

Mr. LEAKE: I am sorry I have not looked through the Bill closely. If an appeal is only to be allowed in a case stated on a point of law, we have the machinery for that under section 12 of the Supreme Court; and there is also power to review sentences. I do not think this Bill will carry the law much further than at present. Although this Bill may be read a second time, I do not pledge myself to support it through Committee.

On the motion of the PREMIER, the debate was adjourned until the next Tuesday.

#### ADJOURNMENT.

The House adjourned at 10.11 p.m. until the next day.

### Legislative Assembly,

Friday, 7th October, 1898.

Postal Department and Reports (reply to motion)—Death of the Premier of Queensland: Reply to Message—Paper presented—Motions (2): Leave of Absence—Return: Architectural Work done outside Works Department—Motion (urgency): Licensing Act, Evasion—Streets Closure (Fremantle) Bill, third reading—Annual Estimates, 1898-9: Debate on Financial Policy, resumed and adjourned; Division on adjournment—Waterworks Act Amendment Bill, second reading—Adjournment.

The SPEAKER took the chair at 7.30 o'clock p.m.

#### PRAYERS.

#### POSTAL DEPARTMENT AND REPORTS.

The PREMIER (Right Hon. Sir J. Forrest): In reference to a motion moved by the hon. member for the Canning, asking for certain reports by Mr. Stewart, I beg to say that no reports have been

asked for from Mr. Stewart, who is at present employed temporarily in the Post Office Department, but Mr. Stewart has sent in some reports unsolicited, and it seems undesirable to lay on the table memoranda which have been unsolicited, from a junior officer of a department; but if any hon. member wishes to see the reports he can do so.

#### DEATH OF THE PRIME MINISTER OF QUEENSLAND.

##### REPLY TO MESSAGE.

The SPEAKER: I have to inform the House that, in reply to a telegram which, by the direction of this House, I forwarded to the Legislative Assembly of Queensland, expressing the sympathy of this House with the Parliament and people of Queensland on the loss sustained by the death of Mr. Byrnes, the Prime Minister of Queensland, this morning I received the following reply from the Speaker of the Legislative Assembly of that colony:—

To the Speaker of the Legislative Assembly.—The Legislative Assembly were much gratified by my report of your telegram.—R. S. Cowley, Speaker. Parliament House, Brisbane 7th October, 1898.

#### PAPER PRESENTED.

By the MINISTER OF MINES: Woods and Forests Department, Addendum to annual Report.

Ordered to lie on the table.

#### MOTIONS: LEAVE OF ABSENCE.

On motions by the PREMIER, leave of absence for one fortnight was granted to the member for the DeGrey (Mr. Hooley) and the member for South Murchison (Mr. Rason), on the ground of urgent private business.

#### RETURN: ARCHITECTURAL WORK DONE OUTSIDE WORKS DEPARTMENT.

On the motion of Mr. ILLINGWORTH, ordered that there be laid upon the table of the House a return showing.—1, The amount paid by the Government for architectural work done outside the Public Works Department during the last two financial years; 2, The names of the

architects employed; 3, The amount paid to each architect.

**MOTION (URGENCY): LICENSING ACT, EVASION.**

MR. LYALL HALL (Perth): Before proceeding with the business of the day, I wish to move the adjournment of the House in order to bring under the notice of the Government an intended evasion of the Licensing Act, thereby increasing largely the number of hotels in Perth; and I wish to ask the Government what steps they intend to take in the circumstances. The facts are that, some time ago, a license was issued for premises in Wellington Street opposite the railway station, and the owner and licensee of those premises has now obtained a lease of premises abutting on or at the rear of the hotel, and fronting Murray Street; those premises having hitherto been known as the Duke of York Restaurant, for which a liquor license has been several times refused. The licensee of the Imperial Hotel, Wellington Street, as it is called, imagines that he can evade the Licensing Act by opening the premises facing Murray-street, and he has already renovated what is known as the Duke of York Restaurant, and built bars, with all the paraphernalia necessary for a hotel, and I believe he intends opening the premises to-morrow as a hotel. I believe the Crown law authorities look on this as an evasion of the Act; but this gentleman has been advised, so I am given to understand, by several lawyers in the city that he can open the premises as long as they are on the same grant of land. Thereby he has practically two hotels under the one license. If that can be done, it is a distinct evasion of the Act; and the result will be that the number of hotels in Perth can be very largely increased. There are dozens of hotels here that can do the same thing, if this man is allowed to do it, and the Government will thereby be defrauded of revenue. This is a vital matter, and I must plead its importance for drawing the attention of the House and the Government to it in this way. I believe the Crown law authorities have advised the licensee that his proposed action will be an evasion of the Act, and that he will be prosecuted should he attempt to sell liquor on these

premises. In view of the fact that the licensee has been advised by several lawyers in the city that he can sell on the Murray-street premises, I would like to know what the Government intend to do in the matter. It is clear that the Act never contemplated such a proceeding on the part of a licensee; and this House should be informed what steps the Government intend to take to effectually prevent this evasion of the law.

THE ATTORNEY GENERAL (Hon. R. W. Pennefather): The member for Perth (Mr. Hall) some time ago brought the subject under my notice, and knowing that the licensee, who may probably be acting in ignorance, was making arrangements to construct a building fronting another street to that in which the premises for which he was licensed is situated, I thought it fit a communication should be sent to the head of the police, and the licensee should be informed from that quarter that, if he attempted to sell on the Murray-street premises, it would be considered an evasion of the Licensing Act, and he would be prosecuted. The Government can do nothing more at present. In my judgment this is certainly a clear evasion of the Act, and the licensee may be prosecuted for the offence. Of course, if it be held by the licensing magistrate that it is within the power of the licensee to sell on the Murray-street premises, then it may be necessary to introduce a short measure to utterly set at rest the question.

MR. ILLINGWORTH: One license, one bar.

THE ATTORNEY GENERAL: When a license is applied for, plans are submitted, and on those plans, and on those plans alone, the license is granted. I fail to see how any member of my profession could advise this licensee he was entitled to buy up land, and, because it was connected with his premises, be justified in raising another building, and in that building selling liquor on the license held by him. I can assure hon. members that, if Mr. Henriques attempts to open the Murray-street premises to-morrow evening and sells liquor thereon, he will be prosecuted.

MR. LYALL HALL: In view of the satisfactory answer by the Attorney General, I beg to withdraw my motion.

Motion, by leave, withdrawn.

## STREETS CLOSURE (FREMANTLE) BILL.

Read a third time on the motion of Mr. SOLOMON, and transmitted to the Legislative Council.

## ANNUAL ESTIMATES, 1898-9.

## DEBATE ON FINANCIAL POLICY.

## IN COMMITTEE OF SUPPLY.

Vote, *His Excellency the Governor*, £1,055 :

[The Premier and Treasurer having delivered his Financial Statement on the 18th August, and moved the first item in the Estimates, and Mr. Illingworth having moved the adjournment on 29th September, the debate on financial policy was now resumed.]

Mr. ILLINGWORTH (Central Murchison): Since I have had the pleasure and honour of a seat in this House, I have made it part of my political duty to examine with as much care as lies in my power, the Estimates and financial position of this colony. I make no pretension to any special ability to do this, but my mind has run in this particular way; and I have, I trust, not unprofitably occupied the time of the House on the occasions on which I have addressed myself to this particular phase of our great political life. To-night I want at the outset to say what I think I have never said in this House, and, perhaps, have never said in any public place. But I have reason for saying at the very outset of my observations, that there are few men, if any, in this colony of Western Australia who have a more profound respect than myself for the great abilities, honour, integrity, patriotism, and devotion to the country of the Right Hon. Sir John Forrest, P.C., K.C.M.G. I say that, because I feel there are times in the history of men and nations when honour should be given where honour is deserved. All countries, and not least Western Australia, owe much to their leading public men. All countries incur liability to those men which can never be repaid; and, when the sum of the work that has been done in this colony by the right hon. gentleman to whom I have referred, is made up, it will involve a debt and liability by Western Australia which neither this generation, nor the next, will be able to repay. If, then, I make remarks to-night in re-

ference to the position in which we find ourselves in this country, I desire it to be distinctly understood I am dealing simply with the Treasurer of the country, and not with the right hon. the Premier. There is a large and extended list of virtues which might be named in relation to the Premier, and would take a long time in naming; but, as we are all human and, therefore, none of us absolutely perfect, it is necessary to draw the line somewhere, and in this particular case, I draw the line at finance. It is easy enough to finance a country or a business if the income exceed the expenditure. It is easy to run on from week to week, from month to month, and year by year, if we find that our income is increasing beyond our expectations, even though we be tempted at times to lavish out a bit, and spend more than we ought to spend. But the time that tests a man, and the time that will test the Premier and Treasurer of this country, is now upon us; and those of us who have esteemed the Premier—for, notwithstanding all kinds of criticism that passes from time to time in this House, I believe every hon. member has the highest esteem and good feeling for the Premier of this country—I say, notwithstanding our great esteem for him, if he can succeed in bringing the country through the next three years in its history, with the same brilliant success that he has brought it through the last seven years, his position in this country will stand higher than it does to-day, and higher than it could possibly have stood if this depression had not come upon us. No one wishes more than I do that he shall be successful. I say that notwithstanding all the remarks that pass—the usual kind of remarks which float from one side of this House, and in every House of Parliament, about certain individuals in opposition desiring to usurp the seats of the Ministry upon the other side—that there is not a man in this House to-day, and, perhaps, I might say, out of it, who is now ambitious to take the seat of the Premier, and take up the duties which lie before the Treasurer of this country in the next few years of its history. But I think I am safe in saying that there are members on this (the Opposition) side of the House, members sitting behind the Government, and mem-

bers sitting in both corners of this Chamber, who, while they do not desire a change of Government, do desire a change of policy. And I wish to-night, to give the reasons upon which this desire is based, as far as I am able to gauge them. I have had some opportunities of doing so since the Budget Speech was delivered, and I have watched the general feeling with considerable care and interest. I say again that there is no man in this House who desires a change of Government at the present moment; but there are very many men, both in this House and out of it, who desire a change of policy. Now, in view of this, I have to congratulate the Treasurer on his courage in at once commencing a retrenchment when he found that difficulties were upon us. Two years ago—two or three years ago, I think—the right hon. gentleman said at Albany, in a particularly clear and lucid moment, that there were rocks ahead. Whether or no he saw the rocks that we are now approaching, I cannot say; but evidently there was in his mind some feeling of unrest, some feeling that there were difficulties ahead in which even his judgment and his ability would find sufficient to grapple with. But I would suggest that there is another thing which he has to be congratulated upon—his courage. Of course, from one standpoint, and from an Opposition standpoint, it is easy for me to say, in a boasting way, that the Government has given up its railway policy. Well, I do not think the present occasion, and the present condition of the colony, is a time when it is particularly wise to indulge in recrimination.

MR. MORGANS: Hear, hear.

MR. ILLINGWORTH: I think that what is required is that the best thought, and the united power of this Assembly should be brought to bear upon establishing and reclaiming the credit of this country. That we have lost some credit is beyond doubt. To reclaim our position is our primary duty; and I say it was courageous—a little late, perhaps, but it was courageous—for the Premier of this country having made it his policy, his sole policy, the only policy of the Governor's Speech, to construct certain railways, then to come down and say candidly, fairly, and squarely to the

House: "I am not going on with these railways." Now that was not very agreeable, perhaps, to those who wanted the railways. But, I say, it was the right thing for the Premier to do in the circumstances—to fairly and squarely say: "Until I see the finances of this country in a better position than they are, I will not advise the House to expend more money upon railways." How far criticism, inside and outside the House, influenced him it is not necessary for me to suggest; but, I say, it is not a usual thing for a Ministry to forego their principal policy, in fact, their whole policy, in order to maintain the credit of the country over which they rule. I congratulate him on his courage, and the Ministry with him.

MR. OLDHAM: Is it not climbing down?

