

The ACTING SPEAKER: That has nothing to do with the Bill, Mr. Lambert. I must ask you to keep to the Bill.

Mr. LAMBERT: I make that reference only by way of leading up to the fact that it is dangerous for a prominent political party to seek by unfair means to shape legislation, particularly legislation having for its object the permanent subordination of another political party. In the North-West the Government have four supporters, and this Bill proposes to grant those four supporters political immunity. The member for Kimberley (Mr. Durack) will be able to go on representing his 1,200 electors, and being returned by 700 odd of them, to the end of time.

Mr. Teesdale: He has to take his chance.

Mr. LAMBERT: It will be Buckley's chance next time. The member for Roebourne (Mr. Teesdale), with his effective voting strength of 264—

Mr. Teesdale: A lot of them are your people.

Mr. LAMBERT: By the time the effects of this Bill are properly realised, our people will be galvanised into such political action as previously did honour to the constituency of Roebourne by enabling it to return a Labour member.

Mr. Teesdale: That was the only lapse they made and that was when I was away. I jerked him out quickly when I came back, and you know that too.

Mr. LAMBERT: The hon. member was not in this Chamber at the time. The member for Gascoyne (Mr. Angelo) is another Government supporter and a prominent member of the Country Party. He too, has been granted political immunity. Is it a coincidence that all these members are Government supporters, whilst in the case of the majority of the goldfields electorates, their representatives are members of the Opposition? It is regrettable that the Government have not seen fit to formulate a policy regarding the alteration of the electoral boundaries. I again appeal to the Premier to give this Bill greater consideration. It has been stated, rightly or wrongly, that the Opposition of to-day have assisted the Premier to such an extent that had that assistance been withdrawn at times, the far-reaching effects could hardly be realised. Had we done so, we would have been true to our sound policy, so far as Western Australia itself is concerned. However, we have little to gain from the present Administration. We are fully in accord with the Premier's policy of land settlement and, notwithstanding the vagaries of what may be called the "spring-onion crowd," we are not going to allow the administration of this country's affairs to be tampered with by an executive sitting in St. George's-terrace, or any "spring-onion group" who may attempt to dictate to the Government what they shall do. Whilst the Ministers in charge of the administration of the affairs of this State are true to that line

of policy, I believe that, even at a reasonable political sacrifice, the Opposition will support them. If the Premier were to bring down tomorrow a Redistribution of Seats Bill embracing the policy of the Mitchell Government, if it were fair and equitable, giving due consideration to distance from the centres of population, community of interests and so forth, the Opposition would embrace heartily the opportunity to—

Mr. Teesdale: Fire it out.

Mr. LAMBERT: To vote for the measure.

On motion by Minister for Agriculture debate adjourned.

House adjourned at 12.35 a.m. (Wednesday).

Legislative Council,

Wednesday, 24th January, 1923.

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

QUESTION—RAILWAY CONSTRUCTION, PITHARA EASTWARDS.

Hon. J. MILLS asked the Minister for Education: The Railway Advisory Board having reported favourably upon a proposed railway from Pithara eastwards, will the Government, during the next session of Parliament, introduce a Bill authorising the construction of the first section of this line?

The MINISTER FOR EDUCATION replied: The question will receive consideration.

QUESTION—HOSPITAL FOR INSANE, ATTENDANTS.

Hon. F. A. BAGLIN asked the Minister for Education: Referring to the answers given to the questions asked by me on the 13th December last, will the Minister explain

the following: 1, If Attendant O'Brien, at the Hospital for Insane, has had no annual leave for 1919, how is the conclusion arrived at that only two years' annual leave is now due? 2, How long is it since Attendant O'Brien has carried out the ordinary duties of attendant, such as taking his turn of shifts on the roster? 3, What are the reasons why Attendant O'Brien has been exempted from carrying out duties ordinarily carried out by other attendants who are senior in service? 4, Does Attendant O'Brien give instructions to other attendants, and generally give orders to the staff, thereby upsetting discipline and causing dissatisfaction amongst the staff by reason of his being junior in service to the majority of other attendants?

