Legislative Council,

Thursday, 16th May, 1918.

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

[For "Questions on Notice" and "Papers Presented" see "Minutes of Proceedings."]

MINISTERIAL STATEMENT, STATE OF BUSINESS.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [4.33]: I desire to make a brief statement regarding the business of the session. I understand the Assembly will complete its labours very shortly, and I am sure it is the desire of members of this House, both in their own interests and in order to give the Government a brief recess between the close of this session and the opening of next session, which in the ordinary course of events will be some time in July, that this session shall not be prolonged further than is necessary for due consideration of business. I propose this afternoon to submit by way of second reading the whole of the business at present on the Notice Paper, but any question of a contentious nature or important character can be adjourned for further discussion next week. My object in making these remarks is to ask hon. members to come next week prepared to sit longer hours, in order to expedite the closing of the session, and to that end when we meet at 4.30 o'clock next Tuesday I intend to move that for the remainder of the session the House shall sit on Tuesdays, Wednesdays, Thursdays, and if necessary Fridays, at 3 o'clock, and I also propose to move that for the remainder of the session Standing Order 62 shall be suspended. That is the Standing Order which prevents the taking of any new business after 10 o'clock at night. I trust that hon. members will agree that these two proposals are reasonable.

Hon. W. Kingsmill: We ought to finish next week.

The COLONIAL SECRETARY: That is for the House to say.

BILL—SPECIAL LEASE (GYPSUM).

Report of committee adopted.

BILL—GRAIN ELEVATORS AGREEMENT.

Second Reading.

Debate resumed from the previous day.

Hon. V. HAMERSLEY (East) [4.37]: In approaching this measure I feel we have reached a stage which is of the utmost importance to the farming community. For many years now they have felt with each succeeding wheat season and Parliamentary session, that some move would be made in the direction of bringing them nearer a stage where their product could be handled more cheaply and expeditiously. I congratulate the that we now have definitely before us a measure which promises to put on the statute-book, something which will bring us into a system of handling grain which has been adopted in almost every wheat-exporting country. Every such country has recognised the necessity for some reasonable system which will economise the time of the growers, facilitate the handling at the ports and give better conditions under which the shippers can deal with the product. The objection has been made that by adopting this scheme we shall perhaps prejudice our chances of successful sales, because so many of the ports to which our wheat would otherwise Government on having brought us to the stage go are not equipped for receiving wheat in bulk. I think that argument no longer holds good. Fully 75 per cent. of the wheat handled throughout the world is handled in bulk, and we know that although a great deal of wheat shifted from Australia is shifted in bags, when those bags arrive at the port of destination they have to be ripped open and the wheat transferred to a bulk handling system. Thus it is seen that Australian wheat is handled in bulk when it arrives at the other end. This question of bulk handling, although of the utmost importance to the farming community, ranks possibly second to the question of the provision of freezing works at Fremantle. We know that we are face to face with extraordinary conditions, and that the difficulties of handling our wheat are extremely great. We know there have been immense losses, and we realise that our wheat-growers are perhaps not reaping all that should be gained from their product, and that many of them have to turn attention to the growing of live stock. In regard to our stock, we are fast approaching the stage we have reached in regard to the handling of our wheat. Both these questions must be grappled with immediately, and I congratulate the Government on having made an earnest endeavour to deal with both problems. It is by many held that there is not a very great saving to be made on the actual handling of the wheat in transferring from the bag system to the bulk system. I realise that when all the costs of the two systems are taken into consideration, perhaps the saving we shall make on the bags will be almost lost in the cost of handling the wheat through the new system. But there are other factors to be taken into consideration. It is recognised that the difference between the cost of bags and the cost of handling through the elevators is perhaps the difference between tweedledum and tweedledee; but other factors come in. This is proved by the fact that 75 per cent. of the wheat-exporting countries have adopted bulk handling. For many years past the farmers throughout Australia have favoured this system of bulk handling. The other States have been eager for it. In New South Wales they were anxious to have the bulk handling system adopted many years ago, and they chose the system which we are following in Western Australia. Elevators were installed in New South Wales to handle the wheat. When Western Australia wished to adopt the most up-to-date system, the farmers hoped that the Government of the day would secure the most economical and most serviceable sys-

tem. The Government sent an expert to the Eastern States to discover the best means of handling grain, and the best system those experts saw was that installed in New South Wales. Accordingly that system was adopted for Fremantle—I refer to the crane system of carriage. For handling wheat in bulk, undoubtedly the crane system is an extremely good system; but under it there still continues the necessity of purchasing bags from the outside world. In New South Wales the Government of the day, having spent at the outset about £80,000 in installing the crane system in Sydney, would not listen to the appeals of the New South Wales farmers for any other system. I believe they have been brought face to face with the necessity for a radical change there, with the necessity for introducing the bulk handling system. I sincerely hope that we shall not have to sit back and wait to see how the bulk handling system will work in the other States before we adopt it. I would much rather see the complete bulk handling system adopted throughout the length and breadth of Australia at the same time, and the present time is opportune. We realise that there have been vested interests always opposed to the introduction of the bulk handling system. We know well that enormous sums of money are locked up in the jute trade. We realise also that those dealing in bags have made enormous profits. Again, there are those interested in the coastal shipping that carries the bags here. Further, there are the distributors of the bags to the farmers all over the State. All this represents enormous cost to the farmers. Further, when the wheat is sent to the ports there is again the vested interest of those who handle the wheat in bags. It has been a very difficult matter indeed to get the Australian community to realise the importance of breaking away from those vested interests which have been making such enormous profits out of the use and distribution of the bags. The United States and Canada have been handling wheat in bulk for a great number of years. It is not a new system by any means that we are asked to adopt. In the United States grain in bulk was handled as far back as 1856. That represents a very long trial, and it is interesting to note that no country which has adopted the bulk handling system has ever reverted to the bag system. All such countries have been quite satisfied that they have adopted a good system; and they do not wish to break away from it, but are content to go on with it and improve it.

Hon. W. Kingsmill: But are the Governments of those countries providing the bulk handling facilities?

Hon. V. HAMERSLEY: I do not know, but I take it that those Governments have not adopted the handling of very many other concerns as the Government of Western Australia have done. Moreover, it is not the Australian farmers' fault that the Government are controlling the bulk system of handling here.

Hon. W. Kingsmill: That is the Australian farmers' misfortune.

Hon. V. HAMERSLEY: The Australian farmers would be only too satisfied to handle the whole of their production in the same way as at the present time they are handling grain in bags. But various sections of the community raise strong objection when co-operative concerns are formed for the purpose of handling the product of the members of those concerns. The objection is simply that these people are handling their own products. In my opinion co-operative societies of farmers would be only too pleased to take on the bulk handling system.

Hon. W. Kingsmill: Hear, hear!

Hon. V. HAMERSLEY: But it has been laid down by the united voice of the people of Australia that the Government should control these things, and while we are face to face with that position we have to accept it. If the farmers are to wait for a very considerable change to take place in the public policy of Australia, it will be 25 years before they will have a chance of adopting the bulk handling system.

Hon. H. Stewart: The Prime Minister's speech shows that it will be paid for in ten years by the farmers.

Hon. V. HAMERSLEY: Undoubtedly; and the farmers have already paid for it in kind, if not in cash. Moreover, they are to be mulcted in considerably more than sufficient to pay for the systems through the want of the bulk handling system. That system has been paid for twice over by the farmers already. So long as the farmers go on buying bags which have to be thrown on the dump and are of no further use, they are constantly putting their hands in their pockets and paying for a system which is utterly obsolete. Personally, I do not think that anyone who has given attention to this subject is really opposed to the bulk handling system. Undoubtedly there are many who are opposed to the idea of the Government stepping in and handling the matter at the present juncture, and in the manner proposed.

Hon. Sir E. H. Wittenoom: The trouble is the money that is needed to carry it out.

Hon. V. HAMERSLEY: The wheat is already in the hands of the Government, and the savings which could be made on it, and which are being lost, would be more than sufficient to pay for the bulk handling system.

Hon. H. Stewart: The Prime Minister's speech on the subject shows——

The PRESIDENT: I must remind the hon. member that he has already spoken on the subject.

Hon. V. HAMERSLEY: I realise that it is the farmers' product which we have to consider here. Undoubtedly it is their production that will give them greater returns, and I claim that the bulk handling system will tend towards that end. Any system that will reduce the costs to the farmer must be of great advantage to the whole community. I suppose no one reaps a greater advantage from the prosperity of the farmer than do the residents of large centres such as the cities of Perth and Fremantle in Western Australia, and the great cities of the Eastern States.

Hon. J. F. Allen: We need consumers as well as producers.

Hon. V. HAMERSLEY: I acknowledge that we need the consumers too, and that without

them perhaps the farmers would not get as good a price for their wheat. But we have arrived at that stage when farmers are exporting wheat, and when their price is governed by what they can secure for it in the outside world. The matter has to be considered from that point of view. I will put up the other view as well, that the consumers would have to pay considerably more for cereal commodities if there were no wheat growers in this State. In that case, I am quite satisfied; the prices which our consumers would be paying for flour and bread would be infinitely higher than they are to-day; and the same thing applies to the other commodities produced by our farmers, such as meat, for example. I think I am perfectly safe in saying that the same thing applied 20 years ago, because at that time Western Australia had, in my opinion, a better tariff than the Commonwealth has to-day. I claim that the rest of the community will not be taxed for any large expenditure of money in this connection. It has been contended by a number of those who have reviewed this measure that there will be a tremendous loss over it, and that that loss will fall on the shoulders of the general taxpayer. But I am confident that the scheme will be paid for by the production of the farmers themselves. In fact, that is the whole tendency, that the wheat itself will pay for this scheme. I have no hesitation in saying that the wheat has already gone a long way towards that. It has been frequently stated that the Commonwealth Government are guaranteeing the farmers an enormous sum of money; but I also take the other view of the matter, that the farmers throughout Australia have guaranteed the Commonwealth very much more than the Commonwealth has guarnteed them. Any financial institution would be only too pleased to put up similar backing for the farmers if given equally good security. The Australian farmers have put into the pool a total of 134,185,000 bags of wheat. Against that they have had total advances—including the whole of the expenses, which have amounted to a very considerable proportion —of £76,676,000, which is a matter of just about 10s. a bag. When we consider the value of the wheat in the European markets to-day, we must realise that the wheat itself in the hands of the Government is a magnificent security for the advances which have been made. Moreover, we know that the advances have been made by Great Britain herself. The prices which the Australian farmer has been receiving for his wheat up to the present has been fairly low in comparison with the prices ruling in the markets of the world; and while the price of bags is so extremely high this fact makes the loss on the use of bags very much greater. While the price of bags is high, the price of wheat is low; and consequently the ratio of loss consequent on the use of bags is proportionately enhanced. Another point we have to consider with regard to wheat bags is that the whole of the payments for jute go outside Australia. It is not as though we were building up a local industry. We do not produce the material to manufacture the sacks. However, what I look upon as most important of all is the fact that every year we run a great risk of finding ourselves face to face with the position that a wheat harvest has been produced by the Australian farmers and that there is no means of shifting one bushel of that harvest off the farms, because of the probability of the bags being held up. We cannot secure bags under any consideration from the East, from Calcutta or any of these ports. It is a most serious problem we have to face, and when we consider the danger we are running in regard to that question, it is most important we should adopt the bulk handling system. We know how close to that position we were last year. For some months it was uncertain whether any bags could be procured for the Australian harvest, and when we consider that all this money goes out of Australia to keep up an industry worked by black labour, it is only playing into the hands of the black races if we have to rely entirely on their labour to produce bags to enable us to put our harvest on the markets of the world. There is no doubt we are at the mercy of the merchants to a certain extent, those who control the trade. They have large organisations and dictate the terms on which we shall obtain the jutes, and we undoubtedly have been placed in an awkward position and will continue to be placed in that position so long as we adhere to the system now in vogue. I want to show that we not only have to pay for the bags which we import but we have to pay the freight on them, which is an enormous expense and a loss to the individuals throughout the length and breadth of the State, in having to pay railage and carriage when the bags are distributed.

