My reason for taking this course is that there will be practically no business for honmembers to deal with before that time. Many hon, members have a long way to come and at the present time they are busy in the country, and I think their convenience can be met without interfering with the business of Parliament by adjourning for a fortnight. It is not the desire of the Government to unduly prolong the session at this season of the year, and when we meet again it may be necessary for us to sit longer hours in order to bring the labours of the session to a close.

Question passed.

House adjourned at 4.53 p.m.

Legislative Assembly,

Tuesday, 23rd January, 1917.

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

PAPERS PRESENTED.

By the Minister for Water Supply: 1, Water Supply, Sewerage, and Drainage Department, report for year ended 30th June, 1916. 2, By-laws, Water Supply, Sewerage, and Drainage Department.

By the Minister for Agriculture: 1, Department of Agriculture and Industries, report for year ended 30th June, 1916. 2, Plant Diseases Act, regulations. 3, Abbatoirs Act, regulations.

By the Premier: 1, Registrar of Friendly Societies, report for year ended 30th June, 1916. 2, Government Savings Bank, report for year ended 30th June, 1916.

By the Minister for Works: 1, Report of the Department of Public Works and Trading Concerns for the year ended 30th June, 1916. 2, Return of premises rented by the Government. 3, By-laws, Municipalities of (a) Perth, (b) South Perth, (c) Fremantle, (d) Kalgoorlie, roads boards of (e) Merredin, (f) Cottesloe Beach, (g) Mullewa, (h) Collie, (j) Kalgoorlie.

STATE SAWMILLS, AUDITOR GENER-AL'S REPORT.

The MINISTER FOR WORKS (Hon. W. J. George—Murray-Wellington) [4.41]: I wish to present the Auditor General's report, together with balance sheet and statement of profit and loss, for the year ended 30th June, 1916, and I move—

That this paper do lie upon the Table.

Hon, J. SCADDAN (Brown Hill-Ivanhoe) [4.42]: I wish to ask the Minister whether the report of the Auditor-General can be guaranteed as correct, or whether, in accordance with the recent practice, the report is marked "E, & O.E." Such a report. when laid upon the Table, represents public information; and the Minister should take the necessary precautions to ensure that such a report is correct before it is laid on the Table. I have found that one report of this kind already laid on the Table is marked "E. & O.E., W.J.G." I take the strongest exception to a Minister's indulging in such a practice, which in itself is evidence that the Minister is not satisfied of the correctness of a report or a return he nevertheless issues for public information.

The MINISTER FOR WORKS (Hon. W. J. George—Murray-Wellington in reply) [4.43]: I believe every one of the returns which I present to be correct. The matter referred to by the leader of the Opposition I will deal with in a moment.

Question put and passed.

Ι

STATE TRADING CONCERNS, TREA-SURY REPORT ON COMBINED OPERATIONS.

The MINISTER FOR WORKS (Hon. W. J. George—Murray-Wellington) [4.44]: I wish to present the Treasury report on the combined operations of the State Trading Concerns for the year ended 30th June, 1916, and I move—

That this paper do lie upon the Table. In reply to the remarks made by the leader of the Opposition, I may say that the paper is certified as correct by Mr. S. J. Randell, and in further reply I have to say that on the 1st December last I laid on the Table a return which was furnished to me unsigned. I understood that the return in question contained information which ought to be made available to hon, members. I had no reason to doubt the correctness of the information, and, therefore, I myself signed the return, in good faith, marking it "Errors and omissions excepted." My department discovered that the return, which was furnished by the Treasury, was inaccurate. This led to inquiry at the Treasury, and the return I am now presenting is the result.

Hon. J. Scaddan: Did you know the return was incorrect before you laid it on the Table?

The MINISTER FOR WORKS: No, certainly not; or I should not have laid it on the Table.

Hon. J. Scaddan: Why did you mark it "E. & O. E.", then?

The MINISTER FOR WORKS: Simply because that is a usual precaution with regard to balance sheets. If the leader of the Opposition does not know that, every business man knows it is the usual course. So far as I was able to judge when laying the return on the Table, I believed it to be ac-What reason had I to suppose that the Treasury would furnish me with an inaccurate return? Immediately the inaccuracy was discovered, instructions were given for the preparation of another return, which is the return I am now presenting. I am assured by Mr. Black of the Treasury, is correct in every item. Mr. Randell, of the Treasury, also states that he has communicated with the officers of the several departments and that they say it is correct.

Question put and passed.

PREMIERS' CONFERENCE, 1916-17.

Statement by the Premier.

The PREMIER (Hon. Frank Wilson—Sussex) [4.46]: Seeing that the House adjourned over the Christmas holidays to enable me to attend the Premiers' conference held in Melbourne, I deem it my duty to give a brief resume of the proceedings at that conference. If I am given permission to do so, I shall be glad to read the report I have prepared, a portion of which has already appeared in print. I should like it to be read to the House in order that it may be recorded.

Leave given.

The PREMIER: This is my statement respecting financial transactions, land settlement for soldiers, repatriation and other matters considered by the conference:—

For the information of members of this House, I desire to report that on the 2nd December last I left Perth for the purpose of attending a conference between the State Premiers and the Prime Minister, which was summoned by the Prime Minister, and which was to be held on the 8th December. On arrival in Melbourne I found that the date fixed for the meeting of the conference had been altered to the 12th, on which date Ministers duly assembled. The conference sat daily from Tuesday, the 12th till Friday, the 15th December, dealt with several matters, and then adjourned until the 5th January, 1917. Upon re-assembling, the conference sat from the 5th January. 1917, until late on Wednesday night, 10th January, 1917, when the proceedings terminated. During our sittings several important matters were discussed, the principal of which were the financial requirements of States; the settlement of returned soldiers on the land; and the repatriation of returned soldiers. Special consideration was given to the wheat crop of 1917-18, and the Prime Minister was authorised to negotiate for the sale of the same to the Imperial Government. The subjects of lesser

importance that were considered were the taxation of State securities; uniform taxation machinery; preference to soldiers for Government employment; uniform electoral rolls; refund to the States of the 25s, per head (retained by the Commonwealth under the Surplus Revenue Act) on account of the soldiers at the Front; and Commonwealth regulations regarding the flotation of companies. It will be remembered that in December, 1915, a financial agreement was entered into between the Commonwealth and the States (with the exception of New South Wales) whereby the Commonwealth undertook to borrow for State requirements during the present year (1917) and until one year after the termination of the war, the sum of £7,450,000 per annum for the States, at the same time giving the States the right to borrow locally an additional sum-£4,332,000 for 1917. It was mainly the necessity for a reduction in the amount the Commonwealth had undertaken to raise for the States which caused the conference to be called together; and the many communications which passed between the Prime Minister and the Home authorities caused the adjournment over the Christmas holidays. and the long delay in reaching finality. times it appeared as though finality would never be reached, so divergent were points of view of the Commonwealth and the States. Mr. Hughes naturally viewed the question from the standpoint of the Commonwealth requirements, both for war and other purposes, whereas the States' horizon was necessarily bounded to a large extent by their own extreme financial neces-However, I am glad to say that all sities. difficulties were eventually settled, and that a spirit of consideration was evinced not only between the different States, but also on the part of the Commonwealth, towards the States' requirements. The amount which the Commonwealth had undertaken to raise on behalf of the five States, namely, £7,450,000 per annum, was reduced £5,400,000, giving evidence of an earnest desire on the part of all parties concerned, to use the pruning knife, the total amount which the States have the right to raise locally being left as previously at £4,332,000 although its allocation was altered so far as the individual States were concerned. For

instance, Victoria, which had the right to ask the Commonwealth to raise the sum of £1,614,000 under the agreement this year has now voluntarily reduced this amount to £414,000, having the amount of £938,000 which she had the power to raise locally increased to £1.138.000. She has thus generously cut down her rights by £1,000,000 for this year. We in Western Australia were not in such a happy position. I was obliged to adhere very forcibly to the amount which the Commonwealth had undertaken to raise on our behalf, with a very minor reduction. The amount in the agreement was £1,482,000. This has now been reduced-and the reduction has been accepted by me—to £1.466.000. which Western Australia has to receive out of the reduced amount of £5,400,000. the other hand, we have agreed to reduce the amount which we had the right to raise locally by £400,000, namely, from £863,000to £463,000. It will therefore be seen that the negotiatious, so far as the question of finance is concerned, have been successful, and that the representatives of the Commonwealth and the Eastern States generously recognised the exceptional circumstances in which Western Australia is placed.' It was freely conceded that our vast territory and small population, combined with the great need for development, merited special con-The total amount which the sideration. Commonwealth had undertaken to raise on behalf of the five States this year, together with the amount which the States had the right to raise locally after the Commonwealth requirements for war purposes had been satisfied, was £9,732,000, including a special sum of £500,000, which Queensland and Tasmania were authorised to raise in case of necessity for the purpose of rectifying the damage caused by the recent disastrous floods in those two States. When this is compared with the £24,000,000 raised during the year 1915 (Queensland standing out), and the £12,550,000 for the year 1916 (New South Wales standing out), it must be conceded that, notwithstanding the many statements to the contrary, an earnest effort was being made to reduce loan expenditure to the lowest possible limit consistent with the necessities of the States. The Loan Estimates passed prior to the Christmas adjournment provided a total expenditure of £1,653,413.

Of this amount approximately £441,000 was expended up to the 31st December, 1916. leaving a balance of £1,212,413. amount £441,284 represents capital for the Agricultural Bank and the Industries Assistance Board. I am hopeful that very little of this capital will now be required, owing to the sale of the present harvest to the Imperial Government, and the repayment which our farmers will be enabled to make out of the proceeds of sales; and also to the fact that we have been able to make arrangements with the Federal Government to provide up to £500,000 for the purpose of preparing the land and settling soldiers thereupon, to which reference will be made later. I am therefore pleased to inform honograble members that the financial arrangements made by the conference will enable us to carry out the programme of our loan works, in accordance with the Loan Estimates passed, up to the end of the calendar year 1917. settlement and repatriation: Many meetings were held by the sub-committee, consisting of different Ministers for Lands, Western Australia being represented by myself, to consider and make recommendations to the conference concerning the complicated problems of repatriation and the settlement on the land of our returned soldiers and sailors. The sub-committee reported from time to time to the conference, and many discussions ensued. It was ultimately decided that, with the exception of land settlement and advances to be made and for against improvements. other purposes under the laws regulating State institutions, the entire question of repatriation of discharged soldiers and sailors. and the care of dependants of soldiers and sailors generally, should be made the concern of the Commonwealth authority. The War Councils of the States are to be constituted Commonwealth bodies, operating broad lines of policy, indicated by the central Commonwealth authority for this purpose, namely, repatriation, including the question of immediate amelioration, care of the incapacitated, training of the partially disabled, assistance towards permanent reestablishment, care of dependants, and employment generally, etc. The larger question of the settlement on the land of our returned soldiers and sailors, together with

British soldiers and sailors who may come to our shores from the United Kingdom, is to be supervised and controlled by a board created for the purpose, consisting of a Commonwealth Minister, and a Minister from each of the States concerned. Queensland. however, has not yet definitely decided to be represented on this Board. The work then of providing and preparing such land as may be available in the different States for occupation by these settlers, and the question of the assistance to be granted, are matters left in the hands of the State Governments and the financial institutions established under their laws, subject only to the general supervision and control of the board of Ministers beforementioned. Of course, no very accurate estimate of the total cost of the scheme can be made until the number of settlers to be provided for is known, but there cannot be the slightest doubt that many millions of money will have to be provided for the purpose. The Commonwealth accepts this responsibility, and it was decided that during the present year a sum of £2,000,000 would be found, £500,000 of which is to come to Western Australia, £250,000 as reowired between now and the end of June next. This money is not to be expended on public works, but for the sole purpose of preparing the land and settling soldiers upon it, and making advances against improvements in the usual course, the maximum advance to be made to any one settler on the 100 per cent. basis to be £500. The question of expenditure from this fund on public works such as railways, roads, etc., is to be made the subject of special application to the Soldiers' Settlement Board of Australia as above constituted. Otherwise, such works are to be provided for in the ordinary course of the State's loan expenditure. The money advanced by the Commonwealth for settlement purposes becomes a debt due to the Commonwealth by the State to which it is advanced on the conditions agreed upon in the February Conference of 1916. The rate of interest to be charged to the settler is to he not more than 31/2 per cent, for the first year, rising by 1/2 per cent. each year, until the cost price of the money is reached, and the loss between such rate of interest and the cost of the money is to be borne equally by the Commonwealth and the State.