The MINISTER FOR EDUCATION replied: 1, Attendant O'Brien did not apply for leave for the year 1919-20, and in the usual course this became forfeited by effluxion of time. 2, The last occasion was during July, 1920. 3, He has not been in any way specially exempted, and is required to perform duties within the scope of his position for which the management consider him most suitable. 4, No; except by transmitting the instructions of the head attendant or deputy head attendant. This does not upset discipline.

QUESTION—POLICE DEPARTMENT, INSPECTORS.

Hon. F. A. BAGLIN asked the Minister for Education: Referring to the answers given to a question asked by me on the 21st November last, will the Minister supply the following information: 1, What are the names of the police inspectors who the Commissioner has recommended should remain in their positions, and who are now over the age of 60 years? 2, Since the police regulations provide for retirement at 60 years, and members joined the police force on that understanding, does the Minister consider that the regulation as to extension of the service of inspectors who have reached the retiring age is fair and reasonable?

The MINISTER FOR EDUCATION replied: 1, Chief Inspector McKenna, Inspectors Duncann, Mitchell, Houlahan, Walsh, and Condon. 2, Yes.

SITTING HOURS.

The MINISTER FOR EDUCATION (Hon. H. P. Colbatch—East) [4.34]: I move—

That for the remainder of the session the House shall meet at 3 p.m. on the usual sitting days, instead of at 4.30 p.m.

We have now reached that stage in the business when the duration of the session depends entirely on how long it will take the members of this House to complete the business. We have already several Bills on our

Notice Paper; and two other important Bills, the Hospitals Bill and the Miner's Phthisis Bill, will be sent to us this afternoon. Thus there will not be a great deal left on the Notice Paper of another place, and it really depends on ourselves how long the session is to continue. That being the case, I think that by meeting a little earlier in the afternoon we may be able to conclude the session earlier than otherwise we could. I do not think it is the wish of any member that the session shall be further prolonged into February than we can help. The Government, while doing all they can in these matters, are unable to guarantee a continuance of cool, pleasant weather; and I am sure that if we have a hot spell hon. members will not wish to sit far into February.

Hon. A. LOVEKIN (Metropolitan) [4.35]: I hope it will be understood that if we do sit at 3 o'clock in the afternoon, we shall not attempt to take new business after 10 o'clock at night.

The Minister for Education: I am not moving in that direction. It may be necessary on the last night.

Hon. F. E. S. WILLMOTT (South-West) [4.36]: If the House decides to meet at three o'clock, I hope we shall not follow the example invariably set by another place. My experience there has been that the earlier the House meets, the longer it sits at night, that the earlier meeting merely gives longer and longer time for what is known as stonewalling.

Hon. J. Duffell: We do not have that here.

Hon. F. E. S. WILLMOTT: If we meet at three, I hope the business will proceed in the same expeditious manner as hitherto. I trust hon. members will not think that the fact of meeting at 3 p.m. affords them an opportunity to speak for an hour and a-half when under ordinary circumstances half an hour would suffice. My experience is dead against meeting earlier, which simply means that members come at three with their lunches undigested, and then become rather cantankerous, with the result that sittings are unduly prolonged.

Question put and passed.

MOTION—RAILWAY CONSTRUCTION, DWARDA-NARROGIN.

Hon. J. A. GREIG (South-East) [4.38]: I move—

That in the opinion of this House the Government should instruct the Railway Advisory Board to furnish an up-to-date report on the advisability of constructing the Dwarda-Narrogin railway, or to recommend alternative routes for the purpose of shortening the distance between the Great Southern districts and the metropolitan area, so as to serve the greatest number of people and the best interests of the State