MR. ILLINGWORTH: Well, it is climbing down, but there is sometimes honour in climbing down. It is better to climb down when the tree is not strong enough to keep you up, than to climb further on to a rotten branch that will break under your weight. I want to point out—and I should like to impress upon the Government—what was the real cause lying at the bottom of some, at any rate, of the difficulties which have overtaken us: I mean the difficulties in which we stand in reference to the finances of the country. I venture to suggest that it was the sublime optimism of the Premier. It seemed to him on all occasions—and I regret that it seemed to a good many other members in this House—that it was sufficient to say that a public work was necessary, that it was desirable, and that it would pay, in order to undertake that public work. Now I affirm what I have frequently affirmed before in this House, that that policy, that proposition, is not sound. You cannot undertake every work that will pay; you cannot undertake every work that is necessary. No country in the world has ever yet been able to live up to that proposition. Of course it is fairly safe, and a good policy, for this colony to keep its borrowing powers, and its expenditure on loan moneys, determinedly fixed in respect of things that are necessary, and upon things that will pay; and I think this country has little to reproach itself with in that particular. I think that the public money, the borrowed money which has

been expended in this country, has been expended for the most part upon works that were necessary, and works that will pay—which, in fact, are paying. And what we want to do is to see that we do not extend other public works and tack them on to existing paying concerns, so as to destroy the splendid influence which that fact will give us in the borrowing world. When a nation borrows 50 millions of money, and blows it away in powder, that is a national debt for which there is no asset, except, perhaps, in the honour of the country, and in its protection, both of which are necessary things; but if a country borrows 10 millions of money, and expends it upon some great public work which, when finished, not only helps the country itself, but is also a source of revenue to the State, we can fairly and squarely look the man who lent us the money in the face, and say, "Well, we borrowed your money; we have used it wisely; there is the asset, and the debt will be paid." That is one thing that we, as a colony, must keep steadily before us; that borrowed money, at any rate, should be expended wholly upon reproductive and profitable works. But still I say, Sir, that we cannot advance on the lines that necessary works that will pay are immediately to be constructed. We must go slowly. We must keep within the reach of our resources; and, when I come to speak presently on the question of our borrowing resources, hon. members will see, perhaps more clearly, the reason why I make this suggestion now. I say we have gone in this country faster, and have undertaken more public works, than we had a right to undertake with the resources which were available; and that is one of the primary reasons for the present depression. It is no use for us to live in a fool's paradise, and imagine that we occupy positions which we do not occupy. The next thing which is to a large extent the cause of our present depression is the incorrect estimates of the Treasurer. Now I ask this Committee—I ask through you, Mr. Harper—to consider the facts. The right hon. gentleman took the Treasury in 1891 with a revenue, to begin with, of £414,314. His first year's estimate was £439,165; his receipts were

£497,670. The under estimate, on that occasion, was £58,505. Now, no one could possibly complain of an estimate that comes as close as that. In 1892, the Treasurer estimated a revenue of £538,775. He received £575,822, leaving a surplus of £37,047. That was an excellent estimate. In 1893, for the half year—the change of the financial year—the estimate was £320,417. The receipts were £298,004—a deficiency of £22,313. In 1893-4 the Treasurer's estimate was £589,500. His receipts were £681,245, leaving a surplus of £91,745. From that moment, from that very year, I call to witness those hon. members who have watched the affairs of this country, from the time that large surplus was notified to this House began the extravagance and waste in the Works Department and in some other departments, but primarily in the Works Department. Taking the year in which I had the honour of first sitting in this House, we find the result of the Treasurer's estimate for the year 1894-5 was that he estimated to receive £873,650, and the actual receipts were £1,125,940, being £252,290, more than a quarter of a million, over the amount estimated, or an excess of 22½ per cent. In the year 1895-6 the Treasurer's estimate was £1,311,150, and the receipts were £1,858,695; so that in this case he under-estimated the revenue by £547,545, or an excess of 30 per cent. In 1896-7 the Treasurer's estimate was £2,425,000, and the receipts were £2,842,751, an error of £417,751, or 15 per cent. In these three years, commonly called the boom years, the Treasurer's revenue was 22 per cent. in excess of what he expected to receive. The excess itself is not so serious to hon. members, looking simply at the fact that the Treasurer could come into this House and say he had half a million more revenue than he had expected to receive; but in that half-million of money lay the root of all the troubles we are in to-day. I called attention to it at the time when the money was flowing freely into the Treasury, and said the Treasurer's wrong estimating would lead the country to an amount of extravagance and waste which would by-and-by bring the country to its knees. A good Treasurer has no surpluses, and he

has no deficiencies. The true position at which any country should endeavour to arrive would be for the Treasurer to tell Parliament as nearly as it is possible for any man to tell what the actual revenue is to be, and to cut his coat according to his cloth. We know there was extravagance; we know there have been extravagance and waste all over the country; and, without dwelling much on this, I will simply give one illustration in my district. At Cue we have a warden, and lately we have built him a house, costing I suppose a couple of thousands of pounds; and this means that it will increase the necessary cost of living of said warden to keep up that house. It was not necessary, and I fancy it was never asked for.

THE PREMIER: Never asked for! Oh, yes.

MR. ILLINGWORTH: I never asked for it. Take another illustration. At the Vasse, a new hospital has been built; and how many patients have there been in that hospital, or how many are there now?

THE COMMISSIONER OF RAILWAYS: It was full last year, and they had to use another room.

MR. ILLINGWORTH: Then my information is not correct, and I suppose the Commissioner's statement is correct for the present.

MR. LOCKE: Very sorry your information is not correct.

MR. ILLINGWORTH: Get on that hill and see the size of that great building (the Observatory). We might have wanted an astronomer; but I say we never wanted such an expenditure on that hill, and this country was never warranted in placing that building there. South Australia, with all its years, has not got a building of equal importance.

THE PREMIER: A very nice place, though.

MR. ILLINGWORTH: I could go on quoting instances, but I only want to establish the point that these things—and the Premier knows it well enough, and feels it, I have no doubt—that if the Premier's estimate had been correct, if he had estimated that he was going to have this money that he actually received, he would have found ways of expending the money in a much more profitable manner

than it was expended in when it came as a surplus. That is the view I take of it, that the error in the estimating has been largely responsible for the waste caused. We know in our personal experience that, when money flows in from unexpected quarters, we are liable to get extravagant; and what is true of the individual is true of the State, for we have got into extravagant habits, and as a consequence we have to do a little bit of what is called "grafting." If we go to such a high authority as—I was going to say the late Mr. Wainscot, but I am afraid he is very much alive, and is not only going to enter Parliament, but also to be the Premier of this colony in a few years; but if I may be permitted to say, on behalf of the commercial people of this country, though not authorised by them to say so, there is not a man in this country who is worse able to judge of the financial position of the country than is the man who has constantly to do with bankrupts, for I say the very business with which he is connected leads him necessarily to see only the seamy side of commercial life. It reminds me of what Robert Burns said in regard to character:

We see the things by which men fall,  
But not what is resisted.

And the Official Receiver in Bankruptcy sees only the people that break down in business, but does not see, and has no occasion to see and know the strong financial men of this country who are fighting their battles and paying their debts honestly. Therefore, I say, it is the rankest presumption for any man, whose extent of view is limited by what he sees from the steps of the Bankruptcy Court, to give an opinion of any kind upon the finances of a country; and I say the statement he has made is an outrage and a wrong that has been done to the country, by a man holding the position which he holds. I know there are difficulties in commercial life. What is the cause of those difficulties? We have had an inrush; we have had a boom; we have a shifting population, and in consequence of that shifting population, of necessity there has grown up a surplus of weak traders, who have rushed into business without sufficient capital. That sort of thing always occurs in like circumstances;

and as a consequence, when the first depression comes, all those weak people, unfortunately for the State and for themselves, are necessarily crushed down in the general scramble for the business. But as to any man saying that, because he has had experience in the Bankruptcy Court, and knows how many people have got receiving orders issued against them, therefore the country is rotten to the core, I say that is a statement unwarranted by the facts, and is one which no man in his right senses ought to make. I do not want it to be inferred that this country is going to the bad. Its resources were never better than they are to-day. There are difficulties in its trade and in its commerce, and men are passing through trying times; but the country's resources—its gold, its timber, even its wool—the things on which we have been accustomed to rest, were never in a better position than they are to-day. I think you, Mr. Harper (Chairman), have been looked upon always as the leader of agricultural thought in this House, and will know whether this is so; but I have been informed that even the great agricultural industry is fast approaching, and is likely within a few years to overtake, the requirements of this country. If that be true, if all our resources be good, how can any man say that the country itself is rotten? Does it follow that because I or some individual in the community cannot pay the debts due, therefore the country is rotten? Does it follow that because some individual has to seek the assistance of Mr. Wainscot, therefore the whole country is rotten? It is the wildest and most stupid assertion ever made by any man. I hope, when I speak in this way upon what necessarily arises out of this budget debate, that it will not be thought that I am crying down the country—that is not my desire; but it is no use our living in a fool's paradise, and supposing we are better off than we are. I want to confirm the statements I made on the Budget Speech at this time last year, and I want to quote some words I then used, not in any spirit of "I told you so," but to show that what I deemed at the time a matter of importance to the country has been confirmed by events. Speaking on the Financial Statement last

year, as reported at page 805 of *Hansard*, I said:—

Now, while a Treasurer may, not only with safety but with advantage to the colony, under-rate his revenue, it is a most dangerous thing for a country, and one which can only lead to calamity, if he first over-rates his revenue and then proposes to spend the full amount of his estimate. I affirm, without fear and with very great regret, that the Treasurer will not get £5,008,000 of revenue for this year; and I say it is the wildest of speculations to suppose that he will. Last year he brought to book a revenue larger than the revenue of South Australia, with our population of only 160,000 people; and this year the Treasurer has estimated that he will pass the £5,000,000, which means that he will receive something over that amount. But on what grounds does he base his estimate? There is not a continuing increase of population, and there is not a continuous condition of prosperity. Our condition is good, I admit; but there is no possible doubt that, as we have got the full estimate of revenue for five months up to date the full amount for the year cannot be realised; for the revenue shows a decrease, although I admit the decrease may be but temporary. I say the Government will not bring to book £3,000,000 for this financial year; yet they propose to spend every shilling of the estimated revenue, within £4,000. What must follow? Either the Government must be relying on a very large number of underdrafts, or they must end the year with an absolute deficiency. There can be nothing more calamitous to this country than that, after the years of prosperity we have gone through, the Treasurer should come before Parliament next year with a deficit, not because the country has gone back, but because the Treasurer had wildly over-estimated his revenue. I say we shall do splendidly, we shall do more than we have a right to expect, if we realise the same amount of revenue that we actually received last year: and every shilling we pass over that amount will only show our splendidly increasing prosperity. To go beyond that, and ask the country to spend money to the extent of £3,000,000 on a population of 160,000, is wild finance, which can lead only to disaster in the end. . . . The Government are asking us to pass these Estimates, and also to authorise certain expenditure; and I say we cannot possibly authorise the spending of three millions of money, and we are not going to do it. If the Government spend all they propose to spend, there will be a deficiency at the end of the year.

