their period, and many of the cars were no doubt in need of repairs, so that Mr. Short's estimate of £70,000 for depreciation was surely a very small one indeed. The committee's report said that the Commissioner of Railways valued the book assets at £200,000 at the present time, "the difference of £275,000 being practically goodwill for what is, according to the opinion of Mr. Northmore, the city solicitor, only a thirteen years' franchise." Mr. Bold, the town clerk, was questioned in regard to the estimate for another tramway scheme similar to that now in operation, and he was informed, in question 126, that Mr. Molloy had said the cost would be £250,000, to which Mr. Bold replied—

The actual estimate was £179,000, exclusive of land; perhaps in the £250,000 he would include the land and additional track.

Thus members could see it was estimated that an up-to-date system could be put in for less than £200,000.

Hon. A. G. Jenkins: That is only in the City area.

Hon. H. P. COLEBATCH: It covered nearly everything, 18 miles as against a total of 25. Mr. J. L. B. Weir was asked in question 281—

According to Mr. Somerset the company's capital is £200,000 made up of £100,000 preference shares at £1 and 100,000 ordinary shares at £1, besides which there is £250,000 in debentures registered on the undertaking.

This was the reply, and it was absolutely truthful, honest, and correct—

Really all that has been spent by the tramway company is the amount they got on debentures. The original people who floated the company took 200,000 shares for their right and now they are getting them turned into cash; that is what it amounts to.

Mr. Somerset was examined, and it was to be regretted the same remark could not be made in regard to his statement, that it was a fair and candid one in regard to the value of the concession. Mr. Somerset hedged. He was asked in question 311—

Take the purchase price of £475,000; what are the tangible assets represented in that, apart from rights and goodwill. The reply was—

I have not the figures showing that asset disassociated from the concession. The balance sheet shows a capital expenditure on the general undertaking of £474,111.

Mr. Lynn in all simplicity apparently accepted it as a fact that the company had actually spent £474,111. Surely the hon. member did not believe it for a moment. Mr. Somerset was asked by the chairman in question 318, "Does it not show in your books;" and he replied—

No, we bought the tramways as a going concern for which we have paid £474,111.

They exposed their books to Mr. Short, who formed the opinion that the only money spent was that got from the debenture holders and some £29,000 taken out of profits.

Hon. F. Davis: Do you contend that Mr. Somerset's evidence is not correct?

Hon. H. P. COLEBATCH: No, but apparently one member of the select committee was misled into thinking that the tramway company spent £474,000 on the undertaking, whereas as a matter of fact what they did was to give £474,000 to someone who had spent only £200,000 on the concern. Here was the reason why the public of Perth had been penalised for the last few years. The city council did not give the right to a private capitalist putting his money into it with the intention of making fair interest, but they gave it to a concession monger, to a boodler, one who got something for nothing and sold it again for more than it was worth.

Hon. R. J. Lynn: He was cleverer than the council.

Hon. H. P. COLEBATCH: At any rate the council were clever enough to protect themselves by an agreement which it was now proposed Parliament should destroy. Mr. Somerset was asked in question 364, "Have the shareholders any dividends?" and his reply was—

The preference shareholders have had 6 per cent. from the start. The ordinary shares have paid  $2\frac{1}{2}$  per cent. in 1905, 5 per cent. in 1906, 5 per cent. in 1907, and  $2\frac{1}{2}$  per cent. in 1908, 1909, and 1910. They paid nothing from 1900 to 1905. It thus works out at  $2\frac{3}{4}$  per cent. since the concession started. There was a dividend declared yesterday for last year of 5 per cent.

Apparently the company were bucking-up, in view of the purchase, to give the shareholders all they could. Mr. Somerset was asked in question 365, "I suppose a considerable amount has been put to reserve." He evidently wondered what had become of all the big profits. The answer was—

It is a very small amount because it has been a struggling proposition. The reserve fund amounts to £9,500.

The reason for that was that the Perth Tramway Company had to earn dividends and pay them on £450,000, when the actual cost of the concern was £250,000. In other words they had to pay dividends on watered stock. Apart altogether from the question of the Perth City Council's

right the citizens of Perth had no opportunity of getting tramway facilities and an up-to-date and cheap service until that water was squeezed out. How could it be done? By allowing the agreement between the council and the company to stand, for by this agreement at the end of 12 years the council could compel the company to sell at a valuation without goodwill, and the company were actually bound down in regard to assets to the price given for land at a time when it was cheaper than the present. There was the opportunity for squeezing this water out, and every year that approached that period the tramway company would be very glad to make the best bargain they could and come down from their high pedestal of £475,000 to something that was right and reasonable. There would be no chance of making the trams pay and giving the people a fair deal if, instead of squeezing the water out, we simply poured more water in. Our railways paid 4 per cent., and there was no watered stock, yet it was now proposed to take on a concession with two parts value and three parts water. We proposed to have the £200,000 of water for the boodlers poured into the concern, while the boodlers got our golden sovereigns, and we were to make the people of Perth, on a thing worth £250,000, or even £200,000 at bedrock valuation, pay interest and sinking fund on a capitalisation of £475,000.

Hon. A. G. Jenkins: Mr. Molloy does not support you.

Hon. H. P. COLEBATCH: That did not matter. Mr. Molloy's contention was that by charging the present fares big profits could be made. It was midsummer madness to expect to make a thing a paying concern with three-fifths water and two-fifths value.

Hon. R. J. Lynn: The Perth City Council are willing to pay the price.

Hon. H. P. COLEBATCH: If the council were able to hang to their scheme they could squeeze the water out, but the present proposal was to pour more water in. Mr. Somerset in reply to question 338 said—

The Sydney tramways last year—of course they are a very big concern now

and the public are getting very cheap fares, almost as cheap as any in the world, and it is a well-run system, but last year it only paid  $4\frac{3}{4}$  per cent. on the actual money in the tramway, that is on the whole of the capital expenditure.

Again in reply to question 339 Mr. Somerset said, "There you have a system which is paying only  $4\frac{3}{4}$  per cent. on the actual money in it." Sydney was a bigger place than Perth with ten times the population of Perth, and the earning capacity of the trams must be greater. Density of population made for increased earnings without increased expenditure. In Sydney their opportunities were greater than ours, yet the trams made only  $4\frac{3}{4}$  per cent. Therefore, how could the Perth trams be expected to pay 4 per cent. and 1 per cent. sinking fund on £275,000 watered stock? In question 345 Mr. Somerset was asked—

We can take it from you that you consider there is some tangible value to be attached to the rights under the agreement?

His reply was—

There is at the present fares; there is not if the fares are reduced and made cheap. The concession will be practically valueless from a reversionary right standpoint if you reduce fares to simply paying interest on the money.

Apparently Mr. Somerset, when trying to sell to the Government, could not place too high a value on the trams, but when it came to valuing the rights of the Perth City Council they had no value at all.

Hon. J. D. Connolly: Is there no goodwill at the end of the term?

Hon. H. P. COLEBATCH: None at all. The legal advisers of the Perth City Council were quite satisfied on that score, and it would be an easy matter for the tramway company, or the Government if they wished, to get a contrary opinion. There were no doubt many points in the evidence he had not touched on, but he had no wish to weary members. The amendment did not improve the Bill. Without the amendment the Perth City Council would get three per cent. ap-

parently indefinitely. The amendment, if anything, would terminate it at 1939, as future Parliaments would assume that by 1939 the City council's claim was wiped out, whereas without the amendment it would be open to those who wished to give the city council a fair deal to say that it meant three per cent. in perpetuity, because rights were taken away from the city council which were rights in perpetuity. The amendment did not meet the claims of the city council, and it was astonishing, after the opinions expressed on the second reading by members who said that they would not dream of confiscation or dream of passing the third reading unless the rights of the Perth City Council were jealously guarded, that we had this amendment from a select committee with the advantage of hearing all the evidence. The amendment suggested was simply that previously moved in the Assembly by the member for Perth without the aid of a select committee. He (Hon. H. P. Colebatch) would oppose the amendment with a view to deleting the whole clause and subsequently recommitting the Bill in order to strike out Clause 6, thus leaving it to the Government to purchase from the tramway company what the company had to sell, and leaving it to the city council to prosecute their rights without Parliament by legislation confiscating them as the Bill proposed to do.

Hon. R. J. LYNN: It was refreshing to hear the severe criticism levelled against the report of the select committee by Mr. Colebatch, but that hon. member omitted to make any reference to the evidence of the actuaries who were called. If the nationalisation of the system was so vitally important to the ratepayers why was it that the gentlemen who gave evidence before the committee were either on the staff of the Perth City Council or paid advocates in connection with the services of the municipality? If members read the report they would find the actuaries, Mr. Weir and Mr. Corbett, had estimated that the reversionary rights were practically worth £500,000. If the reversionary rights were worth that amount to the Perth City Council, then

the Perth City Council could possibly loan that money back to the Government at 4 per cent. and it would simply mean at the expiration of the date, when they would have to take over an obsolete system, the residual value would not be worth a shilling; but they would have acquired with the 4 per cent. compound interest, not less than £2,000,000. As against that we had heard from Mr. Colebatch as to the great amount of watered stock. He might be prepared to admit that the gentlemen, or booblers referred to, who were successful in obtaining the concession from the Perth City Council in the first instance—

Hon. J. F. Cullen : Are they not the real shareholders to-day?