as a whole; and also to report where, in their opinion, the line from Dwarda should proceed to, if not constructed to Narrogin. I have provided a map here, so that hon. members will have a better opportunity of following my remarks. I wish to make plain the position I occupy. The report of the Railway Advisory Board, on the strength of which the line is being constructed, dates back 11 or 12 years, and in my opinion is obsolete. I fear that the construction of the line will cause great injustice, because the arguments which supported the construction 11 or 12 years ago are to-day non-existent. One of the chief arguments in favour of the line from Dwarda to Narrogin, which is a continuation of the line from Pinjara to Dwarda, was the belief that there would soon be congestion on the line from Narrogin to Brookton. It was realised at that time that all the wheat from Lake Grace, Dumbleyung, and eastward would come into Narrogin and thence go to Fremantle. But since the Railway Advisory Board's report was furnished, a line has been built from Wagin to Bowelling, and, further, the Bunbury harbour has been deepened. During the last eight years, practically the whole of the wheat which has passed through Narrogin station has gone to its natural port, Bunbury. Bunbury harbour to-day can berth the vessels which carry our wheat oversea, and that was not the case 11 or 12 years ago. Advocates of the line from Dwarda to Narrogin admit that it is only the first portion of a through line to Armadale, shortening the distance from the Great Southern districts to Armadale. But if hon. members will look at the map I have here, they will see that the people of Narrogin can go to Brookton and then across to Armadale at practically the same distance. From Armadale to Brookton is 60 odd miles, and from Armadale to Dwarda is exactly the same distance. Thus we can save the construction of 34 miles of railway by building a line from Brookton to Armadale, instead of from Narrogin to Armadale. I desire to show to the House that there is no necessity to construct a line from Dwarda to Narrogin, because everyone on that route is already served. No one on that route to-day is more than 15 miles distant from some railway. The Dwarda-Narrogin railway was authorised eight years ago, and some time back the present Government promised to build it. I think, however, that Ministers had not full information before they when they arrived at that decision. It is in order to place full information before them that I move this motion. I hope the Government will take into consideration the latest information before proceeding to expend £136,000 on the construction of the railway—a railway which in my opinion is not warranted. When the Railway Advisory Board's report was made, we did not know the value of our wheat land and particularly our gimlet and salmon gum lands as we do to-day. A line constructed from Dwarda to Narrogin will run through country which is already served, no settler being further distant

than 15 miles from a railway. Therefore the additional production from the building of such a line would be very limited indeed. I desire to read an extract or two from the speech made by Mr. Drew when introducing the authorising measure eight years ago. From the report of the Commissioner of Railways, Mr. Drew quoted the following:—

“Narrogin is 162 miles from Perth, via Spencer's Brook; via Dwarda it is only 143 miles. The practice is that where a station can be reached by two or more routes, to charge freight on the shortest mileage. We shall, therefore, lose freight on 19 miles on all traffic from Perth and Fremantle to Narrogin, and all stations to the southward thereof, and in a lesser degree northward as far as about Cuballing, from which point the distance to Perth via either route is equal. Moreover, the grades on the Hotham section are so steep and the curves of such small radius that, although we shall be bound to charge as for the shorter distance, we shall have to haul the traffic via Spencer's Brook at a less rate than we are now receiving. The settlers between Dwarda and Narrogin will not, it seems to me, be greatly inconvenienced if the extension is not made, for they are at the present time within 15 miles of either Williams, Narrogin, or Popanyinning.”

That is the report of the Commissioner of Railways eight years ago. It is strange that the Bill should ever have got through this Chamber. But, as has been pointed out to me, the goldfields members have never tried to obstruct the building of an agricultural railway, but have taken the word of the local member and left it to the Government to see that the advisory board's report was favourable. This line should not remain where it is at present. It is bad for the working of the railways to have too many dead ends. About 12 months ago the Government, at the request of a deputation, sent the advisory board to Dwarda to make a report on the lines going northwards to Codgatatotine Pool. The advisory board reported in favour of a line to go from Dwarda to Codgatatotine. But the board were not asked for an opinion on the line from Dwarda to Narrogin, because that line was reported on 12 years ago and a Bill passed for its construction. If instead of going to Narrogin that line turned and went to Codgatatotine and thence northward parallel with the Great Southern, it would serve a great number of people on the Dale River, people who have been there for 60 years.

Hon. J. W. Kirwan: How many?

Hon. J. A. GREIG: Scores of them.

Hon. J. Nicholson: Was there recently a deputation from those people to the Premier?

Hon. J. A. GREIG: Yes, asking that a line from Brookton to Armadale should be constructed. This line from Codgatatotine Pool northward would serve a great many people on the South Dale.

Hon. J. Nicholson: Is it long since those people were promised a railway?