This, broadly, is the outline of the scheme upon which we can now get to work in all earnestness. The following are the general recommendations of the Repatriation Executive as altered and agreed to by the Premiers' Conference when dealing with the problem as a whole, and the problem of the treatment of soldiers and sailors and their dependents upon a basis of Commonwealth responsibility and control:-(1) That, with the exception of land settlement and advances to be made against improvements and for other purposes under the laws regulating State institutions, the entire question of the re-establishment of discharged soldiers and sailors and the care of the dependants of soldiers and sailors generally be made the concern of a Commonwealth auth-(2) That it be the business of the central Commonwealth authority to devise a substantially uniform system of dealing with returned soldiers and sailors and the dependants of soldiers and sailors on service, or of soldiers and sailors who have died as a result of service, in respect of-(a) immediate amelioration, that is, the provision of means for meeting immediate cash necessities. This either bv supplementing the military or naval pay before discharge, or of sustenance after discharge until employment or remunerative occupation can be found; (b) Care of the totally incapacitated; to include housing where necessary; (e) Training of the partially disabled for a useful vocation; to include the provision and renewal of artificial limbs and other aids; (d) Employment generally; (e) Assistance towards permanent re-establishment by (i) sustenance during the initial period of settlement on the land or establishment in other avocations; (ii) small businesses where such deemed a desirable form of provision; (iii) grants for tools of trade: (iv) assistance towards house establishment -(a) loans for house building, or purchase (to include the conversion of existing mortgages where terms onerous), (b) grants for furniture to a prescribed amount; dependents—(a) of men who Care of (b) of men on service: (G) The co-ordination of governmental and private efforts for the expansion of existing, and the promotion of new, industries to meet the demand for general and special employ-

ment: (H) The assembling and administration of funds. (3) That the War Councils of the States shall be constituted Commonwealth bodies operating within broad lines of policy indicated from time to time by the central Commonwealth authority: that their staffs be responsible through the War Councils to, and be paid by, the Central Commonwealth authority, and that, where such staffs consist of members of the State public services, the State Governments be asked to permit the continuance in employment of such officers where desirable for a period of two years after the conclusion of the war without prejudice to their rights under the public service regulations of the respective States. (4) That all funds for purposes relating to the war be placed under the control of the Commonwealth authority. (5) That the Commonwealth authority be vested with power to control all appeals for funds for war purposes and to prescribe the conditions governing the administration of all funds so raised. (6) That the office of the Commonwealth authority in each State capital shall act as a registration and clearing centre for all soldiers and sailors on their return, and that every returned soldier and sailor be obliged to register there before his discharge. giving particulars as to his needs (if any). (7) That in regard to general and special employment, vocations, training, allotments of money for re-establishment, and for such other purposes as may be deemed expedient, the practice of associating honorary committees with the administration may be continued, but such (8) That committees to be advisory only. the States be asked to agree to a uniform scale of advances to soldiers and sailors desiring to build or purchase dwellings in eertain areas, or to convert existing mortgages of an oncrous character, the Commonwealth authority to advance 25 per cent. of the value, the sum so advanced by the Commonwealth authority not to exceed £75. That the States be asked to co-operate in the development of large national enterprises calculated to provide employment for men who cannot be otherwise placed. That on all bodies concerned with the repatriation of men under the Commonwealth scheme, the representation of soldiers and sailors who have been on active service is

desirable. With regard to the sale of this season's wheat to the British Government, the negotiations in connection with which, so far as Western Australia is concerned. were conducted by my colleague (Mr. Mitchell), the arrangement made must be considered highly satisfactory. I was assured before leaving Melbourne that the first payment of 2s. 6d. per bushel would in all probability be made available at the end of last week, and this has now been effected. There then remains only the question of the 1917/ 18 harvest to be dealt with. Negotiations for the sale are still proceeding, but up to the present no definite arrangement has been completed. The position was fully discussed and the desirability of encouraging our farmers to put in as much wheat as possible during the forthcoming season was generally conceded. It is anticipated that, failing an immediate sale to the Imperial authorities, a sufficient guarantee will be made to the farmers for the next harvest. The proposal is that a guarantee shall be given by each of the wheat-producing States of 3s. per bushel, to the farmer, and that the Commonwealth shall undertake to finance this payment on delivery of the 1917/18 harvest at the railway sidings. The farmer would thus be guaranteed a minimum of 3s. per bushel.

Hon. W. D. Johnson: Does that mean f.o.b.?

The PREMIER: At the railway sidings. Any surplus obtained over and above this price on ultimate sale would go to the farmer. Should, however, any loss be incurred in realising the crop, it would have to be borne by the State. This is a matter of such grave importance to our farmers, and one of considerable magnitude as far as the State is concerned, that I propose very shortly to take an expression of opinion from Parliament as to the desirability of the State accepting this responsibility.

Hon. W. D. Johnson: You will have to do it immediately.

The PREMIER: We will bring it forward next week. During the proceedings of the conference consideration was given to a resolution of a sub-committee to the effect that in all cases where repurchased estates for soldiers' settlement were paid for by debentures such debentures should be free from

income tax, upon which point the Prime Minister promised to give a definite ruling before the conference adjourned. looking into the matter the Prime Minister replied that in view of the decisions of the High Court and American decisions, the Commonwealth Government had not the power to tax State securities. The principle on which he went in this matter was that the spirit of federation was repugnant to the taxation by any of the partners of the Federation of the securities of the others. That is to say, while the States cannot tax the securities of the Commonwealth, the Commonwealth cannot tax the securities of the States. That was, he thought, quite a sound principle, and it was laid down by the High Court in D'Emden v. Pedder, and in the American decision in Pollock v. The Farmers' Loan Company. This meant that neither Commonwealth nor State would have the right to tax interest on the Government securities of the other. It was the principle of mutual non-interference. That was quite conclusive. definite. and unambiguous. Therefore the answer to Mr. Hutchipson's question was that the income from the bonds he referred to would not be taxable. conference were unanimous in their opinion that uniform taxation machinery should be established so as to do away with the variation in practice at present existing in the Commonwealth and States' taxation offices. A good deal of irritation is caused through individuals having to fill up one income tax schedule for the State and another for the Commonwealth, and one land tax schedule for the State and another for the Commonwealth. It is desired that there should be uniformity in valuation, even if it necessitates amending legislation.

Hon. J. Scaddan: Do you agree with that?

The PREMIER: I agree to this. A conference of taxation commissioners was called some time ago to make recommendations with a view to securing finality, but that conference had to be deferred through the death of the Federal Commissioner of Taxation, Mr. McKay. Mr. McKay's successor has now been appointed, and a conference will be called at an early date for the purpose of reducing this matter to a common basis. The general opinion was expressed that unifor-

mity should likewise be secured in the matter of electoral law, one roll being used for both the Commonwealth and the State. The Victorian Government is ready to give effect to this principle. It was promised that a Bill would be introduced in the Commonwealth Parliament for a similar purpose, but this has been delayed. The chief electoral officers have already conferred upon the matter and the opinion was expressed that if the Commonwealth Parliament would come into line in connection with the Federal electoral rolls a considerable saving would be effected. have now advised the Prime Minister that Western Australia is willing to fall into line as soon as the Federal Government passes the necessary legislation for the guidance of the States. In addition to many other resolutions arrived at respecting the settlement of soldiers on the land and repatriation, it was unanimously decided that, other things being equal, preference should be given to soldiers in relation to any Government employment. I took the opportunity of making a strong protest in relation to the percapita allowance of 25s, per head, which has been withheld from the States in the case of soldiers going to the front, on the ground that they did not form part of the population, urging that we have not only sent forward far more than our quota of soldiers, but that we had sent 1,050 men to reinforce South Australian regiments, at the same time urging that the 25s, per head allowance should be made. The conference unanimously passed the following resolution:-"That the Commonwealth be requested to pay to the States the per capita return to make good the non-payment for those men who have gone to the front, this to date back from the time of making the deduction, on the ground that these men still form part of the population." The Prime Minister at first gave his support, but at a later date he demurred in relation to the making of this payment when he had ascertained the sum involved. After further deliberation, however, he promised that in view of the representations made the Commonwealth Government would again look into the matter. Other matters apart from the conference which engaged my attention were with regard to wool. I have been in communication with Mr. Higgins, the Chair-

man of the Wool Board, in an endeavour to secure an arrangement whereby the North-West wool might be shipped direct to London, via Singapore, for classification there, and thus avoid the necessity for bringing all wool to Fremantle before classification. going into the matter thoroughly with Mr. Higgins, that gentleman explained that it was quite impossible at the present time, at any rate, to make any such arrangement. He pointed out that the Imperial authorities wanted all the labour available in the Mother Country for war purposes, and it was at their request that the wool was being classified at this side, each bale properly marked, and sent direct to the centre of consumption. This had many advantages, as it not only saved the sorting and the labour at Home, but it permitted payment to be made in Australia within 14 days after appraisement, which was a great desideratum. He explained that Mr. Giles and assistants had already left for Western Australia to organise the whole business. He hoped permanently to establish a wool-selling and classifying centre at Fremantle, with all its subsidiary industries, and thus raise Western Australia to the status of a wool-producing country, where buyers in normal times would assemble for the purchasing of the product. In order to expedite shipment, I have been able to secure the s.s. "Moira" during the first week in February, instead of at the end of that month, in order that she might be utilised to bring down a large quantity of wool, which, it is understood, is awaiting shipment at the North-West ports. Recognising that the loss of this wool traffic would mean a good deal to the Singapore boats, Mr. Higgins was hopeful that permission might be obtained later to utilise this route, at any rate for some portions of the clip. In the meantime the Admiralty is making arrangements to lift the wool at Fremantle. I was able to arrange for the re-charter of the "Moira" for the ensuing cattle season, on terms similar to those of last year. This vessel, together with the Singapore boats which are to be available, ensures adequte space for the conveyance of cattle to the metropolitan markets. After a conference with the naval authorities, who explained that the cold storage for the conveyance of fruit to the United Kingdom had been enormously reduced by the Imperial authorities, I was able to obtain a definite promise that space would be provided to the extent of 100,000 cases for Western Australian fruit to the United Kingdom. During the adjournment of the conference I took the opportunity of visiting the Broken Hill Proprietary Company's steel works at Newcastle, and conferred with the managers in regard to the steel rails which they are now rolling for Western Australia, and also the question of further supplies. I also inspected the principal freezing works at Brisbane, and the new cement works, both of which are established on the most up-to-date principles. It is hoped that similar industries will be established very shortly in our State. That, Sir, is my report dealing with the conference. I beg to move-

That the report be laid on the Table of the House.

Question put and passed.

SELECT COMMITTEE, TRUST FUNDS. Extension of Time.

Mr. SMITH (North Perth) [5.12]: The Committee are not yet ready to present their report. We have held about twelve meetings and taken a considerable amount of evidence, but we have found that the job was a larger one than we thought. Owing to the intervention of the holidays and the consequent absence from town of some members of the committee, the report is not nearly completed. I have, therefore, to move—

That the time for bringing up the report be extended for a fortnight. Question put and passed.

BILLS (2)—RETURNED FROM LEGIS-LATIVE COUNCIL.

1, Loan, £1,537,000. 2. Appropriation.

Without amendment.

BILL—TREASURY BONDS DEFI-CIENCY.

Second Reading.

Debate resumed from the 22nd November, 1916.

Hon. J. SCADDAN (Brown Hill-Ivanhoe) [5.14]: I think most members will agree that little exception can be taken to the principle involved in the Bill introduced by the Treasurer. I recognise with him it is desirable that proper methods should be devised to meet deficiencies which may occur from time to time on our revenue account. But whether the figures as presented by the Treasurer should be accepted in their entirety, without there being made any provision to set against them the revenue which he may receive after the close of the financial year, and which should have been received before the close of the financial year, is a point to which we might give some little consideration. The Treasurer the principle of the Bill very clearly, and one cannot take exception to it. I recognise that it may be considered by quite a number of persons that this will mean the raising of additional money for the purpose of meeting the deficiency which has occurred in previous years. As a matter of fact, that is not the case. It is largely a matter of The money has been found bookkeeping. for the purpose of meeting the shortage of previous years from loan account.