Hon. J. Duffell: You get the money back for the bags; they are weighed in with the grain.

Hon. V. HAMERSLEY: We have to pay freight on the railways from the port of Fremantle after the enormous handling charges at the port. We have to pay the railway freight to take the bags into the country districts, and there is a great deal of inconvenience in securing the bags. There is a constant loss to the farmers throughout the country districts in the delay and inconvenience and worries to the individual farmers during the harvest season. Sometimes it is almost heart breaking, the difficulties the farmers have in obtaining bags at the required moment. These are irritating matters that go a long way towards making unhappy the condition of the farmer in carrying on his industry. It is in these directions, perhaps, where some great savings will be made when the bulk handling system is adopted. We all know that nobody is inclined to go on working with a big heart and greater freedom, in putting in larger areas, when the farmer is constantly up against these worries in connection with obtaining the bags, travelling miles in many instances to receive them at the railway stations or sidings. In many instances the bags have not arrived. Probably the farmer has received notice that

the bags have been sent forward by the shipping people at Fremantle and they should have arrived at their destination, but the farmer is constantly travelling backwards and forwards to pick them up when they have not arrived. In the aggregate it is an enormous wastage and goes a long way in making the industry more successful or otherwise. If that can be obviated by adopting a sane and rational system, which we are brought close up to by the Bill before the House, then all the better. In addition to these difficulties the farmer has the freight to pay on the bags, and whether the bags are filled with wheat and returned to the port of shipment or not, the freight amounts to a large item. I have some figures which I would like to quote with regard to the cost of this system. In 1915-16 the wheat production of the State was something like 18 million bushels. These are the official figures which have been given. There is a wastage in the harvest amounting to something like 3lbs. per bushel. That wastage applies to every bushel every year. It is what is called screenings, and waste. It is always part of the wheat production. Under the bag system, the farmers put up their different qualities of wheat, some well garnered and some indifferently garnered; it goes into the scheme and is shipped away to the foreign or European ports—the destination of the wheat. There was a wastage in the form of screenings to the amount of 3lbs. to the bushel in that harvest. In that harvest there was a loss of 21,872 tons of screens. On those screenings the freight had to be paid, and the freight at the present time is something like, I understand, £10 per ton, so that to ship out of the country a useless article which really militated against good wheat, the other 57lbs. of wheat has suffered by the fact that so much screenings was left in. The loss to the farmers in Western Australia was a matter of £218,720. That was a loss in the screenings, and we must consider that to handle the harvest we need six million bags, and those bags on an average weigh 2¼lbs., all imported from Calcutta. To-day the freight from Calcutta is something like £8 per ton. To bring these bags to Western Australia runs into something like £48,000. The sacks are distributed, filled with wheat and again shipped to England. The bags are weighed in as wheat, and the weight of the bags at £10 a ton is another loss of £60,000. The loss altogether is £326,720. That is all waste and expenditure brought about by the fact that we are using bags to-day. Wherever they travel and in whatever way they are used, they are a constant source of loss because of the added weight to the article we are disposing of. I do not speak of the loss in the field, where the bags are used, but when they are being carted there is always a trickle. The moment the farmer starts from the farm there is a loss in every farmer's case, an enormous loss of wheat along the roads and in all directions. Whatever system is adopted by the farmers to bring their wheat to the sidings, I believe there will be a loss, but the loss, if the bulk handling system is adopted, would not be like the loss that is now made by using bags. The loss in freight on bags alone represents a matter of five per cent. interest on a sum of £6,534,400, so that if this scheme could be inaugurated and a matter of six million pounds put into it, the loss in freight on bags is sufficient to pay five per cent. interest on the money. In addition to those losses, it is well known that, when the wheat is in the bags, and is being sold, the weight of the bags is counted in as wheat, but when the farmer sells his wheat at 4s. or 5s. a bushel he has only got 1d. a lb. for that weight, when he has to pay 10d. for his bag, which weighs only 2¼ lbs., and when it is weighed in as wheat, he only gets 2¼d. or so back for the bag for which he has given 10d. On the price given for the bag he makes a direct loss on every bag of something over 8d., although some people say the farmer has the advantage of the bag being weighed in as wheat or flour. There is no advantage in that. It is a direct loss in which the farmer is muleted every time that he has to deal with these bags. There have been more losses put up with by Australia during the last few years by using bags than would have paid for the inauguration of the scheme several times over. Some members have said that, from what they could see, the wheat production of the State was a failure, due to the fact that there are too many worries and expenses, and too many side drains upon this industry which have hampered the growers in all directions. This was not expressive of that confidence which used to exist, and I sincerely hope that we will not decry the wheat farming industry of the State, because I look upon it as one of the principal sources that we have to look to for restoring the stable conditions which we hope to see attained in this State. In spite of the fact that a greater average of wheat is obtained in other parts of the world, I say that there is no part which can compete with us in the cheap production of wheat. We get a small average, but can produce our wheat at a low rate. It is simply the difficulties which have been put in our way recently by competition of Governments, and their lavish expenditure on various public works, which have helped to bring about abnormal conditions in the way of those wishing to utilise labour or go into an industry. These actions on the part of Governments have meant so much more competition. To my mind the whole of Australia is suffering from abnormal conditions which do not help her to build up this industry. This applies to Western Australia as much as to the Eastern States and any country where we see these conditions. We must rely on our primary industries rather than on our secondary industries. We must give all our attention to the production of that for which our climatic conditions are so eminently suitable, the production of wheat, meat, wool, gold, and timber. When we step aside from these things and bring all our population into the cities, abnormal conditions are brought about which make it more difficult for the successful production of a wheat harvest. I am sorry that there are many who decry the industry. We had these people many years ago, and we have to take these matters in a different spirit altogether if we want to build up this country.

I am satisfied that there is a splendid opportunity for the production of wheat here. I realise that a great many of the failures have been due to the fact that the people concerned have not combined their farming operations and their wheat growing with stock raising. We have known from our earliest days that it is unwise to put all our eggs into one basket. The fact that this has been done has been the undoing of many men who have gone on the land. By combining stock raising with wheat production I think in many instances we can secure successful operations. Even those who have been successful in their operations find these drawbacks and offsets in all directions, which greatly upset and hamper them. These difficulties can only be removed by two things, freezing works at Fremantle for the handling of the products of our land in connection with the stock raising industry and the institution of the system of bulk handling of wheat to help our farmers. Although we do not perhaps see eye to eye with the Government in the method which has been adopted in entering into an agreement with this one firm, I think it would have been preferable that an open opportunity should have been afforded to other firms to place their plans and specifications before the Government and compete in this connection. Of one thing I do feel sure, and that is that as the Eastern States—New South Wales, Victoria, and, I think, South Australia—have the same firm designing their grain elevators it is wise for us to adopt the same method. We realise what a dreadful position has arisen throughout Australia through having different engineers as advisers in connection with our railway system. We find breaks of gauge from one State into another. We find different gauges and systems and different methods adopted, which present many difficulties when an interchange is necessary. It seems to me most necessary that, in the event of a fitting suddenly being required at one port, there should be no difficulty in having one transferred to another port and being placed in position there. We all know how important it is that all these works should be of a type. That is one of the strongest reasons why we should adopt the same method in inaugurating the system of bulk handling in Western Australia as has been adopted in the other States. Now is the opportune time when the work should be taken in hand. I appeal to Mr. Kirwan, who says that we should sit back and wait and see how the Eastern States are getting on, to review that decision. There is no time more opportune than the present. The cost of bags is greater than it has ever been before. The sooner we place ourselves in a position to be able to do without bags, the better it will be for the farmers of the State. There is no time when it would be better to adopt a system like this than the present, when we know that under the bulk handling scheme there will be a very much better use made of the small amount of shipping space that is available to-day. We realise that any money that can be saved to the farmer is of benefit to the whole State. I, therefore, do not care to put off any longer the hope of having this system inaugurated and adopted. I appeal to those who are opposing this measure to give every consideration to this question. The system will help particularly the metropolitan area. If it were not for the industry of these inland people, of those who are scattered throughout the length and breadth of the State, who are doing their utmost to develop its resources, there would, it seems to me, be no metropolitan area. When I look round and see the enormous sums of money which have been spent for the betterment of these country centres, and the facilities that have been afforded to them, I do appeal to hon. members to consider that anything they can do to reduce the costs, and minimise the difficulties that are facing those engaged in this industry, the better it will be for the country as a whole. I agree with Mr. Holmes, who made the point yesterday that when the works are ready to be carried out, public tenders should be called for them. I hold no brief for work being carried out by the day labour system or any such system. I do trust that the method of calling public tenders will be adopted, and that we shall be given an assurance to this effect. I hope the matter will not be fixed up in a hole and corner manner. This is a most important question. It does not matter who gets the contract. We may get a local firm to tender, and it will be under the supervision of the people referred to in the Bill. Metcalf & Co. enjoy a world wide reputation, and should know how to carry out these works, and with their supervision we can rely upon good work and a satisfactory system being adopted. I appeal to all who represent the industry in this Chamber, and who want to see the cost of handling reduced, to help in this direction. It can be of no advantage to anyone in the State to increase the cost of production upon any conceivable item that we have to produce in the country. We cannot reduce the cost of production by reducing wages, and that is not the object. If, however, we can reduce the cost of production in this way and minimise, if not entirely save, these dreadful losses, and utilise the freights to which I have referred, and cut out the great expenditure involved in the use of bags, I am satisfied that we will help this industry along. I have great pleasure in supporting the second reading of the Bill.