Hon. J. A. GREIG: Yes, Mr. Scaddan, the then Premier, promised them a railway when funds should be available. Since then there have been changes of Government—all admitting this claim—and to-day it is still as far as the line has got.

Hon. J. Nicholson: There is a good settlement there?

Hon. J. A. GREIG: Yes, and very good land. People there to-day are growing stuff within 50 miles of Perth, carting it 30 miles away from Perth to the railway, and sending it 118 miles round to the city. It would not be in the interests of the State for the Government to build a line from Dwarda to Narrogin through country already served by a railway, and in some parts by two railways, leaving those other people without railway facilities. That is why I am moving the motion. I want the advisory board to make a comprehensive report on the question. One argument put up in favour of building the line from Dwarda to Narrogin is that the Government have a timber mill between Pinjarra and Dwarda; but if the line were built they could send their timber through to Narrogin. But it would be of no real advantage to the Narrogin people, because to-day they can get their timber from Bowelling or from Collie, which is just as close as the Government mills.

Hon. J. Ewing: There is beautiful timber there though.

Hon. J. A. GREIG: So, too, at the other places. Moreover, not sufficient timber is required at Narrogin to warrant the cost of building a railway. I regret very much that money should have been spent on the survey of this line. Some say that because the line has been surveyed and passed by Parliament, it ought to be built. Personally, I do not like repealing an Act of Parliament, but in the interests of the State, I think in this case it should be done. Some say that if a line be once promised it ought to be built. I ask hon. members to consider the Bullfinch railway. To-day one train a fortnight runs over that line. Had that line not been built, would any member of the Chamber advocate its construction to-day on the score that it had been promised? The line under review offers a fair parallel. When it was promised we were led to believe there would be congestion on the line between Narrogin and Brookton. But the building of the other lines and the deepening of the Bunbury Harbour have relieved the situation, and although we have spent money on the survey, it would be better to cut the loss than build the line and carry the loss for ever. People east of Narrogin have been led to believe they would be penalised if the line did not junction at Narrogin. That is not so. They could just as well send their produce to Armadale via Brookton. The steepest grade between Narrogin and Dwarda is 1 in 70;

between Brookton and Armadale, it is 1 in 80 and between Dwarda and Armadale it would be about 1 in 60.

Hon. G. W. Miles: And from Brookton to Narrogin?

Hon. J. A. GREIG: I do not know what the grade is, but there is a fairly steep pinch. However, that would not matter so much, because all loading 10 miles south of Narrogin goes through Wagin to Bunbury. Only chaff and wool go to Fremantle from Narrogin. The train starts with a light load, and when it gets to Brookton, where the other lines come in, the load is increased. Some say the making of the junction at Brookton will affect the working of the railways because most of the engine-drivers live at Narrogin. I maintain that if the junction were made at Brookton instead of at Dwarda it would make no difference to Narrogin, for the engine-drivers could still live at Narrogin. It will be seen from the map that if the line comes to Brookton all the people along the line from Narrogin to Brookton will get the advantage of a short cut to Perth. So, too, will the people of Corrigin. I hope soon to see a line built from Corrigin to Kondinin and thence eastward to Forrestonia where there is some of the finest wheat land in the State. In the interests of Western Australia the junction should be made at Brookton, rather than at Narrogin. Recently the advisory board handed in a report of what they consider the best method of serving the Newdegate lands. They recommended that a line should go out from Kondinin 10 miles eastward, and then run down through the Newdegate country. A record of rainfall has been kept at Forrestonia for the last 17 years. It gives an average of 13.93 inches. If I were asked to state what I thought to be the best wheat growing rainfall, I do not think I could improve on that. I can scarcely understand the Government proceeding to build the railway to Narrogin. An amount has been placed on the Estimates for a railway from Dwarda eastward. I noticed in the Press the other day that the member for Williams-Narrogin in the Assembly asked the Premier why they had camouflaged the Dwarda-Narrogin railway by terming it Dwarda eastward; and the Premier remarked that it meant the same line. So I presume it is the intention of the Government to construct that line. I am only moving the motion with a view to assisting the Government to do what I believe the advisory board think is in the best interests of the State. When we recall the speech made by Mr. Drew in moving the second reading of the Bill in this House, it will be remembered that the three leading points contained in that speech were—(1.) The route via Dwarda is 19 miles shorter from Perth or Fremantle to Narrogin, but the Railway Department would lose that quantity of freight, because they could not send a ton of stuff over the line, but would rather carry it by the longer route via Spencer's Brook to Narrogin. (2.) The settlers between Dwarda and Narrogin are already