Hon. R. J. LYNN : Some of them might be. If the Perth City Council, in order to develop the resources of their city, were prepared to sell out a concession to a certain number of booblers in the first instance the Perth City Council, having given the rights away, had no right to be accused of watering stock.

Hon. H. P. Colebatch : The Perth City Council did not give them away, they gave them for a period.

Hon. R. J. LYNN : Mr. Colebatch had referred to the 13 years when the system could be purchased at a valuation. One of the highest men in the profession to-day questioned whether that was not a point at the expiration of the 13 years.

Hon. H. P. Colebatch : Have you that in evidence?

Hon. R. J. LYNN : Yes, in Mr. Williams' evidence. The opinion was put in but it had not been attached to the report. Mr. Pilkington had made this statement as to the goodwill at the end of the 13 years' concession.

Hon. W. Patrick : To whom did he give that report?

Hon. R. J. LYNN : To some of the local authorities, who at that time were negotiating in connection with the Greater Perth scheme. Mr. Williams was representing a number of the outside bodies.

Hon. H. P. Colebatch : Did the committee think it within their province to inquire into the legal soundness of the agreement?

Hon. R. J. LYNN : The committee gave great consideration to the subject. The hon. member referred to the absolute lack of interest and apathy prevailing in connection with the whole thing. That surprised him (Hon. R. J. Lynn) to such an extent that he asked the mayor of Perth whether he was prepared to say that the apathy was on account of the confidence which the Perth City Council had in the municipality, or was the apathy of the city, and his reply was that he thought the ratepayers were satisfied with the actions of the Perth City Council. Then Mr. Colebatch told members that Mr. Bold, in his evidence, admitted that the people were not educated to an intelligent point in order to give an opinion on the matter.

Hon. H. P. Colebatch : There is no such statement. He said they do not understand.

Hon. R. J. LYNN : If Mr. Bold's reply to the question was right, and if the ratepayers did not understand what was in the Bill, then although sufficient publication had been given to it, for it had been before the people for weeks, the Perth City Council should have attempted to educate their ratepayers if this matter was of such great import to the people. Independent of the evidence taken he (Hon. R. J. Lynn) had tried his best in his private capacity to gauge public opinion on the question, and he had come to the conclusion that the universal expression of opinion was that in the interests of the people in the city and the metropolitan area as a whole, nationalisation was greatly favoured by them.

Hon. W. Patrick : Where did you get that from—the newspaper?

Hon. R. J. LYNN : No, although he had read with pleasure the articles in the *West Australian*, and he thought the writer of those articles had been able to gauge public opinion. Dealing with the complaint as to how this system could possibly be made to pay on account of the large amount of watered stock, we had it on record that the Government had had confidential reports made in connection with this matter, and the Premier, in giving information to the committee, asked that certain reports or negotiations

should be considered private and confidential. It was stated before the committee that some £48,000 would be the profit for this year.

Hon. H. P. Colebatch: Did you have the balance sheets of the tramway company before you?

Hon. R. J. LYNN: We had one or two balance sheets, and there were one or two witnesses who gave evidence on the matter to which he would refer later. Having this information and recognising, as one of the committee, that, in order to seize the opportunity to purchase this system at the right time, he was not prepared to allow municipalisation to stand in the road of nationalisation. He believed at the end of thirteen years the Perth City Council would have to pay a certain amount for goodwill, and he was sure that at the end of 39 years the amount of money that the people would have been called on to pay in excess fares, would more than make up the full amount now being offered for the purchase of the system. In addition, assuming that the system fell into the hands of the Perth City Council at the expiration of 1939, the residual value of the system would probably be nothing.

Hon. H. P. Colebatch: You have not read the agreement, that the system has to be handed over in good order and condition.

Hon. R. J. LYNN: The life of any part of a going concern was not the life of the longest lived part, but the life of the shortest lived part. If the hon. member knew anything in connection with tramways, he would not make any statement as to the residual value. Take a tramcar running in the streets of Perth to-day: there were some hundreds of parts in connection with that tramcar; a mere breakblock would possibly last two months; the wheels, after having run a certain length of time, had to be thrown away, being worn out. He asked the hon. member what he was going to say was good working order and condition in a scheme where there were so many parts of a short lived nature? Would the hon. member tell him, because the rails might last 25 or 30 years, that all the other

parts of the system had to be kept up to that condition? The residual value of any system from a good working order standpoint, was the life of the shortest lived part of the system, and not of the longest lived part.

Hon. C. Sommers: In 1925 the system must be handed over in good order and condition.

Hon. M. L. Moss: But does good order mean absolutely new, or fair wear and tear taken into consideration?

Hon. R. J. LYNN: Take the generating plant: if it could be held together in a reasonable manner and the power could be generated in order to supply power to run the cars, could it be said that the system was out of date, while it was of little or no value? Or would it be said that one of the latest generators should be put in to place the system in good order and condition? Let him quote in support of his contention the Melbourne city tramways, which were in a position very similar to the Perth tramways to-day. In another four years the Melbourne City Tramways would be called upon to hand over to the Melbourne City Council all their machinery and rails in good working order.

Hon. H. P. Colebatch: All the water will be squeezed out, and they will be down to bedrock.

Hon. R. J. LYNN: The rails had been down from the very inception of the system and, merely in order to permit the thing to continue running until the expiration of the term, they had devised machinery to make the grooves a little larger. So long as the trams would run, if only for another six months, the system was in good working order and condition.

Hon. H. P. Colebatch: The whole of our system can be renewed for less than half the money you are going to pay now.

Hon. R. J. LYNN: Between now and 1939 we would be called upon to pay to the Perth Tramways in fares a greater amount than the amount the Government now proposed to expend. The aggregate amount paid in excess fares would be higher than the amount the Government proposed to pay.

Hon. H. P. Colebatch : Why ignore the more valuable concession, the right to pay in 13 years?

Hon. R. J. LYNN : No rights were being ignored, but the hon. member would have the Committee believe that this £250,000 which the Government were providing for watered stock was simply being handed over in charity, and could not be expected to pay interest in the days to come; and in support of that the hon. member had quoted the information given by Mr. Somerset regarding the Sydney tramways. Mr. Somerset had admitted that the  $4\frac{3}{4}$  per cent. was principally arrived at because, being a Government concern, the people generally would demand low fares.

Hon. H. P. Colebatch : That is what is going to happen here.

Hon. R. J. LYNN : But after paying their  $4\frac{3}{4}$  per cent. the Sydney trams had for many years past been making extensions out of profit. They had paid the  $4\frac{3}{4}$  per cent. and then paid for extensions.

Hon. H. P. Colebatch : Is that in evidence?

Hon. R. J. LYNN : If it was not right the hon. member could challenge it.

Hon. H. P. Colebatch : Whose evidence was that in?

Hon. R. J. LYNN : It seemed to him that Mr. Somerset had made some reference to it.

Hon. H. P. Colebatch : You are contradicting Mr. Somerset's statement.

Hon. R. J. LYNN : Of his own knowledge he could say that large parts of the tramway system of Sydney had been thrown out during the last few years. Thousands of pounds worth of machinery had there been scrapped during a recent period.

Hon. W. Patrick : That is not astonishing, for it was the worst system in the world a few years ago.

Hon. R. J. LYNN : But they had now the best system in the world, together with the lowest fares, and could afford to scrap machinery and still pay  $4\frac{3}{4}$  per cent. on the system. In his opinion the amount the Government were asked to pay for the system was not at all too

high. Surely £48,000 per annum, which was approximately the amount of profits, would provide for very heavy reductions in fares, and give the metropolitan area a much better service. If the present opportunity were not seized, another might not be forthcoming. The offer of the Midland Railway Company, a few years ago, had been refused, presumably on the plea that agricultural development was required in other parts of the State.

Hon. W. Patrick : That is not correct.

Hon. R. J. LYNN : At all events if the Bill were defeated the Government would not again have a chance to buy the Perth trams at the same price. If a large sum were to be taken out of the pockets of the people in excessive, exorbitant fares, it would never be got back from the company in 13 years' time. Fares in Perth to-day were 100 per cent. dearer than in Fremantle. Mr. Colebatch would have members believe that in effecting this compromise the members of the select committee had done something very terrible, but he (Mr. Lynn) had yet to learn that a compromise safeguarding the interests of all concerned was anything to be ashamed of. The three per cent. on the gross receipts amounted to £2,500, and in addition the Bill would give the Council other privileges, as, for instance, £400 for watering the streets, which represented a total sum of £2,900; and, according to traffic receipts, it was reasonable to suppose that next year £4,000 would be handed over to the city council. If the council could derive a revenue of £4,000 for the next 27 years, and thereafter until Parliament otherwise determined, in his opinion, they would be getting a very fair deal.

Hon. H. P. Colebatch : You would take away all their rights and merely give them a rate.

Hon. R. J. LYNN : Assuming that the Government refused to grant extensions—

Hon. W. Patrick : They would not dare to.