Hon. J. DUFFELL (Metropolitan-Suburban) [5.43]: I realise that the Bill is one of the most important we have had before this Chamber for some time and the most important of this session. It is important inasmuch as it affects one of the greatest stable industries of the State and one which most members of the Chamber have directly or indirectly considered for some considerable time past. I suppose I am not far from being correct when I say that they have considered favourably the question of the bulk handling of wheat. It is somewhat surprising that a question of this nature, involving as it does a vast amount of money, should have been introduced at the present juncture. Not only are we so far advanced in the present session of this Parliament, but we are faced with abnormal conditions. It is somewhat strange, when we consider the financial stress of Western Australia and remember how the Treasurer is casting about in every

conceivable direction for means of raising money to enable him to get along, not to live in affluence or to engage in new public works, but simply to keep the wheels of industry revolving at a time when it is absolutely necessary that they should be kept going in the interests of the people of the State, that there should now be a question of going in for this larger additional expenditure. When the question was first introduced. I, like other hon. members, was given to understand that it was one which had emanated from the Commonwealth Government; that they had realised, that having entered into negotiations with the Imperial Government for the sale of the whole of the wheat of Western Australia, or at any rate the quantity available for export, they were desirous that the wheat should not be wasted, that it should be kept in the best possible condition, and that they had taken into consideration the increased cost of bags for bagging the wheat and had approached the several States with a view of advancing money to inaugurate a scheme of bulk handling. That being so, I was given to understand that £285,000 was made available for Western Australia to carry on this work, or at any rate to complete the work insofar as it was suggested at that time by the powers that be. Since then I have learned that such is not the case. But a different position has been arrived at, through shall I say, the enterprise of the agent of an American firm who is situated in Melbourne. I refer to a person by the name of Edward F. Carter who signs his name at the foot of the agreement. I find, however, that this enterprising agent had sent out letters dated the 1st November, 1915, to several States of the Commonwealth, namely, New South Wales, Victoria, South Australia, and Western Australia offering to enter into an arrangement which bound the company he was representing to carry out certain works on certain conditions. The conditions set out that if three States entered into an agreement, the firm of Metcalf & Co. were prepared to make the plans and enter into an undertaking to supervise the construction of all elevators on the basis of 2 per cent. for the cost of the plans, and 1¼ per cent. for inspection, or a total of 3¼ per cent. I repeat that this offer was on the condition that three States entered into the arrangement with the firm of Metcalf & Co. for the execution of the work. They also made another proviso, that in the event of only two States entering into the arrangement the terms would be 2½ per cent. for the drawings and 1½ per cent. for inspection, or a total of four per cent. As a result of these overtures, I am unable to understand why only two out of the four States that were approached entertained the idea at all, or at any rate in a degree which would indicate anything approaching finality. New South Wales, I understand, made some arrangements with the firm. It would be interesting to know what the agreement with New South Wales really is, and how that agreement would read when compared with the agreement which we have before us at the present time. That, however, is by the way. The fact remains that Victoria and South Australia were not prepared in these abnormal times to entertain the scheme propounded by Mr. Carter. We come back now to Western Australia. What is the position here as a wheat producing State, as compared with the States of New South Wales, Victoria, and South Australia? It will be readily admitted that we are very low down in the scale at the present time as a wheat producing country. At the same time I do not wish to throw cold water upon the industry, nor do I wish to disparage those who are engaged in farming in Western Australia. I take this opportunity of saying that the farmers of Western Australia are to be congratulated for the enterprise they have shown, the result of that enterprise, and the quantity of wheat they have been able to offer to the Commonwealth Government to put into the pool during the past three years. The agreement goes on to say that if we are willing to complete the arrangements, the work will be carried out by the firm of John Metcalf & Co. or, as they state, by some other firm to be appointed in Australia. That, to my mind, is not altogether satisfactory. No matter who the firm of John Metcalf & Co. may be, the fact remains that there are other firms equally as good and perhaps better. If the time were opportune for the construction of these elevators, I should not be content to enter into an arrangement with any single firm, an arrangement brought about as the result of the enterprise of a local agent, such as has been the case in the present circumstances. I also find in looking through the agreement that the firm of John Metcalf & Co. have protected themselves in every possible way. I find, to begin with, that they charge slightly over the ordinary professional rate for plans, namely 3 per cent. instead of 2½ per cent. Why is that? Probably some pressure has been brought to bear on the company whereby special machinery, —not the machinery which they are usually in the habit of getting,—which is American machinery,—will be used. But because they have been approached, or a condition has been applied suggesting that certain machinery to meet with our special approval should be introduced, they have protected themselves by an extra ½ per cent. for the plans. I do not know very much about plans, especially those dealing with machinery, but listening to the remarks of Mr. Allen, I was very much interested to learn of the facilities which are available for the procuring of plans suitable for a work such as is now under consideration. A text book containing illustrations dealing with this matter can be procured, I understand, at something like £1. Remembering this and also what we heard from Mr. Allen, who knew what he was talking about, and who also knew that he was liable to be contradicted if what he said was not correct, we cannot reasonably be expected to swallow all that has been placed before us without giving it further consideration. That being the case, and bearing in mind the immense sum of money which has been mentioned in connection with the completion of the system, the clause in the agreement which provides that the contractors shall enter into a bond of only £1,000, seems to be entirely faulty. Bearing in mind also the fact that the firm desire to transfer their interests to another firm in Australia, we have to ask ourselves what it would mean to Western Australia if anything went wrong. With a bond of only £1,000 it would be an ex-

pensive undertaking to follow Metcalf & Co. to Canada to establish our rights. The bond will weigh considerably with me in connection with the consideration of the Bill. It has also been mentioned that the cost of bags at the present time is of great importance in connection with the consideration of the measure. The fact that we are without bags and that we have to pay very high prices for them to-day, is the fault not only of the State of Western Australia, but of the Commonwealth, because of their short-sightedness in not making provision for this necessary article when the opportunity was there. In 1915, when it was my privilege to pay a visit to Ceylon, I met the representative of a firm who were greatly interested in the jute trade in India. That gentleman offered to supply to this State three million bags at 5s. a dozen. On my return to the State I saw the then Minister for Agriculture, Mr. Johnson, and I suggested that I should put him into communication with the firm in question, and he could complete arrangements if he thought it advisable to do so for the purchase of these bags. The matter, however, was allowed to pass without anything being done. In 1915, when the offer was made, freight and charges on gunny bags and jute goods had advanced very little indeed. Any business person knowing what our future requirements would be, should have made all necessary arrangements to secure these goods at the prices offered. The opportunity was exceedingly favourable, but it was allowed to slip by, and to-day we are paying a price which is considerably higher for bags than we ought to be paying.

Hon. C. F. Baxter (Honorary Minister): Do you mean that we should have entered into the contract?

Hon. J. DUFFELL: I mean to say that the Government of Western Australia or even the Federal Government had the opportunity of securing these bags at a reasonable price, and they would have carried us on for a considerable period. The cost of the bags is so high that it is interfering very considerably with the farmers' profits. I would like to remind Mr. Hamersley that as high as the cost of bags is at the present time, it must be taken as a set-off against the cost of material and construction of the elevators. The cost of material at present is abnormally high, and there would be sinking fund and maintenance and other unavoidable charges, which would be incurred. It would mean a considerable amount of money, and it is a question whether the charges would not be considerably higher on the grain handled by the silos than would be represented by the cost of bags, even at the present prices. Another point, we know that when hostilities cease it will be some considerable time before we have sufficient transport to carry away the grain, especially without bags. Wooden ships, sailing ships, all sorts of ships, will be looking for all the freight they can get. It is well known that in pre-war days ships leaving the shores of Australia and proceeding ostensibly to the United Kingdom with cargoes of wheat received orders at the entrance of the English Channel as to where to deliver the wheat. If we are going to construct these elevators, it will mean that a lot of the grain leaving Australia will be handled by only such ships as are capable of handling bulk wheat, and it can only go to those ports where there are the necessary facilities for bulk handling. In the circumstances, notwithstanding the fact that we are fully alive to the advantages of bulk handling under ordinary conditions in normal times, we are not justified in committing ourselves to a scheme which has emanated from a smart business man acting for an American firm. Let us pause and think. It is an old proverb, as true to-day as ever, that fools rush in where angels fear to tread. It has been pointed out in this debate that it would be well to wait and see the result of the operations in New South Wales before we plunge this State into an expenditure which is going to mean millions of money. It is a strange coincidence, that this agreement was entered into and signed on the 20th March, 1918. It called to mind the fact that certain questions were asked in this House about that date. When I looked up the "Minutes of Proceedings," I found that on the 20th March, the same date, Mr. Allen asked the leader of the House certain questions regarding a rumour that the Government had entered into an arrangement with Metcalf & Co. These were the questions asked—

> Is it a fact that an agreement has been, or is about to be entered into by the Government with Messrs. Metcalf & Co. for the preparation of plans for, and the supervision of the erection of silos for the storage of wheat in this State? If so, does such agreement propose only to apply to the wheat stored under the present Wheat Marketing Scheme, or does it commit the Government of this State to the inauguration of a general system for the future bulk handling of wheat? What professional qualifications are possessed by Messrs. Metcalf & Co. What large works of a similar nature have they successfully designed and erected? Why was this firm selected for this work in preference to world-renowned British firms engaged in the same class of business?

And the leader of the House replied—

> If the Government decide under such agreement to undertake the construction of storage bins and elevators, it will be with the object of having a system of bulk handling of grain in this State.

We see that this £25,000 which it is proposed shall be loaned to us by the Federal Government is only the commencement of what, as I have said just now, is going to run into millions. I repeat that, to my mind, it is a question of whether we should invest this amount of money in storage or whether we should not invest it in ships to carry the wheat to the various parts of the world. Another point: The borrowing of this money from the Commonwealth Government appears on the surface to be most beneficent to the State. But it reminds me of the housewife who, going to the draper's for a small article, sees something which will make her look very nice. She has a credit at the store, and the energetic salesman persuades her to

the purchase by saying finally, "Of course it is not necessary to pay for this now; you can pay some other time." And so she makes the purchase which, when pay day comes, is going to cause her very great inconvenience. There is coming a day of reckoning between this State and the Commonwealth. We have had experience of the doings of the Commonwealth Government which have raised our ire, and I say that if we are going to further allow ourselves to be hampered by an additional millstone in the shape of an immense loan by the Commonwealth for an enterprise which we are not justified in entering into at present, then those who support the measure will fully deserve the treatment they will probably get at the hands of the people when opportunity arises. For these reasons my duty lies very clear, namely, to oppose the second reading.

Hon. H. CARSON (Central) [5.53]: I am indeed surprised to find such opposition to the measure, more especially seeing that the opposition is coming from members representing metropolitan provinces. Mr. Hughes, in troducing the Wheat Storage Bill in the Commonwealth Parliament, said this was a matter of national urgency. The Commonwealth Government are providing the money for the satisfactory storage of one-third of the crop of Australia. The amount to be allotted to Western Australia is £285,000. This question affects more particularly the producer, and undoubtedly it will be the producer, and not the general taxpayer, who will be called upon to pay interest and sinking fund and working expenses on the scheme. I think the Government are wise in bringing down the Bill. They are being provided with £285,000, which is to be utilised for wheat storage in Western Australia, and they are well advised in seeing that this storage will be capable of being fitted in with bulk handling when the time arrives. The system of bulk handling has been part of the programme of previous Governments in this State, and has been practically endorsed by Western Australia. We have only to look at the cost of bags at present to see the saving which will be made under bulk handling. The freight on bags to be brought from Calcutta to Western Australia for five million bushels of wheat would amount to £9,000, which in turn would pay interest on a sum of £185,000. Again, the cost of the bags, without the freight, runs into more than £40,000. This expense we shall avoid when we get the silos erected. I hope hon. members will realise how important the Bill is to the producers and will agree to carry the second reading.

Hon. W. Kingsmill: What has this to do with Metcalf & Co.?