The Premier: To replace that money.

Hon. J. SCADDAN: Yes. It is true that works which had been provided for under loan schedules in the past have not been proceeded with because of the fact that this money has been required for the purpose of meeting the shortage on revenue account. What really will occur is that, instead of raising a million and a quarter or a million and a half of money for the purpose of meeting this deficiency, it will mean the raising of a million and a quarter of money to meet the shortage in the loan account, in order to proceed with loan works as already outlined in our Loan Bill. The money, so far as the deficiency in past years is concerned, even right up to date, has been found, and found from loan and trust moneys, and therefore it is merely a matter of bookkeeping which the Treasurer has to meet under this Bill. There is one point which requires some little consideration, and that is as to whether it is fair to charge the rate of interest against the previous deficits on the basis of the rates which will be charged on the money when raised, and raised under abnormal conditions. For instance, the money which was taken from loan for the purpose of financing the deficit in the first years when it commenced, in 1912 and 1913, was raised at something like 31/2 per cent. to 33/4 per cent., and to now charge that up at the rate of 6 per cent., as proposed by the Treasurer, is, in my opinion, an unfair charge against the revenue account, because we are moneys for the purpose of meeting the sbortage on revenue account which were only costing us 33/4 per cent. to raise. Of course, the interest on the moneys raised, which have been used for the purpose of meeting the shortage, has been increased from year to year until last year it amounted to something like 51/2 per cent. We are now, by the method of funding adopted by the Treasurer, to charge interest at the rate of 6 per cent., whilst 33/4 per cent. only was charged on the bulk of the money raised during the earlier periods. That, from the point of view of party purposes, suits the Treasurer admirably. He will say that this charge was due to the fact that we, the previous Administration, left a deficit. That is not the case. The money has been found, and we found a fair percentage of it at 334 per cent.

The Premier: And you spent it, too.

Hon. J. SCADDAN: Of course we spent it. It is true that the deficit for each year was paid for from loan moneys raised in that year.

Mr. Hudson: You should not expose his little games.

Hon. J. SCADDAN: I do not want to expose anything. I merely want the position understood clearly by the members, and the public generally. It was not a fair charge to make against revenue; at all events it is not fair for the Treasurer to charge this against the previous Government, and tell the public that he has to charge them for 30 years at the rate of six per cent. in order to pay off the deficit, when in reality it is six per cent. interest on money which he is now going to raise for public works. He is merely going to raise additional money under loan account, spend it under loan account, at six per cent. for the

purpose of relieving his own burdens in the matter of the expenditure on public works, while he is going to charge it up against the deficiencies which occurred in previous years.

The Premier: What do you suggest?

Hon. J. SCADDAN: I am not suggesting anything. I do not object to the Treasurer's method. What I do object to is his statement when presenting the Bill, namely, that the deficit which we left represents a charge for 30 years at the rate of £100,000 per annum, which is not correct.

The Premier: Then, what does it amount to \P

Hon. J. SCADDAN: The Treasurer can obtain the amount by going to the Treasury In that way he can ascertain the amount which was taken from loan or trust funds, and what we had to pay on the money. Every penny the Treasurer raises under this Bill will be made available for loan expenditure, and debited against the deficiency account. This deficiency account will be charged at the rate of six per cent .. so that the Treasurer will actually be getting money for loan works in the future at from 3% per cent. to four per cent., which is the interest that is charged on moneys raised by us in previous years. That will be a charge against public works.

The Premier: Is that unfair? Have you any objection to it?

Hon. J. SCADDAN: I am not objecting to that. The Treasurer, however, did not make the matter clear. As a matter of fact, he made a contrary statement by asserting that the six per cent. he would have to pay on the money to meet the deficiency under this Bill was due to our having left a deficiency in our revenue account.

The Premier: That is true.

Hon. J. SCADDAN: It is not so in reality. It is money he will spend on loan works which we had previously taken from loan account, and used to meet our shortage on the revenue account, and which is money we raised at 3¾ per cent. in some cases, and 4 per cent. and 4½ per cent. in other cases. Now he is going to charge 6 per cent. against this deficiency, and immediately transfer to loan account to replace money which was raised at from 3¾ per cent. to 4¼ per cent. for public works. From his point

of view, there can be no objection to this. Whether he charges the full 6 per cent., or, any other amount, from the point of view of the State there is no difference. I am not quarrelling with the position from the State point of view. It does not affect the State one single penny, but it does affect the position, as adopted by the Treasurer, when he makes a definite and distinct statement that our deficit is going to cost the State at the rate of 6 per cent. for 30 years.

The Premier: It is costing what it cost to replace.

Hon. J. SCADDAN: Not at all. If he desired it, he could, by this Bill, charge against loan account the money raised in each year, and charge that against the interest then placed against it, and raise his money for public works, as he would have to do if there was no deficiency, at current market rates. He is, however, for party purposes, adopting another measure in order to make it appear that the whole of the £100,000 per annum is due to a deficit having arisen on revenue account at the time he left office. not quarrelling with the principle contained in the measure. I believe it is a correct one and that we should have proper business methods of meeting any shortage on revenue In business houses provision is made for meeting any shortage on the working account, and the same thing should apply to the State. I would point out that the Treasurer appointed a special committee, consisting of the Under Treasurer, the Commissioner of Taxation, and the Auditor General, to give to him what he termed the correct position of the finances under Revenue Account as on the 30th June, 1916. evident that this committee only looked at the matter in one direction, and that was to charge up to the 30th June any expenditure which could fairly have been charged before the expiration of that term. They were careful not to look round to also credit any moneys which should fairly have been received during the financial year ending the 30th June, 1916. The Treasurer knows that there is a fair amount of money outstanding due by the farmers of the State by way of interest on loans. There is money due in this way to the Agricultural Bank. There is the interest on loans made by the Industries As-

sistance Board. There are water rates and rates of other descriptions, in fact many payments which should have been fairly made before the 30th June, 1916. That money, I believe, will be received during the present financial year, because of the amount of money which will be made available to the farmers through the local sale of wheat to the Imperial Government. The Treasurer. however, is going to take that into account in this financial year. He is not going to credit that as money which was fairly receivable prior to the 30th June, 1916, in order to reduce the deficit then in existence. He seeks, rather, to increase the deficit by every pound he can.

The Premier: Not at all. There is a sum of £39,000 which I could well have put in.

Hon. J. SCADDAN: No. The Treasurer recognises that this amount could not be charged up against the deficit, otherwise he would have done it. I am satisfied that the Treasurer was looking out for every opportunity of stretching the amount of the deficit for one reason or another.

The Premier: You are stretching your imagination.

Hop. J. SCADDAN: I am satisfied that the Treasurer is not going to credit to revenue account for the last financial year many sums of money which could fairly be claimed by the departments as having been receivable during that period. He has made no provision for crediting that account with amounts which will be received in subsequent financial years, but which were actually receivable before the 30th June last. He has told us that at the Premiers' conference it was unanimously agreed to ask the Federal Treasurer to make available to the State 25s. per head for every soldier who had left the State, this to be retrospective to the date when the first contingent left Australia. That is certainly revenue. If that money is going to be made available it should certainly be credited up to the period ending 30th June last. He stated that the Federal Treasurer when seeing the amount involved, demurred and reconsidered the question, but that he is now prepared to consider it thoroughly and give a decision later. I assume the amount which will go into the Treasury, if the Federal Treasurer agrees to the request of the Premiers' conference, and which

should have been received prior to the 30th June last, will amount to anything from £50,000 to £55,000 as Western Australia's share.

The Premier: No, it is £34,000. I have the figures here.

Hon. J. SCADDAN: It will amount to more than that. We had 25,000 soldiers who left up to last year. The Treasurer, however, will not credit that in his fund. He will take that into general revenue, and make it part of his receipts for the current financial year in order to adjust his own ledger. He would not give credit to the previous Administration for moneys he will have received, and should have credited to revenue prior to the 30th June last.

The Premier: Did you never include in your revenue account moneys which should have been received in the previous financial year?

Hon. J. SCADDAN: I recognise that every year money is received into the Treasury which was actually earned in the previous year, and that the expenditure necessary for the purpose of earning that money was charged up to the previous year, although the money earned was not brought to account until the following financial year. That always takes place. But I am dealing with special accounts held over owing to the drought and the war, amounting to £350,000 or £400,000.

The Premier: I should like to lay my hands on that amount.

Hon. J. SCADDAN: If the Premier asks the Under Treasurer to obtain from the departments a statement of the amounts outstanding on the 30th June last, and which amounts were deliberately carried forward by the departments for the purpose of helping industries that were suffering from the war and the drought, it will be found that those amounts total that sum. The carryover is an extraordinary one, and in my opinion, for the purpose of a true balance, should be credited to this fund, and not taken into the general revenue account. this deficiency are moneys, for which have been advanced for the purpose of carrying stocks of timber. Timber has been produced and not yet sold, and the value of that timber is in the deficiency. When the timber is sold, the Treasurer will take the

proceeds to general revenue instead of to So that this Bill creates a this account. wrong impression in the public mind. The deficiency does not mean a payment of £100,000 per annum for 30 years. Perhaps the payment required is really only half that amount, or even less. What about the stocks carried by the trading concerns, and the accounts owing to those concerns? penditure for the purchase of raw material, and for operations necessary to convert the raw material into the marketable article, is in this deficiency. But the payment, when the marketable article is sold, is to go to general revenue, and not to this fund. Therefore the position as outlined by the Treasurer is hardly correct. Undoubtedly a wrong impression will be left mind οf the public. Evidently Treasurer was able to foresee that he would have to make provision, not only for the deficit left by his predecessor, but also for a deficit to be accumulated by himself at even a greater rate than obtained under the previous Administration. Taking the Treasurer's own figures, which show a deficiency of £1,454,000 at the 30th June last, the hon. gentleman has already in six months of this year gone to the bad to the tune of £473,802. or nearly half a million in half a year. Therefore, if the hon, gentleman continues in office for the next five years and continues to accumulate a deficit at the same rate, he will have to bring in a Bill to fund a deficit of something like five millions. And still he goes on his way rejoicing. I desire the Treasurer to understand that, so far as I am concerned, I take no exception to the Bill. I do take exception, however, to this method of presenting the Bill to the House and to the public. I agree that the amount stated in the Bill should be accepted for the purposes of the Bill. I do not in the slightest degree object to that. I fully recognise that there was a shortage on revenue account. But I do not want the Treasurer to tell the House and the country something that is incorrect. If he were to raise one and a half millions to-morrow for the purpose of this fund, he would immediately transfer the amount to loan account and use it for public works. But that money will not be charged at the rate of 6 per cent. against those works. The money intended for those works was raised at 334 per cent., 4 per cent., and 414 per cent. I recognise that, had I introduced a similar measure to this, there would not have been the slightest hope of passing it through either this Chamber or another place. The present Treasurer is happy in having a report by three officials in support of this Bill, and in being able to depend upon his majority in another place to pass the measure into law. However, I am glad the Government are doing something to adjust the position of financial affairs, which position was, in my opinion, undesirable. The position which the Treasurer found is exactly the position which I found. I believe Sir John Forrest himself, in the presence of another Treasurer of this State, said from the public platform that I should be impeached, should be in Fremantle, for having a deficit without making provision for it.

The Premier: I do not think he said that.

Mr. Carpenter: I heard the statement made.

Hon. J. SCADDAN: Yet, on looking up the records, I find that Sir John Forrest had, comparatively with the then revenue, deficits to the same extent as mine. Indeed, I believe on one occasion his deficit, having regard to his turnover, was larger in proportion. And Sir John Forrest made no provision for his deficits. All previous Treasurers, with the exception of those who held office for only a month or two, had deficits. When I was Treasurer the law was exactly the same as it was when Sir John Forrest was in office and when the present Treasurer held the office previously. And yet the present Treasurer stood silent on the platform when that statement was made by Sir John Forrest. I agree, however, that the right course is at last being adopted in putting our financial house in order by means of this Bill. We require the measure in order to meet the present deficiency and the even larger deficiencies which will accrue in the future.

The PREMIER (Hon. Frank Wilson—Sussex—in reply) [5.40]: I wish to thank the leader of the Opposition for the concluding remark of his speech, that the Government were adopting a proper method of dealing with the accumulated deficit and with any deficits which might occur in the future.

