

Governor may fix and declare different maximum prices for different parts of the State, and for differences in variety and description, and that the Governor may vary such prices. We make further provision bringing our legislation into line with that obtaining in England and administered by the Board of Trade. Clause 3 adds to Section 5 of the principal Act a subsection reading as follows:—

If any person sells or offers for sale any necessary of life at a price higher than the maximum price fixed under this Act, he shall be guilty of an offence and liable on conviction to a penalty not exceeding one hundred pounds, and in case of sale shall be liable to refund to the purchaser the difference between the fixed price and the price at which the necessary of life was sold.

This is merely taking powers already operating in Great Britain, where prices have been and are being fixed, as I have stated. It is not necessary for me, I think, to say more at present, though I could go further into the matter. The question is one which has been thoroughly considered by every hon. member, and it will be time enough for me to meet objections in Committee; unless, of course, there is strong objection to the second reading of the Bill, in which case I shall reply to the speeches of hon. members. I move—

That the Bill be now read a second time.

On motion by Hon. J. F. Cullen, debate adjourned.

House adjourned at 10.7 p.m.

Legislative Assembly,

Tuesday, 26th January, 1916.

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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: Amendment of By-laws of Geraldton Water Supply.

By the Honorary Minister: Draft Indenture of Exclusive Whaling License to Aktieselskabet Australia;

ASSENT TO BILLS.

Message from the Governor received and read notifying assent to the following Bills:—

- 1, Land Act Amendment.
- 2, Grain and Foodstuff.

QUESTION: BREAD, INCREASED PRICE AT KALGOORLIE.

Mr. E. B. JOHNSTON (for Mr. Green) asked the Premier: 1, Is he aware that the price of bread has been recently raised to 6d. for the 2lb. loaf in Kalgoorlie and Boulder, as against 3½d. in the Metropolitan area? 2, Will he bring this matter under the notice of the Commission for the control of food-stuffs?

The PREMIER replied: (1) and (2) I have referred the matter to the Royal Commission for the Control of Trade in War Time, who advise me that they are not aware of the rising of the price of bread to 6d. per 2lb. loaf in Kalgoorlie

and Boulder. They state that the present price in the metropolitan area is 4d. per 2lb. loaf. The Commission have received a complaint that prices of commodities have been increased in Kalgoorlie and Boulder, and have asked for specific details of these in order that the matter may be further investigated.

QUESTION—ABORIGINE MISSIONS, SUBSIDIES.

Mr. MALE (for the Hon. J. D. Connolly) asked the Honorary Minister: 1, Is he aware that the proposed reduction of the capitation grant to the Swan Aborigines Mission is likely to cause that institution considerable financial worry? 2, In view of the fact that this mission did not receive notice of the proposed reduction until after the expiration of half the financial year, and therefore had entered into their usual financial obligations in the belief that they were to receive the usual amount of Government subsidy, will he give instructions that this reduction will not be retrospective? 3, Have all the other aborigine missions received notice of similar reduction in their subsidies? 4, If so, what is the amount of the reduction in each of the several aborigine missions? 5, If notice has been given to the other missions of reduction, will he, in view of the good work performed by the aborigine missions in the past, and this subsidy having been paid at a fixed rate for many years, and the financial year being well advanced before they have received any notice of this reduction, consent to the continuance of the usual subsidy for this financial year?

The HONORARY MINISTER (Hon. R. H. Underwood) replied: (1.) Yes. Reduction of Government grants always cause financial worry. (2.) No. (3.) Yes. (4.) The amount of the reductions on the several missions is as shown below:—Beagle Bay, £300; Sunday Island, £50; New Norcia, £100; Salvation Army, Kalgoorlie, £100; Presbyterian (Pt. Geo. IV.), £75; Australian Aborigines, £100; Swan Native and Half-caste, £200; Lambadina Mission, £100;

La Grange Bay (Relief Depot), £50. (5.) No.

QUESTION—STATE OF BUSINESS.

Hon. FRANK WILSON: Can the Premier indicate what further business he purposes to bring down this session? It must be obvious to him and to all members that he should be able to form some idea as to when the session will be terminated, and perhaps he will indicate why all those railway Bills which have reached the third reading stage are not being proceeded with and sent to another place to be dealt with in order to clear up the Notice Paper as far as possible.

The PREMIER: As far as I am at present aware, the only business which will be dealt with this session, with the exception perhaps of a Bill to deal with the report submitted by the re-pricing of land board, is now upon the Notice Paper. There might be another small Bill or two, but nothing which is likely to detain the House more than a few minutes. Practically all the business is now on the Notice Paper with the one exception I have mentioned.

Hon. Frank Wilson: Why not finish off the railway Bills?

The PREMIER: Those are Bills which can always be passed without difficulty—railways or anything for the expenditure of money.

Hon. Frank Wilson: We must give another place time to consider them.

The PREMIER: Another place will agree to them.

Mr. Foley: They work on only two days a week.

The PREMIER: We have endeavoured to dispose of the business in a way which will facilitate the closing of the session so that measures likely to receive a good deal of discussion in another place shall reach them early so that they can discuss them while we are dealing with the Estimates. The Bills mentioned by the leader of the Opposition are likely to be passed without very much discussion, and we should be able to close the business in both Houses simultaneously without the necessity of

another place adjourning for a fortnight as sometimes happens. This has been our object in arranging the business in the way we have done.

Hon. Frank Wilson: I cannot agree with you all the same.

BILL—STATE HOTELS.

Introduced by the Attorney General and read a first time.

BILLS (2)—THIRD READING.

- 1, Public Servants.
 - 2, Vermin Board's Act Amendment.
- Transmitted to the Council.

BILL—LUNACY ACT AMENDMENT.

Report of Committee adopted.

BILL—DIVIDEND DUTIES ACT AMENDMENT.

In Committee.

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

Clauses 1, 2; 3—agreed to.

Clause 4—Credit to be given for duty paid on dividends:

Hon. FRANK WILSON: I intend, when the next clause is reached, to move the alteration of the year from 1914 to 1915. In the event of that amendment being carried, would this clause be consequentially amended?

The Minister for Lands: Yes; there would be a consequential amendment. We can discuss the principle on Clause 5.

Clause put and passed.

Clause 5—Undistributed profits:

Hon. FRANK WILSON: To this clause apply the whole of the objections taken to the Bill at the second reading stage. In fact, Clause 5 is the Bill itself. I have a considerable number of objections to raise. In the first instance, if the clause passes as drafted we shall undoubtedly tax the whole of the profits which may have been earned or accumulated in any given industry in Western Australia from its very inception, when these profits are distributed. We shall

be going right back to the inception of every undertaking, and that would be a most unfair proceeding.

The Minister for Lands: We would tax from the time a company began to create a reserve fund.

Hon. FRANK WILSON: Yes; and that is a most objectionable feature, and represents retrospective legislation with a vengeance. I intend to ask the Committee to alter the year 1914 in line 2 to 1915, so that companies having paid dividend duty for last year should not be asked to reopen the question except so far as regards paying on accumulated profits when these are actually distributed. If we admit that it is right to date this measure back even 12 months, then I think there can hardly be objection raised, consistently, to going back further still, even to the passing of the Dividend Duties Act of 1902. To do such a thing, however, would be obviously unfair; and I believe the Government would not even dream of it. The profits accumulated since the passing of the 1902 Act have been absorbed into the business and until they are realised are not available even for payment of duty.

Mr. James Gardiner: Have not those profits gone to the credit of people's assets?

Hon. FRANK WILSON: Yes. Obviously it is unfair to go back and upset the financial arrangements of years past.

Mr. James Gardiner: Assuming that the profits were standing to cash credit, what would you say?

Hon. FRANK WILSON: It is not likely that the money will be found standing to cash credit. Companies as a rule over-distribute. The Government propose to date this measure back twelve months.

The Premier: No. Companies are to pay taxation this year on dividends they distributed last year.

Hon. FRANK WILSON: They have already paid dividend duty. The Premier wants to tax profits. A company's surplus, however, has already been absorbed, as capital, into the concern; and for that reason in itself this proposal is unwise. I argue, therefore, that the

measure should operate from the 1st January of this year. Further, I intend to move that the words "or applied in any way in reduction of assets" in lines 5 and 6 be struck out. Those words, in my opinion, are unfair and likely to operate most harshly. I can conceive that the interpretation placed upon those words would be that any profits written off by way of depreciation of plant and buildings were in reduction of assets, and therefore taxable.

Mr. James Gardiner: Would not that be a strained interpretation?

Hon. FRANK WILSON: [These measures are meant to be carried out to the letter, and we must provide against such a risk. If I write £1,000 off my profit and loss account to my plant account, have I not reduced that asset? I maintain that the construction I have suggested is the only one possible under this measure. I go still further, and say that under this measure a company writing off bad debts has reduced its assets.]

Mr. James Gardiner: A bad debt is not much of an asset.

Hon. FRANK WILSON: It is a debt standing in the books, and book debts are assets. We are here to make our legislation clear. Someone else, unfortunately, has to interpret our legislation; namely, the Supreme Court. The clause covers all accumulated profits from the inception of any company, and certainly no one should be asked to pay on profits acquired prior to 1899, when the first Companies Duty Act was passed in this State. No company should pay on distributed profits if it has already paid duty on such profits year by year. Under the clause, however, we shall be again collecting duty on profits which have already paid duty. The Companies Duty Act of 1899—passed in Sir John Forrest's time—provided that companies trading within and without the State of Western Australia, and all mining companies, should pay duty on their profits. Purely local companies, with the exception of mining companies, paid on the dividends they declared. This continued for three years, until 1902, when the present member for Irwin

(Mr. James Gardiner) as Treasurer introduced a measure which placed all mining companies in the same category as other companies. Accordingly, mining companies, and other companies similarly circumstanced, have, from the year 1902, paid duty only on the dividends which they declared. Prior to that period, for the three years between 1899 and 1902, they were paying duty on their profits. If we leave the clause as it stands, we collect again on those profits when they are distributed. Such companies should be asked to pay only on profits accumulated since 1902. There was a subsequent provision that when a company merely had its head office in London this was not to be construed into trading beyond the State. The effect of this was that all our mining companies were enabled to come under the duty on dividends only. Suppose a mining company starting operations here in 1894 had, up to 1899, placed to reserve account £40,000. Obviously that ought not to be taxed. Suppose that from 1899 to 1902 it placed to reserve account £30,000; this also ought not to be taxed, because the company paid duty on the whole of its profits during those three years. Suppose that from 1902 to 1914 the company placed £120,000 to reserve, and that only during that period has the company paid on dividends. It is obvious that they had to credit of reserve account on 1st January, 1915, £190,000, but they should only be liable to pay duty on the last £120,000 when that money is distributed. Clause 5 makes them liable to pay duty on the whole £190,000 if it is distributed, notwithstanding that £40,000 of it was accumulated prior to any taxable legislation, and £30,000 of it has already paid dividend duty.

The Premier: You want to amend the existing law to let them out?

Hon. FRANK WILSON: No; the Premier wants to charge them twice. I say first of all we cannot tax profits which have been acquired before we had any taxation law, and secondly we cannot tax the same profits twice. Another point: insurance and assurance companies will be unfairly taxed under the

clause. These companies pay 1 per cent. on their gross premium income.

The Premier: The clause does not affect insurance companies.

Hon. FRANK WILSON: Yes it does. These companies pay five per cent. on one-fifth of their gross premium income. We cannot consider that any greater sum than 20 per cent. of their gross premiums can be characterised as profits. If we admit that, we are already collecting on the whole of their profits, although it is difficult to prove it. It may be argued that the money invested by these institutions is a means of profit. So it is to the extent of the interest they earn on the money so invested; but the money invested probably consists of the original capital and the accumulated premiums on which they have already paid duty. Later I will move an amendment which I think will cover the position. My proposed amendment carries the main features I have outlined, namely, that no one shall pay on profits acquired prior to the enactment of the Companies Duty Act, 1899, and that we shall not charge twice on the profits of any company.

Mr. James Gardiner: If they have paid on profits you do not want to charge them again when they distribute?

Hon. FRANK WILSON: That is so. Moreover my amendment will put the insurance companies on a proper basis, because it exempts them, seeing that they have already paid on the full amount. Reverting to my first proposal I move an amendment—

That in line 2 the word "fourteen" be struck out and "fifteen" inserted in lieu.