Hon. H. CARSON: The agreement may not be all that we should like, but it is wise that the Government should have an agreement of the sort, so that the storage plants shall be capable of being fitted in with bulk handling later on. It is not necessary to find the money for bulk handling at present. All we require to do is to build the silos. Some say we should wait. But waiting has been the curse of Western Australia. We have waited too often and too long. What is the position at present? The producers of Western Australia will not know the cost of the handling of their wheat for the last two years until the business is entirely finished up. Any hon. member who has travelled through the State at all cannot be less than exasperated with the evidences of the immense loss of wealth to the community on account of the present system of handling wheat. The farmer places his wheat in bags in the hands of the Government. It is stored for a long time. Then it has to be re-bagged. It will pay us to have the silos erected for the wheat and rebag the wheat from the silos. I hope hon. members will pass the measure, because it is of very great importance to the producers. Some members say that wheat-growing in this State is a failure. I am sorry to hear such statements. I say that wheat-growing in Western Australia is going to be a very big asset indeed. Of course the man trying to make a competency of wheat-growing alone will not succeed, but if he engages in mixed farming, he will in good time achieve a competency. I believe that the man who to-day is growing wheat and carrying sheep with the wheat is doing very well, notwithstanding the awful drawbacks and terrible conditions he has had to contend against. In my opinion it behoves any Government of this State—no matter who they may be—to see that the men who are wheat farming shall have sheep. As has been pointed out, if we could only establish freezing works at our various ports, we should have a very prosperous community. Once we get over the war, we shall be in a much better position than to-day. It is the encouragement of the man on the land that will help Western Australia out of its financial difficulties. I trust hon. members will give serious consideration to the matter and realise that the producers of Western Australia, who desire this work, are to pay for it. I hope the Bill will pass the second reading.

On motion by Hon. J. Ewing debate adjourned.

BILL—RE-APPROPRIATION OF LOAN MONEYS.

Second Reading.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [6.2] in moving the second reading said: This is a very short Bill, and might almost be described as of a formal character. I made reference to the matter when introducing the Appropriation Bill some time ago. This measure provides for the reappropriation of £10,000 standing on the original Loan Estimates for land resumption in Perth and Fremantle in connection with extensions and improvements to existing lines. The total vote under that heading was £150,000. Ten thousand pounds of that amount is not required for the purpose for which it was originally voted; and the intention is to reappropriate that sum of £10,000 to other items on the Loan Estimates, namely, £5,000

for the Kondinin-Merredin extension, £1,000 for surveys of new lines, and £4,000 for water supply on new lines. I move—

"That the Bill be now read a second time."

Question put and passed.

Bill read a second time.

In Committee.

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

BILL — FREMANTLE ENDOWMENT LANDS.

Second Reading.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [6.5] in moving the second reading said: This also is a Bill which I do not think will excite the least controversy. It proposes to transfer to the Melville Roads Board some portion of certain endowment lands now in the possession of the Fremantle municipality, and also to confer on the Fremantle Municipal Council certain powers whereby the council will be enabled to deal with the land by leasing. The proposals contained in the Bill are the result of an agreement arrived at between the two parties, and they have also been scrutinised carefully, and approved by the Public Works Department and the Crown Law Department. I move—

"That the Bill be now read a second time."

Question put and passed.

Bill read a second time.

In Committee.

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

BILL—INSURANCE COMPANIES.

Second Reading.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [6.10] in moving the second reading said: I am afraid I should not be on safe ground if I asked the House to treat this Bill as a purely formal measure, and to dispose of it as shortly as the two preceding Bills have been disposed of. I expect, of course, that after I have moved the second reading the adjournment will be secured. The object of this measure is to provide that all insurance companies, whether corporate or incorporate, not being registered under the Act relating to societies or trades unions, which carry on in Western Australia insurance business, except life assurance, shall deposit the sum of £5,000, which is to be made in two payments of £2,500 each on the 30th June, 1918, and the 31st December, 1918. The rate of interest payable on that sum shall be 4½ per cent. Treasury bills shall be issued for this with a currency of five years, renewable from time to time; such Treasury bills issued by the State to be free alike of State and of Commonwealth income tax. The investment and redemption of those bills shall be at par. The Treasury bills shall be deposited with and held by the Commonwealth Bank on behalf of the Colonial Treasurer. That means, of course, that they will not be negotiable. On a company ceasing business in Western Australia, the Treasury bills shall be delivered to such company.

Hon. Sir E. H. Wittenoom: At par?

The COLONIAL SECRETARY: Yes. The sum so deposited may be used by the Treasury in payment and satisfaction of any liabilities in Western Australia of a company which, by default, fails to meet its legal liabilities. Any company starting after the commencement of this measure, without putting up the deposit, shall be liable to a daily penalty of £20. The measure has been discussed with several representatives of insurance companies here. I believe that as far back as 1903 the present Colonial Treasurer, being then Colonial Treasurer in the James Government, made a proposal to bring in a Bill of this character. He then approached several fire insurance companies, and they generally approved of the proposal, but they suggested that the deposit, instead of being £5,000 should be £10,000.

Hon. J. Duffell: It has become a habit with them.

The COLONIAL SECRETARY: This Bill does not provide for the deposit of £10,000 as suggested by certain fire insurance companies some 15 years ago; but it does provide for a deposit of £5,000. I do not know that any strong exception is taken by the fire insurance companies to this proposal. There is, however, another feature of the Bill to which they do take strong exception, and which I personally, and the Government generally, consider to be objectionable, and to which I shall make further reference a little later. At the present time all life assurance companies are required to put up deposits, so that there is nothing very singular in asking that the fire insurance companies shall do the same. Nor is Western Australia alone in making this provision. In Queensland an Act was assented to on the 29th December, 1916, under which the companies operating in that State have to put up deposits of £5,000 where the income from marine and general insurance premiums, after deducting local re-insurance, during the 12 months next preceding the date of application does not exceed £10,000.

Sitting suspended from 6.15 to 7.30 p.m.

The COLONIAL SECRETARY: Before tea I had directed the attention of the House that in Queensland an Act was assented to on the 28th December, 1916, under which the companies there have to put up a deposit of £5,000 where the income for marine and general insurance premiums after deducting local re-insurance during the 12 months next preceding the date of application does not exceed £10,000. Where it exceeds £10,000 they have to put up a deposit of £10,000. In England, insurance companies other than life are required under the

Imperial Statute to deposit £20,000 each with the Government, and a separate deposit is required for each class of business carried on. I do not think it can be said that the present proposal will treat insurance companies harshly, and I am quite sure several of the local insurance companies are in favour of the proposal, while I doubt if any of them have any serious objection. A reference will probably be made to the use to which the money raised in this manner is to be put. Personally, I do not think that it has anything to do with the Bill. At all events, I would not advance it as an argument in favour of the Bill, because no matter how desirable the purposes to which it is intended to put the money might be, it could be no excuse in demanding a deposit, unless the principle of calling on fire insurance companies to put up a certain deposit with the State is sound and to be defended on its own merits. It certainly could not be bolstered up by any claim in regard to the purposes to which the money is to be put.

Hon. R. J. Lynn: Why not put it out at interest?

The COLONIAL SECRETARY: It undoubtedly will be of advantage to the State to obtain the use of a considerable sum of money at something less than the current rate of interest.

Hon. W. Kingsmill: Are there any other reasons for bringing in the Bill?

The COLONIAL SECRETARY: Yes. The reason is that it is considered entirely just and right that as life insurance companies have to put up a deposit of £10,000—and I think it ought to have been done long ago—those companies carrying on fire insurance businesses should establish their bona fides by putting up a substantial deposit with the State. It is undoubtedly to the advantage of the State from a financial point of view to have a considerable sum of money at a less rate of interest than money can be borrowed in the open market, in the same way that it is of considerable use to the State to have a large sum of money amounting to millions in the State Savings Bank. All trust moneys which come into the hands of the State are of use to the State and can be used for any purpose for which other moneys can be used and at a lesser cost.

Hon. J. W. Kirwan: It is to be hoped that the yield will be 4½ per cent. at least.

The COLONIAL SECRETARY: The Colonial Treasurer in introducing the Bill said it was the intention of the Government to make use of the money raised by this method by subsidising on a pound for pound basis and in the form of a loan to small companies for the purpose of establishing secondary industries, but I would not advance that as an argument in favour of the Bill. I say it is an entirely sound and absolutely necessary course for any Government that may be in power in Western Australia to take, that is assisting companies or associations to establish secondary industries, provided it is done on sound lines. Whatever Government is in power in Western Australia will have to assist in the establishment of these industries, but I would not for a moment advance that as a good reason for the passing of this Bill. The Colonial Treasurer did explain that it was one of the purposes to which the money will be put, but it needs only a glance at the figures to show that even if the money was not required for the purpose, it would be of greater value to the State than the 4½ per cent. we have to pay, because the State is paying interest on the deficit all the time, so that even if we did not make use of the money for secondary industries any money obtained at less than this rate of interest is of use to the State. We must be agreed that the principle requiring insurance companies to put up a deposit is a sound one. I say it is fair to ask fire insurance companies as well as life insurance companies to put up a deposit, and I think the majority of companies carrying on fire insurance business in this State agree with the proposal. As to the details of the Bill, Clause 2 gives a definition of the expression "insurance companies." It does not include a life assurance company, because life assurance companies are already required to deposit from £10,0000 upwards by Part 2 of the Life Assurance Companies Act of 1889. Clause 3, Subclause 1, fixes the deposit to be lodged with the Colonial Treasurer by every insurance company which carries on business within the State as £5,000, and Subclause 2 permits the deposit to be paid in two moities in the case of companies already established. Subclause 3 requires the Colonial Treasurer to pay interest at 4½ per cent. per annum on the deposits. Subclause 4 prescribes the mode in which the deposit will be held by the Treasurer, namely, in Treasury bills of five years' currency, which shall be deposited with the Commonwealth Bank and held by it on behalf or the Treasurer. They are therefore not negotiable while so held. Subclause 5 enables the Treasury bills to be handed to the company in lieu of refunding the deposit in cash, should the company cease to carry on insurance business in the State. Subclause 7 shows that the deposit is to be held by the Colonial Treasurer as a protection so far as the deposit extends to policy holders of the insurance companies. The deposit of £5,000 cannot be regarded as a complete protection to the whole of the policy holders in the company in the event of a default made by an insurance company in meeting its legal liabilities but only as a measure of protection in that direction. Clause 4 needs no explanation. Clause 5 makes it clear that the Bill does not affect life assurance compaies. Clause 6 requires the Treasury bills provided for in the Clause 3 to be redeemed at par. Clauses 7 and 8 were not in the Bill as introduced by the Government, and so far as I am concerned I intend to ask the House when the Bill is in Committee to strike out those clauses. I fail to see that they can serve any good purpose in the Bill. It is not within the province of the Colonial Treasurer to fix the rates to be charged by fire insurance companies. It is necessary to remember that the rates for marine insurance are affected greatly by the rates in operation outside Western Australia and it would be extremely difficult, almost impossible, for any Treasurer to sit down and review the table of rates fixed by insur-

ance companies and say if the rates are proper. In any case I do not think this Bill the proper place in which to insert such a provision. The Bill is intended for one purpose and one purpose only, and the Government are opposed to having these clauses tacked on to the Bill. I do not propose to say anything for or against fire insurance companies. Judging by the debate which took place in another place some people think they are almost philanthropic institutions, whilst others describe them as bandits of the worst character; probably the proper designation would be found midway between the two definitions. Insurance companies consist of men who have invested their money in enterprises that are profitable to themselves and unquestionably helpful to the community as a whole. I have little doubt in my mind that the present system of private fire insurance companies is preferable to State insurance companies. Judging by the experience of life insurance companies in Australia, and the experience of fire and other insurance companies in many parts of the world, there seems to be a fine opening for a fire insurance company to start in Australia on the mutual principle. I think there is a great deal to be said for the mutual principle being applied to fire insurance companies as is applied to life insurance companies. I move—

"That the Bill be now read a second time."

On motion by Hon. A. Sanderson debate adjourned.

BILL—WYNDHAM FREEZING, CANNING AND MEAT EXPORT WORKS.