Hon. R. J. LYNN : Assuming that they did, what would it mean to the metropolitan area? So far as the tramway

system within the City proper was concerned, extensions other than the duplications of existing lines would be practically impossible, and it was reasonable to assume that those duplications would not be put in for many years to come.

*Sitting suspended from 6.15 to 7.30 p.m.*

Hon. R. J. LYNN: Before tea he was leading up to the point on which Mr. Colebatch laid such stress, namely, the various agreements in connection with the respective municipalities and the tramway company. It was rather misleading to be told that the amounts assessed at a given date would be sufficient to satisfy the respective agreements of those outside municipalities. The position was discussed with Mr. Wren, a director of the tramway company, and at that time, the figures were assessed assuming that the Greater Perth scheme was brought into existence. We had no more right to assume that the Greater Perth scheme would be in existence in thirteen years' time than that it would come into existence to-night. If that happened to be the case we would find, after a given term of years this agreement by degrees lapsing with one municipality and the other, whereas to-day with nationalisation an opportunity was offered for that extension on the outskirts of the City of Perth, which, if the Government refrained from nationalising, would to a great extent retard the progress and prosperity of the City. That was one of the impressions which had influenced him, recognising as he did that this was the capital city of the State, that the expansions not in the City, because it was practically impossible for expansion within the limits of the City, but the general expansion brought about by the taking over of the trams, would to a great extent give an impetus to the City. The greater the population surrounding the City, the greater the revenue which must be derived. To-day the system as controlled in Perth was quite unable to cope with the traffic, as it was so cramped that a great number of people must of necessity walk. With nationalisation public opinion would demand such increased facilities as would bring about a large increase of revenue. That must be the effect, because with tramways all over the

world the experience had been that when cheaper transit facilities were provided on a broad and liberal scale, the population availed itself of the service. That had been the experience in Fremantle, and with regard to every other system.

Hon. H. P. Colebatch: That is a municipal system working without watered stock.

Hon. R. J. LYNN: The hon. member had interjected that stock phrase at repeated intervals. He was aware it was watered to a great extent. He would consider it was watered to fifty per cent. of the value to be given by the Government, but that was on the liquid asset, and not on the commercial value of the fabric and as a business going concern. He merely admitted that because the concession having been given and brought up to the standard it had reached to-day, and the population having increased had built up the venture, and if it could pay as it was paying, no less than £48,000 a year, it was reasonable to assume that the Government must be called up to pay the enhanced value. But was that an argument why he should not support nationalisation. It might be argued that a concession was given in Perth before responsible Government was granted, and after such a concession had been given with the development as we saw it to-day, it was no argument that because the boodlers by their foresight had got in, they were not entitled to the amount now being offered.

Hon. H. P. Colebatch: Is there any reason why people should turn their water into golden sovereigns?

Hon. R. J. LYNN: His endeavour had been to explain that, where we had a scheme responsible for a surplus, as in the case of the tramway system, it was not a matter of liquid or tangible assets, but a plain business proposition, and the question whether a profit of £48,000 per annum was a good one on an investment of £475,000.

Hon. A. G. Jenkins: It will increase every year.

Hon. R. J. LYNN: Yes, it would pay the full amount of interest besides sinking fund and depreciation, and it was a good sound business proposition.

Hon. H. P. Colebatch: Then, how monstrous is the extent of your confiscation.

Hon. A. G. Jenkins: You do not imagine they will charge the increased fares.

Hon. R. J. LYNN: The hon. member would be pleased to make the best financial arrangements possible to secure some of that scrip if it were possible.

Hon. H. P. Colebatch: Yes, if I thought the Government were going to give me more than it is worth; not otherwise.

Hon. R. J. LYNN: There was no desire on his part to speak at any great length other than to again emphasise one of the two points which he had made. There was the overlapping of the agreements which could not at any particular period or date be brought into line. There was the expansion of the system which must of necessity take place if the trams were taken over by the Government. The result of that to the city council, with the increased three per cents., would be considerable, and when the council said that the committee had not reserved to them some of their rights, they had only to take the average of £5,000 per annum spread over twenty-seven years, and make a sinking fund of it, at an interest of four per cent., and they would have a quarter of a million by the time the agreement expired in 1939. In addition to that, they would have the increased value of city property, brought about by the increased facilities given. He hoped that few members, if any, had been influenced by the bogey of watered stock.

Hon. H. P. Colebatch: Just now you admitted it was real. It cannot be a bogey if it is real.

Hon. R. J. LYNN: It was real so far as liquid assets were concerned, but not as a business proposition. We were here to deal with it as a business proposition. He would not only support the committee's finding, but would ask members, after the many meetings held and the consideration given to the subject, to support it.

Hon. W. PATRICK: If he had known at an earlier stage that such contention would have been aroused by the report of the select committee, he would have felt inclined to support Mr. Colebatch's mo-

tion that the Bill should be thrown out entirely. After spending some five hours on the previous evening and getting a headache in going through the whole of the evidence, and then comparing the report with the evidence, he was perfectly astounded that such a report should have followed on such evidence. The object of the committee was to ascertain the value, if any, of the reversionary rights of the city of Perth in the tramways. He was quite certain that, if this evidence had come before a judge, and he had given a decision based on the evidence, he would have decided that the Perth council were entitled to a substantial money value.

Hon. A. G. Jenkins: They have got it in the report.

Hon. W. PATRICK: The report states that the committee had to ascertain the value of the rights, if any. They were careful to say "if any." That sort of term had been used in the newspaper articles advocating the nationalisation of the tramways, and otherwise publicly. Before going further into the general question, he would like to draw attention to the repeated statements made that the people of the State were in favour of the nationalisation of the trams. As a matter of fact, as had been pointed out by Mr. Colebatch, with the exception of a meeting of the ratepayers of Perth, there had been no expression of opinion on the matter at all. It was somewhat extraordinary that such should be the case, but it was so. There had been leading articles in the morning and afternoon papers, but unfortunately there was only one morning paper in this State, and there were no means by which anyone holding an opposite opinion could express it, except by letters. He objected to the continual statements that the people were in favour of this scheme, and some attempts which had been made to manufacture public opinion had gone a little too far. A meeting took place at Midland Junction a few weeks ago when the employees of the Midland Railway Company met to celebrate their new agreement with the company, and at that meeting Mr. Johnson, the Minister for

Works, made the usual attack upon the Legislative Council saying that it did not represent the people of the State and many other points. He spoke as follows—

The Government had negotiated successfully, the people of the State had approved their action, and even the ratepayers of Perth, so far as they could ascertain, had endorsed the purchase, for although the Government had invited the city council to take a referendum of the ratepayers on the basis of one ratepayer one vote, the council had declined to do so. Yet in spite of all this the Legislative Council—or a section of it—endeavoured to place that Bill in the wastepaper basket practically without consideration.

The measure had received as much consideration in the Legislative Council as in the other House. The Minister went on—

That the Government might be prevented from purchasing the tramways was not, to his mind, the most serious aspect of the matter. The seriousness of the position was that it showed the power vested in a section of the people to prevent what the majority of the people desired. The party character of the Upper House was shown on this matter just as it was shown when the Daglish Government proposed the purchase of the Midland Railway Co.'s concession.

That was the sort of thing members of the Legislative Council had to listen to. The Midland Railway purchase was never before the Legislative Council. The proposed purchase was moved by the then Premier, Mr. Daglish, in another place and it was thrown out there on the voices, consequently the statement made by the Minister for Works was not right. It was not playing the game. He (Mr. Patrick) attached no blame whatever to the Daglish Government for not purchasing that railway line at the time, and neither House was to blame.

The CHAIRMAN: The hon. member it was to be hoped would connect his

remarks with the matter before the Committee.

Hon. W. PATRICK: While he apologised for the digression he thought it had something to do with the statement that public opinion was at the back of the nationalisation proposal. Regarding the evidence which had been taken by the select committee, Messrs. Weir and Corbett put a high value on the rights of the city council. The whole foundation for the proposal to continue the payment of the three per cent. up to 1939 was that the Perth people would get a cheaper service, and that if this was not carried out the present fares would be charged until 1939.

Hon. A. G. Jenkins: Nineteen hundred and twenty-five.

Hon. W. PATRICK: The year 1939 was at any rate laboured more than 1925. It seemed strange that the committee, while attending to one portion of the evidence—the depreciatory portion—paid little attention to the working of the tramway systems in the old country. It was a well-known fact that there was only one system in the world which was nationalised and that was the Sydney system, and although it was really good at the present time, it had been the worst on the face of the globe for many years. It had cost seven millions sterling and was only paying  $4\frac{3}{4}$  per cent. on the capital and the statement was recently made by Mr. McGowen, the Premier of New South Wales, that in order to make the system fit to cope with the traffic in the city and suburbs, the expenditure of another five or seven millions would be required. Mr. Lynn's chief argument was that these high rates would be bound to continue, but he gave away the whole show when he made the statement that it was well known throughout the world that the greater the concessions the better they paid. This was proved by the reports of any of the tramway systems in the great cities of the old country. Take Glasgow; the system there served a population of 1,050,000 people; it had a capital of £3,300,000, and in 1910 they carried 221 million passengers of which between 60 and 70 millions were half-

penny fares, and the average fare paid, although they ran as far as 14 miles, was .96, or a little under a penny. Their revenue was £892,000 and, after the payment of all charges they showed a profit of £50,000. Here in Perth we had a tenth of the population of Glasgow, and if we doubled the fares, say, instead of one half-penny made them one penny, we ought to make a very large revenue under a municipalised system.