served by a railway, and (3.) the railway would not develop any extra area of country and would not add anything directly to the revenue. Also Mr. Drew read a report by Mr. Babbington, which stated that within 12½ miles of the proposed line there were 133,000 acres of alienated land and 45,000 acres of unalienated land. In point of fact, if one went 12½ miles away from the route, one would be well across the existing line before he reached Narrogin. However, of this area of unalienated land, 6,000 acres were shown to be first-class, 3,000 acres second-class and 26,000 third-class. In other words there was over 4,000 acres of third-class land to every acre of first-class land. The information before the heads of the Railway Department was such that I can understand the Commissioner not wanting to see the line built. I spoke to the present Commissioner about eight weeks ago. He is of the same opinion to-day. He assured me that if the line were constructed, he would never send a ton of stuff over it, but would rather send it round the long distance and lose the 19 mile freight. One engine would pull twice as much over the one route as it would over the other. The grade from Pinjarra to Dwarda is one in 30. The steepest grade through the ranges the other way is one in 60. The length of the line between Dwarda and Narrogin is 34 miles. Production along the line is limited. Every man is within 15 miles of the railway. If we take those outside a distance of 10 miles from the railway we find they do not grow enough to make up a train load during the year. From Lake Grace to Newdegate is 34 miles. If we build that railway we should increase the production of the State, the revenue of the Railway Department and confer a benefit on Western Australia as a whole.

Hon. J. Ewing: They are going to build that line.

Hon. J. A. GREIG: I hope so. Some people say that the line from Narrogin to Armadale should be built; also the line from Brookton to Armadale. There are only two settlers along the 60 miles odd of the route from Dwarda to Armadale who are not served by either the Dwarda or the Armadale end. This motion is simply a request for an up-to-date report and no member could object to that. I presume it is desired that the Government should have the fullest possible information in order that they may determine what is best to be done for the State. I am sorry I have to take up this stand. Some of my personal friends live along the Dwarda-Narrogin route. Most men like to have a railway as near their homes as possible. I feel, however, in the interests of the State, I am bound to oppose this line. I have nothing to gain by opposing it. All my property is at Narrogin. If the building of a line into Narrogin would enhance the value of property of other citizens of Narrogin I would also reap the advantage. I cannot sit idly by and allow this line to be built to Narrogin, know-

ing that it is not in the best interests of the State, and I should feel ashamed of myself if I did not give utterance to my views.

Hon. C. F. BAXTER (East) [5.3]: Mr. Greig should be commended for the stand he has taken in connection with the Narrogin-Dwarda line. He must have known when he took action to have the construction of the line stopped that he would stir up a hornets' nest which would disturb his peace for some time to come. From my knowledge of the district, I think the stand taken by him is perfectly correct. From all the information we have, the construction of the line from Narrogin to Dwarda is not warranted. The money could be better used in other parts of the State. The plea is that it will connect those districts direct with Fremantle and assist the working of the railways. Mr. Greig has stated that the Commissioner could not use the line commercially. I was always of opinion that the grade of that line was one in 40. To my alarm, it appears to be one in 30.

Hon. J. A. Greig: It is one in 30 from the coast to Dwarda, but one in 40 from Dwarda to the coast.

Hon. C. F. BAXTER: Then it can never be a commercial proposition. If there was enough good land there it might warrant the construction of the line but I know there is very little good land there. The line would be in opposition to the connecting line between Armadale and Brookton. The supporters of the proposition said that the line from Narrogin through Dwarda to Fremantle will shorten the distance for the carriage of produce from those districts. It would therefore be well to analyse the position. The bulk of the wheat grown in the district would go through the Brookton section and from Brookton to Narrogin. On the Great Southern railway there is a steep grade. If the line under discussion were built it would make the carriage of wheat along it almost impossible.

Hon. J. A. Greig: And it would be shorter the other way.