Second Reading.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [7.44] in moving the second reading said: This is a Bill which I sincerely hope the House will accept as being of a purely formal character. It seems to me there are only two alternatives, either to accept the Bill as a formal one or have what Mr. Sanderson calls, a full dress debate on the Wyndham Freezing Works generally. However interesting that migh be under ordinary circumstances, I fear the only effect would be at the present time to prolong the session, and no doubt you, Mr. President, would rule that it had no particular connection with the Bill before the House. The reason for the introduction of this measure is that under an Act passed last year the Government cannot start operations until the works have been brought under the Trading Concerns Act. The section of the Act referred to reads as follows—

> No trading concerns other than those to which this Act applies or shall apply shall, unless expressly authorised by Parliament, be hereafter established or carried on by the Government of the State or by any person acting on behalf of such Government or under its authority.

Until the Bill now before the House has been passed, the operations of the Wyndham freezing works cannot be carried on. As to the future of the works and whether they should be leased or sold or operated by the Government, that cannot be decided until the works have been completed. In any case, in the event of the disposal or lease of the works, it will be absolutely necessary for a Bill permitting this to be done to be submitted to Parliament. This Bill contains only one clause, merely for the purpose of placing this particular undertaking in the schedule of the State Trading Concerns Act of 1916. I move—

"That the Bill be now read a second time."

Hon. Sir E. H. WITTENOOM (North) [7.47]: I would only utter a word or two in connection with this Bill. I do not propose to make a debate out of it. I should like to tender a little advice to the Government, and that is, to get rid of this concern as soon as they possibly can. The work should never have been undertaken by the Government in the first place. We have seen how it has been carried on by the Government, and it is doomed to absolute failure. If we want something to compare with this undertaking, we have only to turn to Port Darwin, where we find that works have been initiated by one of the strongest firms in the Old Country, and where they have had to close down through causes which it would take too long to enumerate to-night. These causes would operate in the same way, if they are not already operating, at Wyndham, and if there is no possibility of a strong firm, like that operating at Port Darwin, making the venture a success, I see very little hope of the present Government doing so. I believe the Government are not wedded to this business at all, but would be glad if the opportunity arose for their transferring it to somebody else with as little loss as possible. Whatever opportunities of the kind there may be are unknown to me. I can only reiterate my advice, that in the interests of the country, the Government had better get rid of these works as soon as possible. Had it not been for the obstinacy of a previous Government, these works would have been put up at no expense to the country whatever, with the exception of lights leading into the harbour, and a little in the way of harbour dues and other small matters. That, however, is past history. It only serves to show how the Government can make an error of this kind through their desire to effect some small saving, and yet in the end run the country into a loss of half a million of money. I hope soon to hear that the Government have been able to transfer this liability to someone else's shoulders. In the meantime, I have pleasure in supporting the second reading of the Bill.

Hon. J. W. KIRWAN (South) [7.50]: I agree with the Colonial Secretary that this is not the occasion for a full-dress debate, or anything approaching it, with regard to these Wyndham freezing works. I should like to say, however, that I am exceedingly pleased to hear Sir Edward Wittenoom's remarks. When these works were first introduced, and the proposal was first brought before Parliament, I was one, and I believe the only one in the House, who opposed them. I am more convinced than ever that the Government cannot in any circumstances make a success of them, and manage a concern of this kind which is so far away from the capital. The conditions place the matter quite beyond the possibility, I believe, of

any Government managing the affairs successfully. I sincerely trust that the Government will take to heart what Sir Edward Wittenoom has said, and I thoroughly agree with every word of it.

Hon. J. J. HOLMES (North) [7.52]: I should like the Colonial Secretary to explain why the Government have come to the conclusion that the policy regarding these freezing works cannot be defined until the works are completed. It is imperative, in my opinion, that the policy should be defined. Why the definition of this policy should be withheld until the works are completed, I am at a loss to understand. Surely, the Government have had enough experience already to know whether they can successfully carry on the works themselves or whether it would not be better to hand them over to private enterprise. I was one of those who advocated the construction of these works by the Government. I considered that, away in the far north, if private enterprise were allowed to go there, a monopoly would be created, and that this would probably result in disaster in respect of the development of the cattle industry. No private enterprise, however, could come in and build up such charges and create a monopoly which would have a worse effect upon the cattle industry than the State enterprise appears to be having in the present instance. The capital cost of the concern has been increased to such an extent—not due to the present Government, perhaps, but to the principle of State enterprises—that the position of the cattle industry in the Kimberleys is now a somewhat serious one. It is so serious that the only hope at present for it appears to be to send the cattle out of the country to be treated in another State by private enterprise, when they should be treated within the State by public enterprise, if public enterprise can be conducted on the same lines as private enterprise. It has been said that Vestey Bros. at Port Darwin have closed down. I think, however, they have opened up the season already, and I believe are well under way with canning and freezing works. This shows that Vestey Bros. with private enterprise can, even under existing circumstances, carry on successfully at Port Darwin. Vestey Bros. then can carry on successfully at Port Darwin whereas State enterprise at the next port, Wyndham, is unable to do so. I should like the Colonial Secretary to explain why the policy cannot be defined as to whether the Government intend carrying on these works themselves, or leasing them to someone else for that purpose, or whether they should sell them and go out of the business altogether. I fail to see why the decision of the Government as to their policy should be withheld until the completion of the works. From what we can see and hear it may be two or three years before the works are completed. Probably, if it is decided to lease or sell them, private enterprise might be allowed to complete them and would do so at an earlier stage than the Government could.

Hon. COLONIAL SECRETARY (Hon. H. P. Colebatch—East—*in reply*) [7.57]: I am not in a position at present to discuss the future policy of the Government in regard to these works. I do not see that any profit could come of it. Personally, I entirely endorse the opinions expressed by previous speakers as to the difficulties of Government control. That Vestey Bros. are able to carry on and the Government are not, is accounted for by the fact that our positions are entirely different. Vestey Bros.' works are completed, and they can carry on. The State works are not completed. We could have got men to go up there and carry out the canning works, for they were willing to do so, but to have sent them would have been to provoke trouble on the construction works. Vestey Bros., with their works completed, were not in this position.

Question put and passed.

Bill read a second time.

In Committee.

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

BILL—DIVIDEND DUTIES ACT AMENDMENT.

Second Reading.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [7.59] in moving the second reading said: The chief features of the Bill are that from 1st January, 1917, the dividend duty is to be increased by 3d., and secondly, that the dividend duty payable by insurance companys other than life is to be doubled, from one per cent. to two per cent. The increase of dividend duty from 1s. to 1s. 3d. would put the companies on the same footing as the ordinary taxpayer, when we raise the super tax for 1917. Regarding shipping companies, there is an existing agreement, which is subject to 12 months' notice of termination, under which shipping companies are charged five per cent. of five per cent. on their inward and outward traffic. Under this Bill it is proposed to charge 6¼ per cent. of five per cent. The five per cent. on which this charge is based is regarded as the net profit of shipping companies. The companies now pay five per cent. on the profits from the sale of coal, and that rate also is to be increased to 6¼ per cent. There are several minor alterations in the Bill to which I intend to refer clause by clause. Provision is made to meet the difficulty of escape from payment of dividend duty by payment of excessive fees to directors of companies. Another provision is made with the intention of recovering payment of duty from institutions which, though not exclusively insurance companies, still do insurance business with London. Such institutions compete with the insurance companies, and it is considered that it is only fair that they should in this respect be placed on the same footing. With this object it is proposed to require these institutions to make the same returns and pay the same dividend duty as the insurance companies. Then there is a clause to protect the State as regards subsidiary companies. By the lack of a provision of the kind, the State in the past has lost a considerable revenue. I want to impress upon hon. members in regard to the Bill, that, providing the Legislative Council is agreeable to its passage, and

think it is a fair thing to increase the payment under dividend duties from 1s. to 1s. 3d., the Bill shall be passed at the earliest possible moment. I do not intend to suspend the Standing Orders or do anything unusual, but I will give the Council reasons why, provided they approve of it, the Bill should be passed as early as possible. Unless the Bill is passed at an early date, there will be a very serious falling off in the revenue under the principal Act during the current financial year. At the present time the Commissioner for Taxation is holding up the issue of notices of assessment of all companies on their profits as from the 1st January, 1917, as he is waiting until Parliament fixes the new rate in the pound. There is involved in the matter the legal difficulty that if the Commissioner makes an assessment and issues the notice at the existing rate of 1s. in the pound, whether another assessment for duty can be issued in respect of the same profits at the increased rate of 1s. 3d. In order to avoid this, the Commissioner is delaying the completion of these assessments in the hope that this Bill will be passed, but he cannot delay the matter longer than until the first week in June, and it is highly desirable that the delay shall not be as long as that if it can be avoided. In fact, every day's delay will cause some inconvenience and possibly some loss to the revenue of the State of the current financial year. The effect of the delay has already been shown in the monthly returns of revenue, as in April the revenue collected under the Dividend Duties Act amounted to only about £2,000, while in April last year it amounted to £14,000. There will be a similar falling off in May for the same reason, and unless the Bill is passed quickly, or its fate decided within the next week or two, the falling off will not be made good during the current financial year. Turning to the provisions of the Bill itself, I would first refer to Clause 2. When the Dividend Duties Act was first passed in 1902, there was not in Western Australia a Taxation Department. I suppose a good many of us would like to go back to that condition of affairs. The assessment and collection of the duty had to be directly assigned to the Colonial Treasurer. When the Taxation Department was created, in order to deal with land and income tax, the object for which the department was first established, the duties under the dividend duty tax were transferred to the Commissioner of Taxation. But the original Act was not amended, so that, nominally, the Colonial Treasurer still makes the assessments and collects the tax. The amendment proposed in this clause will have the effect of placing the administration of the Act under the Commissioner of Taxation, but, of course, the Commissioner will be under the control of the Colonial Treasurer. This will place the Dividend Duties Act on all-fours with the other taxation measures, and it is obviously a proper course to take. A further alteration in this same clause is contained in the definition of "company." As defined in the Act of 1902, a company does not include a life insurance company as hereinafter defined. As it is possible for an insurance company to carry on a life assurance business along with other business, it is necessary to make an amendment of the Act in order to cover cases of that kind. The object of the amendment, which is merely adding the words "in relation to life insurance" business," is to exempt a company which conducts a life assurance business only so far as it is a life assurance business. But should it also carry on other classes of insurance, it shall, in respect of that portion of its business, be liable to duty under the principal Act. The object of Clause 3 is identical with that already explained in regard to Clause 2, that is, the placing of the Commissioner of Taxation in the same position as he occupies in regard to other taxation measures. Clause 4 re-enacts Section 3 of the principal Act with amendments. The object of this clause is the same as the previous clause. Clause 5 is a consequential amendment upon the amendment provided for in Clause 4. Clause 6 amends Section 7 of the 1902 Act, and also Section 4 of the 1906 amending Act. The alteration in Subclause 1 relates to the same matter as I have already referred to in regard to Clause 3. Subclause 2 increases the rate of dividend duty from 1s. to 1s. 3d. in the pound on the annual profits of every company other than insurance companies. With regard to Subclauses 3, 4, and 5, as indicated in the margin of the Bill, they amend Subsection 5 of Section 7 of the principal Act and Section 4 of the 1906 amending Act. In the past shipping companies doing business between this and other States and overseas have been assessed under agreements entered into between the companies and the Governor in Council. The object of the amendments in these three subclauses is to cancel those agreements after giving twelve months notice according to the terms of each agreement, and to assess every shipping company on the one basis, namely, on the assumption that the profit for the year is a sum equal to five per cent. of the amount of the inward and outward traffic, including passenger fares, and the rate of duty imposed on this five per cent. is increased to 6¼ per cent., which is equivalent to an increase from 1s. in the pound to 1s. 3d. in the pound. With regard to Subclause 6, a few proprietary companies have been found to have reduced the amount of dividend duty payable by them by making large increases in the salaries or emoluments of the directors, beyond those ordinarily paid by the companies.