I take exception, however, to the marvellous argument of the hon. gentleman in regard to the rate of interest, which rate, he states, ought not to be whatever may be ruling at the present time—the estimate is 6 per cent., or certainly 5½ per cent. He argued that because we—I use the term "we" so as to include any previous Treasurers who had deficits—had illegally used loan and trust moneys for the time being to cover our deficits, therefore we should only charge the deficit fund itself with the rate of interest which was payable on the moneys that we had illegally taken.

Hon. J. Scaddan: I did not say that.

The PREMIER: That is practically the position. That is the position in a nutshell.

Hon. J. Scaddan: I said I took no exception to your charging the rate, but I took exception to the manner in which you put the case to this House and to the public. You said the amount required to meet the deficiency was £100,000 a year.

The PREMIER: Yes.

Hon. J. Scaddan: The amount is nothing of the sort.

The PREMIER: Suppose the leader of the Opposition were a millionaire and I had control of his funds and I was hard up and utilised a million of his money in order to cover what was not a legitimate deficit in the handling of his affairs; would I be justified in charging myself with only the cost of that money when the hon, gentleman raised it, or would I not rather be doing right in replacing that money and charging myself with the cost of replacing it? That is the position in a nutshell. If I take money wrongly, I have to replace that money, no matter what it costs to replace, even if it costs me 10 per cent. or 15 per cent. In any case, I have to bear the brunt of it. Therefore it is legitimate that the deficiency fund should bear the actual cost of the money at the time it is raised. We do not say that we are going to pay 6 per cent. or 51/2 per cent. for the whole term of 30 years. The Bill specially provides that the Government may issue Treasury bonds or bills at short dates. if we wish to do so, but limits the term to 30 years. We may issue short-dated Treasurv bills in order that we may have the advantage of converting when the money market becomes more favourable. Perhaps the rate of interest may go back to normal in 10 years' time. But whatever it costs to raise the money will be the charge that the consolidated revenue will have to bear by way of interest and sinking fund. The £100,000 is the estimate which the committee have made.

Hon. J. Scaddan: What will you do with the money that you raise?

The PREMIER: The expert committee's estimate of the amount required to be raised by taxation to cover the deficit is £100,000 per annum.

Mr. Taylor: At 6 per cent?

The PREMIER: The rate may be 5 per cent. In any case, whatever the rate is, the consolidated revenue has to stand it.

Hon. J. Scaddan: What will you do with the money?

The PREMIER: Apply it to the purpose for which it was originaly intended.

Hon. J. Scaddan: What rate will you charge the works?

The PREMIER: Whatever it costs.

Hon. J. Scaddan: The revenue is already finding interest and sinking fund on that money.

The PREMIER: And will continue to find it.

Hon. J. Scaddan: But what rate will you charge against the works?

The PREMIER: Whatever may be the rate of interest that the money costs to raise. The hon. member is in a fog.

Hon. J. Scaddan: Just ask the Attorney General whether I am not right.

The PREMIER: If I have borrowed, or the hon, gentleman has borrowed, a million of money which should not have been borrowed, borrowed it from other works for the purposes of which the million has been raised, then the revenue is at the present time paying the interest which that money costs, and will continue to pay that interest; and the works from which the million was borrowed, if they have not been constructed out of other moneys, will be constructed out of moneys replacing that million and bearing whatever the rate of interest may be.

Hon. J. Scaddan: But you said you would charge the works with the interest carried by the money to be raised under the Bill.

The PREMIER: No. The rate of interest under this Bill will be charged, of course. I cannot charge the cost of raising money at some previous date.

Hon. J. Scaddan: I asked what you were going to charge against the works.

The PREMIER: The works will pay the rate of interest that they are paying to-day.

Hon. J. Scaddan: That is a different proposition.

The PREMIER: Of course, that stands to reason. I want to take exception to the hon, member's statement that the proposal to fund the deficit is being used for party purposes. I made a clear cut statement that I was advised it would cost £100,000 per annum to pay interest and sinking fund on the amount we shall have to raise under this Bill if it is passed, and that is the amount which the experts calculated. That is the position, and if the hon, gentleman likes to construe it into a statement which has been made for party purposes, I am sorry for him. I have no intention of doing anything of the kind for party purposes; the position has heen disclosed by me as I have found it. The hon, member has stated that all the Treasurers have contributed towards this deficit. I know that previous Treasurers had deficits, even as far back as when Sir John Forrest was Treasurer of the State.

Mr. Thomas: You left a deficit when you went out of office.

The PREMIER: I did not. The hon. member is making a wilful misstatement, and he knows it. Previous Treasurers had deficits but they have always wiped them out.

Mr. Thomas: Do you deny that you left a deficit?

The PREMIER: The hon member has not the slightest conception of what he is talking about.

Mr. Thomas: Do you deny that you left a deficit?

The PREMIER: I did not leave a deficit. I left a surplus of £13,000.

Mr. Taylor: I wish you would do that now and go out.

The PREMIER: Our friends opposite for five years have been living on an orgy of borrow and spend and they have built up huge departments and created a huge expenditure. The Estimates from year to year proved that that was done on a rising rev-

enne and now they expect us to rectify all that in five minutes or five months.

Hon. J. Scaddan: When are you going to start?

The PREMIER: When I fund the deficit of the hon, member. I want to find out exactly where we stand and then I shall shoulder my responsibilities after having got Parliament to agree to the additional revenue which I propose to raise. The hon, member has made a great point with regard to items not being included in this report, which might have been included and brought to credit at the close of the financial year. The hon, member knows it is impossible to get out a correct statement of that sort. If that is to be done, it will be necessary to have a proper double entry.

Hon. J. Scaddan: The departments do that.

The PREMIER: I am talking about the Treasury; they cannot do it. Every year large sums of money are carried forward to the next financial year. I remember when the present leader of the Opposition took me to task in 1911 because he discovered from the Auditor General's report that a sum of £100,000 had been paid during the first few months of the financial year and that that amount really belonged to the previous financial year. He declared that he had issued instructions that such a thing would never happen while he was in the Treasury and after that the Auditor General ceased taking these figures out.

Hon. J. Scaddan: There was no further need for them.

The PREMIER: I instructed that these figures should be taken out, and I find that during this financial year, from July to September, a period of three months, no less a sum than £90.866 has been paid from Consolidated Revenue to liquidate accounts incurred before the close of the last financial year. From General Loan Fund a sum of £38,000 has been paid out in the same way, from the Sales of Government Property Account £1,135, from the Loan Suspense Account £9,200, a total of £139,541. All these amounts ought to have been charged against the previous year's expenditure to meet liabilities then incurred. They were payments for work done. I am not taking exception to that because it goes on every year. On some

occasions the amount is larger than on others. That I deprecate very much and I have given instructions that accounts shall be brought up to date at the close of the financial year, and that not only shall every account be liquidated and paid prior to the end of the financial year, but that every penny which can be legitimately brought to revenue, shall be brought to revenue.

Mr. Carpenter: In respect of what matters were these liabilities incurred?

The PREMIER: I can give the honmember a few particulars now. During September the amount was a considerable one. For instance, from Consolidated Revenue there was paid £29,438.

Mr. Carpenter: But in respect of what?
Mr. Taylor: Were the accounts rendered
before the close of the financial year?

The PREMIER: No.

Hon. J. Scaddan: In the case I instanced the Auditor General took exception to accounts having been presented before the close of the financial year and not having been paid.

The PREMIER: There has been no alteration in the system. These are some of the September items-Agriculture £3,856, Crown Law, including hotels, £134, State steamers £17,062, Colonial Secretary £1,876, Water Supply £119, Mines, including batteries, £3,550, Treasury £1,193, Education All those were liabilities incurred £423. prior to the close of the financial year and were paid subsequently. The gument that we had received on behalf of the State steamer "Kangaroo" this year, while the expenditure had been charged in the previous year, is without I have mentioned an item of foundation. £17,000, expenditure in connection with State steamers having been paid in September, and charged against Consolidated Revenue, having been incurred prior to the 30th June last.

Mr. Carpenter: Because the accounts had not been rendered.

The PREMIER: Exactly.

Hon. J. Scaddan: The Auditor General asserted that accounts had been rendered and not paid, and that the excuse which had been given was, no funds.

The PREMIER: The hon, member is wrong.

Hon. J. Scaddan: I will produce his report.

The PREMIER: If the Auditor General used those words, they apply to-day as well. It does not matter a rap what the reason was that was given; it might be a shortage of funds, or it might be anything. If the money is not there the accounts cannot be paid.

Mr. Carpenter: If you have not the accounts you cannot pay them.

The PREMIER: The fact remains that, during the whole time the leader of the Opposition was in office, he had these accounts carried forward to the subsequent year.

Mr. Taylor: Not the same class of accounts. The PREMIER: Exactly the same. have it on the authority of the manager of the State Steamship Department that, so far as the "Kangaroo" is concerned, the whole of the expenditure against the revenue collected was charged last year, and that the earnings of the "Kangaroo," amounting to a large sum of money, which were taken to credit during the first few months of the present financial year, and expenditure likewise, have been debited up. There is no need to labour the point any further except to say that, in so far as the £93,000 is concerned, it is included. I did not send anyone out to make a searching investigation, so as to be able to accuse the hon, gentleman of refusing to pay when he ought to have paid. I simply asked the officials to verify the figures and give me the correct amount which I should fund, and this £93,000 was included. I know the hon, member takes exception to some of the items. For instance, there is the loss in connection with the wheat deal, of £45,000. This could fairly be charged to Loan Funds, and I am rather inclined to agree with him in that respect. 'If we pass this Bill, and fund the deficit, including that amount, it will have the effect that we will be able to issue bonds, raise the money, and then establish a balance so far as the Consolidated Revenue and Expenditure are con-I quite recognise that, however strong may be his criticism, the hon, member believes in the principle I have put forward as a sound one, and therefore 1 expect we shall have no trouble in passing the measure.

Question put and passed.

Bill read a second time.

In Committee, etcetera.

Mr. Holman in the Chair; the Premier in charge of the Bill.

Clauses 1 to 8-agreed to.

Clause 9-Power to pay off or redeem:

Hon. J. SCADDAN: The clause provides that the Treasurer may, out of any surplus revenue, purchase any bonds or stock issued under authority of the Act, or, with the consent of the holder thereof, pay off the same at par. It does not make it mandatory on the Treasurer to use such surplus money for the redeeming of these bonds or the reducing of the charge against Consolidated Revenue. I think it should be made mandatory when the surplus exceeds a given sum, say £40,000 or £50,000. As the clause stands, a Treasurer might have a surplus of £150,000, and yet neglect to use it for the purpose of redeeming the bonds, or reducing the charge.

The PREMIER: I agree that it is desirable we should utilise any surplus revenue in extinguishing this liability. I am prepared to agree to some such amendment as that suggested hon, member, if it be deemed neces-But the position is safeguarded sarv. by earlier clauses. It is provided in the Bill that we must establish a sinking fund to cover the redemption of these bonds in 30 years' time, and, personally, I think it would be better to avoid complicating that provision. If we were from time to time to pay sums of money to the credit of this account, it might easily result in complica-And if the bondholder is not prepared to give up his bond, what is to be done with the surplus?

Hon. J. SCADDAN: In the first place I do not think the Treasurer is likely to issue Treasury Bills to cover the total amount at once, because provision is made that he may use trust moneys for the purpose of purchasing the Treasury bonds, and he has trust moneys coming to hand almost every day. But if Consolidated Revenue is to be charged with the interest and sinking fund on the moneys raised from time to time, why should not the Treasurer, when he gets a surplus, utilise it to reduce the charges against this fund? It is only a book-keeping entry, because the surplus will be credited to the fund and immediately trans-

ferred to Loan Account and expended in public works.

The Prémier: When the Bill is in another place I will have inserted in it the provision you suggest, fixing the amount at £50,000.

Clause put and passed.

Schedule, Title-agreed to.

Bill reported without amendment and the report adopted.

Sitting suspended from 6.15 to 7.30 p.m.

BILL—STATE TRADING CONCERNS (No. 2.)

Second Reading.