Hon. C. F. BAXTER: And much better, too. It would be very much better to have the line from Brookton to Armadale for the land is of very much better quality. There is far more more first class land along that route than along the Narrogin-Dwarda route. The motion asks for further inquiry by the railway advisory board. The facts put forward by Mr. Greig warrant the Government in taking action in that direction. Such an inquiry will be helpful to them. If there is any doubt about the line being a good proposition, they should want to know, and should grasp this opportunity of having the necessary inquiries made. The line from Brookton to Armadale has a grade of one in 80. This makes it a sound proposition in conjunction with the good quality of the land that will be served. I hope the motion will be carried and that a thorough inquiry will be made as to the advisability of proceeding with the construction of the Narrogin-Dwarda line.

Question put and passed.

BILLS (2)—RECEIVED FROM THE ASSEMBLY.

1, Miner's Phthisis.

2, Hospitals.

Read a first time.

BILL—LAND TAX AND INCOME TAX ACT, 1922, AMENDMENT.

Second Reading.

Debate resumed from the previous day.

Hon. J. NICHOLSON (Metropolitan) [5.10]: I regret I was not present when the Leader of the House introduced this Bill yesterday. I understand his purpose is to amend a Bill of a similar nature that was passed a few days ago. The section it is sought to amend is No. 6, Subsection 1. It will be recalled that there was a word inserted towards the end of that section which had been omitted but had to be restored, namely the word "net." This was inserted before the words "amount of the income tax imposed as aforesaid." It has been recognised by many people that the method adopted by the Taxation Department in connection with the addition of the super tax provided for in Section 6 is wrong. Power was first given, I think, by the Act of 1920 to add a super tax of 15 per cent. to the ordinary taxation. It was thought by all concerned that the 15 per cent. super tax would be added to the net income tax. For example, assuming that one drew his income partly from one source and partly from another. Let me take it that a man draws his income partly from company dividends. The company pays the dividend tax.

Hon. G. W. Miles: Do they put the super tax on to that?

Hon. J. NICHOLSON: Yes. Since 1919 companies would pay the higher rate imposed by the Act of that year. The maximum rate that the company used to pay was 1s. 3d. In order to get over the difficulty, which presented itself by people sometimes forming their business into a company, it was provided a few years ago that if the income tax was more than the 1s. 3d. rate, the higher rate should be paid. A company pays the rate required under the Dividend Duties Act, and there is also an addition of the 15 per cent. super tax. Under Section 5, which corresponds with sections in other Acts that have been passed since 1920, it is provided that deductions shall be made for duty paid under the Dividend Duties Act. That is to say, if I earn income from dividends received from a company, then under the provision I refer to, credit has to be given to me for the duty paid by me under the Dividend Duties Act. In place of first making the deduction, the following is the method adopted by the Taxation Department: In the first place they assess the amount of the tax. Having ascertained what the income is, they then assess the tax. When they arrive at the amount, they add 15 per cent. as super tax and then they have a cer-

tain result. Then, assuming that a certain amount of the income is from dividends, the department deducts the amount paid as duty from these two amounts. That is a wrong method.

The Minister for Education: Why?

Hon. J. NICHOLSON: Because the Act intends that the assessment should be made in the following way:—First they should ascertain the tax; then the taxpayer is entitled to credit for the amount paid under the Dividend Duties Act, and then the 15 per cent. super tax is added. If I pay a tax of £100 and, assuming I am entitled to a deduction under the Dividend Duties Act of £50, that would leave £50, on which a 15 per cent. super tax would be calculated.

The Minister for Education: Of course, you know that this cannot apply to a person paying a tax of £100. You are giving an impossible illustration.

Hon. A. Lovekin: The minimum to which it can apply is £1,960.

Hon. J. NICHOLSON: I am aware of that. I am simply giving the smaller figure by way of illustration. There would be added to the result, the 15 per cent. super tax which would give a totally different result to that under the method adopted by the Taxation Department. I have an instance here which is in accordance with the Act. The total income was £3,795 and on that the rate of tax would be 24.17d., the amount of tax being £382 3s. 9d.

The Minister for Education: Are we to assume that the whole of that income is derived from personal exertion or by way of dividends?