Mr. JAMES GARDINER: What was conveyed to us by the Premier in introducing the Bill was that the 1902 Act stood in its entirety, but henceforth, instead of the companies paying on dividends, they were to pay on profits. I want this clearly stated now, because it will remove a good deal of misapprehension. Under the 1902 Act, assuming that a company made £50,000 profit and distributed £20,000 they paid dividend duty on the £20,000 only. Assuming that at another time they distributed

the balance of £30,000, they then again had to pay dividend duty. The existing Act means that whatever profits are made and eventually distributed shall pay dividend duty, no matter whether they have accumulated or not. Now, in addition to that, it is proposed that from henceforth the companies shall pay on profits. To-day if the profits are not distributed no duty is charged until they are distributed. If the profits go into the assets of the company they remain there until those assets are put out for realisation. The leader of the Opposition referred to companies having paid on profits acquired before 1902. At that date I took the same stand as the leader of the Opposition now takes, holding that it was unfair for them to pay twice. There is a great deal in the contention of the leader of the Opposition that we should not go back to the time when there was no taxation Act in operation. I do not think the intention of the Government was other than this: that the 1902 Act should practically remain in force, plus that from this time forward the companies will have to pay on profits.

The Premier: That is so.

Mr. JAMES GARDINER: The leader of the Opposition is inclined to think it may be claimed that depreciation should be called a reduction of assets. I do not look always upon depreciation as a reduction of assets. When you write off any depreciation it is the amount taken to keep the plant up to its standard. We say there is no depreciation written off for State trading concerns. Of course we can argue that because the assets are there. I say that the assets ought to be written off.

Hon. Frank Wilson: Under this clause you have to pay duty on it.

Mr. JAMES GARDINER: I want to be clear that we are not altering the 1902 Act, except to say that from this date companies pay on their profits.

The PREMIER: The attitude of the leader of the Opposition is altogether different from that of the hon. member for Irwin; the opposition of the former is to the Bill in its entirety.

Hon. Frank Wilson: The member for Irwin is taking a point on something

which you have imputed to him instead of reading the clause.

The PREMIER: The hon. member may read what he chooses into the clause. The clause merely provides for the continuation of the present law.

Hon. Frank Wilson: It provides for the taxation of profits: it does not matter a rap what else it provides.

The PREMIER: The law provides that the present Act, so far as the distribution of profits made prior to the present Bill becoming law is concerned, shall continue. Profits made at any time prior to this particular date after the present Act is in force, and distributed by way of dividend, shall be paid duty on. If hon. members desire we could alter the present Act and say that we shall not place a duty on any profit made prior to 1889. I am prepared to make that provision. It does not alter our present clause or the existing law. When a dividend is declared the companies shall pay 1s. in the £ duty. That is what the Act provides. It does not matter where they get the money from to pay a dividend from if a dividend is declared.

Mr. Robinson: No one objects to that.

The PREMIER: Then I hardly follow the objection.

Mr. Robinson: What is the meaning of the words "or transferred to capital in any way, or applied in any way in reduction of assets?"

The PREMIER: These are words giving effect to a decision arrived at by the Privy Council. They are put there for specific purposes. Companies are repeatedly, I say, dodging their responsibilities.

Mr. Robinson: The Privy Council's judgment is the law here to-day.

The PREMIER: I am prepared to bow to the decision of the Privy Council and not to that of the hon. member.

Mr. Robinson: The Privy Council has already ruled on the point that you are discussing.

The PREMIER: I know exactly what the Privy Council has ruled. Under the existing Act there are three sets of companies. We are not concerned with one of these—we are not altering the

conditions as they affect insurance companies—but the two companies that I refer to are those that are known as mining companies, which are only taxed on dividends declared, and the others are foreign companies, which are carrying on their operations here or elsewhere and who pay on their profits whether they are distributed by way of dividend or not. We propose for the future that the payments this year shall be on the basis of the profits distributed last year. We provide also that for this 2½ millions of money, which have been accumulated during the past 12 years under this Act, should they be distributed in the future, exactly the same conditions shall prevail as would prevail if the Bill does not become law.

Mr. Robinson: What is the meaning of the words I have referred to?

The PREMIER: I am not going to permit companies to dodge their responsibilities in the way they have been doing in the past.

Mr. Robinson: These words "at any time thereafter distributed" referred to take in the Swan Brewery Company.

The PREMIER: The leader of the Opposition is nervous lest they should apply to a certain amount of the depreciation fund that will be taxed. That is not so. It is merely to prevent a company transferring practically the whole of its profits to a depreciation fund whilst the assets by this means are increased. Many companies have put their profits into increasing their assets and call it depreciation fund. I am of opinion that we have done that as a Government in some of our trading concerns. We provide in our trading concerns for a sinking fund. That means that the whole of the capital charged to the trading concerns is wiped out in some 42 years. In the meantime we provide also a depreciation fund. At the end of the term, if we keep our plant up to the original standard, the whole of it will represent no debt at all. When it can be shown that it is a fair reduction for depreciation on the assets of a company, when they are writing off there should be no duty charged upon them.

Mr. James Gardiner : Take the case of a company which writes off 20 per cent. of its machinery for instance.

The PREMIER : It is not a reduction of assets. It is merely keeping assets up to their original figure. If the interpretation then to be placed on the clause is that given by the leader of the Opposition we can put it right, but I will not put in words that will permit a company to place to a depreciation fund sufficient to make their assets free to them and still have that amount standing to their credit, in order that they may avoid paying duty. I can give instances where companies have been doing all sorts of things to avoid their responsibilities under the Act. For instance, a company instead of showing the profits by declaring a dividend has made it appear as a loss and issued debentures to the man who really is the company himself. The profits for the year, amounting to £15,000, he immediately makes into the nature of a loan to himself at 2½ per cent., this being done to avoid paying duty. We have arrived at the conclusion that these methods are unfair.

Hon. Frank Wilson : Why should you take duty on the profits accumulated prior to 1909 ?

The PREMIER : That is a point that I am prepared to agree upon if hon. members desire, with the one exception that we are altering the present law to that extent. I do not know of course whether this should be done. Companies that are making profits under the present conditions of affairs and made them last year will complain about paying 1s. in the £ on their profits.

Mr. Robinson : They do not.

The PREMIER : The hon. member does not read the *West Australian*, his official organ. This paper in its leading articles shows that it knows nothing whatever about any law or the Dividend Duty Act, and has made statements which are absolutely incorrect and do not apply to the Bill. Of course the *West Australian Newspaper Company* is one of the companies most concerned and I want the public to know it.

Mr. Robinson : I do not think the Premier is right in referring to individual instances.

The PREMIER : I might refer to the hon. member perhaps if I felt so disposed, but he might protest. I have a public duty to perform, and I am going to perform it by letting the public know the reasons that some people object to the provisions which are fair and just. These are just provisions.

Hon. Frank Wilson : They are not.

The PREMIER : I say they are.

Hon. Frank Wilson : You are making attacks and innuendoes.

The PREMIER : I am not going to say that the wording is absolutely correct. I say it is necessary to amend the law, so as to make it positively clear as to what is intended. If necessary I will consult the parliamentary draftsman.

Mr. James Gardiner : Would it not mean that any money paid under this measure and the previous Act and the 1902 Act would only be money payable without these Acts ? Would that not be the inference ?

The PREMIER : That is so. If a company has paid a duty in the past we are going to give them credit for it.

Mr. James Gardiner : If companies had paid £10,000 before the passing of the first Act that £10,000 would be excepted so far as these Acts are concerned.

The PREMIER : If they accumulated their profits, they would not.

Mr. James Gardiner : Inferentially, I should say they would.

The PREMIER : It says distinctly :—

Within seven days from the time any dividend is declared by a company carrying on business in Western Australia, and not elsewhere, such company shall—(a) forward to the Minister a return in the prescribed form, containing the prescribed particulars, verified by a statutory declaration ; (b) forward to the Minister a copy of the company's balance-sheets for the period during which the dividend was earned ; and (c) pay to the Minister a duty equal to one shilling for every

twenty shillings of the amount or value of such dividend.

That is only continuing the present Act. I am also providing that so far as a distribution of profits made in the past is concerned, when they are distributed by way of dividend, they shall pay the duty. We seem to be in agreement on the principle. I am not responsible for the drafting of this measure. I simply laid down distinctly to the Parliamentary Draftsman what I required. I said, "I want to provide that in the future all companies, local as well as foreign, shall pay duty on their profits, and I also want to provide that the present law shall continue, nothing more and nothing less," and that is all there is in the measure.

Mr. Robinson: If that was all, no one would object.

The PREMIER: I confess this is not the Bill which was submitted to me by the Parliamentary Draftsman. That Bill had anything between 50 and 60 clauses in it; but all I am concerned about is the principle. I shall not lose the measure because of some trivial matter. I want the Bill to provide that all companies shall pay on their profits, and not give them an opportunity of distributing their profits made during the last 2½ years, on which they have not paid duty. The question raised by the Chamber of Commerce has been considered by the Parliamentary Draftsman and he says that he sees no objection to inserting in line 7 after the word "applied" the words "if duty has not already been paid thereon." That is to say that they shall not pay twice, and I am prepared to make that amendment. The Parliamentary Draftsman goes on to say that if it is desired to provide that the companies shall not pay duty on profits accumulated prior to the passing of the principle Act, a proviso could be inserted, "provided that profits earned before July, 1899, shall not be liable to duty," and I am prepared to insert that in the Bill also.

Mr. Robinson: What about the insurance companies?

The PREMIER: The section of the principal Act can be put in as a proviso.

Mr. Robinson: The only other point is that referring to the words "or transferred to capital in any way, or applied in any way in reduction of assets." That goes further than was anticipated.

The PREMIER: I am prepared to look into that point. I ask the leader of the Opposition not to press his amendment under the circumstances. This clause does not deal with the payment for this year. In April of this year companies will make a return of the profits of last year and on that they will pay their duty. There will be no need to worry about the accumulated profits in the future because companies will have already paid duty on them. The words in the clause "one thousand nine hundred and fourteen" exactly meets what the hon. member desires.

Hon. J. MITCHELL: The Premier having calculated on the dividends at the higher rate, that is, 1s. in the pound, now will collect on the profits beyond the dividends paid. I think that is wrong and it is certainly retrospective.

The Premier: It is not retrospective.

Mr. ROBINSON: My principal objection to the clause, apart from those stated by the leader of the Opposition, is the inclusion of the words "transferred to capital in any way or applied in any way in reduction of assets." I agree with the statement made by the Premier and interpreted by the member for Irwin, and if the statement were transferred into the clause, and it meant only what the Premier has pointed out, I would support it without any comment, but it seems this clause does something other than what the Premier wants to do, and if so why have the words in the clause? The Premier's main object is to seize the profits accumulated and afterwards distributed. It would be unfair to tax reserves applied in the reduction of assets inasmuch as they would only be reduced if a loss had occurred, and to tax them would in fact be taxing companies on their losses. If the words "applied in any way in reduction of assets," have that meaning they should be deleted. If the words "transferred to capital in any way," mean transferred to reserves in

the reduction of capital, it would be better to use such words as "converted into share capital."

The PREMIER: The hon. member has stated the position fairly correctly, and I will look into the application of those words. If their deletion would give a company power to transfer capital by a book entry solely to avoid the payment of duty I will not agree to any amendment.

Mr. Robinson: Quite so.

The PREMIER: If the words would have the effect of making companies pay on their losses I will have an alteration made.

Mr. Robinson: That is all I want.

Hon. FRANK WILSON: I ask leave to withdraw my amendment.

Amendment by leave withdrawn.

The PREMIER: I move an amendment—

That after "applied" in line 7 the words "if duty has not already been paid thereon" be inserted.

Amendment passed.

The PREMIER: I move a further amendment—

That the following proviso be added at the end of the clause:—"Provided that the profits earned before the eleventh day of July one thousand eight hundred and ninety-nine shall not be liable to duty."

Mr. MUNSIE: Has the Premier considered the complications likely to arise in connection with reserve funds to the credit of companies prior to the date mentioned? This provision will involve considerable trouble to the department, and lead to no end of litigation. Seeing that the provision in the parent Act is not being altered and that if any distribution were made duty would have to be paid, I fail to see the need for the amendment. If companies have accumulated profits a large proportion has been accumulated since that date. When the original Act was passed, Parliament evidently agreed that when the profits were distributed dividend duty should be paid. We should not step in 12 years later and exempt something which could have been exempted then had

Parliament seen fit to do so. I oppose the amendment.