Debate resumed from the 15th November. Mr. O'LOGHLEN (Forrest): I regret very much that one or two members on this side of the House who desire to speak on the second reading of this Bill are not in attendance at the moment. One of these, the member for Guildford (Hon. W. D. Johnson) explained to the leader of the Opposition that he had to leave this evening, and I understand that the leader of the Opposition promised him that he would endeavour to secure the adjournment of this It is not my intention to discuss the matter at any length; but as the hon, member for Guildford was the Minister who initiated a great number of these trading concerns, it is only natural that he should feel inclined to discuss a Bill like this.

The Premier: It is only a machinery Bill.

Mr. O'LOGHLEN: True, it is only a machinery Bill, but still through the agency of this machinery Bill the Minister for Works seeks to secure a good deal more, I fancy, than some members on this side of the House will feel disposed to permit him.

The Minister for Works: I do not want to secure anything.

Mr. O'LOGHLEN: There is only one clause in the Bill which I take exception to, that is the one which seeks to give the Government power to dispose of trading concerns without consulting Parliament.

The Premier: Your own Government endeavoured to do that, they were negotiating. Mr. O'LOGHLEN: For what?

The Premier: For the sale of the steamer 'Western Australia,' without consulting Parliament.

Mr. O'LOGHLEN: The comparison is not at all applicable. The hon, member himself would have been pleased, had he been in the position of the late Treasurer, to sell the "Western Australia." As I say, that is not applicable to the sale of many of the concerns initiated by the late Government.

The Minister for Works: It is to some of them.

Mr. O'LOGHLEN: Whether the Government will be successful in disposing of those trading concerns is a most point.

The Minister for Works: We never shall be if you have your way.

Mr. O'LOGHLEN: I say emphatically, and it is also the intention of many other members on this side, that I will not agree to granting the power to the Minister for Works to sell those concerns without consulting Parliament. The Minister for Works has already announced his intention of selling various ventures, particularly sawmills. One of these mills has been closed down, and already an inspection of the mill and the surrounding country has been made by Millars' representative, who has been saying in a boastful spirit that his firm would secure these ventures.

The Minister for Works: I hope they will.

Mr. O'LOGHLEN: I want to point out that if the firm succeeds in purchasing that particular mill which has been closed down, they will have to get it very cheaply before they will purchase. And if they do succeed in purchasing it. I believe they have no intention of working it, because even now several of their own mills are lying idle through lack of orders, and the settlers are now awaiting in the expectation of a railway extension connecting up Southern Brook. At present they would have a very much poorer case to present to the Government of the day than they would in ordinary circumstances if the mills were not closed down. If they purchased this sawmill they will save 30 or 40 miles in railway

freights, and will be able to send the product through their own timber country.

Hon. J. Scaddan: They are advertising in London that all the mills are for sale.

The Minister for Works: We have done nothing of the kind.

Hon. J. Scaddan: It is so stated in the Financier.

The Minister for Works: I do not care where it is stated.

Mr. O'LOGHLEN: The Minister for Works will not deny that it is his intention to sell the sawmills if he can. He has announced more than once already that he intends to sell them lock, stock and barrel, That being the ease, the only objection I have to the Bill is to the clause I have men-I hold, and many other members agree with me, that the Government has no right, without consulting Parliament, dispose of concerns which have cost the State over a million of money, and which are likely to prove profitable ventures in the Members should have an opportunity of dealing with the subject and of pointing out the advantages which have accrued in the localities where those ventures I have no great obhave been established. jection to the other clauses of this machinery Bill, but I trust the Minister for Works will not persist in endeavouring to carry the clause I have referred to. If he does, he will find that he will meet his Waterloo, as he has done on other occasions. I believe that right throughout the country there would be strong objection raised to the Government disposing of those ventures which have been established and carried on for some considerable time. without consulting Parliament. In other respects, the Minister for Works will be justified in making the best deal he can. As I have said, I have no valid objection to raise against the measure with the exception of that clause, and when the Bill is in Committee I shall move for the deletion of the clause.

Hon. J. SCADDAN (Brown Hill-Ivanhoe) [7.41]: The hon. member who has just resumed his seat has told us he has not much objection to the Bill except to the provision which permits the Minister for Works, should he consider it desirable so to do, to dispose of the works without consulting Parliament.

The Minister for Works has many times stated that Parliament should be consulted before such concerns are established. be essential that we should consult Parliament in regard to the establishment of trading concerns, it is certainly still more necessary that Parliament should be consulted in regard to their disposal. Because, after all. more sufficient reasons might be advanced against a Minister having discretionary power in the matter of disposing of trading concerns already operating than in the establishment of new concerns. As the member for Forrest (Mr. O'Loghlen) has already stated, if the State timber mills are to purchased by a timber company already operating in our timber areas, it will not be for the purpose The business is of earrying on the mills. closed down, and a market is not available at the present time to the purchasers in which to dispose of the timber from their If the company were to purchase, they would do so on the basis of the future market. They may have a better idea of the timber markets of the world than we. or the Government, but the advice that we have had from different quarters is that there will be a big demand for Australian hardwoods when the war is over.

The Premier: There is a big demand now, but it cannot be met because of the lack of tonnage.

Hon. J. SCADDAN: I admit that there is this difficulty owing to the lack of tonnage. In that case it would be undesirable to dispose of our timber mills at a time when we could not expect to get anything like their value in return. Further, their disposal would only permit the purchasers to hold them out of use, waiting for the market which would be available, just as it would be to this State if we held the mills until It would certainly be that time arrived. just as preferable to permit Parliament to express its opinion on the question of the disposal of these trading concerns as it is to permit Parliament to have a voice in the question of establishing them. I stated that it had been circulated in London-

The Minister for Works: You said that it had been advertised in London. It has not been advertised in London or anywhere else.

Hon. J. SCADDAN: I do not know that the Government paid for the advertisement. The statement has been made upon what is supposed to be inside information. The Financier in a statement made to the public on Australian affairs makes the assertion, and up to date it has never been to my knowledge contradicted, that they obtained the information in question from those who were in a position to give it before they actually published it.

The Minister for Works: It was stated here months ago from this Bench that they had to sell them.

Hon. J. SCADDAN: The evidence is quite clear, therefore, that the Government by their pronouncement here, and probably through their official channel, have made it known in London as well as in Australia that they these trading concerns. propose to sell with the result that there will be prospective buyers floating around for the purpose of getting what they consider to be a bargain. I hope the Minister will not be placed in the position of being able to dispose of these trading concerns at bargain prices without the State's representative in London being first approached. There are other interests to be considered. I would remind hon, members that we built a number of railways during recent years, and I think that with the exception of those built where timber is carried over the lines not one of them has paid axle-They are all a losing proposition. Those railways upon which timber is carried have been a payable proposition almost from the outset. If we allow these timber mills to be closed down for a number of years, and to be then reopened by private enterprise, and the traffic thus diverted from the State system to the private lines, we are going to be the losers by the transaction, not merely by reason of the loss on the trading concerns themselves, but by reason of the loss on our State railways which have been constructed for development purposes.

The Minister for Works: What about the loss in running them now?

Hon. J. SCADDAN: I have perviously pointed out that we did not anticipate that trading concerns of the magnitude of the State Implement Works and the State Saw-mills could pay at the very outset.

The Premier: Turn up your Budget speech.

Hon. J. SCADDAN: I do not care about Budget speeches. Let me tell the Premier that when I made this statement I did so when conditions were normal. He knows that Millars' Company, the biggest trading concern of its kind in the State, in their reports to the directors prior to the war made pronouncements in regard to their future prospects showing where they were going to increase their business tremendously as well as increasing their dividends, and that this company actually called up additional capital just prior to the war. Have they been able to do it? They have not been able to do this because of the abnormal conditions Have Millar's disposed of now existing. their property in this State, and do they intend to dispose of it?

Mr. O'Loghlen: No.

Hon. J. SCADDAN: Certainly not. Millar's know that under existing conditions it is not possible for the timber milling industry to show a profit, and they are prepared to keep the industry going so that when the war is over and normal conditions are resumed they will be able to catch the good market that will exist for West Australian hardwoods. Is it desirable, therefore, to consider our trading concerns from standpoint of their profit or loss, when taking into account the abnormal conditions now prevailing? We have even had to restrict by Government action the amount of machinery that farmers could obtain from the State Implement Works on their holdings, because we pointed out that under existing conditions it was not possible for them to make the payments which would fall due on their machinery bills. We withheld from ourselves the opportunity of making use of the market which machinery combines had forced into existence amongst the farmers of the State prior to the war. I venture to say that had it not been for the machinery agents coming along prior to the Government taking a hand in connection with farmers' accounts, the latter would never have got into the difficulties which they have got into. It was no uncommon thing to go on

to a farmer's property and find enough machinery for the cultivation of 1,000 acres of land, when the farmer had actually only 200 acres ready for cropping. The people responsible for this state of affairs were the machinery agents, and the farmers were foolish enough to take the machinery from them which they really had no use for. stepped in even to the extent of depriving our own trading concern of business that might have come its way, and now have had to face the abnormal conditions in the same way as the other trading concerns have to do. If we decide that our trading concerns are useless in these times, we are going to do an injustice to the State. If other businesses are kept on with the prospect of the people concerned making good profits in the future, surely it is up to the State before disposing of these bigger trading concerns to consider matters in exactly the same light. Most of our trading concerns have not been established from the point of view of showing a profit of £ s. d. Take our railways for instance. These are a trading concern just as much as our implement works or our sawmills or any other enterprise of the kind are trading concerns. Hon, members will not deny that in other countries the railways are owned and controlled by companies just as much as sawmills are owned and controlled by companies in Western Australia. there any single member of this House who will prepared hand to over any part of our railway system to a private company? Our railways have not been paying of recent years, and yet on the same argument and on the same basis that our friends now propose to seek authority to prevent trading concerns being established without the sanction of Parliament they want permission, curte blanche, to dispose of our trading concerns if they feel so inclined. If because of a loss in the operations of a trading concern in these abnormal times it is deemed to be a good thing to get rid of it, why does not the Minister or the Government say, "Let us get rid of the railways"?

The Attorney General: The railways do not stifle private enterprise.

Hon. J. SCADDAN: The hon. member is unfortunate in his remarks. If there is one statement which has retarded the obtaining

of funds in London, in our operations on the loan markets, it has been the action of the Government in building a railway in competition to that owned by the Midland Railway Company.

The Premier: Nonsense.

Hon. J. SCADDAN: When I was in London the air was blue with the supposed unfair treatment of the State Government of this country in coming into competition with an already established private company.

The Attorney General: You had all the money you wanted in London. It was thrust at you.

Hon. J. SCADDAN: I have heard the hon. member's chief declare on the public platform that we could not get money if we wanted it. The hon. member now says that money was thrust at us. Are they throwing money at his chief?

The Premier: I do not think you have heard me say such a thing.

The Attorney General: They are not throwing it now.

Hon. J. SCADDAN: The hon, member knows they are not. He says that our railways do not come into competition with private enterprise. These people consider that it does so unfairly. Did that prevent the Liberal Government from putting through a Bill for the purpose of building a railway? Is it not a fact that the consensus of opinion in both Houses of Parliament is in the direction of taking over the Midland Railway Company if it can be bought out at a reasonable price?

The PREMIER: Certainly.

Hon. J. SCADDAN: Yet we are told by the same people who make the assertion that if a trading concern is not paying its way just now it should be disposed of. They do not take into account the question of whether it is beneficial to the State or not. Did the hon. member propose to dispose of the "Eucla" which is trading between Albany and the south-eastern ports?

The Attorney General: She has a broken rudder.

The Minister for Works: She has a hole in the bottom of her boiler and is all to pieces.

Hon. J. SCADDAN: I do not care whether she is all to pieces or not. The

south-east coast must be kept open, and this can only be done under existing conditions by the State operating there as it is doing now. Here again, if we are merely going to consider the question from the point of view of £ s. d. coming into the Treasury, we ought to have long since disposed of the "Eucla." Why do not the Government, if they take up this attitude, say that it is a losing proposition and close down on it? They do not do this, because they know we are doing something which is beneficial to that particular portion of the State, which is just as much entitled to our consideration as is any other portion of the State.

The Attorney General: It was done very bady then.

Mr. Foley: What about the State batteries?

Hon. J. SCADDAN: The previous Minister for Mines (Mr. H. Gregory) established State batteries in certain districts in direct opposition to established private enterprises. Why did he do this? He did so to assist the prospector on our goldfields, because private batteries were not giving the prospector a fair deal. Does the Attorney General suggest that this was a wrong action? Is the Attorney General going to take up the attitude—

The Minister for Works: What has this to do with the Bill?