There are a number of other items I would have liked to refer to, but I want simply to point out that the Government have done this year what they did last year—they have over-rated their revenue. And if that deficiency has caused a depression upon this country to-day, what will an increasing deficiency do next year for this country? I ask the Premier to

fairly and squarely look this matter in the face. I am not speaking in an "I told you so" attitude at all. I am told—I do not know whether it is correct or not—that Mr. Wittenoom sent a telegram to London when the Premier was there asking his authority to cut down expenditure. I am told—I do not know whether it is correct or not—that the Public Works Department very early last year began to cut down expenditure. Well, so far wise, but after all it is only an expedient. It is not a remedy, and it is not dealing with the matter fairly and squarely. The Government ought not to over-estimate and ought not to propose expenditure which they cannot carry out, because when they take upon themselves to reduce the expenditure they necessarily cut out items that are authorised by the House, and do not fulfil public works which are authorised, and consequently there is room for difference of opinion as to their action, and there is room for the accusation of favouritism. I want to give my reasons to the Committee for the statement that I have made that we shall not realise the revenue which the Government propose. The estimate of the Treasurer for 1897-8 was £3,008,000, but the actual receipts were £2,754,747, a deficiency that is below the estimate—not the actual deficiency, because the Ministry wisely began to reduce the expenditure—but the deficiency between the estimate and that actually realised of £253,747, so that in two years' estimating the Treasurer was £670,498 out in a revenue which is less than three millions. I want to give this Committee the reasons on which I base my conviction, which I regret is adverse to the optimistic estimate of the Government. I say we have had three years of abnormal expenditure, and we are now approaching a normal condition, and we should provide for this change that is coming over us. We must not suppose that because we are coming into normal conditions everything is going to the dogs. That is not true. But we must not be so foolish, like the ostrich which hides its head in the sand; we must not manifest a weakness because we are passing through a change in the country, but we must face the reality, however difficult and painful that may be. What are the normal conditions? The popula-

tion of Victoria is 1,118,000 persons, and the revenue of that colony is £6,886,664, or £6 3s. per head of the population. The population of Queensland is 485,000, and the revenue £3,768,000. The revenue per head is £7 15s. 4d. The population of South Australia is 363,000, the revenue £2,566,000, or £7 1s. per head. In Western Australia the population on the 30th June was 171,021 persons, and the revenue £2,754,746, or £16 2s. per head. I say that is an abnormal condition. We have only one real source of revenue, one great source of revenue outside our trading concerns, and that is the Custom House. The actual taxation of these colonies is only about £2 per head—a little up or a little down—but the actual money coming out of the pockets of people, including the various trading concerns, amounts in the highest case in Queensland to £7 15s. 4d. We have been trying to settle the people on the land. We have been trying to get people to bring their wives and children here, and we have largely succeeded. This we rejoice in, but this is the very thing that will materially affect our revenue. A population of single men, or men without their families, would put a great deal more through the Custom House to the revenue than a population of men, women, and children. Our population is now only 172,000 persons. That population is composed of 54,000 females, without dealing with the question of women and children. One-third are women, and you may safely say one-third more are children. That is perhaps not quite correct, because there are 54,000 females—at any rate you have only to add the male children to the 54,000 females. While we are trying, and wisely trying, to get people to settle in this country, unless we have an addition to our population, and a vast increase in our population, our revenue must fall. We must come to normal conditions. We are approaching these conditions, and we must provide for these conditions? Does the Treasurer propose to provide for these conditions? He asks us to believe that we shall receive £2,905,350—that is, £17 per head, of which £6 is estimated to come from railways, which means £11 per head, exclusive of railways—half as much again as



Queensland, including railways. If we realise the fact that we are coming to normal conditions, what is the use of supposing we are going to have at the end of the year a revenue equivalent to £17 per head? It is wild. It never can be realised. It is unreasonable to expect that it will be realised, and the Premier might just as well tell us that he will have £5,000,000 as to tell us that he will have £2,900,000, because neither one nor the other is based on any sound system of finance. I say the very utmost it is safe to estimate as revenue from this population for the year 1898-9 is £15 per head, and if we realise that we shall have a brilliant revenue. We shall have double the amount of Queensland, and more than double that of any other colony. That ought to satisfy us, but to go on with a spendthrift policy and suppose that we are going to have a continuous revenue based on boom conditions, and based on the rushing in of population at the rate of 30,000 to 35,000 a year, is not sound financing and must lead to disaster and difficulty. For that reason I take upon myself to urge strongly upon this Committee and this Government to fairly and squarely face the position. If the Government get £15 per head of revenue, that will be splendid, but it will land us at the end of the year with a deficiency of £440,000 below the Premier's estimate. Is it a fair thing to come before this Committee and the country, and to tell us that the revenue is to be £2,900,000, when no sane man could possibly give figures, or basis, or reasons for supposing that the revenue will be more than two and a half millions, and coolly ask the House to spend the money, and commit ourselves to an expenditure based on a revenue of £2,900,000 when there is no possible reason for supposing, and no man outside the lunatic asylum at Fremantle would ever suppose he was going to get it?

**THE PREMIER:** Do not get excited over it.

**MR. ILLINGWORTH:** The Premier knows what the position is.

**THE PREMIER:** There is no reason to get excited over it.

**MR. ILLINGWORTH:** I am not excited, I am only in earnest, and I think it is time somebody was in earnest over

the question. I am not excited in the least, but when I get in earnest, if it is only on the question of womanhood suffrage, I talk a little loudly. I made that estimate which I have given immediately after the Premier tabled his estimates. We have just finished one quarter of the year, and we have received a revenue from the first quarter of £591,000. Four times £500,000 is £2,000,000. How is the Government going to obtain £2,900,000? The Premier knows very well that he cannot. It is not a fair thing to the House and the country to trust to the cutting down of the Estimates. It is not a fair thing to lay these Estimates on the table and ask us to pass them, and then reduce them by £400,000. In what way can the Estimates be cut down? The Premier has wisely, bravely, and courageously and to his honour, cut down one million pounds of expenditure beyond what was alleged to have been estimated, and how can he cut off another half a million? I have heard that we are going to have some reductions. This retrenchment is an unsavoury and unprofitable business. It is not a business calculated to establish confidence in the commercial life or the political life of the country. It is far wiser for us to start and say we are only going to have two and a half millions of money, and that we are going to cut our coat according to our cloth. If the Government are prepared to say that the works on these Estimates are absolutely necessary, they cannot carry on without spending this money.

**THE PREMIER:** We can.

**MR. ILLINGWORTH:** The Premier should come to the House and fairly and squarely say that he will have a revenue of £2,500,000. It is misleading to say: "Here are our Estimates; we estimate we shall have £2,905,350," when no man can possibly give reasons for more than two and a half millions. While it may be possible during this financial year to raise a revenue based on £15 per head, that will not be available the year after. We must approach the conditions of the other colonies, whether we like it or not, and, just as we establish settled population in the country, our revenue must of necessity fall, and will fall, until we get an income of something like £8 or £9

per head, that is admitting our railways to be as successful as they promise. I want the Committee to realise the fact that we must either increase our population, or devise some other means of taxation, or reduce our expenditure, or, as a final issue, we must have a deficiency of over £400,000 at the end of the year. I want to impress on the Committee, if I impress them with nothing more, that it will be a disaster and a calamity of the worst kind if, at the end of the year, this country declares another big deficit. At whatever cost, it would be wiser for us to cut down the Estimates, or make some provision for paying them, other than out of revenue, than to come at the end of the year with another deficit, which will be crushing in its character. The deficit is depressing now, but would be crushing then; and I ask the Committee, in all fairness, to carefully consider this position. Now, I want to look a moment or two at what the Customs returns tell us on this question. Our imports for 1896-7 were £6,493,557, and our exports £1,650,226, showing a deficit of £4,843,331. That amount represents loan and other moneys which have come to this country for investment. The year 1897 showed a very much brighter aspect, and I want to put before the Committee the best phase I can of our position. The imports that year were £6,418,565—less, I point out, than the preceding year—while the exports rose to 3,940,098, so that the deficit was only £2,478,467, or, practically, £2,500,000. That arose because our borrowing was less, and the money coming into the country was less, and, consequently, we did not get into debt, so to speak, to the same extent as we did in the preceding year. What do our imports show? They show agricultural products imported to the value of £502,823, and dairy and domestic products to the value of £423,016, or a total of £925,849. We may reasonably expect this total of £1,000,000 worth of produce will shortly be produced in this country; at any rate, we all hope it will. But, if it be so, what about our revenue? The imports of cattle, sheep, and pigs amounted to £225,326, and we may expect that importation will be reduced during succeeding years. Other food stuffs, such as

bran, biscuits, and pollard, eggs, meat (preserved and salt), cakes and puddings, oatmeal, vegetables, amounted in all to £187,227, and we may expect, after very few years indeed, those items will be abolished as Customs revenue producers. If the information I have—and you, Mr. Harper, are better able to judge than I—be correct, all those articles are likely to be produced within the colony. We have been trying to produce them, and we shall rejoice when they are produced here; but we must be prepared for the inevitable result of their production, and that is a depreciation in our income; and we must make every provision, and find other means of taxation. One matter affords great satisfaction, and, at the same time, has its darker side. Our exports of gold and coin amount to £3,191,057; other exports, such as pearl shells, sandalwood, timber, skins, hides, wool, and guano, amount to £643,384, and sundries to £105,657. What became of this £3,191,057, which went out in the shape of gold and coin? Interest on loans takes £400,000 in round figures.

THE PREMIER: Not last year.

MR. ILLINGWORTH: I am only working in round figures, but the illustration will be the same, whether it be £350,000 or £400,000. Dividends to foreign companies, from the best estimate I could get, amount to £600,000 a year.

THE PREMIER: Not last year; do not make things worse than they are.

MR. ILLINGWORTH: I do not want to make things one atom worse.

MR. OLDHAM: What was the figure?

THE PREMIER: It certainly was not that quoted by the hon. member.

MR. ILLINGWORTH: I am dealing with our prospects just now.

THE PREMIER: I beg your pardon; I thought you were dealing with last year. You were dealing with the output of gold last year.

MR. ILLINGWORTH: We might take the increase of gold, which perhaps would be fair, but I was not able to get that figure; however, in round numbers, we have been sending through the banks in this colony and the Post Office something like a million of money in remittances to the other colonies. With interest on loans, foreign dividends, and wages remittances we have been sending

altogether, in round numbers, something approaching two millions out of the country.

**THE PREMIER:** Not a million through the post-office.

**MR. ILLINGWORTH:** No; £608,000.

**THE PREMIER:** Are you dealing with last year or the coming year?

**MR. ILLINGWORTH:** I wish to submit that the Savings Bank does not give us the actual remittances from this country.

**THE PREMIER:** But there are money orders.

**MR. ILLINGWORTH:** Money orders do not give the actual amount. To my certain knowledge large sums of money, which are a constant drain from this colony, go to families in Melbourne through the banks, and I have made an estimate, which I think is based on fact, that amounts to the figures I quoted. But suppose we take off half a million as over-estimated, we have still to face the fact that one million and a half of the gold produced here is going away, never to return; consequently we must take into consideration the fact that, in addition to going back, as we have done this year, £2,478,467, and going into debt as a people, we have also parted with a million and a half of money. I should have liked to say £2,000,000, because my argument, from the start, is that we are approaching normal conditions. If I am accurate in my estimate, it shows that this £2,478,000, which went through the banks, is represented by gold, or the payments we have to make, because we make payments by our exports, and, consequently, we have only gone to the bad actually half a million of money. If, as the Premier says, I over-estimate, we would have to make it a million, so that, instead of making it worse, I am trying to make the best of it. This shows, what all hon. members know, that during last year there was no large influx of capital to this country, either to the banking institutions, the commercial institutions, or to the mining industry; and, consequently, the true reason, and one of the primary reasons of our present depression, is that we are paying our debts on the one hand, which is a good thing, but we are not receiving that assistance from abroad we have received in years past.

The question we have to consider is: have we reasonable expectation that those former conditions will return—that we shall have the same influx of capital we had in preceding years—that money will come to us from abroad in the way it did in the past? I hope it will, but I do not think we have any reason to expect it, because we are approaching normal conditions in reference to this, as to other things. If that be so, it is only another argument in favour of the point I am making, namely, that we must be prepared in our finances to come down to something like £8 or £9 a head as the probable income of the country, and we must deal with our finances from that standpoint. I would like to read the following extract:—

The noteworthy statement is made in Messrs. Joseph Palmer and Son's monthly share list (Sydney) that during the month of July £343,400 5s. 6d. was paid in dividends by Australian mining companies. But one of the dividends was for three months, and another for two months, while two or three others were for longer periods. Western Australia stands for the highest amount, the totals per colony being as follows:—Western Australia, £97,938; New South Wales, £87,427 10s; Queensland, £60,566 13s. 4d.; Tasmania, £56,200; Victoria, £41,218 2s. 2d.

**MR. MORGANS:** Is that for three months?

**MR. ILLINGWORTH:** For the month of July.

**THE PREMIER:** £67,000, I think it must be.

**MR. ILLINGWORTH:** No; it is £97,000, and New South Wales is £87,000.

**THE PREMIER:** Not for a month, surely?

**MR. ILLINGWORTH:** It says that one of the dividends was for three months and another for two months, and it does not mean the gold was taken out in the particular month. We have now arrived, in reference to gold production, at a point when we not only produce gold, but pay dividends, and when we stand the very highest on the dividend-paying list, at any rate for July. If we keep up every month like that, it will be eminently satisfactory. It is perhaps painful to us to recognise the fact that we have sold our mines to people in other parts of the world, but if we can keep on sending dividends home, those dividends will tell, and will go a long way, by-and-by, to

reclaim the credit of the country. We are not receiving money from abroad as we did in previous years, and we are sending out dividends we did not send out in preceding years. My calculation, without going into the manner in which I have arrived at it, is that whereas during the last three years preceding the year which is past we are going into debt for borrowed money and loans to this colony and investments in this country something like  $2\frac{1}{2}$  millions a year, the last year we went into debt only half a million and we sent out £600,000 in dividends. I do not think that statement is likely to damage the country.