Hon. J. NICHOLSON: It may be partly derived from one and partly from the other source.

The Minister for Education: We must know what the income is derived from, before we can follow your argument.

Hon. J. NICHOLSON: Well, the income may be derived partly from personal exertion and partly from dividends.

The Minister for Education: If you cannot give us that information we cannot follow your argument. Are we to assume that the income is largely derived from dividends?

Hon. J. NICHOLSON: Yes. The income, as a matter of fact, was mainly derived from dividends.

Hon. G. W. Miles: Have you got the proportions?

Hon. J. NICHOLSON: No, I have not got those details. The greater proportion, however, was derived from dividends. I am assuming that part of the income was from personal exertion and the greater proportion from dividends. On that the tax would be £382 3s. 9d. According to the method adopted by the Taxation Department the 15 per cent. super tax is added to that. That super tax amounts to £56 6s. 7d., which would give a total of £439 10s. 4d. Under Section 5 credit has to be given for the amount the taxpayer is entitled to under the Dividend Duties Act. In this case I am giving credit for £272 15s. 4d.

Hon. A. Lovekin: I have the exact figures in that case.

Hon. J. NICHOLSON: The next tax therefore in that particular case under the department's method, would be £166 15s. The method I claim should be adopted is as follows: The department should first assess the income tax which, according to my method, would be exactly the same on the income of £3,795, namely £382 3s. 9d. At that stage, I contend, I should receive the credit I am entitled to under Section 5, in connection with the Dividend Duties Act. That should be deducted at the outset. Deducting the amount I am entitled to under that Act, namely £272 15s. 4d., from the tax, the balance would be £109 8s. 5d. I then add the 15 per cent. super tax to that net result. The super tax would work out at £16 3s. 3d. making the tax payable £125 16s. 8d. Under the department's method the tax payable is £166 15s. So that there is a difference between the two methods of £40 18s. 4d. This is arrived at by the simple method of deducting the amount I am entitled to under Section 5.

The PRESIDENT: I take it you intend to connect your remarks with the word "net."

Hon. J. NICHOLSON: That is what I am doing.

The Minister for Education: Why should the person receiving income from dividends pay £40 less than a person who receives the income in the ordinary way?

Hon. A. Lovekin: Because the Act says so.

Hon. J. NICHOLSON: Because that is the proper method of ascertaining how the tax should be arrived at. Section 6 of the Land Tax and Income Tax Act, as passed by us recently, read as follows:—

6. (1) In addition to the income tax payable under the preceding provisions of this Act, there shall be charged, levied, collected, and paid, for the use of His Majesty under and subject to the Acts referred to in section two, on the income chargeable of all taxpayers, and on such incomes as are liable to tax under section five, a super-tax equal to fifteen per centum of the amount of the income tax imposed as aforesaid.

The word "net," of course, was inserted in the subsection too.

The Minister for Education: Don't you admit that under your method, the man receiving income from dividends would escape taxation that the man receiving his income from person exertion would have to pay?

Hon. J. NICHOLSON: He would not escape taxation. He would pay what was a just and fair amount.

The Minister for Education: Of course he would escape taxation.

Hon. J. NICHOLSON: It is a question of how the tax should be ascertained. There is only one way of doing that, and that is to follow the wording of the Act. That indicates that the amount of tax should be ascertained. Then the amount of the deduction

allowed under the Dividend Duties Act should be taken off and then the super tax added. That is a fair and equitable method of arriving at the tax. The department's method, which it is sought to perpetuate in the Bill, is wrong and unfair.

The Minister for Education: Why is it wrong and unfair?

Hon. J. NICHOLSON: For the simple reason that it is wrong that the taxpayer should be taxed twice over. So far as it relates to income which has been derived from dividends, the income tax and super tax has already been paid.

The Minister for Education: Your own figures show that the person receiving income by way of dividends escapes taxation to the extent of £40 compared with the person who receives his income in the usual way.

Hon. A. Lovekin: That is what the Act contemplates.

The PRESIDENT: I think the hon. member should be allowed to state his case. Other hon. members will have their opportunity subsequently.