The PREMIER: On the passing of the parent Act companies were required to make returns which are in the department and it would be of no use them now making other statements in regard to their profits. Their balance sheets and statutory declarations are in the possession of the department and we know their accumulated profits at that date. Their profits then did not amount to very much.

Mr. Munsie: Why go to the trouble of amending the Bill to exempt them?

The PREMIER: As it will not cost much, I am willing to compromise thus far with the Opposition. About 2½ millions have accumulated since the present Act came into operation, and I only desire that when that money is distributed we shall obtain the duty on it.

Amendment put and passed.

The PREMIER: I move a further amendment—

That the following proviso be added:—"Provided also that this section shall not apply to any company which comes within the operation of Section 8 of the principal Act."

That section relates to returns by insurance companies, and this will merely provide for the continuance of existing operations.

Amendment passed.

Mr. ROBINSON: Have I the Premier's assurance that if he finds I am correct regarding the words to which I took exception, he will have the clause re-committed?

The Premier: Yes.

Clause as amended put and passed.

Clause 6—Subsidiary companies:

Hon. FRANK WILSON: The only point to which I desire to draw attention in this clause is that the rate per cent. is to be determined by the Minister. In all previous legislation of this nature, if I remember rightly, Parliament fixed the percentage, and it was 5 per cent. on the turnover. I think some maximum or limit should be imposed, and the 5 per cent. under which we are now work-

ing seems to be fair ; or perhaps a maximum of $7\frac{1}{2}$ per cent. might be fixed.

The PREMIER : The object of this clause is to meet the variation to which the leader of the Opposition refers. I do not see why a minimum of 5 per cent. should be fixed. The Government have decided similar points up to the present without litigation arising, and I am quite satisfied the Government can do it in the future. Under this measure, a company carrying on operations without the assistance or intervention of a subsidiary company—and we believe that in some instances subsidiary companies have been formed for the purpose of evading payment of duty—has to pay duty on profits, whether those profits be 5 per cent. or 50 per cent. In the case of operations being conducted through the medium of a subsidiary company, the Minister or the Commissioner, under this Clause, may satisfy himself in regard to the profits the company earns ; and, if he cannot satisfy himself, he may estimate what he considers a fair profit, judging from the nature of the business and the amount of capital employed, and assess the profits accordingly. The percentage may be only 1 per cent., or it may be 20 per cent. If one company which submits a balance sheet shows a profit of 20 per cent., why should another company, engaged in a similar line of business, but not submitting a balance sheet, get off with a maximum of 5 per cent. or $7\frac{1}{2}$ per cent. ? Objection would be raised if the percentage assessed by the Minister or the Commissioner were too high.

Hon. Frank Wilson : But there is no appeal.

The PREMIER : Yes ; there is. An aggrieved party can appeal to the Court. Companies should pay duty on their profits, whatever those profits may be.

Hon. FRANK WILSON : I would point out that if the Minister or the Commissioner is dissatisfied with the statement from a company applying to be allowed to pay on 5 per cent. on its turnover, the Minister or the Commissioner can insist on a declaration of profits or

the production of a balance sheet. With reference to the Premier's illustrations, I should like to see a company or firm making 20 per cent. profits. The Minister's decision under this clause will be final ; and, if aggrieved parties went to Court, they could not succeed, except possibly upon a point of law. In my opinion there ought to be protection of some kind for such companies.

The PREMIER : In this case it is not so difficult as the hon. member assumes, to arrive at a fair percentage of profits, because the clause distinctly states that the Minister or Commissioner may assess on a profit and loss basis, which implies the production of a balance sheet, or may assess at a sum equal to a percentage of the amount of total sales, which implies the production of a record of sales in this State. We know of companies which have their goods invoiced at such a figure as prevents the making of any profit here, according to the accounts. The profit is made at the other end by the company invoicing ; and the two companies are in fact practically one company. To overcome that difficulty, we propose that in the case of a company selling £10,000 worth, say, of goods the Commissioner shall assess a fair percentage of profits on the total sales, taking into consideration the nature of the business. If the profit is actually made here, although not shown in the local books, the company should nevertheless pay duty on the profits made here. In connection with shipping companies, I admit, we cannot definitely arrive at the profits made in Western Australia ; but that difficulty does not arise in connection with such companies as will come under the operation of this clause.

Hon. Frank Wilson : Have the companies an appeal to the Court ?

The PREMIER : Certainly. There is nothing to prevent an appeal.

Mr. Robinson : There is no power to them to appeal.

The PREMIER : But they can appeal as the hon. member must know very well. If the right of appeal were taken away that would have to be done expressly

This Bill will form part of the principal Act, and under the principal Act appeal is allowed.

Mr. Robinson : I think Section 27 gives the right of appeal sufficiently.

The PREMIER : Yes.

Clause put and passed.

Clause 7 : Case of winding up :

Hon. FRANK WILSON : Is this last paragraph part and parcel of the principal Act ? I do not remember. It seems to me that it may work hardship, inasmuch as it provides that when a company is being liquidated anything distributed over and above the face value of the shares shall be considered profits and pay duty. The bulk of the shares, however, may have changed hands over and over again, and the shares may stand at a premium of two or three times their face value, so that the unfortunate holder at the time of the distribution of assets would, under this clause, have to pay duty on his capital.

The PREMIER : I consider that this clause meets the case of companies winding up. If they distribute assets to an extent beyond the amount paid up by the shareholders, such excess would represent a profit to the shareholders.

Hon. FRANK WILSON : But the holder of the shares might have bought at five times the amount paid up per share.

The PREMIER : We cannot take into account stock exchange transactions. One company I know of has over £600,000 of accumulated profits invested in its business, and that naturally increases the market value of the shares. If the suggestion of the leader of the Opposition were adopted, the result would be that this amount of £600,000 would be distributed free of duty, thanks to a mere assertion that the shares at the time of liquidation were worth £10 instead of their face value of £1.

Hon. FRANK WILSON : The Government would collect the duty in such a case under Clause 5.

The PREMIER : No. If upon winding up the shareholders received more than the capital that they have invested

in the company, they should pay dividend duty on the excess.

Hon. FRANK WILSON : In that case the shareholders would be paying twice.

Mr. Robinson : Apparently Section 14 of the principal Act covers this very point.

Sitting suspended from 6.18 to 7.30 p.m.

The PREMIER : Section 14 of the principal Act provides that in the event of the winding up of any company duty shall be payable only on any moneys distributed among shareholders in excess of the amount actually paid on shares. We now provide that duty shall be paid on the profits when distributed. The Parliamentary Draftsman tells me that this clause enacts the same principle as Section 14 of the principal Act in a more effective way.

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

Title—agreed to.

[The Deputy Speaker took the Chair.]

Bill reported with amendments.

ANNUAL ESTIMATES 1914-15.

In Committee of Supply.

Debate resumed from the 12th January on the Treasurer's Financial Statement and on the Annual Estimates ; Mr. Holman in the Chair.

Vote—*His Excellency the Governor*, £1,750:

Mr. JAMES GARDINER (Irwin) [7.35] : I think this Committee have been very fortunate in having listened to two very good speeches on the Budget, one delivered by the Premier and Treasurer and the other by the leader of the Opposition ; two speeches differing greatly in their view point, but each full of that information and that criticism which at the present juncture of our finances is very necessary if we are to get at the bottom of things and successfully rescue the State from its present financial embarrassment. My sympathy rather goes out to the Treasurer, and I

think the sympathy of the leader of the Opposition also goes out to him, for no sane man in the State at present covets the position of the Treasurer. Occasionally we are subjected to a good deal of criticism from outside. I was much struck the other day by a remark passed by a leading gentleman in one of our institutions, who said he was glad in his own heart that he was not in power, for there were many knotty problems to be solved. Unfortunately, that is the position taken up by a great number of people outside the House. Apparently personal interests and other considerations override the desire to help us with the difficulties which are facing us. I am glad to say that that is not the feeling inside the House; for anyone who has been here during the last fortnight or three weeks could not but be struck with the fact that every man in the House has been trying to do his duty to the State in solving problems—problems which we are told outside are all wrong, but in respect to which we get no outside word of advice or encouragement. The general principle will be admitted that the whole fabric of successful Government rests on sound finance. To have sound finance we must recognise one material fact, namely that the State's funds are trust funds, to be administered for the benefit of the whole of the State in order that the whole of the State may in return benefit from that expenditure. These funds have to be administered with what one might term a generous economy. It seems rather a weird thing to say, but that is the position. We all recognise the seriousness of our financial outlook, and every member of the House has to recognise, and indeed is recognising, that there is a call upon the best that is in him to advise as to how we are to get away from our financial stringency and put the finances of the State upon a sound and equitable footing. I think the House, as a House, outside the Government, have a right to notify the people of the State that we intend to see if there is not a possibility of our living absolutely within our income. That should be made very

clear, and also with that should go out a notification that no class or phase of life within our boundaries is to be free from its proportion of obligation. In other words, to put it baldly and forcibly, the public have to be notified that the Treasury chest is closed against the rapacious plots of all classes of the community for other than the barest necessities and even then the supply of those necessities must have as a basic foundation the germs of general prosperity to the State. We have to correct a position that has arisen: Every class, as far as I can see, when it comes into contact with the Government, wants to give the minimum and demand the maximum. That is the position. I want to make it very clear that if we are going to recognise that principle, between the minimum they give and the maximum they ask is a perpetual deficit, and no power on earth can stop it. The people have been for so long able to run to the Government, ask for everything and get what they can by every means from the Government, that the people of the State as a whole want a moral tonic. I would not like to administer that tonic; I would not like the position of the Treasurer who has to administer it. But even when I do not like to do a thing, I am always willing to stand behind the man who is game to do it, and if the Government takes up the stand that all classes have to be treated the same, I am willing to be one of those to hold the nose of the public while the Treasurer administers the tonic. This becomes an absolute necessity when the Revenue Estimates are examined. The total estimated revenue is £5,307,782, leaving for expenditure, after providing for last year's deficit of £446,926, the sum of £4,860,856. I hope the day is coming when this House will have more control over the finances. The present control of the House over the finances is nothing short of a farse. When I was Treasurer I had this dream: that the Estimates were to be the first thing to be considered by the House, and then Parliament would have some slight control over the expenditure. To-day with six months gone

by, we see that we have no control, and therefore we can only deal with the Budget as a matter of principle. Probably nothing has been a greater source in causing people to make extreme demands than the direct inflation of our revenue. It looks as if we were going to have a revenue of £5,507,782. But what will be the actual spending cash out of that? If we take our business concerns we will find that the estimated receipts from them total £3,443,460, but to get those receipts we have to spend £2,557,106, leaving a net revenue to be transferred from the business departments of £886,354. If we then take our other revenue-producing departments, including the Commonwealth, which means £1,189,663, we will find that instead of having the enormous sum of over £5,300,000 to spend, we have only £2,776,000 of actual spending money. That is all we have to meet the engagements of this State, not a revenue of £5,300,000 but a net revenue of £2,776,000, or practically just half of it. What are we going to do about it? The first obligation we have to meet out of that is interest and sinking fund totalling £1,544,902. It is absolutely necessary to pay that amount. That leaves £1,205,765. Then what is the next obligation we have to meet? The general administration of this State as shown by this return, that is to pay the wages bill—I put it in the plainest possible language—costs £1,361,505.

The Premier: That is outside of the business concerns.

Mr. JAMES GARDINER: Yes, it is for the general business administration, having nothing whatever to do with the trading concerns. I have eliminated the trading concerns because they are shown separately. When we have paid our interest bill, and before we can pay the State salaries for administration, we have to beg, borrow, or steal from somewhere the sum of £155,740. That is the plain business position of the State as it stands to-day. We have to provide from somewhere £155,740 to pay our wages bill. I do not think any business concern in the world would stand a position like that

for very long, and therefore it becomes with us a matter of the gravest necessity that as far as possible we shall rectify it because not only have we to provide the sum of £155,740 to pay merely our wages bill, but we have also to provide a sum for spot expenditure, grants, and so on of £184,153, leaving a total deficit for the year as shown by the Premier of £339,893, to which, if we add the deficit of 1913-14 of £446,926, makes an estimated deficit at the end of the year of £786,819. This is an analysis on a different basis probably from that worked out in these returns, but that the figures balance shows it is pretty correct. The people are entitled to ask not only the Government but the House what we are going to do about it. There is an obligation upon not only the Government of the day, but upon every member of the House to say what we are going to do about it. Are we going to say "This has to be rectified and you have to do it, and we will stand behind you while you do it at all hazards"? Or shall we say, "The Government are incapable, but let us see how big a muddle they will make of it"? This deficit has two materially bad factors. The sum of £787,000 has to be found from somewhere, consequently it has to bear interest totalling about £35,000 a year, which means that the funds thus used might at the present or any juncture have been used for an infinitely better purpose than this. There is no denying the influence of the war, and there is no denying the influence of the drought. But this fact still stands out, that our estimates show we shall receive £100,000 more revenue this year and will end the year by going £340,000 to the bad. That is the position we stand in to-day. In private affairs under such circumstances, what would we do? I am trying to realise not only the seriousness of my own position, but of the other position as well. We should ask ourselves what can we do? When and where can we exercise economy?