THE PREMIER: Hear, hear.

MR. ILLINGWORTH: I now come to the public debt of this colony. On December 31, 1896, our public debt is reported as being £4,730,554, less a sinking fund of £205,637. In that year we took authorisations in this House, first for general purposes  $3\frac{1}{2}$  millions, for the Coolgardie water scheme  $2\frac{1}{2}$  millions, and for the Great Southern Railway £1,100,000. Our direct authorisations for that year—because, in addition to those just mentioned, we took £500,000 for Perth Waterworks, which I have not counted—were £7,100,000; we raised of that money in January, 1897, the Great Southern bonds £1,100,000; and we raised in May of that year another million. We know that out of the £3,500,000 which we authorised for general purposes, in January, 1898, we raised a million, and in July, 1898, we raised £550,000. Of course hon. members know that we have raised £450,000 more than that since I made that calculation. The Treasury bills current are £1,550,000, less £250,000 to the Australian Mutual Provident Society, which money has yet to come in, and I suppose it will all be in shortly; so that out of our authorisations we have yet to raise a balance of £1,900,000; and we have to raise also by inscribed stock this £1,500,000 to repay our Treasury bonds. Now we have reappropriated close on a million of money—I have not got the exact figures at the moment; but the point is that when we have raised the present authorisations, and we must raise them at a very early date, we have only something like  $1\frac{1}{2}$  millions left available for the

Coolgardie water scheme, so far. We must raise the money for our Treasury bonds, and we are expending the £600,000 which we authorised a few days ago. That will bring our national debt up to £11,832,554 when this authorisation is complete. In round numbers, this is £70 per head of the population.

THE PREMIER: That is, if the population does not increase in the meantime.

MR. ILLINGWORTH: Well, we shall see presently whether there is any prospect of our population increasing.

MR. DOHERTY: I hope so.

MR. ILLINGWORTH: I do not see where they are to come from. To compare ourselves with the other colonies, we find the national debt of Victoria is £41 per head, that of New South Wales £44, that of Queensland £70, that of South Australia £68, and that of Tasmania £48. I think the leader of the Opposition is correct when he says that not only do we require to raise this money, but we must also raise two millions of money extra; that is, we must raise money to refund money we have borrowed from the various loans on which we have made reappropriations. We shall have to raise actual cash to spend, so long as we keep half a million of money in stores—we want the money to spend, and so long as we kept in stock close on half a million of money, we shall have to find cash elsewhere to spend, because we cannot eat our cake and have it. Then we shall have to make up money for our deficiencies—for the present deficiency which we have, and for the prospective deficiency, unless the Government alter these Estimates. We have no authorisations for this money. We have authorisations which will bring us up, with the present population, to £70 per head, if the population remains stationary; and, however good our credit may be, it has its limitations. That exceedingly reliable journal, the *Morning Herald*, published the other day, on September 26, 1898, the following statement, from the *London Times*. The *Economist*, which is the paper that the member for Coolgardie (Mr. Morgans) criticised the other night, may perhaps not be an especially good authority, but I think he will not dispute the authority of the *Times* newspaper. The *Herald* article says:—

The Government has disregarded the warnings which have been repeatedly given in these columns, but a Treasurer who relies on the London money market as his chief means of support cannot afford to disregard the opinions of leading London journals like the "Times" and the "Economist." Mr. Morgans stated in the House last week that the "Economist" was not a paper of great importance, but even the member for Coolgardie must be aware of the influence of the "Times." "It would have been a pity," says the "Times," "if the chief result of the gold discoveries had been to lure Western Australia on to a policy of extravagance in public works, adopted in the hope of assisting in developing the mines. A more dangerous policy could not be imagined. Gold mines, if really rich, will be developed with all needful rapidity by private enterprise. That there was plenty of gold in a certain district near Coolgardie has been demonstrated by the actual production of the metal at a steadily increasing rate, but no gold production would have justified the gigantic water scheme, and it is to be hoped that no more will be heard of it."

Commenting on that extract, the *Morning Herald* said:—

The question for the Government to consider is not so much whether this criticism is just, but rather how the money to carry out the scheme can be obtained in London, in the face of the adverse opinion expressed by the "Times" and the "Economist." Needless to say, we cordially endorse what has appeared in these two papers on the Coolgardie water scheme; for the arguments which they use have been put forward in numerous articles in the "Morning Herald." But the Government will have to consider the position from a different standpoint. It is proposed to construct the scheme with British capital, and the two foremost journals which represent British capital declare that the work ought not to be carried out.

This House has declared that the scheme is to be carried out, and, of course, it will be. Just the concluding words of the *Times* article:—

Sir John Forrest and his colleagues ought to devote themselves to carrying on the administration with strict economy. Some railway building is, no doubt, needed, but the noble rage of the "great public works" enthusiast needs abating.

I say that is a significant warning; and when we lift our national debt up to £70 per head of the population, it will be a consideration which the House and this country will have to face, as to whether it is possible—not to say desirable, but whether it is possible—to go on the London market and raise an additional two millions of money to recoup the money which we will require. That is a question which this Government must face.

MR. MORGANS: It depends on the interest you pay.

MR. DOHERTY: You can get as much as you want at  $3\frac{1}{2}$  per cent.

MR. ILLINGWORTH: It depends upon the interest. Of course, we have gone into public works on the basis that we could get a reasonable price for the 3 per cent. loans; and whether we are going to alter that basis is for this House to consider. But, even though you give the interest, it becomes a very grave question whether you can get the money; because all the opinions that come from London at the present time, whether by private letter or from other sources, are agreed that things in Western Australia are looked at with a very peculiar eye just now; and what we want to do is to establish and reclaim the credit of this country.

MR. MORGANS: You want to establish, not to reclaim it.

MR. ILLINGWORTH: We have lost a lot, and we want to reclaim it.

MR. MORGANS: You want to establish it.

MR. ILLINGWORTH: One or two words before concluding. I say we must recognise the change in the conditions through which we are passing. A word in regard to our population. It was suggested just now, I think by the Director of Public Works, that our population would increase. I wish to call the attention of the Committee to the fact that we have received into this colony a large population from the eastern colonies in times past, for which influx we have been largely indebted, not only to our own prospects, but to the dullness and depression in those colonies. But what are the conditions that are coming? South Australia this year bids fair to have the richest harvest she has had for the last 15 years. Victoria is returning to prosperity. The business done in the large houses for the month of September of this year was greater in volume than that done for three months of the preceding year; and this arises out of the fact of returning prosperity, excellent seasons, and more settled conditions. The same statements hold good in regard to New South Wales. Can we reasonably expect from those colonies a large influx of population? I think it is not reason-

able to expect it, unless we get some extraordinary developments in this country to attract the people. Some came here, not only because of the good things we had to offer them, but they left the colonies in which they were because of the bad conditions by which they were surrounded. If those conditions be changed, these persons will stay where they are, and it will require a greater inducement on the part of this colony to lure them here. What, then, will be our increase? Our increase in population can only be our natural increase, the increase of our children. We know that such increase will not materially tell upon our revenue for the next 15 or 20 years, for it will cost us about £200 per head to bring up any child to a condition in which it would be a reproductive force in the State; therefore, it is useless to shut our eyes and live in a fool's paradise. Where is the increase to come from? I say you have no reasonable prospect of getting people from the other colonies; then, where are you to get them?

**THE PREMIER:** You have told us that dozens of times during the last six years.

**MR. ILLINGWORTH:** No. I have never uttered the sentiment before, because there has been no ground for it; though others may have done so. Now, however, there is reason for saying so.

**THE PREMIER:** You have made a good many speeches of this character before.

**MR. ILLINGWORTH:** That is quite possible. I am trying to make an optimistic speech on this occasion.

**THE PREMIER:** I could read you many similar speeches, if you care to hear them.

**MR. ILLINGWORTH:** I have not made that one to which you refer. I promised not to speak about the Coolgardie water scheme.

**THE PREMIER:** I mean with regard to the statistics.

**MR. ILLINGWORTH:** My statistics have a very awkward way of coming out accurately. I am very sorry they do so. I should rejoice greatly if I were wrong in all the figures I have put before the Committee to-night—I mean, wrong on the credit side.

**THE PREMIER:** You make a speech of this sort every year.

**MR. ILLINGWORTH:** Because there is occasion to do so.

**THE PREMIER:** Surely there is not every year.

**MR. ILLINGWORTH:** If you read my speeches made before last year, you will find that I told you every year you were over-estimating your revenue. Have I not done so, and was I not correct?

**MR. MORGANS:** That is generally a safe prophecy.

**MR. ILLINGWORTH:** Was it a safe prophecy for me to say, as I did say, that the Premier had overrated the revenue last year?

**MR. MORGANS:** I said a safe prophecy.

**MR. ILLINGWORTH:** I am not prophesying; I am dealing with the Estimates, and the question before this Committee is, who can estimate best? The Premier has the best data, but, unfortunately, he has not succeeded. I do not say it is his personal fault, because he is the representative of departments in this House. It is not necessary to say it, but I will state that the estimates of the Premier are based on the estimates of the departments, and if these departments are wrong, the Treasurer is wrong. Still, we are only dealing with the Treasurer as the representative of the country in this House. Looking at the population, we find that in 1894 our increases amounted to 17,000, in round numbers; in 1895 to 19,000; in 1896 to nearly 37,000; and in 1897 they fell to 24,000. From June 30th, 1897, to June 30th, 1898, the total increase in population was 13,052. The increase for the first nine months of the year is only 10,000, all told, and the increase for the last month was less than 1,000. The Government base their estimate upon an increase of 3,000 a month, or 36,000 a year. We are approaching conditions under which it will be less than 12,000 a year, and possibly those conditions will still further go adversely to ourselves. I say we have no ground for expecting there will be any very large increase of population, and I am afraid that my estimate is only too correct. We shall have to increase our population to 200,000 people before we can keep our borrowing below the highest borrowing in the colonies—£70 per head. We must, I repeat, increase up to 200,000, and there is no reasonable prospect of such increase taking place during the next

two or three years; and, consequently, as we must borrow the money inside of three years, our borrowing will be the highest in Australia within three years. Some members—the Treasurer, and I think the member for Coolgardie—have spoken somewhat lightly of further borrowing, but the Premier himself wisely said, three years ago, it was not desirable to get further borrowing authorisations. I think he is of the same opinion still. It behoves us to look carefully into our position, and see whether we have not, both in regard to revenue and borrowing powers, approached somewhat our limitations. Now I think, perhaps, I should be doing this House justice by leaving out other things I desired to say.

MR. MORGANS: Go on.

MR. ILLINGWORTH: Other members are not of the same opinion, most of them having gone out.

MR. MORGANS: We are always glad to hear what you have to say.

MR. ILLINGWORTH: Well, there is one matter I did not wish to mention, although it has been referred to, except for the lesson it is likely to give us. Our difficulties have arisen from over-estimating, over-borrowing, and bad financing. That is as far as the Treasury is concerned.

MR. MORGANS: Over-estimating?

MR. ILLINGWORTH: Over-estimating.

MR. MORGANS: Over-borrowing?

MR. ILLINGWORTH: Over-borrowing and bad financing. Other difficulties have arisen out of extravagance and waste. We have not even got value for our money, besides spending the money. In reference to the bad financing, I was speaking the other day to a gentleman from London who is personally acquainted with Sir Malcolm Fraser, the Agent-General, and that gentleman, in conversation, informed me that the statements made in Sir Malcolm's report were absolutely correct, and that he (Sir Malcolm) did urge upon the Treasurer of this colony over and over again not to float the Great Southern bonds in the way in which they were allowed to be floated in London. Sir Malcolm, in his report, says:—

I mentioned that the issue of £1,100,000 stock, in a block, to the liquidators of the West Australian Land Company had a tendency to

keep the market in an unsettled state. . . . The step taken on the 14th January by the holders in offering the gross amount of their holdings at a minimum of £98 resulted in a failure. . . . This result I fully anticipated and foreshadowed in my correspondence during the negotiations for the purchase.