Hon. J. SCADDAN: It is a question of putting trading concerns on what the Minister calls a business basis. I want to tell the Minister that before he lives much longer on this earth he will find that the tendency throughout nations will be not in the direction of restricting State enterprises, but rather in that of extending them.

The Minister for Works: Not on this basis.

J. SCADDAN: The tendency Hon. industries, is to operate our big private inin the interests of a few dividuals, but in the interests the general community. Ι am sure that democratic like Auscountry tralia a Government disposing of these industries, from which the public derive such benefits would not be tolerated. What have the present Government done with regard to the railways? They have shown a loss in their operations and to counteract that the Government immediately increased the rates. They could do the same with these trading concerns. Is this warranted?

The Minister for Works: You cannot do it.

Hon. J. SCADDAN: Take the North-West coast, for instance. The Government can demand any freight they like on the State steamers trading along that coast, and can make them pay handsomely. We could have done it, and were asked to do it by the opposition shipping companies. We declined to do it because we were operating our State steamers not for the purpose of making profits, but to enable the north-west coast to be developed as it ought to be permitted to develop. If we could not do something to develop the north-west we ought to hand over to someone else who can. We will never develop the north-west if we leave its development for private enterprise to carry out.

Mr. O'Loghlen: Or the south-west either. Hon. J. SCADDAN: That is so. We have got to this stage when we cannot expect to develop our great north-west or our great south-west without the co-operation of the whole community together, and the expenditure of money on behalf of the general community.

The Attorney General: There is too much red tape and Government stroke about it.

Hon. J. SCADDAN: I am prepared to agree with the Attorney General on that point. He already appreciates the fact that there is too much red tape. I would be prepared to give the Government a new portfolio for a Minister for the purpose of rectifying and wiping out those branches of the Government departments which introduce so much red tope and such unbusiness-like methods into their dealings. The Attorney General will not be able to do it in his present capacity in his own department. I admit the position has to be faced.

The Attorney General: Other nations have had to give up State enterprise for that reason.

Hon. J. SCADDAN: But we do not give up our railways, or our post office, for that reason. I do not suppose there is any State department in which so much red tape obtains with so little consideration for the public, as in the post office. But is it proposed to hand over the post office to private enterprise?

The Attorney General: There is a vast difference between monopolies such as you are discussing, and the businesses which private enterprise conducts.

Hon. J. SCADDAN: What is the position with regard to private enterprise? The Attorney General's present chief attended a meeting of the Chamber of Manufacturesit was the annual dinner. I think-and there he is reported to have said, "We will not allow many years to go over our heads without compelling the manufacture of every sovereign's worth of implements required by our community in Western Australia." By that statement the hon, gentleman meant that if private enterprise would not undertake that manufacture, the Government would. I was present at the opening of the Mt. Lyell Company's superphosphate works, when the present Minister for Industries attended on behalf of the then Government. He made reference to the enterprise shown by the Mt. Lyell Company in establishing the works, but he pointed out that side by side with the necessity for manure, there was a necessity for farming implements. He issued a warning. Did the manufacturers come along and manufacture the implements?

The Premier: Yes; and you came along and shut them up.

Hon. J. SCADDAN: What did they manufacture?

The Premier: Implements. You had not the sense to buy the works. You shut up Heydon's works in Victoria Park.

Hon. J. SCADDAN: Nonsense. Who obtained the advantage of the State Implement Works if the farmers did not? And the farmers are now, by their support of the Government in this matter, handing over the State Implement Works to private enterprise and so bringing about an increase in the cost of implements.

The Premier: We have to increase the State prices, at all events. The works have been running at a loss all along.

Hon. J. SCADDAN: The Government will sell the works to any buyer who may come along with what they consider a reasonable offer. With the Government it is not a matter of considering the benefit of the State, but merely of considering their announcement that they intend to dispose of the trading concerns. They can dispose of the trading concerns en bloc to-morrow without improving the financial position of the State.

Mr. Munsie: The trading enterprises have been a considerable help to the present Government.

The Minister for Works: They have not. Hon. J. SCADDAN: Perhaps the Minister will accept that statement "E. & O.E." I have repeatedly heard the statement that some of the trading concerns would probably prove beneficial not merely indirectly but from the absolute financial point of view if they had business management. Now, our friends opposite came into office on the cry that they would apply business methods to the Government departments. That was their assertion all along. And yet the Attorney General talks about the continuance of red tape, of which he cannot get rid. Let me tell the Minister for Works that, whether or not he advertised in London the fact of the trading concerns being for sale, the Financier, a reputable paper, has stated definitely that the Western Australian Government are selling the trading concerns. The journal announces in black type, "State Brickworks and Implement Works, offers invited." And then the paper proceeds to refer to the State sawmills losses, and the State steamship losses, and other losses. The Financier mentions that the cablegram published by it to the effect that the Western Australian Government have decided to sell the State Sawmills, the State Brickworks, and the State Implement Works, was the first intimation which Australians in London received of this intention. However, this is really apart from the measure. I am of opinion, and I think hon, members generally will agree with me, that if it is desirable that Parliament should be consulted before State trading concerns are established, it is just as desirable that Parliament should be consulted in the disposal of those undertakings. I know what the Government have in mind. are concerned not so much about the existing enterprises as about the danger of others being established if a Labour Administration came into office again. In the opinion of

the Government, it is not the House that represents the voice of the people which should be consulted, but the House representing bricks and mortar, where, in some instances, ten votes are represented. That section would not agree to the establishment of State trading concerns, irrespective of how beneficial they might be to the community.

The Minister for Works: Why not argue this in Committee, on the clauses?

Hon. J. SCADDAN: I can argue it just as well now as in Committee. My desire is to deal with the whole question in a comprehensive, businesslike manner. Moreover, we surely ought to take into account the operations of the trading concerns from other than a mere pounds, shillings, and pence aspect. Let us take the fish supply.

The Minister for Works: Forty pounds a ton to bring fish down to Fremantle.

Hon. J. SCADDAN: Does the Minister for Works imagine that it would be more beneficial to the State to allow a Greek combine to continue to control the fish supply here? That is the question the hon. gentleman has to answer. But he is silent.

The Minister for Works: I will speak presently.

Hon. J. SCADDAN: Prior to the establishment of the State Fish Supply there was a Greek monopoly controlling the whole of the fish except for the little caught in the Swan river and the supply from a small firm operating in Geraldton.

The Attorney General: Do you say the fishermen at Albany and Denmark are Greeks?

Hon. J. SCADDAN: What they supply would not feed a couple of families. We have a coastline teeming with fish, and yet the fish consumed per head of the population in Western Australia is less than perhaps in any community in the world.

The Attorney General: The question I ask you is, are the Albany and Denmark fishermen Greeks?

Hon. J. SCADDAN: Some of them are Austrians. Even since the war has been in progress, some of our rivers have been actually cleaned out of fish by Austrian aliens, and the Government have taken no action. It is still going on. Those fishermen may be Greeks or Austrians, but they are not Britishers.

The Attorney General: There are probably 40 fishing boats at Albany. The fish is sent to the goldfields.

Hon. J. SCADDAN: What I want to urge is that we should consider how the trading concerns operate in the interests of the general community who, in addition to being consumers of the products, are shareholders in the concerns. We ought to consider those concerns at the present juncture as private companies now consider their businesses. Some private companies are carrying on at a loss under existing conditions. They are prepared to suffer the loss, knowing that times are not normal. Similarly with our trading concerns. The State sawmills will do a great deal to wards opening up the South-West, if they do nothing else.

Mr. Munsie: They have done it already. Hon. J. SCADDAN: Just so. Quite a number of businesses have been opened in the South-West which, but for the State sawmills, would never have been established The State sawmills have lost their market through no fault of the previous Government, but owing to the impossibility of obtaining ocean freights. And so we are going to dispose of the State sawmills, and allow someone else to come along and sit down on the enterprise until the opportunity occurs to dispose of the timber at a high profit, which profit will go into the pockets of shareholders, many of whom would not be residents of this State at all. I have no objection to the Government putting the trading concerns on what they call a business basis, if they like; but I do contend that before disposing of those concerns they should obtain a mandate from the people for the sale-a mandate which, let it not be forgotten, has never yet been obtained. 1191 the Labour Government came back. with a strength of 33 in a House of 50, with a mandate from the people to establish State trading concerns.

The Minister for Works: Not a bit of it. Hon. J. SCADDAN: We established them. In 1914, after the trading concerns had been operating even at a loss, we were still returned with a majority.

The Minister for Works: But you lost your tail.

Hon. J. SCADDAN: The hon. gentleman is the tail of a party of 17 in a House of 50.

Where is the mandate to dispose of the trading concerns? Let me say that the Government are at liberty to operate the concerns on what they consider a business basis without any objections from me; but before they dispose of those concerns, especially under the present abnormal conditions, which mean that our railway system itself is a losing proposition, they ought to obtain a plain mandate from the people to that effect. They have no such mandate yet. This Bill should provide that the authority of Parliament must be obtained for the sale of any State enterprise. It is true that Ministers accept their re-election as a mandate from the people.

The Minister for Works: This has nothing to do with the Bill at all.

Hon. J. SCADDAN: Where is the Government's mandate from the people?

The Minister for Works: I will tell you when you sit down.

Hon. J. SCADDAN: I am not in a hurry to sit down. The only point I want to make is that the Minister shall provide in this measure that if it is a fair thing to ask the authority of Parliament to establish a trading concern, it will be equally fair to ask Parliament for authority to dispose of it. It is only right that he should place before the House any agreement he may enter into with any person or company before he is allowed to dispose of any concern. If that is done I shall have no objection to him providing for putting the trading concerns on a business basis.

The Minister for Works: Do you want the matter debated in the House if we have an opportunity to sell?

Hon. J. SCADDAN: Most certainly. It is just as simple a matter to place before the House an agreement about to be entered into for the disposal of a trading concern as any other agreement which the House is in the habit of having presented to it.

Mr. E. B. Johnston: It is done in regard to opossum farms and lime leases.

Hon. J. SCADDAN: Just so, and it could be done in connection with the disposal of State enterprises. Parliament at least should be consulted before our trading concerns are finally disposed of.

Mr. MUNSIE (Hannans) [S.17]: I do not desire to discuss this matter from the

standpoint of pounds, shillings and pence. Personally I believe that a State in embarking on enterprises should not look at the matter from the aspect of pounds, shillings and pence. I believe it is possible to inaugurate many other enterprises which would be of benefit to the people generally, even though those enterprises showed a financial loss. It seems peculiar to me that the present Minister for Works, when he introduced the Bill, should have deemed it advisable to cut out certain of the trading concerns which the previous Government established. Minister gave no explanation of his reason for not including all the State enterprises in this Bill. In reply to an interjection by myself he said that the State dairy farm at Claremont was looked upon as a business undertaking; it was not a trading concern-During the speech made by the leader of the Opposition interjections came from the Ministerial bench which tried to prove that the railways were not a State trading concern. because they were not operating in competition with anyone else. I do not think any of the Ministers will argue that the State dairy does not compete against other dairies. Still, they class it as a business undertaking. I want to know why.

The Minister for Agriculture: The State dairy charges 5d. a gallon more for milk.

Mr. MUNSIE: I would like to see the figures which would show that ever since the establishment of the State dairy the Children's Hospital has paid less for milk than it paid before the establishment of that dairy, and that it has been receiving purer milk than it ever did before. The dairy is not included in the Bill, and there is only one reason for that which appeals to me. To my mind the reason is that every member of the Ministry and members opposite are satisfied to admit that even though the State dairy shows a loss financially it has been a benefit to the community so far as supplying milk is concerned. The Government are prepared to continue the operations of this dairy and class as it as a business undertaking. I desire to refer to one or two of the other State trading concerns. With reference to the implement works. while I am prepared to agree that they have been run at a loss since their establishment. and that for the first nine or ten months the

loss was considerable, I think the Minister now controlling those works will admit that prior to his advent to office his predecessor had put the works on a much better footing than they were before.

The Minister for Works: That is right.

Mr. MUNSIE: I honestly believe that with capable management and a little more experience so far as that industry is concerned, a man can be found to manage the works and even make them pay.

The Minister for Works: Even with the nightmare on its back of four per cent. for holidays?