Hon. A. G. Jenkins: You have not taken into consideration the question of working costs and the difference in wages.

Hon. W. PATRICK: That would be easily accounted for by doubling the fares. It so happened that the people of Perth and the suburbs had full power to compete with the tramway company, and it was well known to anyone who had been in London recently that there was a very efficient service there of motor 'buses, and the motor 'buses if employed in Perth would soon bring down the fares of the tramway company.

Hon. H. P. Colebatch: But the Government will not allow them to do so.

Hon. W. PATRICK: It was true the corporation had asked the Government to permit them to buy motor 'buses and had been met with a refusal, but that did not interfere with his argument.

Hon. D. G. Gawler: You are speaking now of the advantages of municipalisation.

Hon. W. PATRICK: What he was speaking about was the interference of the Government with the tramway system of Perth, a system which he contended could be vastly improved without any very great cost. In reference to the residuary value of the tramway system, Mr. Lynn had mentioned the brakeblocks, but members knew that in connection with harvesters and wagons, for instance, which cost respectively about £50 and £100 each, the brakeblocks, though they had to be frequently renewed, cost only about half-a-crown; therefore, the hon. member's reference to the brakeblocks of the tram cars carried very little weight. The agreement said plainly that the system was to be handed over in good order

and condition and surely a court of law would be capable of saying what that meant. Evidently the hon. member was of opinion that the tram rails would be worn to thin paper and the tram cars would crumble into dust after the style of Oliver Wendell Holmes' "One Hoss Shay." It was an insult to the intelligence of members to ask them to believe that a system which was to be handed over in good order and condition would have no value at all; that was preposterous. But apart from that, in the present appalling condition of the finances, and with the great wants of the outlying portions of the State upon which the city depended, the prosperity of Perth would be better secured by utilising the half million of money which the tramway purchase would involve, in building three or four hundred miles of railways, where they were so much needed in the country.

Hon. A. SANDERSON: As a member representing a metropolitan constituency, he was pledged to support nationalisation, but he could not see that anyone having made that pledge was thereby inclined to treat the municipality of Perth unfairly. The last speaker had said that the half million of money would be better spent on agricultural railways, and that the financial position was so appalling that the House had better be careful; but what had those considerations to do with the points at issue? In other circumstances, he would be prepared to urge as strongly as Mr. Colebatch that the purchase price proposed by the city council and the Government was ridiculous, but what had that to do with this question?

Hon. H. P. Colebatch: I think we are supposed to protect the interests of the taxpayers.

Hon. A. SANDERSON: The interests of the taxpayer were to be handed over to the Government, and they would be responsible.

Hon. C. Sommers: We must pass all their Bills on that argument.

Hon. A. SANDERSON: The proposal put forward by Mr. Colebatch for the purchase of the system would be all very well if it were practicable, but members

found themselves in the position in regard to this Bill, as with the Arbitration Bill, that the bulk of the people were in favour of it, and they must come down to the popular level.

Hon. H. P. Colebatch: Then what is the use of our being here at all?

Hon. A. SANDERSON: Dismissing altogether the questions of whether the money could be better spent on agricultural railways or whether the price offered by the Government and the city council was too much, the point the Committee had to consider was, admitting that the city council had rights, how much should that body receive in order that it might give over those rights to the Government. That was the whole point before the Committee, and therefore members should dismiss altogether the remarks of previous speakers in regard to the advisability or otherwise of nationalisation or the spending of the money elsewhere. The maximum sum demanded by the most strenuous advocate of the city council's claim was £600,000. The House had appointed a select committee to deal with the one question of how much the Government should pay the city council; and what was the answer?

Hon. H. P. Colebatch: Nothing; only a continuance of the amount paid in lieu of rates, but nothing for their rights.

Hon. A. SANDERSON: No one would suggest that the city council had any moral or intellectual rights; their's were purely cash rights, which they were ready to relinquish for a cash consideration. He thought the select committee had come forward with a fair and reasonable proposition. He admitted that he was prejudiced to the extent of having pledged himself to support the Bill; he admitted also that he regarded the price that was being offered both by the city council and the Government as excessive, and he could not help picturing to himself the amusement with which the shareholders of the company must regard this discussion when they were getting their watered stock back in gold. The taxpayers had some reason to flinch from the experiments of the Government or the city council, and the tax which those two

bodies were prepared to put on their shoulders. Having carefully considered the claims of the city council, members would have done their duty, and the committee having brought in a unanimous report he was prepared to support them.

Hon. Sir E. H. WITTENOOM: Exception must be taken to the remark of Mr. Colebatch in classing people who had the enterprise to spend their money in Western Australia as boodlers.

Hon. H. P. COLEBATCH: It was specifically stated that this was not a case of people coming forward and putting their money into the country, but was a case of people getting a concession for nothing and selling it to the public for more than it was worth, thereby creating more than £200,000 watered capital.

Hon. Sir E. H. WITTENOOM: No doubt the hon. member intended nothing offensive, but the word had an offensive ring about it. If it was applicable in the case of the trams, it was applicable in the case of the Midland Railway or the Great Southern Railway, and in the case of every mining company. Any body of individuals with the courage, pluck, and enterprise to send their money out to a colony for investment would be included. The points to be decided were whether the tramway system was to be run by a company or by the Government. If the Bill was rejected the company would run the trams; if the Bill passed as introduced the Government would run the trams. The present running of trams was far from satisfactory. If there were any methods by which we could have a satisfactory service by the company he would vote to have the Bill thrown out, but as the company had neither the will nor the power to develop a good tramway service, it would be useless to leave the matter in their hands, and the only alternative was to place the trams in the hands of the Government. There was no question of municipalisation in the matter. He hardly anticipated the Government would make a financial success of the trams; they would probably give a better service and cheaper fares, but they would run the trams at a very much larger cost, and the taxpayers in general would have

to pay for the reduced fares of those using the trams. If there was any way by which the service could be handed over to the Perth City Council he would vote for it, because the municipality were the right people to control the trams, and were better situated for working them than the Government, and with a real good manager the municipality could make a satisfactory deal of the whole concern, but the only point members were asked to deal with, so far as the municipality was concerned, was what compensation the municipality were to receive. Having enabled the select committee to exhaust every avenue to find out what the city council were entitled to, all we could do now was to agree to what they had brought in.

Hon. C. SOMMERS: Mr. Colebatch was justified in claiming Sir E. H. Witenoom's vote. Why should the general taxpayer pay for the convenience of the metropolitan residents? Though nationalisation of the trams was a plank of the party in power it did not follow it was in the interests of the taxpayer. The Perth City Council had made up their minds to municipalise the trams, and a purchase would have been effected had not the Government interfered. Naturally, with two competitors for the concession it raised the price, and the general taxpayer was asked to pay £475,000.

Hon. A. G. Jenkins: The council offer practically the same amount.

Hon. C. SOMMERS: But the general taxpayer would not be saddled if the council bought. In 12 years the council could buy the concession without any demand for goodwill. It was said that the ratepayers during the 12 years would have to pay the high rates now being charged by the company, but that did not follow, because if the council were given the power to borrow they could compete with the company by means of motor 'buses. It was understood by the select committee that the company had a monopoly, but that was not the case; the company simply had the right to run trams through the streets, and the Government could run their own trams through the city in competition with the company's trams, and

do it at a great deal less money than they proposed to pay the company. It was estimated that for £250,000 the Perth City Council could start a system that would bring the tramway company to their knees.

Hon. D. G. Gawler: They would not get a provisional order.

Hon. C. SOMMERS: By running motor 'buses the Perth City Council would soon compel the tramway company to lower fares. Why was there all this haste to rush in and interfere with the rights of the municipality? The Government had two or three big things already on hand. Let them undertake these first before trying something else. It would be better for the taxpayer. The city council had a first mortgage on the concession, and when they borrowed it was on the understanding that they had the concession to fall in, but now it was taken away from them, and they were to get 3 per cent. until 1939, with a probable extension if Parliament thought fit, in place of the 3½ per cent. they already received from the company. If he held these rights and they were taken away from him he would consider himself ruthlessly robbed.

Hon. D. G. Gawler: You should have given evidence.

Hon. C. SOMMERS: It was not thought it would be necessary to do that. Mr. Lynn had suggested that when the time arrived for the city council to exercise their option the company's plant would have been absolutely worn threadbare. That might be correct if we assumed that the council would not exercise their right to buy out the company in 13 years' time, at a valuation, with no goodwill. Whatever might be the case in 1939, the company could not at any period in the meantime afford to allow their plant to become threadbare.

The Colonial Secretary: What authority have you for saying "without goodwill"?