It would appear, then, that the Government were warned. Sir Malcolm said that

The bank rate at the time of issue stood at two per cent.; but, notwithstanding this fact, the circumstances already alluded to so far militated against the issue that actual failure was only averted by the intervention of the London and Westminster Bank by the subscription of such part of the issue as was not taken up by the public.

The failure of our loans he attributes to the placing of these bonds in the way they were placed.

MR. MORGANS: How were they placed?

MR. ILLINGWORTH: They were handed to the company in a block without limitation, while we were seeking to obtain money from the London market, and so injured our credit.

THE PREMIER: We got £98 after all for a 3 per cent. loan.

MR. ILLINGWORTH: Yes, and we should have got a good deal more at the time. Perhaps, as this is somewhat ancient history, it is scarcely worth while occupying the time of the House with it.

THE PREMIER: Hear, hear.

MR. ILLINGWORTH: I want to call attention to this: I have frequently urged upon the Treasurer, at any rate, the desirability of taking into consideration the fact that the Bank of England gold reserve is the barometer of the world. If he could not get a loan off in London at more than £94 when the Bank of England gold reserve was 32½ millions, is it likely that he will wholly succeed, now the gold reserve has fallen to 22½ millions? These are conditions that we have to consider. We have to go to the London market and get a loan, and we have been financing after a fashion. Take, for instance, a statement made in the *Argus* of 29th July of this year. The writer says:—

The partial failure of the Western Australian loan is hardly accounted for by Sir John Forrest's opinion that his Government had been badly guided by their financial advisers in London as to the opportuneness of the present time for its flotation. The London advisers really had to express a judgment upon the con-

dition and surroundings of the money market, and those have lately been more favourable than for a long time past. If the Western Australian loan were to be floated at all this year, it had to be offered without further delay. The true causes of the fiasco are the belief held in London that Western Australia has borrowed too rapidly, and been rather extravagant in its loan expenditure, the unsatisfactory character of the recent statements regarding the public finances, and the indisposition of the tendering syndicates to increase their holdings of a species of stock with which they are already largely stuck. And generally, while quotations for existing colonial Government securities quietly sustain themselves at satisfactory levels, yet the time is not yet ripe for the British public to take new issues without consideration.

**THE PREMIER:** How did we get it immediately afterwards?

**MR. ILLINGWORTH:** You never told us.

**THE PREMIER:** We got it.

**MR. ILLINGWORTH:** Who got it for you? You have not told the House yet. You did not get it in the open market.

**THE PREMIER:** It shows that those reasons were all wrong. At any rate we got it.

**MR. ILLINGWORTH:** A good job we did, too.

**THE PREMIER:** It was only by an accident that we did not get it at the particular time referred to.

**MR. ILLINGWORTH:** I hope it was only an accident. I hope the next loan will be over-subscribed, and that great success awaits the finances of this country. Nothing would be more pleasing to me, and more satisfactory to the country.

**THE PREMIER:** Hear, hear.

**MR. ILLINGWORTH:** But what is the use of living in a fool's paradise? The Premier knows it will not be so. At the present moment the right hon. gentleman is trembling in his shoes because he knows he has difficulties before him, and the Premier has no greater sympathiser in his position to-day than myself. The difficulties are great, and the Premier needs the sympathy of this House, and every member in it. But the way to get it is not to shut one's eyes blindly, and refuse to acknowledge a fact which every commercial man in this colony knows to be correct. I want, in conclusion, simply to say I have tried to-night to utter no word to irritate and annoy, or disturb the Treasury benches. I have tried to utter

no word that will in any way detract from the credit of this country. I have feelings which I could give way to if I so desired; but on an occasion like this, with a matter so vastly important to every individual in the country, it would be unwise for me to enter into anything of that character, and I have endeavoured not to do so. But I want to impress upon the Committee, in conclusion, that you cannot and will not get £2,900,000 of revenue this year. You have no right to expect it. It is unreasonable to suppose this people can give it to you. This people will give you £15 per head, and I ask is it reasonable to request them to give more? In every other colony they are content to govern and sustain their policy on £7 a head, or thereabouts. This people will give you double what is being given in the other colonies, and why should you ask them to give more? Is it reasonable to expect them to do so? Yet you come before this House and tell this House you will get £2,900,000 of money when there is no reasonable prospect of getting it, and then you ask the House to authorise you to spend that sum. If the House does it, well and good. I shall not, and if I understand the feeling of the people in this country, they do not desire it. Whatever else is present to the mind of the people of this colony at the present moment, the one cardinal point that has to be watched with care, is that of the finances of the country, above all other things, and all other schemes; and the people are trembling at the present moment as to whether at the close of the year there will be another deficiency. Every commercial man in the country has been trembling about it, and I urge upon the Committee and the Treasurer to take into consideration the statistics I have brought forward. I believe they are well grounded. I believe to my sorrow they will work out accurately. I say you cannot expect to get over £2,600,000 at the very utmost, and I think you will not get much more than £2,560,000. That will land you in a deficit of over £400,000. If you persist in spending the money on these estimates, what is to be done? Are you going to bring up other means of taxation, are you going to take any steps to increase the population, or are you



going blindly to a fate that is inevitable and irresistible, and bring this country out at the end of the present financial year with a deficiency of £400,000? I ask the Committee not to trust the Estimates as presented, but to look at the first three months of revenue. We have in hand an amount of less than £600,000, and there is no reasonable prospect of our largely increasing that amount in the other months that are to come, and consequently it is of the utmost importance that the Treasurer should do something to assure this Committee and the country that he is not going to land us in another deficiency at the end of the financial year. I hope the remarks that I have made will tend to that end. I have made them in good faith, and I have suppressed everything in my mind which was at all calculated to irritate the Treasury benches or the country, and the little I have had to say I have done in such a manner as I hope will be of interest and to the permanent welfare of the country.

MR. MORGANS (Coolgardie): It seems to me it is rather a late hour to continue the discussion of the Estimates.

THE PREMIER: There is plenty of time.

MR. MORGANS: If it is the wish of the Committee, I will ask leave to report progress. We can go on with something else; but if it is the wish of hon. members, I will go on with the discussion of the Financial Statement.

THE PREMIER: We might as well go on.

MR. MORGANS: It appears that the House does not desire that we should report progress just now, but that we should continue with the criticism of the Estimates. I desire to say I think the hon. member for Central Murchison (Mr. Illingworth) deserves the thanks of this Committee for the very able speech he has made on the Estimates, and I think he is to be congratulated on the moderation of that speech. It certainly was an able speech, and it was a moderate one, and although I do not agree with many of the deductions which he was good enough to lay before the Committee, still I can say that his desire and his intention was to enlighten the House according to his views upon this question: and, personally, I am very glad and thankful to him

for the very clearly-expressed manner in which he has placed his views before the Committee. I would like to say that I quite agree with the remarks of the hon. member for Central Murchison in reference to the Premier. He made some graceful allusions to the right hon. gentleman, and the great services which the Premier has performed to the country, and I am sure that graceful act on his part is thoroughly appreciated on both sides, and I am only too glad to have the opportunity now of endorsing all the hon. member for Central Murchison said, and, if I possessed the same eloquence which that hon. member does, I would like to add to it, although I think it would be difficult to say more than he said in honour of the Premier. My experience of business is this, that there is nothing easier in the world than to criticise, and destructive criticism is easier than any other form of criticism; and I notice this, that there is nothing easier in the world than to follow out the workings of a Government, or a commercial house, to look critically into the mistakes that have been made, and then to criticise them. There is nothing easier than that, and, although I could not object to the criticisms made by the hon. member for Central Murchison—they are quite fair and good, especially the criticism on the Government; that is quite good—at the same time I would like to point out to the Committee it is a very easy thing to criticise and prophesy after the event: nothing is easier than that.

MR. ILLINGWORTH: What about prophesying before the event?

MR. MORGANS: Prophesying before the event is still more dangerous, because as a rule prophets make mistakes. I think the hon. member has made mistakes in his prophecies, and I am going to call attention to some of these prophecies later on. The hon. member said we have rocks ahead.

MR. ILLINGWORTH: I did not say anything of the sort. I said two years ago the Premier said there were rocks ahead.

MR. MORGANS: I will accept the correction of the hon. gentleman, but I took a very careful note of what he said at the time. Instead of asking the hon. gentleman what he meant by "rocks

ahead," I would like to ask the Premier what he means by it.

THE PREMIER: It was a long while ago. I do not mean what he means.

MR. MORGANS: As far as I understand the condition of the country, I do not see any rocks ahead except rocks of safety, and if that is what is intended, I agree with the hon. member.

THE PREMIER: I referred to political rocks.

MR. MORGANS: As long as the hon. member did not refer to financial rocks, I will not take any notice of the remark, it is not worth further criticism; but if it is a question of suggesting financial rocks ahead of this colony, I am bound to say I do not see where they are.

MR. DOHERTY: They are in the river.

MR. MORGANS: This colony, according to the member for Central Murchison, has a record of progress up to last year, and he was good enough to read to us some interesting and valuable statistics as to the progress of the revenues of this colony; and I believe they began to show a great increase in 1895. I do not know whether the hon. member during that period of time prophesied that the revenue would be less than the expenditure or not, but at any rate we have a record of success—financial success—so far as the colony is concerned, from that period up to the present time. It is true that last year this colony saw its first deficit for a good many years. The revenue was estimated, and it did not quite come up to the estimate. I believe the deficiency was £186,000 on an estimated revenue of about £3,000,000.

MR. ILLINGWORTH: The deficiency was £252,000.

MR. MORGANS: I think the exact figures are £186,000; that is what is the actual balance against the country. That deficiency could be accounted for in many ways; but it is not for me to say how the deficiency occurred, although I do not think that would be a difficult matter. The Premier can explain it, but it seems to me very unreasonable to adversely criticise the Government because there is a balance of £160,000, or £180,000, or £200,000 on an estimated revenue of £3,000,000. I do not know that anyone could be wise enough, in running his own business or the business of the Govern-

ment, to be able to estimate exactly during a period of boom times—which I quite agree with the hon. member existed in this country last year and the year before—what the revenue of the country would be. I cannot see any good reason why particularly adverse criticism should be brought to bear on the fact that one year a small deficiency of £180,000 or £200,000 has been caused. I would like to know if any business man in the colony of Western Australia, looking on his business at the end of June, 1897, could estimate precisely his revenue to June 1898. How many men are there in the colony who would have been able to estimate their probable profits during that time? I do not think even the hon. member for Central Murchison could have done so.

MR. ILLINGWORTH: If they estimated like this, they would soon want Mr. Wain-scot.

MR. MORGANS: I believe the hon. member would have made some grievous mistake as to the profit any business would have yielded, because, since June 1897 and up to June 1898, we have had a period of depression in commercial matters which was unexpected. It is all very well for any hon. member to get up and say that I predict in the coming year we are going to have a period of depression; that is easy enough. Supposing any hon. member said "I predict we are going to have a period of great prosperity;" supposing the hon. member happened to say that; that would have been a wrong prophecy. I believe the hon. member for Central Murchison said last year that he thought the Colonial Treasurer had over-estimated his probable revenue, and it has turned out that he did so. I congratulate the hon. member for Central Murchison on the prophecy turning out correct, although I regret the deficiency has occurred. After all, it does not amount to anything, nor does it give any one man any particular advantage over another that he makes a particular prophecy. There is one point about this deficiency I think should be borne in mind by hon. members, and that is I believe the Government charged to revenue account large sums of money that ought not to have been charged to revenue.

MR. ILLINGWORTH: What were they.

MR. MORGANS: Railway matters, and there are a great many items, many public buildings and other matters that ought not to have come out of revenue. I think if the Government had confined themselves to the system and principle adopted by all commercial houses in arranging their accounts, and in calculating the amount of profit and loss in their business, it would have been easy to show there was not a legitimate deficiency against the Government in their accounts. I think the Government really did make some very heavy charges against revenue last year that ought to have been legitimately charged to loan or capital account. It is for the Government to explain why they did this. At any rate we know perfectly well the Government have been absolutely honest in laying these accounts before the country. They have actually charged all the cost of improvements on railways out of revenue. There is one particular improvement I will refer to, the introduction of the lock and block system which has cost a great deal of money, and there are many other improvements of that sort which I think should have been legitimately charged to loan account, and ought not to have been charged to revenue. The Government prefer to be perfectly honest with the country, and have charged to revenue all these improvements. The Government have come honestly forward and said, "Here, we have a deficiency of £200,000 on an estimate of three millions"; and now the country knows exactly what the position is. There is nothing very serious in the position, and it is not necessary to adversely criticise the Government for the deficiency. The question of expenditure on public works is one on which there is a good deal of difference of opinion. Many men believe it a good policy to spend money on public works. I for one believe it to be a good policy for a Government managing the affairs of a young colony like this. One important fact which should be remembered is that the revenue is at the present greater than that of the old colony of South Australia, notwithstanding that Western Australia has only had a real existence for six or seven years.