Mr. MUNSIE: There is another point I want the Minister to consider. The Minister was fairly definite in his speech when introducing the Bill when he said that it was the policy of the late Government to establish State trading concerns, and that it was the policy of the present Government to sell those concerns; and that if they could not sell them they would lease them. I want to urge upon the Minister the necessity for being extremely careful with regard to the implement works. I do not know the number of harvesters or agricultural implements which have been manufactured there and purchased by farmers. Suppose the Minister to-morrow closed down those works, what would be do in the way of providing spare parts for the implements purchased?

The Minister for Works: I have taken that into consideration and provided for it.

Mr. MUNSIE: I am glad to hear that, but I would be better pleased if I heard the Minister announce that he had no intention of selling those works, and that it was his proposal to continue the manufacture of implements.

The Minister for Works: You will not hear me say that.

Mr. MUNSIE: I hope I will later on. I am satisfied if the present Ministry dispose of the implement works the same thing will take place there as has occurred with regard to superphosphates. The instant the Government removed the freight from superphosphates the companies increased the price of super., and within a week of the closing down of the implement works I am certain the private companies would add at least 15 per cent. to the cost of implements manufactured by them. The history of the world

has proved that that has occurred in every instance. The only instance I know of where large companies did not put their heads together and come to some understanding for two or three years, was the case of the insurance companies in this State. They held off for two or three years but then found that what they were doing did not pay. Their heads soon came together, and up went the premiums. I am satisfied that if the Government dispose of the agricultural implement works, within a short period of that disposal the will οť implements he angmented to the extent σť 15 per cent. And we shall not see a word about it in the Press either. Farmers may write as often as they like, but little publicity will be given to them. So far as the increase in the price of super, is concerned, we hear very little mention of it. It has to be dragged out before it is admitted that the price has been advanced since the reduction of the freight on the railways. With regard to the principle in the Bill, as to getting the consent of Parliament before the estalishment of any trading concern, I would say that as Parliament is at present constituted such a provision should not find a place in If it is possible to provide the measure. that the consent of this Chamber shall be obtained before any trading concern is established, I will offer no objection. What chance have the people of the State? They could return, as they did in 1911, 34 members as against 16, and there is not the slightest doubt about it that at that time one of the principal planks of the Labour platform was the introduction of State trading concerns. If it is necessary to have the consent of Parliament there will have to be an overwhelming majority of the adult people of the State in favour of the establishment of State enterprises, otherwise the Legislative Council will say "No." Why? Because the Legislative Council are there to protect vested interests three times out of four; and less than 40,000 adults in this State return the members to the other place, whereas those entitled to vote for the Legislative Assembly number 150,000. Is it a fair proposition that we should put in the hands of less than 40,000 people in this State the power to defeat the will of 150,000 electors?

is what the Bill practically means, and I believe the Minister for Works knows that that is the case, and that is why he has made such a provision.

The Minister for Works: You give me credit for a lot that I do not know anything about.

Mr. MUNSIE: We have heard a great deal about the trading concerns having been largely responsible for the deficit. I am not going to deal with the deficit. The leader of the Opposition is capable of using all the arguments that are necessary in that respect.

The Minister for Works: He has told us that you have the deficit in your pockets.

MUNSIE: might Ι say ín reply the interjection to that the deficit which has been accumulating since the present leader of the Opposition Treasury bench has into the pockets of a few individuals in Western Australia; there is no question about that. The deficit has not grown much smaller since these gentlemen of keen business acumen have been controlling the destinies of the State. I do not agree that the consent of Parliament should be obtained before a State trading concern can be established, although I would agree to a majority vote of this House as a condition precedent to such establishment. The Minister proposes to take power to sell or lease any or all of the trading concerns, and presumably he would be prepared to exercise that power even under the present abnormal conditions of the market. It would be distinctly unfair to the shareholders if those enterprises were placed on the market at the present time. We have been told that the State trading concerns have ruined the State, yet I have not heard any Minister say anything derogatory in respect to the wheat pool. There we have a Commonwealth trading concern. The Minister for Railways is always prepared to boom that for all it is worth. I agree with him that it would have been an exceptionally bad thing for the farmer had not socialism stepped in and prevented the private wheat buyer from securing the people's wheat at such a time. I would again refer to some of the misrepresentations made by the Minister when moving the second reading. said one of the chief reasons for the Bill

was the unreasonableness of expecting to get any one Minister with a sound knowledge of all the trading concerns. He declared that it was expecting altogether too much to ask a Minister to take control of all of them. In this respect I would remind him that there is a manager in each of the State trading concerns. The Minister spoke of the implement works, the sawmills and the brickworks as having a capitalisation of a million and a quarter. By interjection I denied that statement, whereupon the Minister said he belived he had made a mistake of £18,000, and remarked "Surely the hon, member is not going to make of me a liar for that small amount."

The Minister for Works: I said £800,000.

Mr. MUNSIE: Even allowing for his £18,000 he was still £544,454 too much. Of course that is nothing to the Minister when he is misrepresenting the State trading concerns.

The Minister for Works: That is a nice thing to say. I corrected my statement and said it was £800,000.

Mr. MUNSIE: Well, I did not hear him. I remember getting into an argument with his chief who, when I said the Minister had referred to three trading concerns, declared that he was referring to 10 of them. He certainly referred to three only, and the West Australian published it as three.

The Minister for Works: I said £800,000. Turn up Hansard and you will find it there. Mr. MUNSIE: At all events, it was published in the West Australian.

The Minister for Works: I cannot help that; Hansard publishes the right thing.

Mr. MUNSIE: Unfortunately only a small percentage of the people read Hansard, while a very large proportion read the West Australian. Therefore, I hope the West Australian will correct the statement to-morrow, for I do not want the people to think that three trading concerns have absorbed a million and a quarter pounds.

The Minister for Works: They will if they go on much longer

Mr. MUNSIE: In which case it will be due to the bad management of the Minister. The Minister said the Bill contained three main principles. First, the continuation of the trading concerns, second the disposal of

them, if possible, and, third, the placing of them on a sound footing in respect of bookkeeping. In regard to the third, I am prepared to afford the Government all the assistance I can, for I desire to see these trading concerns put upon a sound business footing. But I strongly object to the Government having the only say on the question of whether or not any or all of the trading concerns are to be disposed of. If it is necessarv to get the consent of Parliament to establish such trading concerns, surely it is necessary to get the consent of Parliament to the disposal of them. I intend to vote against the second reading. If I cannot defeat the Bill at that stage I will move amendments in Committee, and I trust that many of those amendments will be agreed to.

Mr. GARDINER (Irwin) [8.40]: The Bill embodies one or two fundamental prin-One is that each of these trading concerns shall have its capital authorised, and such capital shall not be extended without the consent of Parliament. only principle to be applied if we are to make our business concerns profitable. one has an unlimited cheque to draw upon, and the amount is debited to capital account, one is not going to have proper business management. There is in the Bill another principle with which I agree, namely, that no further trading concerns shall be started without the consent of Parliament. sionally I get wearied with inconsistencies. A popular assertion I have frequently heard, has it that these trading concerns were started without the consent of Parliament. Surely if it is reasonable to say that they shall not be started without the consent of Parliament, it is equally reasonable to declare that they shall not be sold without the consent of Parliament. If there is any sane reasoning in the proposition, it must have an equal effect in the starting and in the I do not think any reasonable man could be expected to give an open authority for a Minister to sell these trading concerns. Assuming they were put into liquidation, there would still have to be the authority of the creditors to say at what reasonable price they should be sold. Therefore, it seems to be to be unreasonable that this very drastic power should be placed in the hands of one individual. Probably I

should have but little besitancy in giving that power were it not that these trading concerns have been the subject of so much political bitterness. It will be a reflection on the business ability of the House if capital expenditure amounting to something over a million pounds has been put into new concerns and the House has to admit that those businesses after those concerns have been running for some time show only £5,000 then the capital has been badly managed. Much depends upon the management of business concerns, and when we have concerns we must be certain that we have the best business management. And if we are to get the best business management of our concerns, we shall have to pay much higher salaries than the State at present pays. We must also not forget the fact that outside business concerns are under the control of boards of directors. Those boards may not be experts, in many instances they are not. The only thing which concerns the boards of directors is that their business shall be run to figures. The boards say, "We do not care particularly whether the business is being run on set lines, but we have to look after the figures." This Bill says that the trading concerns shall provide interest, sinking fund and depreciation. I do not think there are many private businesses—there are none to my knowledge-which are called upon to do all this. A little further down in the Bill there are other headings indicating that the concerns have to pay a portion of the salary covering services rendered by any Government officers; and there are other hindering influences against their becoming profitable. I ask the Minister who introduced the Bill if he were administering a concern such as the State Implement Works how long would he stand his office work being done outside. and how long he would consent to having his banking account kept at the Treasury. any having a portion of the Treasury expenditure charged up against his works. Would be consent to any other public officer coming into his works and having portion of that officer's salary debited? Does he consider that is the way to give any one of these concerns a chance of coming out on the right side? I venture to say, if I know him as I think I do, he would be the first man to say, "If I am going to make this

concern pay, I am going to be boss, and those men will come under me." And that is what I would say; that is quite right. We do not know how much further we are going under this Bill. It is provided that any profit made shall go into consolidated revenue. If a profit be made this year and a loss next year, it is proposed to debit capital with the loss, but to take no credit for the profit. Would the Minister permit that in a private concern? Would be not rather say if he made a profit of £20,000 that he had the right to take that money and allow it to produce interest for him? At times I do not know how I feel with regard to the trading concerns. I recognise that frequently the Government have to do things which may show a loss, but which are of great utility to the community. Some of these trading concerns may not pay their way and still may be worth keeping, and in respect of these I would be loth indeed to see them closed up. Supposing the Minister were to say to-morrow morning it was his intention to sell the State steamers now trading on the North-West Coast. That undertaking has been giving that portion of Western Australia means of transport, and I think that portion of the State is entitled If the Government canto consideration. not give them railways, then a steamship service is essential. I would not care to give to any Government power to dispose of those ships until Parliament was consulted. I am in a quandary and wish to ask the Minister a question. I presume the total amount shown here as capitalisation is what has been put into the industry by way of capital, that is fixed capital, and I presume that capital is represented by stock. In the next line there is an item £50,000. I presume that is for working expenses. Assuming that it is, when the allocation has been put through Parliament there are assets against the capitalisation. When those assets have been realised, do the proceeds go to the credit of capital account? That is one of the questions I want cleared up. I can understand, as in any ordinary trading concern that wages are paid out of profits, but if profits are passed into consolidated revenue there must be a new capitalisation every year. point I want made clear is in regard to

assets, whether when those are realised on, the money is applied in the reduction of capital expenditure. As I understand the position, whilst there is a fixed capitalisation of, say, the sawmills the Government has a large amount of timber on hand—is that so?

The Minister for Works: Yes.

Mr. GARDINER: And you have closed down the mills?

The Minister for Works: No.

Mr. CARDINER: You are still working them?

The Minister for Works: We have closed down one.

Mr. GARDINER: Is there any timber at that mill?

The Minister for Works: Yes.

Mr. GARDINER: And when that stock of timber at that mill has been realised, I take it the capitalisation will be reduced by that amount.

The Minister for Works: Yes; it will be paid into the Treasury.

Mr. GARDINER: I think that is clear. But seeing that in this Bill capitalisation is provided for, it makes it appear very much like inflated capital.

The Minister for Works: Because there has been so much money spent on them.

Mr. GARDINER: Never mind what has been spent. If I were making this as a business statement to the House, I should inform the House how much assets I had in stock as a result of trading, which now is in capital. But the capital includes amounts paid in wages up to the date of the mill being closed. You are calling it capital. I will put the position in this way. The amount of capital set against the State sawmills is £241,156—I presume that is the total expenditure on the sawmills up to date.

Mr. Taylor: Are there no wages in that? Mr. GARDINER: The £108,000 is what? The Minister for Works: Practically what has been spent in stock we have on hand.

Mr. GARDINER: Then we have £241,000 representing fixed capital and £108,000 representing working expenses. Against that we have so much assets by way of stock on hand. When you realised on that stock, assuming that its value was £150,000, then the capitalisation would be reduced to a normal amount. At present you debit the whole of

what it has cost up to date and call it capital, but when you realise on your assets, assuming that the total capital is £350,000 and the stock realises £250,000, the capitalisation must come down.