Hon. C. SOMMERS: The authority would be found in the agreement. It might be asked, also, was this a desirable time to pile up the public debt of the State? Only a few days ago the Premier, while sympathising with a deputation

asking for a new railway, had explained that already he had borrowed two millions, and was doubtful whether it was possible to go on borrowing at the same rate. Yet here we would have to go on the market for half a million, which would make it still more difficult for the Premier to borrow money for the works to which he was already committed. The general taxpayer was more concerned in the development of agriculture than in the convenience of the ratepayers of Perth. We were not all satisfied that it was desirable for the Government to purchase the trams at all.

Hon. J. F. Cullen: We have already decided that by an overwhelming majority.

Hon. C. SOMMERS: Still we were getting a little more evidence on the matter as we went along, and it was never too late to change one's mind.

Hon. M. L. Moss: Where will the burden be if this thing pays interest and sinking fund?

Hon. C. SOMMERS: There was no assurance that it would pay interest and sinking fund. In any case we were asked to pay more money for it than the thing was worth. Would it not be better to expend that money in new railways? There was no necessity at the present time for the Government to take over the trams, especially seeing that in 13 years' time the council would get the whole system for practically nothing.

Hon. J. F. CULLEN: The real question before the Committee was as to the length of time the city council should be guaranteed the 3 per cent. The House had already affirmed the main principle of the Bill, which was the nationalisation of the trams, and practically agreed to the price. The main point upon which the select committee had been appointed was as to what rights the city council had, and how those rights were best to be recognised. It was indisputable that the select committee had arrived at their report carefully and conscientiously. Were we, then, going to upset that report and vote for the amendment? It seemed the council had been misled on an interesting point. He had been under the impression that the high fares were to go on in

ucceeding years, and if anything, more abundantly; but on mature consideration he had recognised that that would be an impossibility, that no matter what authority ran the tramway system, fares must come down, and whether under municipalisation or nationalisation, the old commercial idea would have to go. This was the explanation of the 4¾ per cent. in Sydney. The Sydney system could pay 5 or 6 or 7 per cent., but if it did so the object of its nationalisation would be lost, the object of facilitating the movements of the people. And in our own system the people would have to be carried on a mere fraction over cost. Therefore he hoped his city friends would recognise that if the Government were running this system in the interest of the people, the best interests of the City would be conserved.

Hon. A. G. JENKINS: Mr. Colebatch had made two points. The hon. member had said that we must not purchase, because we would be paying too much, and secondly because we would be taking away the rights of the city council, while a further reason given was that the money was more urgently required in other ways. Mr. Colebatch had said there was a certain amount of watered stock to be paid for. But, as Sir Edward Wittenoom had pointed out, there had never been any company floated in which there was not a certain amount of watered stock issued; so if that argument put forward by Mr. Colebatch was to hold, it would mean that we should never buy out any company.

Hon. H. P. Colebatch: It is very seldom that such a company comes along and gets the Government to convert its watered stock into golden sovereigns.

Hon. A. G. JENKINS: It had been done in the case of the railway from Albany, and would have been done in the case of the Midland Company's railway.

Hon. H. P. Colebatch: But in those cases there were no rights limiting the agreement.

Hon. A. G. JENKINS: An endeavour would be made to show that even taking the watered stock into consideration, the Government would not be paying too

much for the concession. The public had to pay for that watered stock, either in cash or, in the event of the Government not taking over the concession, by paying, for the next 13 years, an exorbitant tax by way of excessive fares. If the goodwill were valued at £275,000, assuming for only a 13 years' franchise, by 1925 the committee thought, if the taxpayers of Perth went on paying the present high fares, they would have paid that £275,000 twice over at least, above what they would have to pay if the Government bought the concession at present and reduced the fares.

Hon. Sir E. H. Wittenoom: Those are the people who use the trams.

Hon. A. G. JENKINS: The present profit was £48,000. That showed an increase of 9 or 10 per cent. over last year's profits, and Mr. Somerset said the profits would probably increase in the same ratio for many years. All the actuaries who had given evidence had submitted that the increase would be at least 5 per cent. during every year, so that members should consider what that meant for the next 13 years. Members would see what an enormous amount would be paid if the present high fares were continued. At the end of that time we would have paid these high fares, and then would have to pay for the concession. Assuming that the concession would be worth as much then as it was now, the Government or the City Council would still have to pay the £200,000 for the rights of the council. He was taking Mr. Northmore's opinion that there was no goodwill, as opposed to Mr. Pilkington's opinion.

Hon. J. D. Connolly: He is only speaking as to the suburbs.

Hon. A. G. JENKINS: He was speaking as to the whole of the concession.

Hon. J. D. Connolly: It is not in the evidence.

Hon. A. G. JENKINS: The committee had read Mr. Pilkington's opinion. If we continued for another 13 years we would pay that goodwill, which was at present being given, at least twice over, and still have to pay for the concession, whatever that might be worth. Anyway the price to

be paid must be a fair one because credit had been given to the city council during the debate for their business ability and the way in which they would run the trams if they could get them. No doubt the city council, if they could get the trams at £475,000—

Hon. H. P. Colebatch: They refused them.

Hon. A. G. JENKINS: And they would be glad to get them to-day for £475,000 if they could.

Hon. H. P. Colebatch: Yes, rather than have their rights stolen from them.

Hon. A. G. JENKINS: If they could get the system for £475,000 they could run it at a fair profit—we had only to read the voluminous correspondence with which we had been inundated during the last couple of days—and pay interest, sinking fund and working expenses. Supposing the council did buy that concession at £475,000, what would happen? They would at once lose their three per cents. The ratepayers of Perth would insist on the council running the scheme at practically no profit, and they would not elect a council who would favour making an immense profit out of the ratepayers to bolster up a tramway system, in order to relieve a few property holders of rates. If the city council were to charge these high fares in perpetuity it would be all right, but we knew that if they took the cars over, they would have to run them at a minimum of profit. In connection with the scheme of which Mr. Lynn was the chairman, the chief election cry all the time was for a reduction of fares. The council would have to run the trams without profit. That was the gist of the whole argument. The system would have to be run for the benefit of the travelling public, and practically no profit would be made out of it.

Hon. W. Patrick: Why half a million and no profit?

Hon. A. G. JENKINS: The Government were going to do away with what was an incubus on the community.

Hon. W. Patrick: It is not on the State?

Hon. A. G. JENKINS: It was on the community. No doubt they would supply

cheap trams if there was an opportunity of them paying.

Hon. W. Patrick: You say they will not pay.

Hon. A. G. JENKINS: The argument he had used was that they would have to be run at a minimum of profit, or practically no profit at all.

Hon. W. Patrick: The State is not ready to do that.

Hon. A. G. JENKINS: It was done with practically every railway, and the goldfields line particularly. Practically no profit would be made by the council if they took over the cars, and they would lose all the three per cents they already had.

Hon. C. Sommers: Why should they?

Hon. A. G. JENKINS: If they purchased the concession, they must lose the three per cents.

Hon. W. Patrick: Then they must gain.

Hon. A. G. JENKINS: They would not gain.

Hon. W. Patrick: Then how can the Government buy and pay the three per cents?

Hon. A. G. JENKINS: Objection had been taken to the compromised report. He was rather pleased than otherwise that the committee had been able to arrive at a compromised report, because after all it showed that members had looked at all features of the question, and he called the report the matured opinion of every member of the committee regarding what was really best in the interests of the whole. That was just what the committee had done. They had considered everybody's rights, including the council's rights, from every point of view. They had considered the evidence of the gentlemen who had spoken for the council regarding the high values, and the evidence of Mr. Somerset had been considered very deeply, perhaps more than that of any other evidence excepting that of the mayor, because Mr. Somerset had had great experience in the running of the trams.

Hon. H. P. Colebatch: And he is completely interested in getting the purchase through.

Hon. A. G. JENKINS: Why should he be interested any more than anyone else; it was no benefit to him. He supposed Mr. Somerset would lose his job. Mr. Somerset had impressed him, although some of his answers were not as satisfactory as could have been wished.

Hon. H. P. Colebatch: There were two columns of evidence to get one answer.

Hon. A. G. JENKINS: Mr. Somerset had all his books and vouchers if the committee desired them, and to the best of his ability he had assisted the committee to get the tramway company's view of the position.

Hon. Sir E. H. Wittenoon: Why call it a compromised report?

Hon. A. G. JENKINS: The committee had been charged with making a compromised report, and he contended that was the best report because it was the matured opinion of all the members of the committee. It had been said that the Premier promised a great deal more than the select committee had given to the Perth council. It did not appear in the Bill and it was never suggested in the debate in either House that the Premier had ever promised what was now conveyed by letter of the 10th September written by the town clerk of Perth. All that had come before the select committee was the Bill with the promise therein contained that the only consideration to be given would be the three per cents until Parliament otherwise determined. The committee thought that if the council purchased and thus lost those three per cents, and had to run the cars at a minimum of profit, they would gain practically nothing at all. The committee, therefore, thought they were treating the council very liberally when they fixed the term at 1939 during which they were to receive three per cent. on the gross profits for certain and after that date leaving it open to Parliament to decide whether they should continue. Under the Bill as drafted Parliament could take away those rights to-morrow.

Hon. J. D. Connolly: So they could under your recommendation.

Hon. A. G. JENKINS: No, because no Parliament would dare, once a period had been fixed by Act, to go back on it.

Hon. H. P. Colebatch: The Government which proposed this confiscation will do and dare anything.