MR. ILLINGWORTH: The revenue here is nearly three times as much per head as that of South Australia.

MR. MORGANS: That is a splendid record, and the country which is able to produce such results as this—a country which holds the premier position as the gold producer of the continent—must be prepared to make considerable expenditure on public works. What are we to do if the country is not developed by railways? The member for Central Murchison congratulated the Government on having retired from the policy of building railways, and the member for the Canning made the same remark in a kinder way, when he said the Government had "climbed down." Notwithstanding the present financial position, I regret the Government have retired from their railway policy; because I look at the financial position through spectacles entirely different from those used by the member for Central Murchison.

MR. ILLINGWORTH: I hope you are right, and I wrong.

MR. MORGANS: I do not think there is any doubt about my being right. The Government, in retiring from their determination to build railways, made a mistake. At all hazards, and at all costs, the railways from Coolgardie to Norseman, to Leonora, and to Bonny Vale, should have been carried out. It would have been better if the Government had made up their minds to stick to their guns and make these railways; and if had had the honour of being on the right hand of the Premier, I certainly would have done my best to induce him to carry out the work.

MR. ILLINGWORTH: You did your best.

MR. MORGANS: Well, yes, I did, I admit; and I am sorry to say I failed, as is my misfortune generally. I endorse what the hon. member for Central Murchison has said as to our passing through a period of depression in trade, and I generally agree with the causes the hon. member laid down for this depression. But is Western Australia the only country in the world which goes through periods of trade depression?

MR. ILLINGWORTH: That does not make it any better for us.

MR. MORGANS: No, but there is nothing unnatural about the position, or

anything to quake or howl about. It is nothing extraordinary that this colony should be passing through a period of trade depression. A great deal has been made of this matter, and much has been heard of "rocks ahead," and I do not know what else, but all that eloquence is unnecessary. We have been over-trading; and there is no doubt that at the present time there are half a dozen merchants in this colony occupying the place of one.

MR. ILLINGWORTH: You ask Mr. Wainecot!

MR. MORGANS: We have too many merchants and too many people competing for the trade in this colony. Lots of people have gone into business without the necessary amount of capital, and they cannot stand, and the best man of business, with the most money, sits on the small man and squeezes him out, with trade depression as the result. That is an exposition of the true position.

MR. ILLINGWORTH: You ask Mr. Wainecot!

MR. MORGANS: Perhaps Mr. Wainecot will be subjected to a squeeze himself, but that is his look out, and not mine. Every country in the world has its periods of depression, which simply come in the cycle of events.

MR. ILLINGWORTH: Where is the consolation?

MR. MORGANS: The consolation is in the fact that good times are coming. If you look through the history of the trading countries of the world, you will find that it is like a weather chart, which goes up and down, as periods of prosperity and periods of depression occur: and so it will go on in Western Australia. But in a short time—and I anticipate it will only be a short time—things will be going well here again, and people will be coming into the country in much greater numbers than at present. And why will people come here? Because, in Western Australia, people can earn more money than in any other colony. I am glad to be able to say, from my own knowledge of the goldfields, that the working men in Western Australia can earn more than any working men on this continent, and it now costs very little more to live here than in any of the other colonies. At the present time, in

Coolgardie or Kalgoorlie, an able-bodied man can get a good living for 18s. a week of seven days. When a man can go on a mine and earn £3 10s., £4, or £5 a week, and can live like a prince, with three or four good meals a day for 18s. a week, there is not much to grumble at.

MR. ILLINGWORTH: That is not much good to the rest of the people.

MR. MORGANS: It proves that a man in this colony can earn nearly twice the wages he can in any of the other colonies, and that his living costs very little more.

MR. WILSON: There is too much competition amongst the lodging-house keepers.

MR. MORGANS: The lodging-house keepers appear to be making it pay all right, and, probably, a working man is better off in Western Australia than in any of the other Australian colonies.

MR. WILSON: He has his family to keep.

MR. MORGANS: Why does not the working man bring his family here? It is simply on account of the scarcity of water on the goldfields. As I have said in this House before, the cost of water per head of population on the goldfields is £9 per annum; and, whilst that state of things exists, there is no chance of a working man bringing his family to settle there. There was an article on this subject in the *Morning Herald* to-day. We all respect that journal very much, and agree in its principles to a very large extent, but in regard to the goldfields water scheme that newspaper is entirely wrong. I do not know how it is, but the *Morning Herald* appears to have gone astray on this question, and it is very much to be regretted. I can only hope that in a short time the directors of that newspaper may see the error of their ways. In referring to the water scheme, the *Morning Herald* makes one statement which to my mind is extraordinary. The article, in the first place, states that a portion of the people on the goldfields do not want the water; secondly, that there are some people who favour the scheme, because they want money spent on the fields; and, in the third place, that there are people who genuinely desire to have the water. I am one of the last class. The article goes further and says the water scheme would

be a misfortune for the working man, because directly the water is taken to Coolgardie, wages will be reduced. That is the most extraordinary argument I ever heard. I am not going to dilate on the water scheme now, but simply refer to this point, because one of the most important problems at the present time is how families are to be induced to settle in the country, and how the enormous outflow of gold and wealth from the country is to be prevented. I contend that you cannot have a better place to live in than Western Australia. I am quite content and satisfied with the country myself, and know that the feeling of the majority of the men working on the goldfields is that, if they had the ordinary facilities of life, and were able to obtain their own bit of land, and were ensured a safe, certain, and cheap supply of water, they would bring their families over and become good solid settlers. Another reason which the member for Central Murchison gave for the depression was the large outflow of gold from the country; and that is quite the true reason. That outflow of gold means nearly two millions a year, in the form of wages sent by men to their families in the other colonies, and also for the purchase of feeding stuffs. In a colony with a revenue of nearly three millions a year, and an outflow to the amount of two millions, it is natural to expect some kind of depression in commercial circles; and some means should be found to prevent this enormous outflow of gold, and to settle population on the land. Another reason for the depression is the withdrawal of English capital.

**THE PREMIER:** That is the big grievance, and has more to do with the depression than the deficit.

**MR. MORGANS:** It is a very serious matter to the colony that the inflow of British capital has stopped; and there is a great deal more in this stoppage than the majority of people think. Agitators on the goldfields, who talk about alluvial claims, and treat the British capitalist and his inflow of gold in a very light way—those men who are demanding what they call their “rights,” and who have no fixed interest at all in the colony, their wives and families being elsewhere—forget entirely that they are suffering

from the stoppage of the inflow of gold from the British capitalist. Those are the men who are suffering. They suffer as we do, and everybody suffers. It is a most difficult thing to lead them to see and understand the importance of it. But I think, if we refer now to the gold returns of the Collector of Customs, we shall see what the effect of it is to our colony, and upon ourselves and others. During the year ending June, 1897, according to the statement of the Collector of Customs, there was export of gold coin, up to the end of June, 1897, of £626,000; and, I believe, from the end of June, 1897, to the end of June, 1898, that was increased by £380,000, making nearly a million of coin exported from this colony. Now, what was the position in this colony two years ago? You will find by looking at the figures of the Collector of Customs in this report that instead of coin going out of this country it was flowing into the country. Where from? From the British capitalist. The total imports of the colony in 1894 were £2,114,000; in 1895, £3,774,000; in 1896, £6,493,000; and in 1897, £6,418,000.

**MR. KENNY:** Of gold?

**MR. MORGANS:** No; these were the total imports. I think for the years 1895-6 about two millions of the gross import consisted of gold coin; but I cannot give the exact figures. Now, what would be the effect on this colony at present if that influx of gold had continued? We should not be suffering from this depression; notwithstanding the fact that we have too many merchants, too many traders, and even too many mining experts—too much of everything. If this influx of gold into the country from the British capitalist, or from England, had continued, we should now be enjoying prosperity—even at the present time—a prosperity that is very much lacking. This question of getting the British investor into this colony is one requiring much more careful consideration by the public than is generally acknowledged; and I think it is time that we in Parliament made it known to the public that this is a question worthy of their best consideration; and we ought to remember to lead and teach public opinion on this question, and let them know how very

important it is to the welfare of the colony. The member for Central Murchison said that the deficiency, that is the balance against the country, this small deficiency, was one of the causes of the depression. I declare I cannot see where that comes in. I have been turning it over in my mind since the hon. member made the statement, and I cannot see any logical reason, or any other reason for it. What that has to do with the depression in trade in this colony I cannot see; because, until the accounts were made up, nobody knew that there was a deficiency.

THE PREMIER: And the deficiency amounts to about three weeks' revenue.

MR. MORGANS: It is a very small amount; and it is carrying argument altogether too far to tell this Committee that one of the reasons of the depression in trade was because there was a deficiency in the revenue. That is too much for one to swallow. The hon. member gave us some figures showing the total revenue of this colony as being £16 per head. That is quite true; and the very fact that the colony can produce a revenue of £16 per head is a proof of the value of this colony, of its importance, and of its resources; for you could not get such a revenue out of a poor colony. The very fact of this colony having a revenue of £16 per head—a greater revenue than any other colony on this continent—is a logical reason for believing that it is the best colony on the continent; and, when we come to look at what this colony is doing at the present moment, at its enormous output of gold and its increase in the export of timber, when we see all it has done even during last year, what sane man could you find anywhere who could do other than believe that this was one of the most prosperous colonies in the British dominions? That is my opinion; and I say, without fear of contradiction, there is no British colony today which has a foundation of success so well defined or so well marked as the colony of Western Australia. Has there ever been a British colony, with a history so short as this one, which has made itself the greatest gold-producing British colony within six years from its infancy?

MR. DOHERTY: Never.

MR. MORGANS: Why, such a record has never been known in any British colony before; and I say it is not only a record of which we should be proud, but it is a record that should fill us with confidence in the future; a record that should make us believe, understand, and know that in this colony we have all the elements of success and prosperity.

MR. DOHERTY: And which are sure to increase.

MR. MORGANS: Yes; they will increase. It will be the biggest gold-producing country in the world, before very long. It is just possible the Government may have over-estimated the revenue this year—I can quite conceive they may have done so, and while I do not say they have not, I am not going to say they have—but, at anyrate, they have all the material at their disposal in making up their Estimates; and supposing the revenue is over-estimated, it would appear, taking the revenue for the last three or four months, that the estimate has overstepped the bounds; but of course, between this present month and next June, many things may happen. I do not think it at all likely that things will get worse, because everybody believes they have touched bottom. I believe they have, and no doubt all believe it. But suppose they have not, and that the results for the next few months are the same as they have been for the last three or four, then we shall have to face a considerable deficiency at the end of the year. Of course the Government will watch the revenue, and will see if there is any prospect of its increasing. Towards Christmas, it may begin to get better—I think it is very likely it will; and, during the early months of the next year, I should think it very likely that there will be a considerable improvement in trade. We must remember that, during the boom period, merchants in this colony imported a great deal more stock than they really required, and now those enormous stocks have been or are being worked off, and as long as merchants are working off stocks in hand, naturally the Customs revenue must feel the effects, because if the imports are stopped for a few months there is no Customs revenue. I should say, in view of the large amount of business done in this

colony now, and in view of the enormous demand there is on the goldfields for all kinds of produce, it appears to me very likely that these stocks are getting less and less, and that within a month or two, or probably three months, the merchants will be importing much more freely than they are at present, and the chances are that the revenue will come up to the expectations. But, at all events, I am quite prepared for the contingency that it may not do so; and, if it does not, the position must be faced, just as the merchant or the miner or anyone else has to face the probability of a loss at the end of his financial year, through circumstances over which he has no control. That is the whole position, and we have to face it on those lines. There are two ways of meeting a deficiency. You have to pay it off; and if you have no other means of paying it off, you must borrow money. That is quite clear. But possibly the Government, if they foresee a deficiency, and if they estimate their income at so much and the expenditure at so much, and find that their income is not coming up to the mark, they may go in for retrenchment and cut down their expenditure, trying to keep within the limits of their income. But the Committee should bear in mind that the policy of sudden retrenchment is a very ticklish policy. It is not good for the Government, for the country, or for the people, to retrench too much; and it is not good to retrench too suddenly. I think the Government may make a great mistake in carrying the policy of retrenchment too far. Such a policy is absolutely dangerous; and, personally, I would rather find a deficiency at the end of the next financial year, than see the Government go in for a policy of retrenchment beyond what is reasonable and prudent. I think it is a mistake; and I would call the attention of the Premier to this fact, that the question of retrenchment is one which has two sides to it; and it is not a desirable thing, in the interests of the country, to take hold of a lot of public servants and dismiss them into the streets. Personally, I say, let us have a deficit rather than that.