Mr. Smith: Cut down your own salaries.

The Premier : That is very statesman-like.

Mr. S. Stubbs : You have to start somewhere.

The Premier : Let the hon. member for North Perth pay the dividend duties on the profits of the *Sunday Times* ; that will make a difference.

The CHAIRMAN : Order !

Mr. Allen : The Premier does not approve of the suggestion.

Mr. JAMES GARDINER : Let us look into what are termed our revenue-producing concerns, and let us see how we stand. Take public batteries, which show a loss of £8,946. The allocation of interest and sinking fund brings that loss to £20,929. I do not think any man wants to see anything which will develop mining in any possible way—the industry which to-day is the bright spot in this State—crippled by any lack of expenditure of money if it is legitimate, but what I ask right through in connection with these business concerns, and I will show what we are losing on the whole of them, is this : Is not it time we as a House insisted that the whole of them should have behind them the best business management we can get ? There are bound to be some of these concerns that no business management could save from making a loss. Let us try to make it as little as possible, and let it be almost an authorisation from this House that where we have these business concerns they shall be managed in such a way that as far as possible they shall be able to pay their way.

Mr. McDowall : You would not call State batteries a business concern.

Mr. JAMES GARDINER : They are called a business concern. In my time we provided all the money for them out of revenue. The railways and trams show a profit of £739,793. If we take the allocation of interest and sinking fund, which amounts to £751,318, they show a loss of £1,152.

The Premier : Is that for railways and tramways combined.

Mr. JAMES GARDINER : Yes. There is something radically wrong

with the allocation of the interest into which I would like the Premier to look.

Mr. Thomas : The two combined show a profit of about £4,000.

Mr. JAMES GARDINER : There is an allocation of interest and sinking fund on the working capital of railways of £593,000, and £114,811 respectively, and for "railways other" of £14,292 and £625, and for the tramways of Perth interest totalling £23,502.

The Premier : You cannot add "other" railways.

Mr. JAMES GARDINER : I am taking out that amount. There may be some difference, but that is for land bought for railways.

The Premier : And railways under construction which are earning ?

Mr. JAMES GARDINER : I am taking the Treasurer's returns.

The Premier : The railways and tramways show a profit of about £3,000.

Mr. JAMES GARDINER : The way I have taken it leaves a deficit of £11,925.

The Premier : You are charging "other" railways.

Mr. JAMES GARDINER : Yes. These railways are run at the highest cost per mile of any in Australia. I think they cost 1s. 4d. per mile run more than Queensland, and their earning capacity is 2½d. a mile more. In a big department like this it is so very easy to cover up extravagances of management under rates. I realise when we come to the railways he would be a very brave man who would take that bit in his teeth and say to the people "You will only get the conveniences the traffic justifies."

The Premier : I have said it.

Mr. JAMES GARDINER : That is the position, and we people who are always asking for special conveniences have to recognise that if the Government and Parliament are willing to take that step we have the right to say that the Government are taking that step in the interests of the State, and desire to put the State into a sound financial position.

The Premier : I have had half of the members of this House at me already about it.

Mr. JAMES GARDINER : We now come to State hotels, which show a profit of £6,788, but the interest and sinking fund allotment is £1,600, thus showing a profit of £5,188.

The Premier : There again you are not taking into account the expenditure on inspection of liquors and tourist resorts, which are not fairly charged in this return.

Mr. JAMES GARDINER : Unfortunately the Treasurer is behind the scenes ; I have to take the figures in front of me. I do not care what should be done. I am not pointing out these things in any spirit of quibbling, but because these are the figures I obtained from the returns. I will make this suggestion : Are the Government satisfied that these hotels are properly conducted, and in such a way that we are getting the best revenue out of them ?

The Premier : My word, we are. I wish everything else was as good.

Mr. JAMES GARDINER : Are they all profitable ?

The Premier : Yes, every one up to date has made a profit.

Mr. JAMES GARDINER : That disarms any criticism I may contemplate. I might have been under the impression that some of these were not paying propositions.

The Premier : The difficulty is that the department is controlling State hotels and tourist resorts, as well as the inspection of liquors for convenience, as well as administration. But we have the balance sheet which covers State hotels only, and you will discover from it a handsome profit.

Mr. JAMES GARDINER : There are various jetties and trams which show a profit of £10,258, but sinking fund allotment is £2,410, leaving a profit on them of £7,848. Now we come to a concern we have heard of before—the State steamships. The loss on State steamships is £12,200. The allotment of interest is £4,776, or a total loss on this department of £16,976. Is it wise to continue with a perpetual

loss if by any possible means that loss can be avoided ? It may be, in the judgment of the people, that it would be advisable to tie up one of the boats which are not profitable, or wait until freezing works have been established so that the boats may be profitably run. I do not know whether either of these vessels is suitable for the conveyance of troops ; but, if that is so, I would point out that at the present juncture the Commonwealth authorities are almost breaking their necks for transports. If the boats, or one of them, could be utilised for transport work, it might be well at the present juncture, whilst this State is suffering losses on its steamers, to make an offer of one or both of them to the Commonwealth. Either that or let the boats be tied up or put out of commission, rather than have a continuing loss.

The Premier : Would you apply the same argument to the railways ?

Mr. JAMES GARDINER : I do not think the Premier will contend that his argument holds water. At the present juncture, I believe one of these boats is out of the State.

The Premier : It ought to be in dock.

Mr. JAMES GARDINER : That may be, but such is the position. Water Supply shows a profit of £168,000 ; interest and sinking fund allocation amounts to £195,000, leaving a loss of £27,000. On saw mills there is a profit of £18,050, and the allocation of interest and sinking fund is £7,700, showing an estimated profit of £10,350. State Brick Works show a profit of £1,500. The State Implement Works show a loss of £16,868, with an allocation for interest and sinking fund of £2,650, or a total loss of £19,518. I am not hypocrite enough to come into this House and criticise those things which do not affect my particular people, while leaving criticism of that which does affect them untouched. I am going to take my stand, although, probably, it may be unpopular with some of my own people. If the State Implement Works can be conducted on lines that will protect the revenue by paying interest and sinking fund, while at the same time

giving the farmer his machinery at a reduced cost, then I say the enterprise is all right, the same as I will say of any other Government concern similarly circumstanced. But if the position is otherwise, then I say to the Premier, through the Chair, that the farmers do not wish to have machinery given, or partly given, to them at the expense of the general taxpayer. I say, also, that I do not wish my tongue to be tied for criticism on other things by reason of my not criticising those enterprises which concern my own particular people.

The Minister for Works: When you get the balance sheet you will find there has been revenue and expenditure. . .

The Premier: What you are criticising now is really cash receipts. . . .

[Mr. JAMES GARDINER: I am taking the Government's returns, which show exactly what is the revenue and what is the expenditure.

The Premier: Cash revenue.

Mr. JAMES GARDINER: There may be something else behind these figures. I do not know, of course, what stocks the implement works have on hand, or anything there may be against the debit.

The Premier: You must clearly understand that machinery is sold on bills. .

Mr. JAMES GARDINER: That may be.

The Premier: The total apparent loss on the production of machinery has to be found in cash. We cannot pay by bills.

Mr. JAMES GARDINER: I understand from the Premier that the State Implement Works hold certain bills for machinery sold, and that these bills will make up the loss.

The Minister for Works: Unfortunately, these bills are going to remain a credit.

The Premier: We cannot press the farmers.

Mr. JAMES GARDINER: State quarries show a nominal profit of £330. May I ask the Premier, while he is ordering these returns to be prepared, also to instruct his officers to be just a little more careful in getting them out? I make that suggestion because the

returns show refrigerating works as making a loss of £11,156. The returns show that expenditure, but do not show the revenue, which I happened to find amongst works and something else. The same remarks apply to the State cow farm or dairy. In that case, again, the revenue was boxed up with something else. However, it means that taking the whole of these business concerns, the actual loss of interest, taking the accounts on the lines I adopt, amounts to £71,250 for the year. At the back of that, at the Premier says, there may be plenty of redeeming features, which the figures that have been made available do not show. I think it would be wise—if we are to get to the bottom of these things—to furnish returns which show the position fully. I desire to see these returns so made out for this House that every legislator, be he an accountant or anything else, can grasp the position for himself.

The Minister for Works: But it is impossible to do that on the Estimates.

Mr. JAMES GARDINER: I am not speaking of the Estimates. I am speaking of the returns which are before the House. I may have something to say on that point later. Next we come to Harbours and Rivers. There again the revenue and expenditure show a shortage—it is better to call it a shortage than to call it a loss—of £49,000. Taking the items I have previously quoted, plus Harbours and Rivers, there is a total shortage of £120,333. Included in this, I observe, there is an item of £10,252 for interest and sinking fund on the Fremantle dock and slip. I do not expect we will ever be able to remedy that.

The Premier: It does not matter about that.

Mr. JAMES GARDINER: That is the position of the Government business concerns. I want to, if I can, let this criticism be of some assistance; and there are one or two things which my experience as Treasurer leads me to look into. We have here an item "Stores on hand, £682,046." The present Treasurer is up against the same proposition as I encountered when I

was Treasurer. I found £650,000 worth of stores at Fremantle. I tackled the item, and, when I had finished, it was down to £260,000.

The Premier: I, too, have tackled the stores, but I have not been equally successful.

Mr. JAMES GARDINER: I wish to give the Premier some information as to where to look for certain things. On examining the stores account, I found that various departments were living on that stores account, as I daresay they are doing to-day. There was quite a number of them whose returns for the year ought to have been debited with material which they had obtained from the stores, but for which they had not passed the necessary debits. The result of that position of affairs is that the State is involved in loss. I say that those stores ought to be reduced by at least £300,000. I contend that today the State is carrying a stock which the merchants ought to be carrying, and that the State is losing 4 per cent. interest on that stock from beginning to end. There is tied up in those stores a large amount of money which would be of the greatest possible benefit to the Treasurer at the present juncture. One need only hand certain officers a stylograph pen, and they will never stop indenting. I make these statements from a pretty bitter experience. However, an item which calls for the most rigid enquiry is the cost of our general administration. Practically, general administration costs every man, woman, and child in the community over £4 per head; and the question we have to ask ourselves is, are we getting value for that expenditure? I am going to say presently what I think; but I ask now, are we getting value for that expenditure? Are we paying men in the Government service to do work, or are we paying men to make work? Having gone into the question when I was Treasurer, I realise the position. I realise also, however, that I cannot compare my position as Treasurer with either that of the Premier or that of the leader of the Opposition when those gentlemen held the post of Treasurer. I was there

merely as Treasurer; and I went into all these things on my own account, partly because I had the time, and partly because I possessed the necessary training. Neither the present Premier nor the present leader of the Opposition was in the same position; and neither of them could possibly be expected to go into these things as intimately as I did. However, let me contrast the figures to show what the present position is. Looking up my last Budget, I find that my estimate for the general expenditure of the State for 1903-4 was £919,000. That amount represents the wages bill to which I referred. To-day the wages bill amounts to £1,361,000, representing an increase of £442,000. That is the item of general administration.

Mr. S. Stubbs: Fifty per cent. more.

Member: What is the difference in the population?

Mr. JAMES GARDINER: Speaking from memory, 227,000 as against 326,000; but even in my last year as Treasurer I think I saved some £40,000 on this item; and in making that saving the Government of the day thought they had made every possible provision for expansion.

The Premier: Do not overlook that in your time the adult population predominated. Now there is a large number of children to educate.

Mr. JAMES GARDINER: There is no disguising the fact that as the population increases expenditure must increase; but in circumstances such as those we are placed in to-day, the difference between the £919,000 of the past and the £1,361,000 of the present is too great. I am making that comparison with every sense of responsibility. I may add I am inclined to think that, even as it was then, I could have cut down the cost of administration to the extent of a further £100,000 by adopting various expedients; and I honestly believe that if the Premier were given an absolutely free hand and backed up by this House, and if the hon. gent were to apply cocaine to all his human sympathies, he would succeed in effecting substantial reductions. But he must apply cocaine to his sympathies, because

one cannot go into the question of reducing the cost of administration if one has any humanity whatever.