Hon. A. G. JENKINS: The committee did not call it confiscation, but thought they were giving the council ample compensation for their rights.

Hon. H. P. Colebatch: Why not let them contest their rights in a court of law and give them a chance?

Hon. A. G. JENKINS: The city council, he considered, were amply protected and were getting full payment for any rights under their present agreement. He thought they were getting what was a fair thing. Undoubtedly, as members had stated, the council could purchase motor 'buses to run in competition with practically what would be their own scheme, but could members imagine any body of men going to the ratepayers with a suggestion to borrow a couple of hundred thousand pounds to run motor 'buses to compete with a scheme which they were entitled to purchase in 12 or 13 years. Probably in that time their 'buses would be obsolete and would have to be scrapped. Would any councillor go before the ratepayers and ask for money for such a scheme as that? The second point was that we must not purchase because the city council's rights were not protected, but their rights would be amply protected under the report of the select committee. The committee thought that rather than by a cash consideration the council would get a better deal if they got the three per cent until 1939, and that was what the committee determined after having had several meetings and given the matter earnest consideration. If members carefully read the evidence, and not merely extracts from it, they undoubtedly would agree with the select committee that the existing rights were worth very little indeed.

Hon. H. P. Colebatch: Why not let them contest it?

Hon. A. G. JENKINS: They were being given adequate consideration.

Hon. F. CONNOR: If individuals or a company or a municipality owned a thing, that thing belonged to them, and under no Act of Parliament should it be taken from them without some redress being given. The whole question boiled itself down to whether the city council held any rights in connection with the Perth trams. If they did, what right had we to take them away without giving them some redress or the opportunity of going to arbitration or to the courts of the country. Personally he believed the council had rights. Why should we who had nothing to do with the making of the agreements which existed, take it upon ourselves to deprive the authorities of their rights until the people who had elected those authorities declared that they were in the wrong? The chief magistrate of the City and the people who were elected to represent the ratepayers declared that they had rights and they objected to them being taken away. This legislation was on a par with a great deal of the legislation, and also with the administration of the affairs of the country which was being carried out at the present time. It must come to a dead end, and in this particular case it would have been better, as had been said time after time, that the money which it was proposed to borrow to pay for this new enterprise should be borrowed for other purposes of far greater importance. Mr. Lynn was eloquent on the subject, but he would ask that hon. member whether he would like the Government to confiscate the rights of the Fremantle municipality. Mr. Lynn, he thought, would certainly object, and he would not like to be so impertinent as to suggest that if Mr. Lynn did not object he would not for very much longer remain a member of the Fremantle tramways board. If it was necessary for the Government to assume control of the Perth trams, why did they not also take possession of the Kalgoorlie and the Fremantle trams and go the whole hog?

The Colonial Secretary: We have to make a start.

Mr. F. CONNOR: Then why not start at Fremantle? The Government were on

the wrong track when they took up the position that they were doing in regard to a municipality like Perth. The matter could be settled in one of two ways, the first was by arbitration and the other by giving the authorities the right to go to the Supreme Court. We were travelling too fast in this State at the present time, and it would be in the interests of all that the city council under its present management should be permitted to carry out the contracts which it had made in all good faith, and if any advantage was to be derived, they should have the right to it. It was his intention to oppose the amendment.

Hon. J. CORNELL : There had been second and third and even fourth reading speeches delivered in Committee on this subject, and he hoped he would not transgress as other members had done. The subject of rights, rights and rights had been before members and he had come to the conclusion that there was one right that was pretty well safeguarded and that was the right of property, and that that was the only right that was going to get much consideration. Under the present Bill the rights of the Perth municipality were safeguarded, and as he had stated on the second reading, that if he had had his own way the 3 per cent. would have come out altogether. It was, however, his intention to vote that the clause remain as it was in the Bill. He recognised that the select committee had done good work; he had opposed its election, but since the presentation of their report he had gone through it carefully and was still of the opinion that the city council would get a fair deal under the proposal of the Government. The only difference between the Bill as it stood and the committee's report was that under the committee's report the payments were to be extended for 27 years, while the clause as it stood provided that the payments should be made until Parliament otherwise determined. If after another election the people decided that the three per cent. should not be paid, Parliament should be in the position to give effect to the reflex of that election. The amend-

ment would provide for payment for 27 years, and if it were carried the wish of the people could not be adopted. He for one, therefore, would be entirely against the amendment. It had been repeatedly stated that this was a plank of the Labour party's platform, but he challenged members to show where it existed in the platform, except that the objective of the party was national ownership of public services by the State or by the municipality, so long as they were in the hands of the people. He was not going any further than the Bill to carry out that plank of the party's platform. When the amendment went to a division he would support the clause as it stood.

Hon. J. D. CONNOLLY : It was surprising that although an amendment had been moved to the clause and had been discussed for nearly four hours, the Minister in charge of the Bill had not yet indicated whether he was prepared to accept the amendment, nor had he made any reply to the criticisms of the Bill.

The Colonial Secretary : I do not intend to reply. I stand by the Bill.

Hon. J. D. CONNOLLY : Did the Minister oppose the amendment or support it?

The Colonial Secretary : I am standing by the Bill.

Hon. J. D. CONNOLLY : Then the hon. member was opposed to the amendment moved by the chairman of the select committee.

The Colonial Secretary : That is the position.

Hon. J. D. CONNOLLY : The Minister ought to have indicated his attitude earlier. It was his intention to oppose the amendment, because he would afterwards support the striking out of the clause as indicated by Mr. Colebatch. He had always been a firm believer in referring Bills of this kind to a select committee, and members should be very thankful indeed for the information which the committee had gathered. When the information contained in the committee's report and the evidence was compared with that given by the Colonial Secretary when introducing the Bill, it would be found that the question was shown in

a different light altogether. The Government were proposing to pay too great a sum for the tramways, as was clearly shown by the evidence of the Premier. The Colonial Secretary in introducing the Bill had said that the Government had taken the expert advice of the Commissioner of Railways, who had valued the tramways at £375,000, but on turning to question 514 of the evidence they found that the Premier said that the Commissioner of Railways made the present day valuation £183,000, but he qualified that statement by bringing the amount up to £203,000.

Hon. H. P. Colebatch: In the £375,000 he included the tramway company's rights for the next 13 years.

The Colonial Secretary: I gave the House the information given by the Commissioner of Railways.

Hon. J. D. CONNOLLY: The evidence only proved that Parliament was asked to pay too much for the tramways. He opposed the amendment, not because he was against the city council getting three per cent.—they ought to get a great deal more—but for the reason that he was against the purchase at the price.

Hon. D. G. GAWLER: All the speeches had been directed to the question of nationalisation *versus* municipalisation. but that point had been absolutely disposed of by the division on Mr. Colebatch's amendment to defeat the Bill. The members of the select committee had early resolved amongst themselves that the point to be decided was whether the City Council had any rights, and if so what was their value? He had made it clear on the second reading that he was loth to support nationalisation. but like Mr. Sanderson he had taken the views of the local bodies in his constituency. With one voice those bodies favoured nationalisation, and in those circumstances he deemed it his duty to vote for the principle in the Bill. Mr. Colebatch and those who supported him had shown no reason why the committee's decision should be interfered with. It might have been expected that they would have shown that the committee had not found a verdict according to the evidence, and that some

suggestion would have been made as to what verdict should have been given. Instead of that the whole argument had been that the City Council should have been allowed to take over the trams, and Mr. Colebatch's proposed amendment was practically to leave the City Council with the same rights as they possessed now. The select committee had to contend with many difficulties, amongst them a most appalling conflict of opinion as to the value of the City Council's rights. The valuations had ranged from £60,000 to £596,000, and it was remarkable that two years ago the City Council valued at £56,000 rights which their witnesses before the committee said were worth £596,000. The report furnished by the conference of the local authorities and the City Council in 1910, when considering whether or not they should endeavour to purchase the undertaking from the company, contained the following words:—

The value of the system without goodwill, according to Mr. McCarthy, is £257,024, yet according to the last obtainable balance sheet of the company for the year 1909 the capital expenditure of the company is £474,274. When Mr. Wren, a director of the company, was in Perth last year, it was understood from him that the company would be prepared to sell on balance sheet figures (presumably £474,274). In November last the sum of £600,000 was mentioned by the company. On the other hand, Mr. McCarthy places the commercial value of the concern at £376,224, and the City Treasurer estimates the present value of the estimated profits and the estimated price of the fabric at £313,320.

If hon. members would take Mr. McCarthy's valuation of £257,024 from the total value given by the City Treasurer, £313,320, they would find that the concession value was given as £56,000. Mr. Colebatch had put aside the evidence of experts, and the select committee found themselves in the same difficulty.

Hon. H. P. Colebatch: You rejected Mr. Short's valuation and those of all the other witnesses.

Hon. D. G. GAWLER: The discrepancies in the evidence given were so great that the committee could not arrive at a valuation.

Hon. H. P. Colebatch: Why not leave the council their legal right to have it fixed by someone who can?