MR. DOHERTY: That is right.

MR. MORGANS: There was one point made by the member for Central Murchison which has a great deal of truth in it.

He alluded with pleasure to the fact that the exports from this country are beginning to get nearer to the amount of the imports. That is really a good feature in the financial position of any country. I admit that; but, at the same time, let me point out that it might also be a misfortune.

MR. ILLINGWORTH: Never.

MR. MORGANS: Yes; I contend that it may be a misfortune to this country; and I will give you a reason and an instance. I think our exports for this year are put down at three millions odd, and the imports at six millions. The imports for 1897 were £6,400,000, and the exports £3,900,000.

THE PREMIER: That was for last year.

MR. MORGANS: Yes; I am speaking of the last financial year, up to June, 1897. In 1896, the imports were £6,400,000 and the exports £1,600,000; so that there was an enormous difference between imports and exports.

THE PREMIER: Hear, hear.

MR. MORGANS: But now let me point out a case where it might be a misfortune, as it has been to this country this year, that these imports are not greater than they are in proportion to the exports. I contend that, if the British capitalist had sent in a million of gold, and made our imports £7,400,000 instead of £6,400,000, and our exports had remained as they are, it would have been much better for this colony. Is not that true?

MR. ILLINGWORTH: It is true to a limited extent only. It depends on what they sent it for.

MR. MORGANS: The hon. gentleman says it is true to a limited extent. I do not care how he wishes to limit my argument.

MR. ILLINGWORTH: You are welcome to the argument.

MR. MORGANS: I put it to the House, and I say that is not a safe proposition to go upon, that the imports should have decreased and the exports increased.

MR. ILLINGWORTH: Perfectly safe.

MR. MORGANS: That is not always a good policy. At any rate, I should be glad to see the imports of gold increase by about two millions this year, if it were possible to get it out of the pockets of the British capitalist. The hon. member re-

ferred to dividends, and I suppose I misunderstood what he said at first. I believe he calculated the dividends payable at £600,000 this year. The dividends paid last year were £465,000 ; and, so far as I have been able to compute it, it represents less than 3 per cent. of the total amount of money invested in gold mining in this colony. I claim to have some knowledge of these figures, and to know something about the subject. I have gone into them very carefully.

MR. ILLINGWORTH : What do you reckon is invested ?

MR. MORGANS : That represents  $2\frac{1}{2}$  per cent. on the capital. The hon. member can work it out for himself. That is all they have received up to the present time, but I am glad to say there is some probability of their getting more. The year before that the proportion was very much less. I do not think it worked out at one per cent. The question of these dividends is a very important one. It means a loss of so much gold to the country, but we must always remember that we have had the capital which is represented by these dividends ; therefore, that is a thing we ought not to begrudge.

MR. ILLINGWORTH : I do not.

MR. MORGANS : I do not say the hon. member does ; but I say we ought not to begrudge it, because it represents interest on money invested in the country.

MR. ILLINGWORTH : It is a factor you cannot omit in the calculations.

MR. MORGANS : I admit it is an export, and a loss of gold to the country ; but, at the same time, it does show that there is a period of prosperity in store for Western Australia, when a young country in four or five years can hold enough gold-mines to pay £465,000 in dividends in one year. That is a record for any British colony, and it is a record of which we ought to be proud. It is a record that should establish in the minds of the British capitalists, and capitalists in the other colonies especially, the undoubted fact that there is no better colony in the world for investment to-day than the colony of Western Australia.

MR. ILLINGWORTH : We shall give them £600,000 this year.

MR. MORGANS : I think we shall. The only thing I regret is that these dividends were spread over so small a number of

mines. The whole of them were paid by 13 mines, and the major part only by four. The member for Central Murchison (Mr. Illingworth) alluded to some figures in reference to the dividends paid in July. The Lake View mine paid one dividend of 10s., so that half the capital was paid in the form of one dividend alone. I do not remember the month it was paid in. They have not paid any since then, but I believe they are going to pay another of 17s. 6d. in the £ upon the original capital, which was £250,000.

MR. ILLINGWORTH : They have had more than  $2\frac{1}{2}$  per cent.

MR. MORGANS : Yes ; they have, but I am taking the whole of the capital invested in the colony in gold mines. Those are circumstances we are all pleased with, although there is a certain bad feature, that being a fact to which I have already called the attention of the Committee. I refer to the dividends being paid by a very small number of mines. The member for Central Murchison pointed out that there was an outflow of two millions of gold a year from this country. That is quite true, and I believe it is one of the most regrettable circumstances connected with the colony to-day. It is, in my opinion, one great cause of the depression existing. Let us imagine what the effect would be if this money were now in the colony, and put into circulation here. If that were the case I do not think we should have any commercial depression at the present time, but that we all should be prosperous, a great many more mines being worked, and a great many more establishments open. The great point I have tried to impress upon the House is that Parliament must direct its attention to seeing how we can prevent this great outflow of gold from the colony.

MR. ILLINGWORTH : Have more people in the colony.

MR. MORGANS : The way to get them, as far as the goldfields are concerned, is to obtain that river of water up there, and enable them to live. That is the panacea for all the evils on the goldfields. So soon as that stream of water is obtained on the goldfields, so soon shall we have a settled population. I do not often follow the example of the member for Central Murchison in prophesying,



but I do on this occasion venture to prophesy that within three years of the advent of that water on the goldfields the settled population will double.

MR. ILLINGWORTH: What about poor Murchison?

MR. MORGANS: The Murchison is a favoured district. It is favoured even with its member of Parliament. (General laughter). They have fresh water wherever they sink. I believe that in Cue, which is the capital of the Murchison, they have wells of fresh water right in the town, and they are wells from which water fit for drinking can be obtained. But such are not the conditions of the eastern goldfields, where there is no such thing as fresh water. Therefore, the hon. member should remember, when he is comparing the Murchison goldfields with the eastern goldfields, that the conditions are entirely different. If we only had plenty of water, such as they have on the Murchison field, we would abandon the Coolgardie water scheme; but we have not.

A MEMBER: Why do they not get water?

MR. MORGANS: We get water, but it is always salt.

MR. OLDHAM: Why do not the Murchison people get increased population?

MR. MORGANS: Because they have not the mines. We have the mines on the eastern goldfields.

MR. ILLINGWORTH: We have mines.

MR. MORGANS: You have some very good mines on the Murchison, but the majority are on the eastern goldfields. The output of gold on this side of the colony amounts to 85 per cent. of the total output, and it is produced under very difficult conditions, much more difficult than those which exist on the Murchison. That of itself is a proof that the eastern goldfields are the principal gold producers. I am not going to follow the hon. member on the question of the balances and of the finances of the colony, except to say this, that he is correct as regards the debt of the colony being £70 per head.

THE PREMIER: That is if the population stays as it is.

MR. MORGANS: That is quite right; if it stays as it is. But supposing it does, it is nothing very dreadful. One

of the other colonies, I think South Australia—

THE PREMIER: Queensland also.

MR. MORGANS: In Queensland the debt is £70 per head; but the amount *per capita* of population is not always a safe guide as to the danger of over-borrowing. Take, for example, India, which has an estimated population of 350 millions. I would say that, if you had a debt of £70 per head on that population, it would be appalling; but a debt of £70 per head on the population of Western Australia, which is producing more wealth per man than any other British colony to-day, is not anything very dangerous, supposing it remained at that rate. I do not consider there is any reason to think it is going to remain at that rate. There is every reason to believe that there will be a continued influx of population in the country. Why not?

MR. ILLINGWORTH: What do you base it upon?

MR. MORGANS: Upon the fact that there has been a gradual increase.

A MEMBER: A decrease last month.

ANOTHER MEMBER: They have gone to the Melbourne Cup.

MR. MORGANS: People go out of the colony for a holiday for a month or two, and come back. There is nothing in that circumstance which should make any unpleasant impression on the mind of anybody. What we have to do is to see at the end of one year what the increase of population is. You might have one or two months with diminution, but let us take the general average. I do not think it fair for this House to take advantage of the circumstance that in any month there has been a decrease. I contend that at the end of this year the population will be greater than at the end of last year, and therefore this debt per head does not amount to anything. Looking at the resources of the colony, and the importance of developing them, the construction of the Coolgardie-Norseman line, the construction of the Leonora railway, and other railways that are required, I say that it would be good policy for the Government to increase that indebtedness per head of the population. It would be sound finance, and it would be a good policy for the Government to follow. The resources of

this colony and the development of the gold-mining industry will depend to a very large extent on the extension of railway communication. It has to be borne in mind that the population of this country must be prepared to face a pretty heavy debt *per capita*. There is no reason why they should not, in such a prosperous country as this is, and we have no need to be alarmed either. I will not take up much more of the time of the House, but I will say this in regard to the criticism of the *Times*. I acknowledge the importance of the *Times* newspaper, the great weight it has in financial and commercial circles, and its reputation, but I would like to explain to this House, and I think the country should know it also, that there is one circumstance connected with the publication of that article in the *Times* which probably the public do not understand; but I will let some light into it.

MR. ILLINGWORTH: It will have the effect all the same.

MR. MORGANS: I think when I have explained to the hon. member and this House the circumstances connected with it—

MR. ILLINGWORTH: You must explain to London.

MR. MORGANS: No; I am going to explain to this House, and it will very soon be known in London. I know that the article in the *Times* was prompted from a company which had been operating in this colony under the influence of a disappointed man who came here to seek a contract for the water scheme. That is how that article got into the *Times*, through Mr. Bargigli, who came to this country to bluff the Premier and the Government to give him a contract for that water scheme, first of all under the most extraordinary circumstances, telling everybody that the scheme was practicable, and that not only could he carry it out from an engineering point of view, but that he had the money ready for the purpose. People may be excused, and the Government may be excused, for doubting it, because it is not every man who can come into Australia with two and a half millions in his pocket; and I think before a man is treated seriously, it is necessary for him to give some evidence of his *bona fides* ere he

can expect much attention from the Premier of this colony, or any other colony. This gentleman made certain proposals to the Government; he applauded the scheme, and he said it was a brilliant scheme; it was perfectly practicable, and it could be carried out to advantage, and to the advantage of the great goldfields. He could not say enough for the water scheme; but when he found it would not suit the Government to give him a contract for it, he began to say that the Engineer-in-Chief of this country did not know anything at all about the scheme. He said the Engineer-in-Chief did not know anything about building a dam. He said the dam would wash away and drown out Guildford, and that it would sweep away Perth. I cannot remember all the calamities which were going to happen from the building of the dam, or the great bogeys he raised in connection with the building of that dam. He condemned the scheme; he condemned the engineer, and he condemned the Government; and, before he left the colony, the very day he was leaving, he stated in the presence of two gentlemen that he would go home to London, and he would condemn the Coolgardie water scheme, and condemn the Government of Western Australia, and he would do what he could to injure the financial reputation in London and Paris; and I know, from information I received by the last mail, that this article in the London *Times* was prompted by this man. He had not influence enough to get on to the *Times* himself, I can assure the House on that point; but, through a certain company doing business here, and which has done business in this colony, he was able to get into the columns of the *Times*, and that accounts for the condemnatory article in the *Times* against Western Australia. I think it is only right the Government, and the public, should know, and I hope the press of this colony will take the opportunity of letting the public know how this scandalous article appeared in the columns of the *Times*. In conclusion I wish to say it is my desire that the Government should pursue a policy of care, and at the same time a policy of advancement in this country. I do not want to see too much retrenchment. I do not think that is a good

thing. I do not want to see a debit balance this year ; but, at the same time, I say in the best interests of the colony, the Government should exercise a good deal of care in not retrenching too much, in not cutting down all the public works at once. The Government must remember that, as yet, we have only just touched the fringe of one of the most productive resources in one of the most important colonies in the British empire.