The Premier : Give me the free hand. Never mind the support of the House. At the present time I have my hands completely tied.

Mr. JAMES GARDINER : I understand that the Premier's hands are tied in more ways than one ; but, in whatever way the Premier's hands are tied, if he will come to this House and tell us how we can untie them, we will do our best to untie them for him.

The Premier : Repeal the Public Service Act, and I will make some of those officers who ride bicycles all day do their work.

Mr. JAMES GARDINER : I know where I am probing.

Mr. S. Stubbs : Cannot the Premier stop the officers from riding bicycles ?

The Premier : No. No hope.

Mr. JAMES GARDINER : When the Public Service Act was brought down, I had the courage to say that the measure constituted a robbery of the public purse. I had the courage to say that, because I believed it. If the Premier will tell us what he wants, and if that is necessary in the interests of the State, then, no matter what people may think or say or how they may attack us, every member of the House, I venture to say, will give the necessary legislation his support. We are here to try and pull the State through, and if such legislation is necessary it will be supported by every sensible man in the House.

Mr. S. Stubbs : And outside it, too.

Mr. JAMES GARDINER : My friend who interjects and I, of course, represent country constituencies.

Mr. S. Stubbs : We must pull the country out of the mess it is now in.

Mr. JAMES GARDINER : I want to say, from an experience gained by going into every detail, that a number of offices should be combined.

The Premier : In my opinion, the first essential is to combine some of the offices.

Mr. JAMES GARDINER : I found that every department, however small,

wanted a duplication of every office in the large departments.

Mr. S. Stubbs : There are too many Under Secretaries.

Mr. JAMES GARDINER : Every department wanted them, irrespective of its volume of work. I consider that the Government should combine all the accountancies, and then the Premier would be able to obtain reliable figures. There used to be an accountant in every branch of the Railway Department and when I asked for information I had to go the whole round of accountants in order to get what I asked for. The late Commissioner of Railways, the present member for Murray, altered that, and by combining the offices he saved £3,000 a year. I would say to the Treasurer, pull down your walls. If you pull down the walls you would be able to reduce the number of men considerably. When I was in the Treasury, we went into this question, and I said to the Under Treasurer we should first of all put things right in our own Department. We thought we were undermanned. We pulled down the walls, with the result that we found instead of being undermanned we could get rid of four or five officers. That is one department you want to control, and a saving can be effected by concentrating. Everything can be concentrated in this day of telephones ; you can get hold of your officers no matter where they are.

Mr. Munsie : You forget the automatic.

Mr. JAMES GARDINER : Every man who tries to put things right is told it cannot be done. I do not know an expression more prevalent amongst public officers than that. I would suggest to the Treasurer that when he is told it cannot be done to ask, "who is under you." It can only be done by the endorsement of this House. If the Premier wants authority to do it, and if we are in earnest about it, and not playing with the question, and do not want to make political capital out of it, and do not want the officers to control the State instead of the State controlling the officers, we will give him the authority. Nothing but distress

must follow such a course at the present time. Are members of this House prepared to do it?

Mr. Munsie: Here's one.

Member: Here's another.

The Premier: Here's a third.

Mr. JAMES GARDINER: I would do it, because one of the planks of the platform of our party is the economical administration of expenditure. The Premier made some reference to sinking funds. I want him to look at this one. In the Goldfields Water Supply Act of 1896 a sinking fund is provided of three per cent. or £75,000 per annum. The House knows that this sinking fund is left in London to redeem a loan. It is invested in the stock, generally speaking, which it is to redeem. We have been purchasing this stock probably down to 80, and doubtless from now on approaching maturity, it will be lower. I am going to ask the Premier to have that carefully looked into, and ascertain exactly the position of that fund. I think that two per cent. sinking fund will be quite sufficient to redeem the whole of the loan at maturity. It may be said we cannot alter the Act, but it is no use going on paying three per cent. merely to allow it to accumulate at the end of the term. I believe it will mean that at the date of maturity of the loan in 1923 the surplus will amount to £238,000. The object of the State should be to provide sinking fund to redeem that loan at maturity, and if from now on a 2 per cent. sinking fund is sufficient for that purpose, the saving of the State would be something like £25,000. Our obligation is only to redeem the loan in full and three per cent. would give more than we require. In my estimation no doubt two per cent. would mean that we should redeem the loan, and that is our obligation.

Mr. Taylor: We borrowed on those conditions, and we guarantee three per cent.

Mr. JAMES GARDINER: I know, but 2 per cent. will relieve us of our obligation from now on. I have another suggestion I should like to make to the Treasurer. If the Premier looks at the files in his office he will find that some

time before I left, it was a suggestion of mine that every insurance company should put up £10,000. I asked several insurance companies, who stated that they would only be too glad to fall in with the suggestion. I understand there are something like 30 insurance companies operating in the State. That money at 4 per cent. could be used as a trust fund and be operated on. The majority of the insurance companies would welcome the proposal. Coming to loan expenditure, I have always held that as far as possible nothing should be more rigidly kept apart than loan and revenue expenditure? I hold that all loan moneys should be spent with even greater care than revenue. Every penny should be carefully scrutinised, and if that was done, there would not be the day of reckoning coming on us so quickly as it is to-day. I have heard it said repeatedly that that is a matter for posterity. Unfortunately we are right up against it; posterity is with us now. Here is an interest and sinking fund bill that I wish to place before this House. I have here a return which I first introduced, so that the House could clearly see which works were productive and which were unproductive. Unfortunately, the items have been changed about, so that it is difficult to discriminate. As far as I can say, this is the position:—Development of goldfields, £26,400; Development of Agriculture, £33,700; Rabbit-proof fencing, £16,100; Vermin Board, £3,400; Immigration, £14,900; Public Buildings, £39,500; Roads and Bridges, £17,400; unallocated, £25,488. Roughly, £176,000 has been spent on works which are not directly reproductive. If I take the return it shows £5,271,000, but when I look into the development of agriculture, I find £3,020,000 of it was on account of the Agricultural Bank. If definite returns for this House are wanted there must be a re-adjustment, so that the House may see what is reproductive and what is not reproductive. When I went out, roads and bridges stood at roughly, £142,000. Now the figures stand at £306,000. Public buildings stood at £64,000; the amount is now

up to £634,500. I am not saying that some of this expenditure is not justified, but what I want to show clearly is that I do not want works that must be done in a time of necessity to become a settled policy. When I left there was a sum of £1,300,000 on directly productive works. To-day I reckon there is about £5,000,000, so that there has been about £3,700,000 extra spent on unproductive works. I am not saying the works were not justified, but that we should go scrupulously into every item of loan expenditure.

The Premier: Take the expenditure on education; on the University, Technical Schools, Primary Schools, and so forth.

Mr. Willmott: You did not spend much on the University building.

Mr. JAMES GARDINER: For many years there has not been a clear honest statement of our position showing the revenue and expenditure and loan expenditure. It has been so easy to transfer that which should be charged to revenue to loan that everybody has done it, and we find the Auditor General's report continually saying the same thing. It would be a long way better for us to have had a clear deficit shown than to have the suggestion that the deficit has been covered up by transference to loan, because it would stop people making demands that it could be said the revenue cannot stand. They say, of course, the ledger has to be balanced.

Mr. Taylor: Do you call this balancing the ledger?

Mr. JAMES GARDINER: We must see the seriousness of the position.

The Premier: If one may adopt the procedure of the transference of loan it might be easy enough to balance the ledger.

Mr. JAMES GARDINER: If I were given unlimited right to transfer from revenue to loan I would balance any ledger. I was once in this happy position myself. Any quantity of this expenditure which is now charged to loan we might take out of revenue, but times were different then and I am not taking any credit for that.

When I was a Minister I knew what my revenue would be and what my interest bill would be and how much less I was going to get from the Commonwealth, and so forth, and so I endeavoured to save so as to put what I could back into public buildings. We tried to live up to the traditions formed by Sir John Forrest. I do not say we can always live up to traditions. If we could some of us would be getting wings. I say that the time has arrived if we are going to rectify these things, when people should have a clear statement of exactly how we stand. Let us face the position, and let us know that there is nothing further behind it. Let us know where we are and let us have nothing kept back. That is the way in which we should attack our public finances. Let us admit that we are up against it, and let us know exactly the very worst that there is to know. I will now come to the Savings Bank question. The Premier made a remark which gives us to understand that there might be a possibility of this bank being transferred to the Commonwealth. I do not want to see any further interference with our institutions on the part of the Commonwealth. I say that if any man turns up and reads the conventions he will see that it is absolutely straining the spirit of those conventions to have ever started a savings bank against the savings bank of the State. I do not care who did it. I want to see us go on with our own Savings Bank and to keep our bank here.

The Premier: We do not propose to live on the debates of the conventions.

Mr. JAMES GARDINER: The Government are up against what they have done.

The Premier: The people of Australia are controlling these things.

Mr. JAMES GARDINER: Anyhow we find this encroachment.

The Premier: You must remember that whatever we may say or desire would not prevent the people of Australia doing what they want, otherwise we are going to cut our noses off to spite our faces.

Mr. JAMES GARDINER: I might take off a bit of the skin from my nose to spite my face if I felt strong enough. To-day we find the Federal Government are going to tax leaseholders. I say that these leaseholds are the property of the Government. If there is any taxing to be done let the State tax them. I would fight that.

The Premier: The State cannot.

Mr. JAMES GARDINER: These leaseholds belong to the State. Now they want our probate duty. If there is anything that should belong to the State it is the taxing of the money which is made in the State.

The Premier: Tell us what they do not want?

Mr. JAMES GARDINER: I do not feel disposed to give way one inch because they will take the whole lot if we do.

The Premier: They do not want any thing that will mean additional expenditure.

Mr. JAMES GARDINER: When they want anything done they want it done for nothing, but when they want to do anything themselves they want to charge for it. I remember that on the Estimates for years there was a sum of £4,000 which we had to pay for collecting Savings Bank money from the post office.

Mr. Taylor: The Federal Government were not so well known in your time as they are now. You see more of them.

The Premier: I was mainly responsible at the Premiers' Conference for it being resolved that if the States rendered any service to the Commonwealth, they should charge the Commonwealth for their services, and that if they refused to pay for those services, we should refuse to render them any.

Mr. JAMES GARDINER: The finances of the State demand the loyalty of us all. This Parliament should impress upon the people of the State that we are going as a Parliament—without leaving it to the Government—to see that we get straight. I do not care twopence what Government pulls the State out of the mire, so long as it is pulled out. If we are going to do any

good to the people of the State and to fulfil our obligations to the State, then we have to face our responsibilities. The Government, of course, have to face theirs for they are the managing directors, but we are directors equally and we have to face our responsibilities. If we cannot do so the sooner the people turn the whole lot of us out and put in men who will do so the better it is going to be for the State. That this has to be done goes without saying. I further say that no one envies people the unpopularity they will earn in righting things. Even in those measures that we have had before the House the outside public are only concerned with that which affects them. Every man wants someone else to bear the responsibility of doing things and no man is prepared to take the responsibility himself. We have, above all, to rise above that and to fight with the object of rectifying many things here, and give assistance to those who are willing to do the work and back them up when they do it.

Mr. GILCHRIST (Gascoyne) [8.37]: Allow me to compliment the Premier on the restraint and the non-party tone of his Budget speech. May I also congratulate the leaders of the two parties on this side of the House on the skill with which they have carried out the imperative duty that is imposed upon them by the position that they hold to trenchantly examine this important document and which examination has been so well blended with considerateness growing out of the serious times that we are experiencing. It has been said that Government is finance and by that test the Budget discussion is the most important event of the Parliamentary year. I feel it would be an act of presumption on my part, as a new member with a necessarily limited knowledge of public affairs and the methods of administration, to attempt anything like a comprehensive criticism of the Treasurer's statement. It may not be amiss, however, for me to offer a few random and general impressions to supplement the contributions to the debate on the part of the older parliamentary hands. I speak at this stage of the discussion

only because I will have to absent myself from the House for a few weeks and may not be able, if I miss this opportunity, to take any part in the discussion at a later stage. I find the Electoral Department is costing us £11,000 a year. I would be prepared to support an increase in the vote on the next Estimates on the condition that a thorough reconstruction of our electoral machinery is attempted. While saying that, I may remark that I have great sympathy for the Chief Electoral Officer in the thanklessness of the task he has to perform, as he comes so intimately into touch with members and is subject to ministerial interference. Of all public officers in the State I think the Chief Electoral Officer should be given an absolutely free hand and more complete powers of organisation, in order that he may be able to dispense with the services of the political organisations which are at the present time assisting him in the work of preparing the electoral rolls, which work in my opinion, should only be performed by persons of unimpeachable impartiality and honesty.