The Minister for Works: So it does in the Treasury books. We have the right to go on working on that money.

Mr. GARDINER: I do not think you have according to this Bill. If you have that right, then there is no occasion for providing working expenses. If you may say there is still £100,000 worth of stock, there is no occasion to get an additional £50,000 by way of working capital to go on trading with. I intend to support the second reading of this Bill but I intend also to see that certain radical changes are made in it or that something which is now vague is more clearly stated.

On motion by Mr. Taylor debate adjourned.

BILL-FOOTWEAR REGULATION.

Second Reading.

Order of the Day read for resumption of debate on the second reading.

Question put and passed. Bill read a second time.

In Committee.

Mr. Holman in the Chair; the Minister for Railways in charge of the Bill.

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

BILL—SALE OF LIQUOR AND TOBACCO.

Second Reading.

The ATTORNEY GENERAL (Hon. R. T. Robinson—Canning) [9.3] in moving the second reading said: This is a Bill to amend the law relating to the sale of fermented and spirituous liquor and to prohibit the sale of tobacco to young persons. The clauses of the proposed Statute do not very much touch the 1911 Act, but they modify some of its provisions, and introduce one or two new features. It will be known that under the State law Section 97 of the

Licensing Act of 1911 was only dealt with in the last amendment, whereas Section 99, dealing with the closing of bars, was not This Statute provides that bars touched. must be kept closed except between the hours of nine to nine, and that proviso is inserted so that the amendment may be consistent with the existing amendment to the Section 97 I refer to. The first license touched by the new Bill is what is called the gallon or two gallon license. Whilst the amending Bill does not in any way seek to repeal or alter the gallon license, it hedges it about with two or three provisions. Complaints have been made to the police and others that persons have been in the habit of ordering their beer from the grocer, and having it booked up as soap.

Mr. O'Loghlen: As axe handles.

The ATTORNEY GENERAL: I do not know how they do it, but there is no provision for the inspection of gallon licenses, and it was suggested that gallon licenses and grocers' licenses should be done away with altogether.

Mr. O'Loghlen: Are you going to do that?

The ATTORNEY GENERAL: What I propose to do is first of all to try this provision and tighten up gallon licenses.

Mr. O'Loghlen: It is too hot weather for such a trivial Bill.

The ATTORNEY GENERAL: It is proposed to tighten up gallon licenses in this way, namely, that the holder of a gallon license shall keep a book and shall enter in that book all his purchases, the date of his purchase, the quantity and the kind of liquor, and that he shall also keep a book showing his sales. These books shall be open to the inspection of police officers or inspectors of liquor, and the invoices of the liquor purchased and numbers of the sale notes will be capable of being verified one against the other. I am seeking by this section to attack the disease, which it is alleged the gallon licenses suffer from.

Mr. O'Loghlen: Very inquisitorial.

The ATTORNEY GENERAL: It may be, but it will prevent in future any beer being booked up as axe handles.

Mr. Foley: They have to keep a book now.

Mr. Harrison: Would a man be liable to prosecution if his stock account did not agree with his sales?

ATTORNEY | GENERAL: The He would be liable to a penalty of £20, unless a very good explanation was forthcoming. That is the object of the clause and this is provided for. The next phase of the Bill is that dealing with the sale of liquor to children. In Western Australia the age for the supply of liquor to children is 16. members will probably be surprised to know that we are the lowest of all the Australian In Tasmania the age is 18, in South Australia 21, in Victoria 18, in New South Wales 18, and in Queensland 21, whilst we in Western Australia allow anyone over the age of 16 years to go into an hotel and buy liquor.

Mr. O'Loghlen: Still, our children are as good as any other children.

The ATTORNEY GENERAL: And possibly better. I propose to raise the age in Western Australia from 16 to 18.

Mr. Harrison: Why not 21?

The ATTORNEY GENERAL: Hon. members can raise the age to 21, if they please, by an amendment. I shall not oppose it, indeed I shall be pleased if they carry it. In the Illicit Sale of Liquor Act there were certain words used when the Act was passing through Parliament in 1915, and the words are "for the year 1915." These words led to a good deal of misunderstanding by a particular section of the community, and it is proposed to delete them. By virtue of Section 119 of the Illicit Sale of Liquor Act. no wine can be sold under an Australian wine license in any shop where fruit or other goods are sold except aerated waters, or tobacco, or by a bona fide restaurant or eating house, to be consumed with the meal. The object of the amendment is to require a shop to be closed, just as bars are closed, except in the case of a restaurant or eatinghouse, and in such case to require the liquor to be cut off during the time when the sale of liquor is unlawful, and to prevent sales from taking place before nine and its consumption on the premises after 9 p.m. Both the sale and consumption of liquor must. therefore, cease at 9 p.m., and the penalties are made the same is in connection with

public-houses. In effect, that means this. that at the present time Australian wine is being sold in shops in which fruit and confectionery is sold. The great objection that is continually being raised against these licenses is that wine is allowed to sold in such combination, and the method suggested in the clause will entirely eliminate this. For the future wine will practically be sold in wine shops only. There is another type of license that we have called the Australian wine and bottle license, which, as a matter of fact, was introduced into the Illicit Sale of Liquor Act by a private member in Committee. do not think it was given that care which it should have been given in its drafting. I propose to alter that in such a way as to bring that particular class of license within the general rule that applies to others, and holders of such licenses will have to close their shops and sell nothing after 9 o'clock, otherwise it would be practically impossible, as it is now, in such premises for the police to put their hands on instances of illicit sales of liquor. There is a set of clauses dealing with the absence of a licensee on naval or military service which give certain concessions, and which have been inserted in the Bill at the suggestion of the military authorities. I think these clauses, which are of a liberal nature, will commend themselves to hon. There is another question which has to be dealt with, namely, the contentious matter which was raised under the Liquor Regulation Act, 1915, in regard to compensation. It appears that on the assignment of a lease the assignee, and the lessor, have the right, subject to arbitration, to a proportionate reduction of rent during the operation of the 9 to 9 provision. The lawyers, and I think the court, have declared it to be doubtful as to whether the assignee on an assignment for valuable consideration by the lessee as transferror, as a consideration for the transfer, can claim from the lessor a proportionate return on the premium paid by the original lessee. Section 16 of the Act to which I have referred, the Sale of Liquor Regulation Act, 1915, provides for the proportionate return of part of the premium paid by the lessee to the lessor, and although the term lessee includes the assignee, nevertheless as a case may be imagined wherem nothing is paid to the assignee by the lessor and where the right to a refund would not arise in the case of the assignee, it is proposed, and hon, members will see the section dealing with the matter, to vest the right of the lessee to a proportionate return of the premium in the assignee of the lease with the limitation that the right shall be calculated on the amount of the cash paid by way of in-going to the transferror. There is only one other matter touched on in the Bill, and that is in regard to the sale of cigarettes or tobacco to children.

Mr. O'Loghlen: What is the age, 18?

The ATTORNEY GENERAL: The age provided in the Bill is 16. There is nothing new in this in Australia. The States to which I have referred, namely Tasmania, South Australia, Victoria, New South Wales and Queensland, all have a provision similar to this one, and very much more drastic because it forbids the sale of tobacco or cigarettes to children under the age of 16. Western Australia is the sole exception. I well remember, years ago, that when a former Premier of Western Australia introduced some such measure, which was, I believe, to prevent the smoking of cigarettes by children, he was laughed to scorn. Hon. members will, therefore, see the change which has taken place in the trend of public opinion. Every State of the Commonwealth to-day, with the exception of Western Australia, possesses legislation on the subject, not forbidding the children to smoke, but forbidding any person to sell, give, or supply tobacco in any form, or eigarette paper to, or for the use of any person under the age of 16. That is quite a different thing. child is not punished, but the person who would sell to the child is punished. That is the Bill, and I commend it to hon, members: and I hope that the measure, not being a contentious one, will have the support of every member. I move-

That the Bill be now read a second time.

Mr. FOLEY (Leonora) [9.16]: Having listened to speeches from the platform and everywhere else where the Government could protest their desire for liquor reform, I am

inclined to think they are not sincere in some of their statements. A man who advocates reform in any direction should show some strength of character. In this matter of liquor reform the Government have shown no strength of character whatever. Personally I do not care whether the hotels close at nine o'clock or at eleven. That is a matter for the people to decide. In my opinion, no Minister who introduces a liquor reform Bill in any Parliament of Australia is insincere unless his measure contains a clause for the abolition of the gallon license. From some years' observation of the gallon license traffic. more especially in the remote parts of the State, I consider that it is not so much the hotel which is the cause of evil, but the gallon license. The grocer's gallon license is the strongest possible incentive to home drinking. Were the gallon license wiped out of existence altogether, so that the man or woman desiring a drink would have to go into an hotel for that drink, the result would be liquor reform. The hotel-keeper has to maintain his house decently under a licensing Act, and in that way the worst form of drinking would, with the abolition of the gallon license, be very much restricted. It is certain that the holders of gallon licenses charge beer as other commodities. During the Attornev General's speech, I interjected that I knew of one woman in a certain locality, who had, according to her grocer's bill, half a cord of axe handles in a month. Perhaps that is stretching it a little, but certainly the quantity of liquor put down for that woman in the course of a month supplied 50 families, would have could not possibly have been consumed by the woman and her legitimate boarders. It is true that the Attorney General proposes to control the traffic under gallon licenses more stringently by requiring that records of sales shall be kept. The existing Sale of Liquor Act, or sly grog measure, renders it compulsory for every holder of a gallon license when selling liquor to put a special label on each parcel, and also to state the quantity previously sold. The police may search his cart or conveyance between his place of business and the residence of purchasers. But what benefit has resulted from that provision? It is now just as hard as ever it was to get a conviction.

advocating not the cause \mathbf{of} hotelkeeper. do I contend. however. that the hotelkeeper whose license fee is accepted by the Government and who maintains his house to the standard set up by the Licensing Act, should be protected against the illicit liquor trade which undoubtedly goes on. If the keepers of slygrog shanties had to obtain their supplies from the legitimate hotelkeepers, they would get no supplies at all. If there are seven hotelkeepers in a town, any brewery selling over their heads to the shanty keepers would not supply the hotelkeepers much longer.

The Attorney General: Do you suggest that the breweries supply the sly grog shanties?

Mr. FOLEY: I do not know whether they do or not. The bumboats going out to the wood lines have not been all supplied by the gallon license shops. I am firmly of opinion that in the past some of the breweries have sold beer to the men who hawk it on the wood lines. I do not say that holds good of the breweries generally, nor do I maintain that it is being done at the present time. By abolishing the gallon license we shall do away with a great abuse of the drink traffic. Although I am an absolute abstainer, I am not a wowser. I believe that if a man wants a drink he should have it; and I personally do not care how much he drinks, as I am not his keeper. I am sure that the grocers who now hold gallon licenses would welcome the abolition of the gallon license. Many of them hold it merely because their competitors hold it. Some holders of gallon licenses who now supply the shanties on the fields supply also legitimate purchasers.

The Attorney General: The gallon licenses have been renewed. The only licenses reserved under the measure passed in November are the wine licenses.

Mr. FOLEY: Say there are four grocers in a town. They cart goods to various outlying centres. Perhaps one customer asks for a dozen of beer and another asks for two dozen. The grocer sends the beer. Frequently it happens that a man does not care about paying for his beer, especially when he finds that he owes the grocer a good deal on account of liquor. Then he does not care to obtain from that grocer the other commodi-

ties which he needs, and the grocer in consequence loses his legitimate trade. Nine-tenths of the goldfields grocers holding gallon licenses would welcome the abolition of the license, which they hold only because their competitors hold it. If one grocer out of the four in a town, as I have instanced, obtains a gallon license, the other three must obtain The Attorney General has the opportunity of conferring a benefit on the people as a whole, and especially on the residents of remote centres, by asking Parliament to do away with the gallon license altogether. Although this measure as it stands may do a considerable amount of good, it does not get right down to the root of the evil. The Attorney General has an opportunity now of making a name for himself as a liquor reformer. In the licensed premises there is a guarantee of good liquor, of personal safety, and of coming out with one's money. I wish to emphasise that in very many cases the holders of gallon licenses hold them only because they are obliged to do so by business opposition.

On motion by Mr. Thomson debate adjourned.

House adjourned at 9.29 p.m.

Legislative Assembly,

Wednesday, 24th January, 1917.

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