MR. OLDHAM moved that progress be reported, and leave asked to sit again.

THE PREMIER: Go on ; it is early yet.

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

Ayes	...	...	...	7
Noes	..	...	...	16

Majority against ... .. 9

Ayes.	Noes
Mr. Conolly	Hon. S. Burt
Mr. Illingworth	Mr. Connor
Mr. Kenny	Mr. Doherty
Mr. Oldham	Sir John Forrest
Mr. Wallace	Mr. A. Forrest
Mr. Wood	Mr. Lefroy
Mr. Wilson	Mr. Locke
(Teller)	Mr. Mitchell
	Mr. Monger
	Mr. Morgans
	Mr. Pennellfather
	Mr. Hubble
	Mr. Piesse
	Mr. Quinlan
	Mr. Throssell
	Mr. Phillips
	(Teller)

Motion thus negatived, and the debate continued.

MR. QUINLAN: I claim that the importance of the subject calls for an expression of opinion from one who has not occupied too much of the time of the session in talking upon the different subjects which have been brought before hon. members. So far as the policy, which has generally been referred to by the member for Central Murchison, is concerned, I may compliment that hon. member on his candour and the gentlemanly manner in which he dealt with this important subject, and upon his excellent speech: but I cannot altogether agree with him that blame attaches to the Government in regard to their error in estimating the revenue and expenditure of the past and current year. The expenditure was based on the population of the

colony, and, as the Government over-anticipated the population, so did they over-estimate the revenue. Unfortunately for us, circumstances have arisen which caused their estimate not to be fulfilled. The revenue from the Customs is less by £47,000, from Railways by £167,000, from Land by £8,000 odd, from Mines by £37,000, and from the Post Office by £8,000 odd. The member for Central Murchison (Mr. Illingworth) desires that the Government should be infallible; he desires that the Government should make no mistakes, or in other words, that the revenue and expenditure should be just the figures estimated. That, indeed, would show an ideal Treasurer, such as has never been met with in this world yet. The Government have been no different from other people in their commercial affairs. People generally have over-estimated, and I can speak for myself and others who are engaged in various commercial pursuits. To my mind the primary and principal cause of the depression is over speculation by the people. We all feel keenly the present state of affairs. I believe the depression will have a beneficial effect, because it will make us more cautious in the future. The expenditure did not reach the estimates in regard to public works and railways, and for this, I learn from the report the Commissioner of Railways takes some credit to himself. He, at least, was cautious enough, when he saw the revenue was not likely to reach the estimate, to curtail his expenditure. But there are other items on which we have been somewhat lavish, and I refer particularly to the cost of hospitals throughout the country. This cost amounts to over £100,000, and the Treasurer might well direct his energies in this direction, and see whether something cannot be done to decrease the expenditure. I have the goldfields hospitals specially in my mind.

MR. ILLINGWORTH: What about Newcastle?

MR. QUINLAN: Very little, indeed, has been spent in the whole of the Newcastle district, but I learn that in Coolgardie money was most lavishly spent: in other words, that the country was robbed outright by those who had charge of the hospital there.

MR. KENNY: Who is to blame?

MR. QUINLAN: The conduct of that hospital reflects anything but credit on those who had the control of this institution, amongst many others on the various goldfields. I have it on good authority that the expenditure at the Coolgardie Hospital was simply scandalous, and I have no hesitation in saying that blame may be distributed amongst the other hospitals proportionately.

A MEMBER: What about the Perth Hospital?

MR. QUINLAN: There is no better or more economically managed institution than the Perth Hospital.

MR. ILLINGWORTH: That is what is said about the hospital at Coolgardie.

MR. QUINLAN: I am a member of the Board of Management of the Perth Hospital, and I say that the greatest economy is exercised in its management, the chairman deserving the heartiest thanks of the community for the manner in which he conducts the business.

MR. ILLINGWORTH: You ask the chairman of the Coolgardie Hospital.

MR. QUINLAN: Sir George Shenton, as chairman of the Perth Hospital Board, takes the greatest possible interest in the institution, and gives as much time to its affairs, if not more, as he does to his own business. I hope hon. members will accept these remarks as merely in reply to the question which was asked about the management of the Perth Hospital. If I may venture to say so, the Perth Hospital appears to be too comfortable, because a good many of the public impose on or swindle the board of management and the Government. In some cases, we find men attend the hospital on the pretence that they are unable to pay in any other institution and I have no doubt paying hospitals suffer more or less in consequence. One item I may be permitted to refer to is the Attorney General's Department, in which the expenditure is exceeded by some £7,000. A great deal of economy might be exercised in this department in connection with the present jury arrangements; because jurymen are brought long distances, and kept waiting about for days and days at very considerable cost to the country. While admitting the depression, and the scare that exists in the minds of a good many people,

I feel sure that the present state of trade is only temporary. The Government have, perhaps, taken somewhat stringent measures in reducing the expenditure by £1,000,000 of money; but still, the responsibility falls on the Treasurer, and I believe that in spite of the check, which has so suddenly come about, we shall all benefit from the economy. So far as the wool, agricultural, timber, and mining industries are concerned, I believe they were never in a better condition. At any rate agriculture is increasing, and land is being opened up, and, although the price of chaff and produce of that kind may not reach the high figure of a year or two ago, still there will be a good market at our doors, and I feel confident such prices will be obtained as will encourage further production. As to our public debt, our immense territory with its unlimited wealth in minerals, along with the timber and other staple products, is sufficient to warrant us in not being afraid of even further loans. The unfortunate advice given to the Government in regard to the last loan has done us serious injury for some time, and the Government would neither venture, nor would they succeed, in raising loan money at the present time. But, with the resources we have, and our enormous mineral wealth, and our timber riches, I have no fear whatever of the future of the country; and I believe that we will before long enjoy that prosperity which we had some twelve or eighteen months ago. I desire only to add one word, to say I hope the Government will be careful and economical in their expenditure, and that the Works Department—which is the spending department, so to speak—will not only be economical, but will reduce some of those high salaries paid to head officials. It is not, to my mind, the right time in this colony to reduce those who are receiving small salaries; but there are some officers in that department who are not worth the salaries they are being paid. The head accountant alone is receiving an enormous salary, which he would not receive in any commercial concern. It is wilfully extravagant to pay the amount of money which is being paid to that man; and I take it there are others paid in a similar proportion. There is a strong feeling throughout the whole

country with regard to the salaries paid to the higher officials: and I do hope the Government will direct their attention to the extravagance in this direction. Otherwise, I have no hesitation in saying that I feel that the intention of the Government is to economise; and I hope they will carry out this intention.

On the motion of Mr. OLDHAM, progress was reported, and leave given to sit again.

### METROPOLITAN WATERWORKS ACT AMENDMENT BILL.

#### SECOND READING.

THE PREMIER (Right Hon. Sir J. Forrest), in moving the second reading, said: Though the hour is somewhat late, I should like to move this Bill a stage forward, and I do not think there can be any objection to it. The object of the Bill is to give some powers to the Metropolitan Board of Works, which I think everyone will agree they ought to have. They are important powers; but, still, they are nothing out of the way. For instance, in clause 3, they have powers given to make by-laws under the provisions of section 14 of the Waterworks Act of 1889; and then there are some powers given to cut off the supply of water to any premises, whether rated or not, and whether they are supplied by meter or otherwise, if any owner or occupier of such premises does certain things, namely:—

Refuses or neglects to attach a meter to such premises after demand so to do by the board; refuses or neglects, after demand, to pay all moneys due and payable to the board for water supplied to such premises or any owner or occupier thereof, including all arrears (if any) due for water previously supplied to such premises or any part thereof, or any previous owner or occupier thereof or of any part thereof; or, commits or permits any breach or neglect, or the continuance of any breach or neglect, of any of the provisions of the Waterworks Act, 1889, or of the principal Act, or this Act, or of any of the by-laws or regulations made under any such Act, or neglects or fails to carry out any agreement with the board.

Due notice, however, must be given to the person before any of these things shall be done. Clause 7 instructs the Town Clerk to deliver to the board a copy of the rate book, and there is power given in clause 9 to strike a rate. There are other general provisions in regard to rat-

ing, and also in regard to the municipal councils giving particulars as to levels of streets. There is an important provision at the end of the Bill that the board may exercise all the powers of a Local Board of Health over the catchment area, and that the provisions of the Health Act, 1898, and of all Acts amending the same not incorporated therewith, shall apply to every such catchment area as if the same were a district of a Local Board of Health. Then there is a definition of catchment area, which includes all land over, through, or under which any water flows, runs or percolates, directly or indirectly, into any reservoir now or hereafter erected or used by the Board in connection with any water supply. I have looked through the Bill carefully, and it seems to me that no one can take exception to its provisions, which are necessary in order that the Board may carry out its duties. I therefore have much pleasure in moving the second reading.

Mr. OLDHAM (North Perth): I have no intention of adversely criticising this Bill; for I believe the clauses, as explained by the Premier, are necessary for the proper conduct of the Metropolitan Waterworks Board's business; but I desire to call the Premier's attention to the state of two important suburbs of Perth in respect of their water supply.

THE PREMIER: This Bill will be as much in their interests as in the interests of Perth.

Mr. OLDHAM: I am desirous of receiving some information as to the intention of the Government with respect to them. The Public Works Department has certainly put down bores in both municipalities, and has got water; yet whilst in one particular place they have had plenty of water for over six months, nothing has been done in the way of using that water.

THE PREMIER: Have the Government to supply all the municipalities with water?

Mr. WILSON: No; but you supply it to Coolgardie, Kalgoorlie, Kanowna, and other places.

Mr. OLDHAM: The Premier asks whether the Government are to supply all the municipalities with water. These municipalities put this question to the

Government: what are you going to do with the bores put down?

THE DIRECTOR OF PUBLIC WORKS: We say we will give them over to the people.

MR. OLDHAM: What is the use of that, without money for reticulation?

THE PREMIER: Must we reticulate through all the towns in the colony? Bunbury is not reticulated with water. Why should Leederville be?

MR. OLDHAM: I hope the Premier will allow me to explain the position of these two municipalities. Subiaco, for instance, has not yet even the power to borrow money.

THE PREMIER: Leederville has.

MR. OLDHAM: I believe the Bunbury loan is about in the same position as the Leederville loan. We are not singular in that respect. That is a very bad recommendation from the Premier. What I desire to bring under the notice of the Premier and this House is the fact that the people in one of these suburbs are almost as badly off for water as those in Coolgardie. I suppose it will be news to the Premier to learn that it is costing some householders in Subiaco something like 15s. per week for water. It seems to me a strange thing, being so near Perth, that they should be put to this expense.

THE PREMIER: What has that to do with this Bill?

MR. OLDHAM: I want to know what the Government intend to do. Will you give us a chance of borrowing some money in those places? Will the Premier bring in a short Bill for the purpose of giving those places an opportunity of placing a loan on the market for this particular purpose, and let them pledge their securities?

THE PREMIER: Do you mean Leederville or Subiaco?

MR. OLDHAM: I am talking about Subiaco.

THE PREMIER: Yes; I will give you the right to borrow.

MR. OLDHAM: But will you bring in a Bill?

THE PREMIER: I do not know. I will consider the matter.

MR. WILSON: Carry the mains down there.

MR. OLDHAM: Will you give the Metropolitan Waterworks the power to supply the water? You will not give these people power to borrow, and you will not lend them the money, nor will you reticulate the place for them.

THE PREMIER: Why do you not bring in a Bill yourself?

MR. OLDHAM: Surely the right hon. gentleman knows it is far more convenient for his officers to draft a Bill than it would be for me to do so.

THE PREMIER: I will think of it.

MR. OLDHAM: I hope it will get beyond the thinking stage. I have secured the object I had in view, inasmuch as the Premier says he will think about it; and if he can see his way to do it, I do not think it will be disadvantageous to the Government or the country to allow the people to use the water which the Government have been good enough to find.

Question put and passed.

Bill read a second time.

#### ADJOURNMENT.

The House adjourned at 11 p.m. until the next Tuesday.