Hon. J. Duffell: We have no proprietary companies in Western Australia within the meaning of the Act.

The COLONIAL SECRETARY: I do not know whether proprietary companies is the right term to apply to them. There have been cases in this State where companies may have the full number of shareholders provided by statute, but their profits are really drawn almost exclusively by one or two persons. These persons may act as directors and receive fees out of proportion to the fees paid by ordinary companies. It has been a case of individuals trading as companies, and this was a saving to them by reason of the fact that they put their profits into high directors' fees on which they would pay a lower scale, instead of treat-

ing them as dividends and paying on the higher scale. Assuming that the Income Tax Bill now under consideration in another place is passed, then the difference will not be so great because that measure contemplates that for the large incomes the rate of tax shall be 1s. 3d. in the pound, as in the case of dividend duties, or even more, so that the necessity for doing this is not so great as in the past. Still, there is a need for it, because it has led to an evasion of the intention of the Act as in the past. It may be argued that a person who turns himself into a limited liability company should not be prejudiced on that account, and should not be called upon to pay a higher rate of taxation than if he remained a private individual. But the answer to that is that he derives certain advantages in that way, and he should take the disadvantages with the advantages. Under the Federal scheme income is taxed when it reaches the person who is going to enjoy the benefit of it. It is open to argument whether that is the fairer system, because obviously a tax of 1s. 3d. on dividends of companies sometimes means a tax of 1s. 3d. on the income of a person who may be only receiving £100 or £150 a year, because there may be a multiplicity of shareholders, and they may have to pay on the 1s. 3d. But that is not a question which is raised by the present Bill. I am not at all sure that it would not be desirable in this and in many other respects to bring our taxation proposals into line with the Federal proposals, and I can assure hon. members that the Government will take into serious consideration taxation proposals now before the Federal Parliament with a view to seeing whether when this matter comes forward again, it would not be desirable for us to follow more closely on Federal lines. The object of this amendment is to disallow such bonuses when paid to a director, officer, or employee of the company, unless they are, in the opinion of the Commissioner, bona fide. The opinion of the Commissioner would be based on the directors' fees generally paid by an institution of that kind, and if any company sought to pay higher sums in order to evade a portion of the dividend duties tax they would not be allowed to do so. Clause 7 amends Section 8 of the 1902 Act, which relates to insurance companies, other than life assurance. Paragraph (a) increases the rate of dividend duty from one per cent. on the total premium income of such insurance companies to two per cent., that is, the dividend duties on such insurance companies are *doubled*. This, it will be observed, is a larger increase than that imposed on other companies. It is considered that it is a fair impost and it is a matter, of course, that can be dealt with in Committee as to whether it is a fair thing to increase thus duty more than in other cases. Paragraph (b) is new, and has for its object an endeavour to tax certain companies, which although not exclusively insurance companies are conducting insurance business on behalf of persons or companies outside the State. The effect of this is that not only does the business go outside the State, and compete unfairly with insurance companies established here, but, as the law stands at present, it is not possible to tax such business under the Dividend Duties Act. The object of this new provision is, therefore, to bring such businesses into line, both in regard to returns and dividend duties, with ordinary insurance companies in so far as such businesses are concerned. Clause 8 amends Section 18 of the 1902 Act which imposes penalties for certain breaches of the Act, but it is quite possible for an offence to be committed by a company which in the end is found not to be liable to any duty for that year. If there is no duty payable, treble duty amounts to no penalty at all. Clause 8 will remedy this, by prescribing the maximum penalty to be a sum not exceeding treble duty, or alternatively a sum not exceeding £100. Clause 9 amends Section 6 of the 1914 amendment Act, and relates to what are called subsidiary companies. The amendments provided are for the object of making the original provision more effective. There is no alteration in principle. Clause 10 has been inserted in fulfilment of a promise made to the Commonwealth and the Governments of the other States to allow a reciprocal exchange relating to information contained in the returns of taxpayers, including companies. In regard to Clause 11, the object of the first subclause is to fix definitely when the increased rates of duty, namely, from 1s. to 1s. 3d., in the pound, in the case of ordinary companies, and from one per cent. to two per cent. on the premiums in the case of insurance companies shall begin to operate. If this clause is passed the profits of all companies made as from the 1st January, 1917, will be liable to duty at the higher rate. Subclause 2 is a machinery provision to enable the profits as from the 1st January, 1917, to be arrived at on a uniform basis, in respect of companies which do not balance their annual accounts at the 31st December. Clause 12 is the ordinary and very necessary clause containing a provision relating to consolidated reprints of the principal Act with all its amendments. I move—

"That the Bill be now read a second time."

On motion by Hon. Sir E. H. Wittenoom, debate adjourned.

BILL—STAMP ACT AMENDMENT.

Second Reading.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [8.16] in moving the second reading said: This Bill might be described as being almost entirely a Committee measure, and I propose to treat it from that point of view. There is this, however, to be borne in mind, that in the matter of Stamp Acts the States all seem to work on entirely different lines. Some States tax some things while others tax other things. A very careful review has been made of the Stamp Acts of the several States, and it has been found quite impossible to aim at anything like uniformity, while if we indulge in comparisons we find that in some cases the tax is higher in certain States and lower in others. I have here a table setting out in pretty exhaustive detail the different stamp taxes of the different States, and I propose informally to lay this on the Table, so that hon. members may

have a look at it; because it would be too tedious for me to go through it and make comparisons. There is one other point I might refer to before dealing with the clauses, namely, the proposal to tax the operations of bookmakers. I refer to this because I have noticed in the Press that questions have been asked as to what the Colonial Secretary is going to say in regard to the bookmaker. We always have great admiration for the tongue which, when it cannot praise, is chained. I propose to say nothing whatever about the bookmaker except that with the Colonial Treasurer I invaded the sanctum of the bookmaker recently, with an appeal for Red Cross funds, and in a company of some 60 or 70 gentlemen, including bookmakers and sports of many kinds, we raised in the relatively short space of 20 minutes the magnificent sum of £2,000. And I am quite sure that in a great many cases the money given represented true and generous charitable contributions, that is to say, they were made by people who could not afford it nearly as well as others in the community who give far less. I propose to say nothing further in regard to the bookmaker except that, if I had my way, I should regard him as being too expensive a luxury for Western Australia to stand at present. However, this question was decided in the Council a little while ago with, to my mind, unfortunate results. During the consideration of this Bill in the Assembly an effort was again made by those opposed to the continued operations of the bookmaker to test the question, and they were beaten by so large a majority that it seems to me it would be futile at present to raise the question of abolishing the bookmaker. I propose now to deal with the Bill clause by clause, for I think there would be no profit in discussing it in a second reading speech in the usual way. Clause 2, the definition clause, and also the provisions in Clauses 8 and 13, have been taken with suitable alterations from the Victorian Betting Act of 1916. These are provisions relating to the taxation of bookmakers' tickets. With reference to the definition of "goldfields racecourses," when the Bill was in preparation the situation of the racecourses on the goldfields was looked up and it was found that the course at Kalgoorlie is situated partly within and partly outside the municipal boundaries. It was also discovered that the Coolgardie racecourse is situated immediately outside the boundary of that municipality. Hence the definition prescribing that "goldfields racecourses" means racecourses within or within one mile of the said municipal districts. I propose to place on the Notice Paper a new clause which will stand as Clause 3. It was an omission in the drafting of the Bill, but although an important matter it involves no principle likely to be regarded as controversial. This new clause will read—

> The Commissioner of Taxation shall, under the Colonial Treasurer, be charged with the administration of the principal Act and its amendments.

And in a Subclause the words "Commissioner of Taxation" are substituted for the words "Colonial Treasurer" and "Under Treasurer; respectively throughout the principal Act and its amendments, and in Section 19 of the principal Act the words "with the approval of the Minister" are omitted. That new clause will be placed on the Notice Paper before we reach the Committee stage. The object of the first subclause of the proposed new clause is identical with that of the corresponding provision in the Dividend Duties Bill which I explained at some length just now. Subclause 2 of the proposed new clause is, with a slight amendment, identical with a clause which was struck out when the Bill was in Committee in the Assembly. It is understood that if Subclause 1 had been embodied in the clause, the provision referred to would not have been struck out. The object of Subclause 2 is to place the administration of the Stamp Acts under the Commissioner of Taxation, subject to the control of the Colonial Treasurer, instead of as at present directly under the Colonial Treasurer. When the Stamp Act was originally enacted there was no Taxation Department. With reference to the amendment of Section 19 of the principal Act mentioned in the last portion of Subclause 2, it may be pointed out that Section 19 as amended in 1916 reads as follows—

> Any instrument executed without being sufficiently stamped shall not be stamped at any time after the execution thereof except as herein provided or with the sanction of the Commissioner of Taxation with the approval of the Minister.

The proposed amendment in Subclause 2 is to omit the words "with the approval of the Minister." This Section 19 of the 1882 Act is utilised when applications are made for the remission or reduction of penalties for late stamping, which arise under Section 3 of the 1902 amending Stamp Act, and the second schedule thereof. As the law is at present, unless the Commissioner of Taxation, after obtaining the approval of the Minister, sanctions the stamping with a reduced fine, or with fine remitted, the instrument cannot be legally stamped, and the person executing the instrument will be liable to prosecution for breach of the Stamp Act. The Section 19 in its present form is cumbersome in operation as it necessitates all remissions of fines for late stamping imposed by the 1902 Act, or reduction of such fines, to be listed and submitted for the personal approval of the Colonial Treasurer. It is considered that discretion in this matter can safely be placed in the hands of the Commissioner of Taxation, who will act in this as in all matters under the Stamp Act under the direction of the Colonial Treasurer. Coming to Clause 3, the schedule of stamp duties at present in force is contained in the schedule of the 1905 amending Act, as amended by the several Acts passed since 1905, namely the Acts of 1906, 1913, 1915, and 1916. As the numerous amendments made in the past, together with the number of amendments it is now desired to make, would