The Minister for Works: Are not political associations of that character?

Mr. GILCHRIST: Political associations are of that character but unfortunately political organisations contain persons who are not impartial, as the Minister for Works must well understand. Also, unfortunately, they contain some who are not honest. I am not speaking of the particular political organisation to which the Minister is attached.

The Minister for Works: You are dealing with them all.

Mr. GILCHRIST: With all the political organisations I have ever had anything to do or have ever known in any other country.

The Premier: You are speaking from experience.

Mr. GILCHRIST: Your particular organisation charges me with having had experience of the Labour Party as well.

The Premier: We repudiate that.

Mr. GILCHRIST: I have repudiated it myself. It seems to me that political organisations have altogether too much

to do with enrolments. I trust that our electoral office, or those who are really in authority in regard to electoral matters, will see that an end is put to the practice of withholding claim cards because of some insufficiency of address until within a few days of the closing of the roll, when in many cases it is almost impossible to find out whether the claimants are genuine or not. I cannot understand the quarrel that some hon. members opposite had with us during the recent campaign over the question of the addresses on claim cards. Some of the candidates seemed to consider that it was altogether unreasonable that we should ask that a claim card should contain the exact address of the claimants.

The Premier: No one ever objected to that.

Mr. GILCHRIST: But some candidates did so to my knowledge. They made the information on the claim card intentionally meagre in order that we might not be able to find out the whereabouts of the claimants. Fortunately for us in the Gascoyne district we insisted on claim cards having the addresses on them and our contention was upheld by our electoral registrar, with the result that we got into touch with practically all the electors on the roll. We did not feel that our contention was unreasonable or captious, but that it was our due that every facility should be extended to us to get into touch with every elector, so that we could approach the poll with a roll that was as clean as it could reasonably be expected to be. There is a large number of names at present on the electoral rolls which should not be there. This is due to our defective system of transfer. Claimants seem to persist in omitting from the claim cards their last electoral district, with the result that they get on some other electoral roll before their names are removed from the old one. I hope to see before very long compulsory enrolment and compulsory transfer, the cards to state approximately the date when the claimant left his last district. Candidates warmly disclaim responsibility for the inflated state of the rolls. Still the fact remains that the rolls are unduly inflated. In

the Gascoyne district no fewer than two-thirds of the names on the roll had to be removed, 50 per cent. of those representing persons who had left the district on account of drought, and the other 50 per cent. representing persons who had died or long since left the district, and whose names had persisted on the rolls in spite of periodical police canvasses.

Mr. A. A. Wilson: On whom do you put the blame?

Mr. GILCHRIST: Chiefly on the Electoral Department. I think if they depended less on the political organisations for assistance in the matter of cleansing the rolls the rolls would be in a cleaner state to-day. Each polling booth in a country district should have its own sub-district, and its own roll, and the registrar of the sub-district should be asked to cleanse the roll at least once in six months by the aid of the police. Under such a system it would be possible to amalgamate the Federal and State rolls. At present a lot of the existing State districts are cut through by the Federal electoral boundaries. All parties should be able to approach the question of electoral reform in a conciliatory spirit, and see if some scheme could not be arranged which would secure a clear expression of the people's judgment. Everyone who has read the report of the Gaols Department will feel a respect for the fine spirit displayed therein by Mr. Superintendent Hann and Dr. Williams, whose note seems to be that it is necessary to restore the self-respect of prisoners. I feel a special interest in the case of that woman who has been sentenced 134 times, surely a subject for the application of the indeterminate sentence. Our prisons are costing £21,000 per annum, and it is only fair that we should ask, as was asked by the leader of the Country Party, whether we are getting value for our money. For this £21,000, we hold and maintain an average of 350 prisoners daily. These prisoners are costing us 25s. per head per week, and are returning to us work of a very doubtful value, estimated at 9s. per head per week. Instead of society punishing itself in punishing its refractory citizens in this way, and receiving in return this doubtful

work valued at 9s. per head per week, our gaols should be largely self-supporting and our prisoners made to feel that they are engaged in self-respecting, constructive, beneficial work that is partly balancing the evil they have done society and fitting them to take a more manly part in the life of the community. The superseding of the Fremantle gaol is a more commendable and no less difficult task than the selling of meat or the making of bricks. Let the Ministry take these 350 prisoners out along the railway lines to clear the land, erect houses, and construct dams, as has been advocated in a suggestive article in the newspaper this morning, and in other ways prepare for the coming of new settlers. I trust that while I remain in the House I shall never cease to raise my voice in advocacy of the preparation of ready-made farms for new settlers. Our great, far-reaching lands are hungering for new settlers, and it is our privilege and responsibility to make the rough places smooth and assist in conquering the initial heart-breaking difficulties which at present stand in the way of the immigrants we are introducing into this great, rich, fertile, and promising country. During the discussion on the Esperance Railway Bill I had the temerity to suggest that new agricultural railways should not be constructed until the lands along our existing railways were being fully utilised. The member for Northam (Hon. J. Mitchell) took an early opportunity to carpet me and point out that no less than 4 million acres of land had been prepared for crops within the last six years. But that evades my point. What I said was that the new settlers we are placing on the land are being handicapped by distance from means of communication, as well as by the usual difficulties inseparable from pioneering virgin land. During the recess I visited Bridgetown, 174 miles from Perth, in order to correct or confirm the impressions of seven or eight years ago. Need I say that my assertions were fully established? Thriving orchards and crop lands crowned with large hay stacks were the more welcome because of

their infrequency, the prevailing view being the virgin forest. I understand the South-West railway line is our oldest country railway, and that Bridgetown is its most important branch. Yet it would appear to newcomers that these lines had been constructed in order to provide tourists with the unique spectacle of practically all our native trees along mile after dreary mile of that railway journey, growing in their native state unspoiled by the axe of civilisation. It may be true, as the member for Northam says, that 4 million acres have been prepared for crop during the past six years, but my contention is that very few of those acres have been prepared within sight of our existing railway lines. If I were to buy a piece of machinery for my business, and if before I was able to find one-tenth enough work to keep it going full time I were to order a dozen new machines of the same pattern, I would be called a madman. Yet the State can with impunity run riot in the matter of railway construction before the slightest attempt has been made to render the existing railways payable by establishing settlement in their vicinity, and before there is one-tenth the population in the State to justify the mileage. There is neither economic nor moral justification for such a policy.

Hon. R. H. Underwood (Honorary Minister): You have come too late.

Mr. GILCHRIST: Not too late, because no doubt there will be just as many railway propositions brought down in the near future as we have had in the immediate past. Our railway lines and our enterprising settlers are creating land values, and our land jobbers are sitting tight until the unearned increment approximates their ideas. These locked lands along our existing railways must be the first to be opened up for our new settlers, and we must have a good, sound tax on unimproved land, not on unimproved land values—

Mr. Carpenter: Come over here.

Mr. GILCHRIST: I repeat, a good sound tax on unimproved land, and not on unimproved land values, until these lands are opened up and a tax imposed

only within judiciously proclaimed areas so that we can gradually do it without unduly burdening the community. The land problem is at the root of our social and economic questions, and no Ministry that fails to grapple with these problems is true to itself and to its opportunity. Here is scope for the ingenuity and acumen and restless energy of Ministers, at present running to seed among trade enterprises that provide no new employment, no new industry, and very little scope for acquiring wealth and economy for our people.

The Minister for Mines: Have you met any old gentlemen in the corridor lately, members of another place?

Mr. GILCHRIST: I do not know that the hon. member is utilising that locked up estate near Eucla, and probably when the Trans-Australian railway comes through my remarks will apply equally to him. The State steamships, the implements works, the saw mills, the milk shops, the butcher shops, and the fish stalls of the State have sunken in them a total of some £600,000.

The Minister for Mines: No; Less than £400,000.

Mr. GILCHRIST: Well, how far would that £400,000 go in providing within sight of our existing railways ready made farms that would return a substantial benefit to the community by enhanced taxation, railway revenue, and trade? The North-West, as we have come to expect, has been very scantily served in the Estimates. The North-West has conditions and problems quite different from the south of the Murchison, but it will never get the attention which its importance and present problems demand until we have our own North-West department, with our own experts resident among us, and with first hand knowledge of the matters referred to them. With our sparse population and our infant industries, we are in danger of being completely overshadowed and overlooked by a Parliament meeting in the more prosperous and developed south. For instance, not one person in a thousand in the metropolitan area has heard of the Bangemall goldfield, and it is 250

miles distant from Carnarvon. The crude methods still in vogue there, and the repeated failures and attempts to induce speculators to develop it, incline the Mines Department to be sceptical regarding its claims to their attention. I am thoroughly convinced that the Bange-mall shows, existing as they do upon a direct line of the auriferous belt that runs right up through Western Australia, is but a suggestion of the wealth that can and must be exploited from this vicinity. But Bangemall, under the present method of administration, is quite out of the running, and will never get the attention it deserves until it is under the care of a North-West mining expert who sees it as one of a large number of mining propositions under his care, not one of which has up to now had a fair chance of coming to the front. Agricultural districts are so insistent and so successful in their claims for railways that our feeble pleas for developmental lines are altogether overlooked, but a North-West Department with money to spend would realise that the first step in progress is to open up communication by railways and tractor roads in order to overcome the handicap of immense distances and frequent sandy plains under which we suffer. In Perth we are distressed daily by the stories of the suffering from the failure of crops in the agricultural districts, but if one cared, a harrowing tale could be told of the sufferings of the pastoralists of the Murchison, Gascoyne, and Ashburton districts because of the failure of their work during the past four years of drought. I recently travelled over 2,000 miles in my electorate and emerged with a permanent sympathy and respect for the hardy men who daily cart away scores of sheep from their water troughs, the assets upon which their financial security was based. I have known of men struggling through these years of drought and not disheartened by seeing their flocks reduced so seriously, who have had the courage to keep on battling, and I commend these men to the consideration of the Minister administering the industries assistance measure. I would also remind the Minister for Lands

that these men are suffering from the burden of the iniquitous vermin tax, to which reference was made last week. I know that some of them are in as bad a state as the men who had 2,000 sheep and yet had to find £1,000 for vermin tax in three years, money which should have been put into the sinking of wells and the fencing of paddocks to stave off the evil effects of the drought.

The Minister for Works: You had a very sympathetic Government at that time to give you the money.

Mr. GILCHRIST: I also wish to refer to something the present Government have not done. When the present Minister for Lands visited Carnarvon in 1912, he met very sympathetically a deputation, who asked him to send up to the Gascoyne district a boring plant in order that water might be found for the smaller of our settlers. I understand he promised this would be done. I find now, from the Minister for Water Supply, that nothing is likely to be done in the near future. If the request of the deputation had been met in 1912, I am sure thousands of sheep which have since died as a result of the lack of water would have been saved. Right on the outskirts of the Gascoyne district some of the settlers have reason for complaint because the Government have stopped the bonuses on wild dog scalps. The men who complain are men who have been hit very hard by the drought, men who are in a small way, men who are fighting the wild dog not merely to keep their own runs clear but to keep clear the whole of the country from their holdings right down to the coast. To save their own flocks, they have to pay dingo trackers a large amount for the scalps which they in turn sell at a 50 per cent. reduction to the nearest vermin board who again are subsidized by the Government. These dogs must be killed, whoever does it, and I ask the Government to seriously consider reverting to the payment of these bonuses for wild dog scalps to help these men who are doing a service for the whole of the community on the outskirts of our country. I also put in a plea for the kangarooer. This

worthy section of our workers have been hit very hard in consequence of the royalty imposed upon kangaroo skins. The member for Katanning (Mr. Thomson) suggested the other day that it might be well to increase this royalty to 10 per cent. on the selling value of the skins in Perth. I will show how seriously this royalty at the present amount is being felt by the kangarooers in my constituency. Two men with a plant valued at £180 go out into the back blocks and rough it under conditions possibly harder than those of any other man in this community. They shoot and skin 5,000 kangaroos in the year; for this they have to pay a royalty of £20 15s., as against the old license fee of £2 for the two men, an altogether unjustifiable increase in the taxation on these men's hard earnings. These 5,000 skins will bring in to them when the money is returned to the district £250 net. We have to deduct £20 15s. for the royalty and £100 for tucker and ammunition, which leaves these fellows with 25s. per week each, after all their hard living, or less than they would have received as station rouseabouts with an easier life. I have been told—I do not know whether I am correct but I have asked for the information from the Government and it is not to hand—that the cost of the collection of this royalty amounts to almost as much if not more than the sum they receive from the royalty. If this is so, I ask the Government to abolish the royalty in favour of the old license fee system, and I ask it on behalf of the men who have the courage and the manliness to go out back and rough it rather than come to the metropolis and hang about the "pubs" and go to the Ministry for free soup kitchen tickets.