Hon. D. G. GAWLER: But the House had already decided on the principle of nationalisation to which, personally, he was opposed. There was also a conflict of legal opinion, Mr. Northmore saying there was goodwill and Mr. Pilkington that there was none. Another matter which weighed with the committee was the absence of ratepayers. Though the committee advertised for ratepayers to give evidence, only one ratepayer gave evidence, and he distinctly favoured the Government taking over the trams. There was evidence from nearly every witness that advantages would accrue to Perth through the scheme being nationalised. The only thing the committee could do with the indiscriminate valuations was to submit the amendment, which would provide that the 3 per cent. would continue for a specified period, giving the City Council rights they otherwise would not have under the Bill. If Mr. Colebatch was supported, the nationalisation of the trams would go altogether, though probably it would not be a matter to be regretted.

Hon. F. DAVIS: As a member of the select committee he had difficulty in arriving at an opinion on the point. His view was that the greatest good should be done for the greatest number. The most important witness was the engineer of the present tramway system, because he was the best qualified to speak from expert knowledge. In question 389 Mr. Somerset was asked, "In the event of the Government taking over the system now, do you consider the reversionary rights would be of any value in view of all agreements, including the right of purchase in 1925," and he replied, "I consider that the position in regard to 1925 is practically the same as that in regard to 1939." Then Mr. Somerset went on to say that he had legal opinion to that effect. The select committee was not

justified in suggesting any large compensation for the rights of the city of Perth, but in view of the fact that some members considered the City Council's rights were of considerable value, eventually a compromise was arrived at that was about the best solution of the difficulty, and the select committee were practically unanimous in supporting it. Only one ratepayer attended to give evidence, and his evidence was against any compensation being paid to the City Council. Ratepayers generally scouted the idea of compensation being paid.

Hon. M. L. Moss: Generally ratepayers know very little of details.

Hon. F. DAVIS: The select committee were justified in assuming the ratepayers were quite content to see the Government carry out their scheme. The compromise arrived at was a fair and honourable method of dealing with the question.

Hon. R. D. McKENZIE: The select committee could be congratulated on the work done, but their report was disappointing with regard to the rights of the City Council under their agreement with the tramway company. Since the second reading of the Bill the finances of the State were shown to be in a very serious condition. There was now an accumulated deficit of something adjacent to £300,000, which was evidence that the finances had to a very great extent got out of the hands of those administering the affairs of the State.

The Colonial Secretary: It is only temporary.

Hon. R. D. McKENZIE: That was doubtful, because the expenditure in the various departments had gone up by leaps and bounds, and no efforts to reduce it were apparent. In view of the state of the finances the Government could not afford to spend from three-quarters of a million to a million pounds sterling on purpose to nationalise the tramway system in the metropolitan area. In view of the fact that the country was crying out for development in the interior, and that railways were required in almost every part of the State, it would be a great mistake to authorise the expenditure

of a large sum of money on a matter that might very well wait for a considerable time. At the worst the residents of Perth would have to continue with a tramway service which, though not perfect, had suited them for the past few years. Only the other day the Premier had admitted that it would be a difficult matter for him to borrow money on the same terms as he had got it during the last twelve months. This was another argument against authorising this expenditure on the purchase of trams. He did not intend to support the amendment; rather was he inclined to support the striking out of the clause altogether.

The COLONIAL SECRETARY: It was not his intention to defend the report of the select committee. In fact, he intended to oppose their recommendation and stand for the whole Bill. For this he had previously given his reasons.

Hon. Sir J. W. Hackett: Is that the decision of the Government?

The COLONIAL SECRETARY: It was. At the same time it should be distinctly understood that any carefully weighed expression of opinion from this Committee would receive the utmost consideration at the hands of the Government.

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

Ayes	..	..	14
Noes	..	..	11
Majority for			3

## AYES.

Hon. R. G. Ardagh	Hon. J. W. Kirwan
Hon. E. M. Clarke	Hon. R. J. Lynn
Hon. J. F. Cullen	Hon. C. McKenzie
Hon. F. Davis	Hon. B. C. O'Brien
Hon. J. E. Dodd	Hon. A. Sanderson
Hon. Sir J. W. Hackett	Hon. Sir E. H. Wittenoom
Hon. A. G. Jenkins	Hon. D. G. Gawler
(Teller).	

## NOES.

Hon. J. D. Connolly	Hon. M. L. Moss
Hon. F. Connor	Hon. W. Patrick
Hon. J. Cornell	Hon. C. Sommers
Hon. J. M. Drew	Hon. T. H. Wilding
Hon. V. Hamersley	Hon. H. P. Colebatch
Hon. R. D. McKenzie	(Teller)

Amendment thus passed.

Hon. H. P. COLEBATCH: It had been said as a justification for the acceptance of the clause, that the tramway company had made a profit of £48,000 last year. It must be within the knowledge of members that the company had made that profit only by charging exorbitant prices, and by making inadequate provision for renewals and repairs. In other words, they had run their system down as hard as they could in order to give as much money as possible to the shareholders. Mr. Pilkington's opinion had been referred to; but that opinion was not based upon any specific agreement held by the tramway company, but referred generally to agreements held by municipalities. It would have been more satisfactory to have a specific opinion upon a definite agreement.

Hon. D. G. Gawler: It is on the goodwill of the tramways.

Hon. H. P. COLEBATCH: Mr. Jenkins had admitted that he had not previously heard that the Premier offered to give the 3 per cent. until the end of 1939. As a matter of fact we had heard a lot about the concurrence of suburban municipalities in the agreement. A perusal of the resolutions passed by the municipalities of North Perth and of Subiaco would show that the Premier had not even kept faith with those suburban municipalities which had supported him. It had been said that we were not going to take away the rights of the City Council, because we were going to leave them the 3 per cent. of the gross earnings for 27 years, the repair of tracks, and the use of poles for street lighting purposes under certain conditions. But what were the city council getting at the present time? They already had the 3 per cent. of the gross earnings, to continue to the end of 1939 if they chose to allow the company to control until that time; they had the repair of tracks, and the right to use the poles, not in a restricted sense for street lighting only, but for lighting purposes generally. That embraced all which it was proposed to give them, and in addition they had the right to use the lines for scavenging and other purposes at night time, the right to purchase in 13

years from the present date without payment for goodwill, and again in 20 years, with the reversion in 27 years without payment. The Bill proposed to take away all these additional rights, and to that extent at least it was an iniquitous proposal. To him it was puzzling to find Sir Edward Wittenoom and Mr. Sanderson turning confiscatory socialists. The question was would they still support confiscation when another foreshadowed Bill came down, confiscating the rights of private individuals? He appreciated the straightforward statement of Mr. Cornell, who did not admit that the council had any rights, and therefore was conscientiously free to vote in favour of the Bill. It was difficult to follow Mr. Sanderson, who told us the people had put a beggar on horseback and that, consequently, it was our duty to sit complacently by and watch him ride to the devil. He (Mr. Colebatch) could not take that view. If the people had desired a change of Government they had every right to secure it, but that did not destroy the right and duty of every member in this Chamber to do what he considered proper in the interests of the country irrespective of whether the party in power advocated it or not. What use was there in being there if members took the view that the people had put the Labour party in power and therefore everything they brought forward must be endorsed.

The CHAIRMAN: The question was that Clause 8 as amended stand part of the Bill.

Hon. H. P. COLEBATCH: It was his hope that members would delete this clause with a view subsequently to deleting Clause 6, and then we would have reached the position that whatever rights the City Council had could be contested before the proper tribunal. Surely they should have the right to do that. What right had the Chamber to confiscate the council's rights? If this clause was struck out, the Government might throw over the Bill and it would be in the interests of the country if they did, but members would have this satisfaction that they did not rob the citizens of Perth. If their rights were of any value, well and

good; they could contest them in the courts if they were unable to agree on arbitration. He asked members to consider what they were doing when they supported confiscating the Perth Council's rights.

Hon. J. CORNELL moved a further amendment—

*That after "shall" in line 3 the words "after interest and sinking fund have been provided" be inserted.*

The clause as amended guaranteed three per cent. on the gross earnings to the council until 1939; that he considered was finance run mad. The rights of the community should be safeguarded. The community would have to find the money to take over the trams and, as had been pointed out, there would be a claim to run them for public utility and not for profit. He did not think any council should have a claim to the 3 per cent. until the interest and sinking fund were provided. If the 3 per cent. was paid and the remainder of the profit was not sufficient to pay interest and sinking fund, the balance would have to be made up by the taxpayers. The system should be conducted on business lines.

Hon. A. SANDERSON: Mr. Colebatch had thought fit to refer to the suburban councils and had stated that the Government were not keeping faith with them. He had received letters from the suburban municipalities—

The CHAIRMAN: With no wish whatever to baulk discussion, if the hon. member took any exception to the remarks of Mr. Colebatch that exception should have been taken at the time the remarks were made. He was afraid he would be acting wrongly if he allowed the hon. member to continue the discussion unless he could connect it with the matter before the Chair.

Hon. A. SANDERSON: After Mr. Colebatch's remark he had done his best to catch the Chairman's eye and address the Committee.

Hon. A. G. Jenkins: You will be able to speak to the clause after the amendment has been disposed of.

Amendment put and negatived.