render the schedule difficult to clearly understand, the whole schedule has been repealed by this clause and a new schedule substituted, namely, the schedule of this Bill. When I come to that schedule I will indicate to members exactly the alterations that have been made. I think the course that has been adopted is a desirable one. We could, of course, have proceeded in the way frequently adopted and merely made amendments to the schedule, but in view of the number of times the schedule has been amended, and the number of Acts to refer to, I think it will be accepted as a sound principle that we repeal the whole of the schedules and put in an entirely new one. Clause 4 repeals Section 25 of the 1882 Act. In ordinary cases the duty on the duplicate of an instrument is equal to the duty on the instrument, but the maximum duty on a duplicate instrument is 5s. Section 25 of the 1882 Act enables a duplicate instrument to be stamped at half rates when the original instrument is stamped 10s. or under, provided that the duplicate is certified to be a duplicate by a solicitor or notary public. It is considered that the certificate by the solicitor or notary public that a duplicate instrument is a duplicate of the original should not relieve such duplicate instrument from any duty which would otherwise be payable thereon. Clause 5 amends Section 72 of the principal Act, which relates to the stamping of receipts. The curious anomaly exists, as set forth in that section, that if a receipt is not stamped when given it may be stamped within 14 days, subject to a penalty not exceeding £5, or within one month subject to a penalty not exceeding £10, and shall not in any other case be subsequently stamped. The object of this amendment is to remove this anomaly, and to enable a receipt to be subsequently stamped at any time subject to a penalty not exceeding £10. In practice, when breaches of the Stamp Act are discovered in regard to unstamped receipts, action is taken in the court and the penalty is imposed by the court. Clause 6 relates to licensed vendors of stamps. They receive at present a commission of 1½ per cent. This was fixed by the Colonial Treasurer, but there was no provision in the Act providing for any renumeration. This amendment of the 1893 Act is, therefore, to give the matter legal sanction. The rate is left for regulations so that it may be reconsidered from time to time. At present it is 1½ per cent., although there is no legal authority. If the amendment is passed there will be legal authority. It is, I say, merely to give legal sanction to a practice which has been in existence, I believe, for a very long time. The second portion of Clause 2, namely, the repeal of Section 5 of the 1893 Act has been recommended by the Commissioner of Titles. He considers that the flat rate of 10s. provided by Section 5 in connection with charges put upon land by way of annuity is not adequate and that such instruments should pay mortgage duty. The scale of mortgage duty is set out on page 11 of the schedule, and we can deal with that scale when we come to it. The effect of striking out Section 5 of the Act will be to substitute, for the 10s. provided, the mortgage duty. Clause 7 is intended to deal with the following circumstances: It frequently happens that a contract for the purchase of a mine or other property is made subject to a condition that the property shall be tested before the contract shall be completed, and in order to secure both parties the instrument is placed in escrow. Section 8 of the Act of 1913 provides that when an instrument is placed in escrow it shall be deemed for the purpose of stamp duty to be an instrument duly executed and delivered; which means that the strument must be fully stamped when placed in escrow. If then the contract of purchase falls through and is not duly completed, the purchaser is entitled to a refund in respect of the duty he is paying, less the ordinary fee. Section 25 of the Act of 1882, which deals with refunds, provides only for refunds in stamps of equivalent value. It often happens that the intending purchaser does not require any stamps, and that it is inconvenient for him to take a refund in stamps. In order to get over the difficulty, it has been necessary in the past to obtain the authority of the Governor-in-Council for making refunds in cash. The object of Clause 7 is to permit the Commissioner of Titles to make such refunds in cash in lieu of any stamps in cases which come under Section 8 of the 1913 Act.

Hon. J. Nicholson: That course might have been followed in connection with the Insurance Companies Bill.

The COLONIAL SECRETARY: Clauses 8 to 13, as I pointed out in dealing with Clause 2, are taken with slight alteration from the Victorian Act. These are clauses dealing with the taxation of betting tickets, and they are purely machinery provisions. It will be seen that in all betting transactions the bookmaker must, when accepting the bet, hand to the backer a betting ticket duly embossed with the stamp duty.

Hon. J. J. Holmes: But is not betting illegal in this State?

The COLONIAL SECRETARY: There was a very instructive discussion on that particular point in another place. It would not be in order for me to read that discussion to the Chamber, but I am sure it would be quite in order for the hon. member interjecting to read it for himself, when he would obtain a great deal more enlightenment on the question whether betting is or is not illegal than I could possibly afford him. The bookmaker must cancel the stamp in the manner prescribed by regulations. Arrangements have already been made with the Government printer that in the event of this Bill becoming law he will duly emboss with the required duty sufficient tickets from time to time to meet the needs of all bookmakers throughout the State. The Government printer informs the Commissioner of Taxation that he already possesses the machinery necessary for that purpose.

Hon. J. J. Holmes: Who informs the Commissioner of Police of what is going on?

The COLONIAL SECRETARY: It is not contemplated that by the imposition of this taxation betting will be permitted except in the same way as it has been permitted in the past; and it seems to me that if betting is to

be permitted there is really no reason why the taxation should not be imposed. It will be recollected that several members of this Chamber stated quite clearly that they would not approve of the increase of the totalisator tax unless a tax on bookmakers was subsequenty introduced. I think it is quite obvious that the one thing should not go without the other, although, as a matter of fact, I notice now that, taking week by week, the totalisator invariably treats its patrons, notwithstanding the increased totalisator tax, more generously than does the bookmaker; or almost invariably. It is very unusual to find the bookmakers' odds equalling the odds given by the totalisator. As regards Clause 13, the meaning and intention of the first four paragraphs are obvious. The fifth paragraph, (e), enables regulations to be framed not in regard to betting transactions, but in regard to receipts duty generally. It is sometimes very difficult to carry out the law as prescribed in Section 73 of the Act of 1882 as amended by the Act of 1913, which requires every person who receives a payment of £1 or over to give immediately a receipt duly stamped unless such receipt comes within one of the exemptions. A great many transactions might be quoted in which it is extremely difficult, if not entirely impossible, for this provision to be carried out and the receipt to be immediately given. Take, for instance, the case of the totalisator dividends to which I have just referred. As soon as possible after the race the dividend payable on the totalisator is declared, and the persons holding winning tickets proceed to collect the dividend. They come in large numbers, and necessarily business has to be transacted very quickly. Under the law, every person who receives such a dividend amounting to £1 or over is required to stamp the receipt for it. Obviously, in practice this could not be done; and it is not done; the law is offended. In the past the arrangement has been a mutual one between the Commissioner of Taxation and the racing clubs. It applied throughout the State, and the racing clubs have been paying the stamp duty on dividends of £1 and over, the winners of the dividends thus being absolved from the necessity for giving stamped receipts. Another case might be instanced. Thousands of fruit-growers consign, weekly, cases of fruit to the produce auctioneers, who, after their weekly or bi-weekly auctions, post to the fruit-growers cheques representing the proceeds, less commission. These cheques frequently exceed £1 in amount; for the sake of the fruit-growers I hope, very frequently. I have heard of cases where the return to the fruit-grower was considerably less than £1. On inquiry it has been found that in practically no cases have the fruit-growers given stamped receipts for these cheques. Arrangements have therefore been made that either the fruit-growers must give the proper stamped receipts, or else—which it is intended to accept in lieu thereof—the auctioneer shall place the necessary stamp, duly cancelled, on the account sales when forwarding the cheque. By this means, the revenue will be protected and the fruit-grower will be saved the expense of postage in remitting the stamped receipt. The object of the provision in the Bill is, therefore, to enable the Commissioner of Taxation to make this, and similar arrangements, in cases of the above nature where he is satisfied that the revenue will be duly protected. The effect will be to enable the Commissioner to proceed in this manner where he is satisfied that the actual provisions of the Act cannot be conveniently complied with and where it is necessary to make some exceptional arrangement of this kind in order to prevent the revenue being defrauded. Now we come to the schedule, and I intend to refer to only those items in the schedule which are altered as from the existing legislation. Slight alterations have been made in the exemptions. The wording of exemption 1 has been altered to make it agree with the corresponding provision in the English Act, and with the practice of the courts in this State. The other exemptions have been recast, but no innovation has been made. Some exemptions which were previously provided for by proclamation have been made permanent in the measure, and provision is continued, in exemption 8, to exempt declarations of any other nature which the Governor-in-Council may by proclamation approve. Next we come to agreements. Exemption 2 has been altered. Previously it referred to an agreement relating to hire of a "labourer, artificer, manufacturer, or menial servant." The agreement has now been made to apply to the employment of any person for wages or at a salary not exceeding £5 per week. Should the wages or salary exceed £5 per week, the agreement will require a 2s. 6d. stamp, if it is a written agreement. Exemption 3 has been extended by the addition of the words which follow the word "merchandise." The reason for this is that there is a legal doubt whether under the present Act the agreement entered into between the Perth Municipal Council and other bodies which supply electric current to householders and other consumers of electric current should not be embossed with a 2s. 6d. stamp. As there are many thousands of these agreements in existence, this would be a heavy burden upon householders who use electric light, and electric current for cooking, in their homes. In England the same legal difficulty arose, and the matter was settled by a legal enactment providing that electric current should be deemed to be "goods, wares, or merchandise," and therefore the agreements would be exempt. The same method of settling the difficulty has been adopted in the Bill by adding after the word "merchandise" in this exemption the words "including electric current, etcetera." The words added which relate to meters and stoves are necessary because in the agreement relating to electric current or gas there is frequently added a provision relating to the hire of the meters and stoves. There is no difficulty about agreements for the supply of water and gas, as it has been legally decided in England that water and gas are goods. The next alteration

is under the heading of "Annuity." The words "creation of by way of security" have been referred to in the notes on Clause 6 of the Bill. I mentioned that it had been decided to strike out Section 25, which fixes the tax to be paid on annuity at 10s., substituting, instead, the mortgage scale appearing on page 11 of the schedule.

Hon. J. Duffell: What about master mariners' agreements?

The COLONIAL SECRETARY: I assure hon. members that I shall make reference to every point where alteration is proposed; but, so far as the remainder of the schedule is concerned, where no alteration is made, I propose to make no reference whatever. I have no notes whatever relating to those matters in which no alteration is proposed. On page 6 of the schedule, under the heading "Appraisement," the only alteration is to increase the minimum duty from 1s. to 5s. Further down on the same page, under the heading of "Award," the only alteration is to increase the minimum duty from 2s. 6d. to 10s. Then we come to the new provision on page 7 as regards betting tickets. The duty is fixed at 2d. per ticket when issued within the grandstand enclosure of any metropolitan or goldfields racecourse, and a half-penny per ticket when issued outside such enclosure on such racecourses or upon any racecourse other than a metropolitan or goldfields racecourse. It is also provided that a stamp of one halfpenny shall be embossed on every ticket issued in any place outside a racecourse. That is of course intended to cover bets made in clubs and other like places. As regard these and any other headings under which alterations have been made in the schedule to the Act, hon. members may refer to the accompanying table. From this they will observe that in New South Wales betting tickets are taxed at the rates of 1d. and one halfpenny, while in Victoria the taxes are 3d. and 1d. In addition thereto, every bookmaker in those two States pays to the Crown an annual license fee of from £5 to £50. It is considered that with the small population of Western Australia relatively to those two States the stamp taxes suggested here, of 2d. and a halfpenny, are proportionately as great as those imposed in the Eastern States. Under the rate of 2d. per ticket it is estimated that a bootmaker operating in the enclosures in this State would pay on an average about £300 per annum, while the small bookmaker operating elsewhere, whose transactions carry only the halfpenny tax, would pay about £50 per annum; that is to say, each bookmaker. It is quite possible that the bookmakers would arrange, as many other people do, when taxes are imposed on them, to pass the tax on to their customers. Personally, I hope that the passing of it on may to some extent discourage the patronage, and I shall welcome any fall in the revenue which may happen in consequence. So far as race-courses outside the enclosures of the metropolitan and goldfields districts are concerned, the business is very small indeed compared with that done by bookmakers within the enclosures mentioned, and it will not be wise to increase the duty on such tickets beyond the halfpenny per ticket. Therefore, it is quite right that the lower scale of stamp duty shall apply. For betting in clubs the tax is also ½d. Personally I do not know why the duty on betting in clubs is not on the higher scale. I think it is recognised that there will be a good deal of difficulty in recovering or compelling the stamping of betting tickets used in clubs or for bets made in clubs. At any rate there is not the same oversight by another party as there is on a race-course. The matter of taxing bookmakers' tickets is an experiment, and probably it is dangerous to prophesy how it will work out. The next alteration is in regard to bills of exchange other than on demand. The duty has been increased as shown in the tabular statement from a minimum of 6d. to a minimum of 1s., and the 1s. 6d. rate has been cut out. This will simplify the matter, and produce additional revenue. Bill of lading; this has been slightly amended. In future, the duty on the receipt of a master or mate for goods consigned will be fixed the same as an ordinary bill of lading, but the reduced duty on small parcels of goods carried coastwise, that is chiefly from Fremantle to the North-West parts, is continued; but it is provided that when the goods exceed one ton, the ordinary rate of duty of 1s. shall apply. Company; the duty has been increased from 10s. to £1. Conveyance; a new provision has been inserted relating to scrip of the War Munitions Supply Company of Western Australia, Limited. But for this provision, duty on transfers of this scrip would have been 5s. minimum, but as the value of this scrip, large quantities of which have been transferred to the War Patriotic Fund and Y.M.C.A. is less than 5s. per share, it was deemed a hardship, where numerous owners of this scrip have donated such scrip to the said bodies. The duty has therefore been fixed at a nominal one of one per cent. Conveyance or transfer of any other kind; the words "or on exchange" have been added. An exception has been inserted following the heading of "Conveyance," on page 9, in order to carry out a promise made to the Federal Government, namely to allow transfers of property when donated to the Australian Soldiers' Repatriation Fund to be free of duty. Coupon or warrant. As these instruments are in the nature of receipts, the duty has been altered from flat duty of 1s. to receipt duty. Exchange: When one property (real estate) is exchanged for another, a conveyance duty registered has to be made. The present duty on such transaction is 10s. plus conveyance duty on any sum paid in order to equalise values. An alteration has been made following New South Wales by making a conveyance duty payable on the value of each property exchanged plus conveyance duty on balance by way of equality. Guarantee: the duty has been increased from 2s. 6d. to mortgage duty. Hppothecation of bill of lading: this item has been omitted from the schedule. It relates to advances made on the security of bills of lading. The duty in the old schedule was 2s. 6d. The effect of omitting the item is to bring these documents (as they should be) under mortgage duty. Policy of insurance:

the duties under this heading have been recast. Under fire insurance it will be seen that a cover note, where the premium has been paid, and which operates as a policy, shall take the ordinary duty of 6d. per £100, and an important increase in duty will be seen in that the renewal of a fire policy instead of at present being a flat duty of 1d., will be 3d. per £100. Under Marine insurance slight amendments have been made so as to make the provision agree in principle with the provision in the English Act. The rates of duty are practically the same as now exist, except that where the period exceeds six months, the duty has been increased from 3d. per £100 to 6d. per £100. The 1882 Act in Section 68 prohibits a marine policy being entered into for a period exceeding 12 months. No provision has been made for duty on renewals of marine policies as such renewals seldom, if ever, take place. Accident policies: the duty has been fixed at 3d. per £100 in lieu of 1d. and 3d. under the existing Act. Employers liability, etc., policies: these policies are under the present Act except from Stamp duty, but in the Bill provision is made to tax them at the rate of 1d. for every 10s. of premium with a maximum duty of 1s. a policy. It will be realised that the premium varies according to the amount of wages paid from time to time by the employer, and that the risk is covered by the policy is an unknown quantity. The duty cannot therefore be regulated at so much per £100 of policy. As renewals do not occur in these policies no provision is made for duty thereon. Policies of any other nature: the rates on this class, which includes burglary, plate glass, fidelity, is the same as now exists, but the rates are fixed at so much per annum, and provision is made for a duty of 3d. per £100 on any renewals thereof. A policy of life assurance is exempt from duty under the Bill the same as at present. Mortgage: in the middle of page 12 an exemption has been inserted which was introduced by the Colonial Treasurer when the Bill was in Committee in the Legislative Assembly. A mistake has been made in printing this exemption in the middle of the page. It should be transferred to the foot of the page. The only alteration made under the heading "Mortgage" is the item 5 at the foot of page 12. Instruments of this nature were previously exempt from duty. They are now taxed at a flat duty of 1s. Power of attorney: the duty of ordinary powers of attorney, class 3, has been increased from 10s. to £1, and an exemption has been added relating to powers of attorney executed by soldiers and sailors on active service. Receipts: it will be observed on turning to the table of comparative rates that the scale has been slightly altered, giving another step between £1 and £50. Under the new scale, a receipt for £25 and less than £50 will be 2d. instead of 1d. as at present, while a receipt for £50 and under £100 will be 3d. instead of 2d. as at present. For £100 and over no change has been made. The wording of this heading following the word "receipt," has been altered, in order to make it clear that a receipt given for a bill of exchange etc., as well as for cash, requires to be duly stamped. The duty under this heading "receipt" affects a larger proportion of the people and more often during each year than any other stamp duty in force. It is, therefore, very necessary to have the matter clear. The exemptions under receipt duty have been amended. The following exemption has been struck out, namely a receipt written upon a bill of exchange, or promissory note, duly stamped. In future, such receipts will require stamp duty. Another alteration is the following. The exemption provided for a receipt endorsed upon any instrument, which instrument has been duly stamped, is free of duty under the present Act but this has been altered to read as per exemption under that a receipt endorsed or contained in a mortgage deed, or other security duly stamped, shall be free of receipt duty, that is to say, the exemption has been limited to receipts contained in mortgage deeds. Exemption No. 10 differs from the existing provision by the insertion of the words "for wages or." The effect of this is that the exemption from receipt duty, where the emolument does not exceed £5 per week is made to apply not only to receipts for salaries, but also to receipts for wages of like amounts, and the old provision which exempted receipts given by labourers, artificers, or workmen, for wages for any amount has been omitted. Another matter which has been omitted is the exemption which previously existed for salary, wages, &c., paid to any person in the public service of the State or for superannuation or retiring allowances. The receipt for these payments will in future require to be duly stamped when the amount exceeds £5 per week. Exemption No. 11 is new, it exempts receipts given by bookmakers. These are exempted because it is impracticable for a bookmaker to give a receipt in the course of his business, and because he will be fully taxed under the same Act in regard to his betting tickets. Exemption No. 12 was inserted when the Bill was being considered in Committee in the Legislative Assembly. As the law is at present, an interim receipt is taxable, as being practically an original receipt of which the official receipt is a duplicate, and it becomes dutiable under the heading which provides that duplicate instruments are taxable the same as original instruments with a maximum of 5s. The effect of this new provision is to exempt receipts which are headed or described in writing thereon as interim receipts, provided that an original receipt can be produced. In the printing of the portion of the schedule on page 15, the notes which are printed between (11) and exemption (12) should be transferred to follow exemption 12. Settlement deed of, or deed of gift: the only alteration under this heading is that the minimum duty has been increased from 5s. to 10s. I have no doubt that during the course of the second reading debate a number of points will be raised by members and I shall be only too pleased to take note of them and give the fullest information possible before we reach the Committee stage of the measure. I move—

"That the Bill be now read a second time."

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

BILL—LAND AND INCOME TAX ASSESSMENT ACT AMENDMENT.

Received from the Legislative Assembly and read a first time.

House adjourned at 9.3 p.m.

Legislative Assembly.

Thursday, 16th May, 1918.

The SPEAKER took the Chair at 4·30 p.m., and read prayers.

[For "Questions on Notice" and "Papers Presented" see "Votes and Proceedings."]

BILL—LAND AND INCOME TAX ASSESSMENT ACT AMENDMENT.

Third Reading.

The ATTORNEY GENERAL (Hon. R. T. Robinson—Canning) [4·35]: I move—

"That the Bill be now read a third time."

Mr. HOLMAN (Murchison) [4·36]: I rise to oppose the third reading of the Bill at the present juncture. In an important measure like this we should see a fair print of the Bill. I am surprised that it has not been made available before now, so that we could see exactly what has been done. Never in the history of this Parliament has a Bill received the same treatment as this measure has received. It is a measure which affects the whole of the people of the State, which involves a great deal of taxation, which places heavy responsibilities and heavy burdens on the citizens of Western Australia, and which taxes people who were never taxed before and were unable to pay that tax, and who are, therefore, unable to pay it now. It is a measure which has been emasculated to such purpose that its parents would never recognise it, or at any rate a great portion of it. It is a measure which has been taken out of the hands of the Treasurer in his absence from the State, and the Treasurer stated that if this measure was interfered with he would not continue to hold his position. This is a measure concerning which the Government have been dictated to and dominated by a party. I could say a great deal on this point if I were not prevented from doing so by the Standing Orders. I could not speak in connection with this measure without rightfully casting reflections in certain directions, if I were permitted so to do, and without saying things which under our Standing Orders it is impossible for any member to be allowed to say in this Chamber.

The Attorney General: How about suspending the Standing Orders?

Mr. HOLMAN: It is a pity that the men who are supporting the present Government in their unjust taxation, and placing burdens upon the shoulders of the people who should not be taxed at the present stage, do not realise their position, and hark back to their statements of only a few months ago when they reviled the very men to whom they are cringing and crawling at present.

The Minister for Works: You know that is incorrect.

Mr. HOLMAN: It is absolutely right. It would be impossible to see a more degrading spectacle than has occurred during the passage of this Bill. I should like to have heard some of those hon. members speak if they had been in opposition to the present Government. Their wrath would have been boundless, and have involved the Chamber in a scene which it has never witnessed before. We have this measure brought into the Chamber containing 27 clauses, including the title, together with the fact that it had to be read as one with the principal Act. We then find that the Government come down, in the absence from the State of the Treasurer, and place on the Notice Paper 27 other amendments. There is slightly over 100 per cent., on the average, of amendments to this Bill. During the passage of the measure through the Chamber almost an equal number of other amendments was moved in Committee. Here we have a Bill brought into this House containing all these clauses——

Hon. P. Collier: There was only the title left.

Mr. HOLMAN: There was practically only the title left of the original Bill. Yet, after it has been twisted and turned and dragged into some shape, no one in the Chamber knows what has been done to it, because opportunities were taken to force the Government into a position which no Government with any self-respect would tolerate for a moment.

The Minister for Works: The only attempt at force has been from your side.

Mr. HOLMAN: I defy the Minister for Works to say that any opposition has been shown to any just legislation from this side of the House during the session.

The Minister for Works: What do you call the opposition of the last few days?

Mr. HOLMAN: The last few days represented a protest against the prostitution of Parliamentary power. We have witnessed the most degrading spectacle of a Ministry, which is supposed to be governing a self-governing State, swallowing anything which was placed before it for the purpose of keeping in office.

The Minister for Works: We would not swallow you.

Mr. HOLMAN: The Minister could not do so, although there would be enough slime in him to swallow anything—

Mr. SPEAKER: Order!

Mr. HOLMAN: Because that is characteristic of him.

The Minister for Works: On a point of order, I object to that statement. The hon. member has no right to talk about slime in any hon. member. It is offensive to me.

Hon. P. Collier: What is the point of order?

The Minister for Works: I want those words withdrawn.

Hon. P. Collier: What words?

Mr. SPEAKER: The leader of the House has taken exception to the remark by the member for Murchison as to there being enough slime in him for him to swallow anything. I ask the hon. member to withdraw that statement.