Mr. O'Loughlen: You know why it was altered, do not you?

Mr. GILCHRIST: As to the vexed question of State steamers it is accepted as a maxim on the other side of the House that every North-Westerner fully appreciates the value of the steamship service to the North-West. My knowledge of public opinion in the North-

West, and it is not confined to the Gascoyne district—

Mr. J. P. Gardiner: You are not in the North-West.

Hon. R. H. Underwood: (Honorary Minister) No.

Mr. GILCHRIST: The North-West starts at the Murchison River where the type of country, the flora and fauna alter, and therefore I have the right to say I belong to the North-West just as much as the Honorary Minister and the member for Roebourne. At any rate past administrations have agreed that we are part of the North-West, and the present Government agreed to it when they included the Gascoyne district in the North-West group in the last redistribution of seats Bill. I am in the North-West, and my district claims that our isolation demands the same treatment as the Roebourne, Pilbara and Kimberley districts. My knowledge of public opinion in the North-West, and my observance of the use of the present passenger boats trading on the coast by our North-West residents forces me to combat that claim. I travel not infrequently on the State steamer "Western Australia," and I must commend the management for the work they have done for the convenience of passengers. I have always found the stewards courteous, the table generous, and all the appointments quite satisfactory; but from the passengers' point of view the North-West is no gainer by the State steamship service. I understand that the Adelaide Steamship Co. had promised us another "Koombana" and by no stretch of imagination or partisanship can the two vessels be compared in any particular.

Mr. Bolton: It was only a promise.

Mr. GILCHRIST: The member for Irwin (Mr. James Gardiner) in criticising the Treasurer's statement said if we are making a loss we must face the position and asked if the expenditure was justified. One hon. member on the other side of the House asked if he was opposed to State steamers why should he not oppose agricultural railways that did not pay?

Mr. J. P. Gardiner : Are you opposed to State steamers ?

Mr. GILCHRIST : I am to these State steamers to a certain extent, which I will explain.

Hon. R. H. Underwood (Honorary Minister) : You should have explained to the electors when you were before them.

Mr. GILCHRIST : I did so, and they understood clearly my views. The position with regard to the analogy between the railways and State steamers is that a railway is a monopoly ; it is the only decent means of communication in a particular district. Except in the Midland district, where there is competition, it is the only railway ; a railway in a new agricultural district is a monopoly, and I believe in the principle of a railway which is thoroughly paying assisting to pay for the loss on another developmental line which is not paying. But it must be understood that in the North-West these State steamers are not the only means of communication ; they are competing against the existing means of communication and not providing any more conveniences or in any way specially benefiting the people of the North-West.

Hon. R. H. Underwood (Honorary Minister) : Therefore you propose to stop them ?

Mr. GILCHRIST : Undoubtedly, if they are not paying well and are not giving a satisfactory service.

Hon. R. H. Underwood (Honorary Minister) : Never mind the "if."

Mr. GILCHRIST : There are many "if's" which must be considered. The hon. member's politics have been built up without considering the "if's."

Hon. R. H. Underwood (Honorary Minister) : Are you prepared to stop them at once.

Mr. GILCHRIST : I would stop them where they are not necessary. If they are going to provide any special benefit to the North-West, I am willing to accept them.

Hon. R. H. Underwood (Honorary Minister) : Make a straightforward statement, are you opposed to them ?

Mr. GILCHRIST : The hon. member would not understand a straightforward statement if he heard it. I am right off the fence. Nobody can ever accuse me of being on the fence. I do not care twopence who knows my opinions. I say them straight out, and I am doing so on this point. Friends of hon. members opposite have come into my electorate and asserted that no person could declare against the State Steamship Service and continue to represent a northern seat. I stated my views clearly to the electors at the time I was elected, and I state them now clearly to the House ; and I am prepared to state them again within my electorate and face the consequences at the next election. As regards the "Kwinana," my objection would not be so strong if she were doing the work that is claimed for her, namely the rescuing of the small pastoralists from the clutches of the beef buccaneers. The achievement of that result, however, is very much open to doubt. The very first voyage of the "Kwinana" was made on behalf of one who is termed on the other side of the House a mutton buccaneer, and she has been running for the beef buccaneers practically ever since. I am sure that if the Ministry had gone on with the Liberal proposal of erecting freezing works in Wyndham, the case of the small pastoralists would have been more satisfactorily met. Again, just before the State steamers were started, Mr. Despeissis, the Commissioner of Tropical Agriculture, was dismissed. We regarded that as an unprofitable and undesirable exchange. The booklet which Mr. Despeissis issued on the tropical North——

Hon. R. H. Underwood (Honorary Minister) : Was tripe.

Mr. GILCHRIST : Containing, as it does, results of valuable investigations in our North, in Queensland, and elsewhere——

Hon. R. H. Underwood (Honorary Minister) : It was chiefly about breeding hogs in the Northern Territory.

Mr. O'Loughlen : Mr. Despeissis was too good a painter.

The CHAIRMAN : Order !

Mr. GILCHRIST: Containing as that book does the valuable results of investigations in our North, in Queensland, and elsewhere, it makes one regret the very brief service which its author was permitted to give to the State. Since the dismissal of Mr. Despeissis, the North-West has, unfortunately, been suffering from a drought which has reduced that country to its lowest carrying and producing capacity—

Hon. R. H. Underwood (Honorary Minister): Was that because of his dismissal?

Mr. GILCHRIST: And the investigations of such an expert at such a time would have been most valuable to future settlers, as showing them the worst that they might expect and must allow for. I ask that a commissioner of tropical agriculture should be again appointed, in order that a practical scheme of settlement may be adopted at an early date; and with all seriousness I sound this note of warning; Northern Australia must be settled within 20 years, or Australia will be menaced from Asia. The allies of to-day are the enemies of to-morrow. We cannot be sure that we will be immune from invasion while our great unappreciated northern country is practically unoccupied and shamefully neglected—a country that would grow almost enough cotton, hemp, and maize, as well as wool, beef, and mutton, to supply the markets of the world. Public opinion in the congested countries north of Australia will before long demand an outlet for surplus population in the country which we will not, or else cannot, occupy, and which we refuse to allow others to utilise. The member for Kalgoorlie (Mr. Green) in seconding the Address-in-reply struck a particularly friendly note when referring to the nation now waging war against us—an inhuman, unjustifiable war. British tolerance, however, worked to the advantage of the enemy, and the early stages of the great war in Europe, with the ruin of the little Belgian Kingdom, constitute a reproach to us, and will be attributed in history to the allies' unpreparedness. In Australia, we are liv-

ing in a fool's fortress; and it may be that we shall only wake up when the yellow hordes are hammering at our doors. Our only protection is the settlement of a large population on our empty lands in the North, which, unoccupied, constitute an irresistible temptation to our Asiatic neighbours. In the name of Australia, for the well-being and safety of this important outpost of the British Empire, I call upon the Ministry and Parliament to grapple boldly with the problems of occupation and settlement that present themselves, calling for the exercise of statesmanship.

On motion by Hon. J. Mitchell, progress reported.

BILL—STAMP ACT AMENDMENT.

Returned from the Legislative Council without amendment.

BILL—MUNICIPAL CORPORATIONS ACT AMENDMENT.

Second reading.

Debate resumed from the 20th January.

Mr. ALLEN (West Perth) [9.24]: This measure is a very brief one, and one of which both sides of the House may well approve. Its important part is that dealing with appeal under the provisions of Section 333 of the principal Act. That section makes it possible for any ratepayer to go to the court of appeal against the decision of the municipality. Under this measure, an appeal is allowed, but the appeal is to be to the Minister, whose decision shall be final. On Clause 2, which proposes to repeal Section 296 of the principal Act, I shall have something to say, and propose to move the amendment placed on the Notice Paper by the member for Perth (Hon. J. D. Connolly). I do not know that I need say more on the measure at this stage. It is not a Bill open to prolonged debate but one which, as I have said, practically all of us may approve. I therefore shall support the second read-

ing, though, as already stated, in Committee I propose to move the amendment of which the member for Perth has given notice.

Question put and passed.

Bill read a second time.

In Committee.

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

Clause 1—agreed to.

Clause 2—Amendment of Section 296:

Mr. ALLEN: I move an amendment—

That the following be added to Clause 2:—"Provided that any council may make by-laws fixing or prescribing the area and part or parts of any block of ground which shall remain unbuilt upon in any specified portion or portions of the municipality in respect of all or any classes of buildings or structures."

There may be a portion of the land not built on, but under this proposed new section an owner proposing to build on only portion of his land is required to lodge a plan showing the whole of the land on which he proposes to build. I think the proviso contained in the amendment is a necessary one, and I do not think any objection will be offered to it.

The MINISTER FOR WORKS: I cannot accept the amendment.

Hon. Frank Wilson: Why not?

The MINISTER FOR WORKS: Because it is detrimental to the Bill.

Hon. Frank Wilson: I do not see it.

The MINISTER FOR WORKS: If the proviso is added, the right of an aggrieved person to appeal to the Minister is rendered entirely useless, because the local authority will be in a position immediately to debar any person from building on portion of a block.

Hon. Frank Wilson: You might add to the proviso "Subject to the appeal to the Minister."

The MINISTER FOR WORKS: The Minister is subject to the by-laws. So far as the building is concerned, the amendment is not necessary. The position under this clause will be that no person shall commence or proceed with

any building unless and until a plan showing the houses and building proposed to be erected shall have been deposited with and approved by the local authority. The clause is framed for the express purpose of giving the local authority the right to decide whether any buildings proposed to be erected are suitable to the land on which it is proposed to erect them, subject to appeal to the Minister. But the hon. member proposed in addition to this that the council shall have power to make certain by-laws which will place certain restrictions in regard to the area. Three years ago I brought before this House an amendment to this Act providing that no land should be resubdivided, after one subdivision plan had been approved, without the consent of the council. That went before another place and one of the strongest opponents of that at that time was the present member for Perth, who now proposed that he power shall be given in this matter entirely to the council to say whether land should be built on, whether the area is suitable or not. The right to appeal to the Minister in this proposal is such that the Minister would have a right of veto of by-laws adopted by the council. It might be said that the Minister knows what the Act is and that he has power to refuse approval to by-laws, that he can do it at a later date. But the Minister's hands would be tied and by doing so he might do something detrimental to the purposes of the Bill. In the Bill it is proposed to put great powers in the hands of the local authorities. It is necessary that some one should have the right of review and thereby protect the rights of persons who propose the erection of buildings. I do not think the powers asked for should be given the local authorities to make by-laws which would tie the hands of the Minister.

Hon. FRANK WILSON: I cannot quite follow the Minister's objection to the amendment. I can, however, see a great difficulty in the clause as it now stands. For instance, different portions of the State require different regulations. What would do for Broome would not

do for Perth. What would suit Wyndham would not suit the towns in the South-Western portion of the State.

Mr. Taylor: Is Wyndham a municipality?

Hon. FRANK WILSON: Wherever you have a town the local authority should have control, I do not care whether you call it a municipality or a roads board. I am pointing out the conditions and when you set to work, as you would under this amending Bill, to have a set plan for some outlying district, surely it is reasonable to ask for by-laws to guide you. You are going to erect a warehouse at Broome; you ought to be furnished with some regulations from that municipality so that your architect may be able to conform to the requirements. Otherwise plans will be prepared for the erection of a building, and for some reason will be rejected by the municipality.

Member: The municipality has got that power already in regard to plans.

Hon. FRANK WILSON: I know they have absolute power, but one might be put to considerable trouble and expense. Owners may have plans prepared which they consider would be acceptable, which would be acceptable here in Perth, and would send them along and find them rejected because they do not fit in with the ideas of the local authority. Each council and local authority in its own district should have power to draw up regulations which would define what was required.