Hon. A. SANDERSON: It was right that there should be placed before the Committee the official letters from the suburban municipalities. Members would agree that the Subiaco municipality was the most important and in their letter it was stated—

I beg to inform you that this council by resolution unanimously supported the action taken by the Government in connection with the nationalisation of the tramway system and at the last meeting of this council I was directed to request that when the matter comes before Parliament for the necessary sanction, you will support the Government in the attitude taken in this matter.

Hon. H. P. Colebatch: I have read you the actual resolution passed by the Subiaco council.

Hon. A. SANDERSON: The letters he had were official ones received from those municipalities. They were all the same, and yet Mr. Colebatch said the Government were not keeping faith even with the suburban municipalities. That was contradicted by this correspondence which members would be at liberty to see.

Hon. H. P. Colebatch: When they wrote those letters, they assumed the Bill gave them what the Government promised.

Hon. A. SANDERSON: These official letters dealt with the suburban municipalities.

Hon. A. G. Jenkins: Most of them gave evidence in support of the Bill.

Hon. A. SANDERSON: As representing the metropolitan-suburban province he was specially entitled to be heard. These letters showed the position of the suburban municipalities. He would like to know what was the meaning of this confiscatory socialism as applied to him of all people in this country.

Hon. Sir E. H. Wittenoom: And to me.

Hon. A. SANDERSON: Words seemed to lose their meaning altogether when Sir Edward Wittenoom and himself were picked out as confiscatory socialists.

Hon. J. W. Kirwan: They might as well call you anarchists.

Hon. A. SANDERSON: That would be nearer the truth he thought. He had risen for the purpose of saying to the Committee and the Perth City Council that he was prepared, and had been prepared, first of all to recognise their rights and secondly to deal with them as fairly as possible. He merely wished to show that, as far as suburban municipalities were concerned, they were unanimously in favour of the proposal of the Government.

Clause as amended put and a division taken with the following result:—

Ayes	..	..	15
Noes	..	..	9

Majority for .. .. 6

#### AYES.

Hon. R. G. Ardagh	Hon. J. W. Kirwan
Hon. E. M. Clarke	Hon. R. J. Lynn
Hon. J. F. Cullen	Hon. C. McKenzie
Hon. F. Davis	Hon. B. C. O'Brien
Hon. J. E. Dodd	Hon. A. Sanderson
Hon. J. M. Drew	Hon. Sir E. H. Wittenoom
Hon. D. G. Gawler	Hon. A. G. Jenkins
Hon. Sir J. W. Hackett	(Teller).

#### NOES.

Hon. H. P. Colebatch	Hon. W. Patrick
Hon. J. D. Connolly	Hon. C. Sommers
Hon. F. Connor	Hon. T. H. Wilding
Hon. V. Hamersley	Hon. R. D. McKenzie
Hon. M. L. Moss	(Teller).

Clause as amended thus passed.

Clause 9—Saving:

Hon. H. P. COLEBATCH moved—

*That progress be reported.*

Motion put and a division taken with the following result:—

Ayes	..	..	10
Noes	..	..	15

Majority against .. .. 5

#### AYES.

Hon. H. P. Colebatch	Hon. M. L. Moss
Hon. F. Connor	Hon. W. Patrick
Hon. V. Hamersley	Hon. C. Sommers
Hon. C. McKenzie	Hon. T. H. Wilding
Hon. R. D. McKenzie	Hon. J. D. Connolly
	(Teller).

## NOMS.

Hon. R. G. Ardagh	Hon. Sir J. W. Hackett
Hon. E. M. Clarke	Hon. J. W. Kirwan
Hon. J. Cornell	Hon. R. J. Lynn
Hon. J. P. Cullen	Hon. B. C. O'Brien
Hon. F. Davis	Hon. A. Sanderson
Hon. J. E. Dodd	Hon. Sir E. H. Wittenoom
Hon. J. M. Drew	Hon. A. G. Jenkins
Hon. D. G. Gawler	(Teller).

Motion thus negatived.

Clause put and passed.

First schedule:

Hon. H. P. COLEBATCH moved an amendment—

*That in line 47 after £475,000 the following words be added:—"£375,000 of which sum shall be paid to the company for its undertaking and £100,000 to the Perth City Council for its reversionary rights."*

The CHAIRMAN: The schedule comprised the agreement which was in existence and signed, and therefore it could not possibly be altered.

Schedule passed.

Postponed Clause 3—Ratification of purchase: [The Colonial Secretary had moved an amendment that the words "and may and shall be carried into effect" be added to the clause.]

Hon. H. P. COLEBATCH: Would he be in order in moving his amendment in this clause?

The CHAIRMAN: The hon. member would be in order, but whether it would have any effect or not he could not say.

Hon. H. P. COLEBATCH: The amendment might be moved by way of a suggestion.

The CHAIRMAN: It could not be said, however, whether it would be effective. An amendment had already been moved and was under discussion.

Hon. J. D. CONNOLLY: Could not the hon. member move the amendment after that of the Colonial Secretary had been disposed of?

The CHAIRMAN: Certainly. An amendment had been moved to add at the end of the clause the following words: "may and shall be carried into effect."

Amendment put and passed.

Hon. H. P. COLEBATCH moved a further amendment—

*That the following words be added to the clause:—"Subject to the insertion of the following words after the figures £475,000 on page 5: '£375,000 of which sum shall be paid to the company for its undertaking and £100,000 to the Perth City Council for its reversionary rights.'"*

His object was that he might bring the Bill into conformity with the valuation made by the Government officials. It had been stated by the Premier and confirmed by the leader of the Legislative Council that the valuation the Government arrived at after inspecting the books of the company was that the undertaking, without any allowance for goodwill was worth £200,000, but with the goodwill which the company possessed it was worth £375,000, while with the right of the tramway company to run it for ever it was valued at £475,000. It was on that valuation that this amount of £475,000 was mentioned in the agreement. Were we now going to give that sum to the people whom the Government valuer said were entitled to it, or to someone who was not entitled to it. The Government valuer declared that if the rights of the City Council were to be recognised it was worth £375,000; if they were to be ignored, it was worth £475,000.

Hon. D. G. GAWLER: The amendment was absolutely futile. The agreement was that the Government should pay the company £475,000 as the consideration for the sale. That was set out in Clause 6 of the agreement, and Clause 18 said that the agreement was conditional on all necessary powers being conferred upon the Government by the legislature to enable the Government to give effect to the provisions of the agreement and for otherwise carrying the same into execution. If Mr. Colebatch had his way, and £100,000 of the £475,000 was given to the City Council, the agreement would be rendered futile.

Hon. H. P. Colebatch: The company may be glad to take £375,000.

Hon. D. G. GAWLER: This legislation had to be passed to carry out the agreement, but the amendment was not

to carry out the agreement at all; in fact, it was an amendment that the House should not be called upon to accept.

The COLONIAL SECRETARY: Mr. Colebatch had repeatedly made attempts to kill the Bill, and this was only another such attempt. He hoped the Committee would see through that hon. member's move, and refuse to give the amendment consideration and support. In any case, he did not think it would be legal to alter an agreement that was already signed. The whole question of the tramway purchase had been discussed for a fortnight, and he did not propose to refer to it any further.

Hon. J. D. CONNOLLY: The point raised by Mr. Colebatch was quite relevant; it had been shown that the price to be paid to the company was more than the company should receive. If, for the sake of argument £475,000 was a fair value for the trams, the question arose who was to receive the amount? There were two parties to the agreement, and the two parties should participate in any valuation placed on the tramways. Those two parties were the owners of the trams and the local authorities. In other words, the tramway company had a license until 1939 and no longer; after that date the license belonged to the City Council. Therefore, those two parties should participate in the purchase price. Mr. Colebatch was trying to make a fair division of the purchase money, and had assessed the share of the City Council at £100,000.

Hon. H. P. Colebatch: That is the Government's own valuation.

Hon. J. D. CONNOLLY: The price to be paid to the company was objected to during the second reading debate, and now members had additional information before them which placed them in a better position to say whether £475,000 should be paid to the tramway company or not. He was not sure that the amendment made the mover's intention clear, and he suggested that progress be reported so that the amendment might then be properly drafted and fairly discussed.

Amendment put and negatived.

Clause, as previously amended, put and passed.

[58]

Second, third, fourth and fifth schedules—agreed to.

Bill reported with amendments and a Message accordingly forwarded to the Legislative Assembly requesting them to make the amendments, leave being given to sit again on receipt of a Message from the Assembly.

*House adjourned at 10.40 p.m.*

## Legislative Assembly,

*Wednesday, 11th September, 1912.*

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

### QUESTION — TRANSCONTINENTAL RAILWAY, DEVIATION FROM BULONG.

Mr. E. B. JOHNSTON asked the Premier: 1, Has the attention of the Government been drawn to the published statement that it is the intention of the Federal Government to deviate the Transcontinental railway away from the town of Bulong? 2, As the original survey passed through Bulong, and as there is a splendid water supply there, owned by the State, which cost over £20,000, and as it is stated that an equally short route can be obtained running through Bulong after leaving Parkestown, will the Government draw the attention of the Federal authorities to the desirability of adopting a route that will keep faith with the people of Bulong, and at the same time permit the Bulong reservoir to be utilised for railway purposes?