Mr. CARPENTER: This is a small matter. It has been recognised for some time that the Government have on the stocks an amendment of the Municipalities Bill, and I should have thought that this matter could have been allowed to stand over. The clause which this amending clause seeks to repeal has worked well until recently when there was an appeal and a decision was given. If an attempt had been made to re-state what Parliament thought it had clearly laid down when it passed the original Act, there would have been no controversy, but from the point of view of the muni-

cipalities this Bill now purports to centralise in the Minister a power which many councillors think should remain with them. Whether there should be a right of appeal to the Minister or to anybody else is arguable. Many municipal councillors have their doubts about making the Minister the court of appeal. I know that the prevailing spirit in most councils to-day is that they have new plans for town planning. As between the clause in the Bill and this amendment I do not think there is very much difference. There may be cases where 20ft. would not be enough. Of the clause in the Bill and the amendment, I prefer the clause. I prefer to give the council power to meet each case and deal with it as it arises.

The MINISTER FOR WORKS: We can well understand that the hon. member has had no experience as far as local government is concerned. As the clause stands, as long as there is a space of 20 feet, the council have no right to object to any plan.

Hon. Frank Wilson: That is absurd.

The MINISTER FOR WORKS: The proposal we have before us will give the council power to make a by-law to prohibit any area which shall remain unbuilt upon. In a number of districts there may be blocks of land cut up into small areas which might be suitable for small cottages. Let us say these are 40 feet frontages and 130 feet deep. The council have power to make a by-law saying they will not allow any person to build in that area unless the block has a 60 feet frontage.

Hon. Frank Wilson: It has nothing to do with the frontage.

The MINISTER FOR WORKS: They have power to make it on any land which has remained unbuilt upon within their district. It is a very dangerous precedent to put into the hands of the council.

Hon. Frank Wilson: Do you not think that the council should have power to prescribe that certain portions of a block should not be built upon?

The MINISTER FOR WORKS: The council should have power to deal with each case on its merits. The clause before us is drafted in such a way that it gives the council power to deal with each case on its merits. Any person who agrees not to go to the Supreme Court can appeal to the Minister who will be guided by his officers. I maintain that the Minister should not be tied with by-laws dealing with areas.

Hon. Frank Wilson. Should not the convenience of the public be considered?

The MINISTER FOR WORKS: It is a very undesirable amendment. The public would be considered by the local authority.

Mr. THOMSON: It puzzles me why the Minister should refuse to accept the amendment. I consider that the councils should be the ones who know the particular requirements of their districts. If the words, "subject to the approval of the Minister" were added it would safeguard the position so far as the Minister was concerned. I am sure the Minister would take into account the views of the council if that body objected to any particular plans.

The Minister for Works: They have power under the clause so far as buildings are concerned to deal with each case on its merits.

Mr. THOMSON: I consider that municipalities should have power to define the area of the block of land. This is dealing with land unbuilt upon. I object to slums myself. We want the people to have breathing spaces. I object to blocks being built upon in such a way that houses are absolutely close together.

The Minister for Works: They have power to approve of or disapprove of any subdivisions of land.

Mr. THOMSON: This would prevent a man from putting too many buildings on one block of land. I support the amendment, which I hope will be accepted.

The ATTORNEY GENERAL: I support the view taken by the Minister for Works. If we were going to take away any power of judgment or of action on the part of municipal councils

by the clause in the Bill, I should object. Mr. Thomson prefers to put into regulations what ought to be left to the judgment and discernment of councils, who would thus be prevented from exercising independent action. It is because in the past municipal councils have stuck to the strict letter of their by-laws, and could not go one word beyond them that we have these schemes of town planning which have been mentioned in the debate to-night. We have so built our cities that we have to pull them down in order to keep pace with the times, and build them afresh. The clause proposes to keep it a living matter so that the council can judge each case as it comes along on its merits.

Hon. Frank Wilson: We are not objecting to the clause.

The ATTORNEY GENERAL: What the leader of the Opposition is doing is objecting to the clause having the power of elasticity. He desires to have the clause put into fetters and to give councils discretion only within the limits of their by-laws. The by-laws would thus become laws and progress would be retarded. Another point I wish to deal with is that under the proposals of the Government no councillor would be deprived of his judgment or any responsibility that might be thrown upon him. There would be no mechanical appeal to by-laws to decide what ought to be done. In this way the council would have to take an active interest in the work it was doing instead of leaving everything to be regulated by hard and fast laws such as those by the Medes and Persians. The clause provides more: it provides a right of appeal for those who cannot see as the council sees—for councillors may at times be wrong. The party who desires to appeal has not to appeal to an expensive court of law, but to a living Minister who has at heart the progress of the cities which are comprised in the country which the Government have to administer. If there is no objection to the right of that appeal, no objection to the council's having an independent judgment on every case as it arises, so as to correct the mis-

takes of yesterday by the wiser action of the present hour, then there is no objection to the clause and no necessity to put hobbles on the mental feet of councils as the amendment does.

Mr. CUNNINGHAM: I support the clause as it stands. It is proper that any person intending to build should submit plans to the council for approval. It is usual in towns to have a class of building in a particular street suitable to that street, and therefore one by-law would not apply to all conditions in one municipality.

Hon. Frank Wilson: The amendment provides for that.

Mr. CUNNINGHAM: The clause also provides that if the person who submits the plans of the council feels aggrieved at the action of the council he has the right of appeal to the Minister. This check will make the council exercise every care before refusing to pass the plans.

Hon. FRANK WILSON: The Attorney General would have it understood that we are opposed to the clause. Nothing of the sort. We agree with the clause, but we say that in addition there ought to be some provision as to the area on which buildings shall be erected, in other words, that breathing space shall be provided. Surely it is a reasonable proposition.

Mr. Willmott: You would require by-laws dealing with every street.

Hon. FRANK WILSON: Why not? The by-laws are subject to the Minister.

Mr. Taylor: Not if they are within the four corners of the Act.

Hon. FRANK WILSON: I am only asking that the council shall lay down certain rules in regard to air space. We agree that plans must be submitted prior to the commencing of the work, but we wish to protect the general public by providing that councils may prescribe that the building shall be erected on a certain part of the block, and that certain parts of the block shall remain unbuilt upon.

The Minister for Works: It is confiscation, robbery.

Hon. FRANK WILSON: The requirements of different municipalities vary, and what would be prescribed in Broome would

not be deemed necessary in Perth, and vice versa.

Mr. THOMSON: If the clause is passed will it prohibit municipalities from making building regulations? The Minister might make that point clear to us.

The MINISTER FOR WORKS: They have power to make by-laws, but the Act does not empower them to prohibit any person building on any block. The amendment will give them power to prohibit a person building on a block, and it will fetter the Minister in regard to appeals. Under it we will want a by-law for every street. The clause is wide enough for the requirements of the various municipalities. I am strongly opposed to the amendment.

Mr. HARDWICK: The amendment merely gives power to the municipalities to prescribe an area which shall remain unbuilt upon.

Mr. TAYLOR: The framers of the original measure believed that it would operate as this amending Bill makes clear. A case was recently tried at the Supreme Court and a judgment was given to the effect that so long as there was sufficient area space at the rear of a building, the question whether the building was blocked in or not did not matter. The amending Bill gives power to a council to deal with similar cases in the future, and if the person who makes an application thinks that he has not had fair consideration from the council, he places his plan and everything connected with the case before the Minister and the Minister's decision shall be final. That procedure will save the cost of appeals to the Supreme Court. The amendment proposed deals with the area of a block which shall not be built upon, and is absolutely unnecessary. If the amendment be carried it will take away the power from the Minister because by-laws which have previously been approved by him will be placed before the Minister, and if he gives a decision it might not be in keeping with the by-laws, and the merits of the case would not be dealt with. It is true the Minister has to approve the by-laws, but that means merely that, so long as the Solicitor General informs him

(that the by-laws conform to the Act, they are passed through Executive Council and have the force of law. If the amendment be carried the Minister might know the appellant was in the right, but find himself blocked by the by-laws. Hon. members who had experience in municipal councils will know that in large and growing centres conditions vary; that by-laws have to be made very wide in their application to meet all requirements. The clause as it stands will give local bodies an opportunity of weighing the pros and cons, and any aggrieved person will have the right of appeal with the knowledge that the tribunal which will review the council's decision is not trammelled in any way.

Amendment put and negatived.

Clause put and passed.

Title—agreed to.

Bill reported without amendment, and the report adopted.

RESOLUTION—MONEY BILLS, PROCEDURE.

Message received from the Council requesting the concurrence of the Assembly in the following resolution:—"That in order to maintain the harmonious relations between the two Houses necessary in the interests of public business, it is in the opinion of this House advisable that Select Committees appointed by both Houses should meet and confer with a view to framing joint Standing Orders to assist in overcoming the present differences between the two Houses in regard to money Bills, and if necessary to recommend an amendment of the Constitution with that object."

Mr. ROBINSON (Canning) [10.25]: This matter has come before the House at a very opportune time, when there is no difficulty between this House and another place. There has been some difficulty, but there is not any now. The difficulty had arisen in connection with the construction of Section 46 of the Constitution Act Amendment Act. I expressed my opinion in this House last week, and I think that the view we have taken here

was the correct one. When a message is sent down here from another place, is dealt with and sent back again, it is then finished. I am prepared to admit that the section of the statute is open to be viewed and argued in another way, that is, that a message may be sent at any time or at any stage. I myself do not think that is the correct reading of it. Other people contend that it is. And in consequence we find the Standing Orders of this House differ from the Standing Orders of the Legislative Council. I therefore move—

That this House concurs in the resolution of the Legislative Council conveyed by Message No. 9, and that a select committee consisting of the following members, Mr. Speaker, Mr. Holman, Mr. Hudson, Mr. Jas. Gardiner, and the mover, be appointed with power to confer with the committee of the Legislative Council on the difference between the two Houses with regard to the matter.

Question passed.

Mr. ROBINSON (Canning) [10.28]: I have a further motion to make in connection with this matter—

That the committee have power to call for persons, papers, and records, to sit on days over which the House stands adjourned, and to report this day week.

Question passed.

Mr. ROBINSON: I further move—

That the following message be transmitted to the Legislative Council:—"That the Legislative Assembly acquaints the Legislative Council that it concurs in the resolution contained in Message No. 9, and in accordance therewith has appointed a committee of five members to inquire into the procedure on Money Bills, with power to call for persons and papers and confer with a similar committee of the Legislative Council, and requests the Legislative Council to appoint a similar committee accordingly."

Question passed.

BILL—CHURCH OF ENGLAND LANDS.

Second Reading.

The ATTORNEY GENERAL (Hon. T. Walker—Kanowna) [10.31] in moving the second reading said: The measure in my charge requires very little explanation. It seeks to put the Anglican Church in regard to lands from time to time granted to it for ecclesiastical purposes in the same position as the Roman Catholic Church and the Presbyterian and other bodies. The fact is the Anglican Church has hitherto loosely dealt with the lands granted to it and furthermore there has been a looseness in the way the lands have been granted. There have been only two measures under which land could be granted, namely, the land regulations which existed prior to 1898 and the Land Act of 1898. Section 39 of the Land Act dealing with grants from the Crown prescribes that there may be grants for the purpose of sites for churches and chapels, but there have been lands granted for ecclesiastical purposes. The Land Act allows of grants for no such purpose, and these grants have been more or less illegal. Nevertheless dealings have been made and the object of the Bill is to validate those dealings and make valid certain contracts at present suspended but honourably undertaken, so that they may be honourably completed. As we have Acts relating to other bodies containing similar provisions, I think we are justified in passing this measure for the Anglican Church. I move—

That the Bill be now read a second time.

Question put and passed.

Bill read a second time.

In Committee.

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

BILL—LICENSING ACT AMENDMENT CONTINUANCE.

Second Reading.

The ATTORNEY GENERAL (Hon. T. Walker—Kanowna) [10.35] in mov-

ing the second reading said: This Bill requires very little explanation. We passed a measure last session and provision was made that if the necessity arose we should be able to continue it. Whilst the war continues we should possess the power which is no more than to enable the Government to regulate the hours of closing public houses during war time if the necessity arises. This Bill merely seeks to continue the same measure of which the House unanimously approved last session. I move—

That the Bill be now read a second time.

Question put and passed.

Bill read a second time.

In Committee.

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

House adjourned at 10.38 p.m.

Legislative Council,

Wednesday, 27th January, 1915.

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