Hon. J. NICHOLSON: Section 5 states clearly that I am entitled to the credit I have referred to and the method I suggest is the one which is contemplated by the Act. The alteration proposed in the Bill is not justified in view of the fact that the Act was so recently considered by this Chamber.

The PRESIDENT: Then you oppose the second reading.

Hon. J. NICHOLSON: Yes.

Hon. A. LOVEKIN (Metropolitan) [5.29]: I suggest that we should allow the Bill to pass the second reading and take it into Committee, for two reasons. This is a matter that can be better thrashed out in Committee and, in addition, it is advisable that we should make an amendment to Section 2 of the Act so as to correct an error which has crept in, as a few other errors have crept into other Acts as well. If we allow the section to remain as it stands, the Act will debar anyone from getting any advantage from the exemptions we granted when we passed the Assessment Bill recently. It sets out that the increased tax from .006d. to .007d. is to apply under Section 2 of the Land and Income Tax Assessment Amendment Act of 1921. That Act allows exemptions of £100 and £156 and provides for no allowance for travelling expenses and other matters and this Act is to apply to that 1921 Act, whereas when we raised the tax from .006d. to .007d., it was clearly understood that the difference, which would amount to about 15 per cent., was to cover the £200 exemption, the travelling expenses and other matters. It seems to me that unless we make this amendment, knowing the department as I do and knowing that they will get every penny they can by hook or by crook, they will adopt the attitude, "True you are paying a higher tax, but there are no exemptions this year; you will have to wait until next year, because this Act says it applies only to the Assessment Act of 1921

and not 1922." I think it is essential to make that amendment. Regarding the word "net" I contended that whether the word was there or not, the effect was exactly the same. As I construe Section 5 it must mean the net income and nothing else. Section 5 in effect says—

If the income chargeable of any person, together with income received by him in respect of the dividends of a company subject to duty under the Dividend Duties Act 1902 exceeds such sum—£1,960—without regard to the super tax imposed by Section 6, income tax shall be payable by such person on the amount of such aggregate income.

That means the income from dividends and the income from other sources. On that the tax is payable and is imposed. But the section goes on to say—

but he shall receive credit for the duty payable under the Dividend Duties Act 1902 in respect of his income derived from a company as aforesaid.

This section is quite clear. From the aggregate income—dividends, property, and personal exertion—the taxpayer shall be entitled to receive credit for the duty payable under the Dividend Duties Act in respect of his income derived from a company. That seems to be fair. The intention is to put all sources of income together, and give credit for the amount a company has paid by way of dividend duties, that is 1s. 3d. in the pound plus the super tax of 15 per cent. Whatever the amount of income might be, the taxpayer begins by subtracting the amount paid by the company. Then he ascertains the rate of tax by the formula set down in the Act, applies the tax, and super-imposes the 15 per cent. That is clearly what the Act means and the only reason some of us sought to insert the word "net" was that the department have always refused to construe the Act in that way. It is perfectly true that under this method some people getting income partly from personal exertion and partly from dividends will pay less tax than a person who derives all his income from personal exertion.

The Minister for Education: You are disputing with the mover of the amendment now.

Hon. A. LOVEKIN: I can only give my own view. I do not believe that this operates fairly, but that is the law. It should be remedied. Let us get back to the genesis. Originally this was a concession to persons who were members of companies. The dividend tax cuts two ways. If a person's income is £150 only, and the whole of it is derived from dividends, he pays 1s. 3d. plus 15 per cent. which is equal to 6¼ per cent. on the £150. If the income were derived from personal exertion only, the person would be exempt from tax altogether. That is not quite right. Knowing this was happening, the framers of the measure said that persons making larger dividends must pay so much more. Instead of bringing them up, as I think should have been done—there is not much difference how

a man gets his income; all should pay alike—it was said that a man getting income from dividends should not pay at so high a rate as a man getting income from personal exertion or from property. That is the principle underlying this Act and from my point of view it is utterly wrong. However, we are not concerned with that at the present moment. If we wish to make all pay alike, this section should be amended. I am not averse to that, because I think all should pay alike, but we are now dealing with the Act and not the question whether it is right or wrong in principle. The Act clearly says that the aggregate income shall be taken and credit shall be given for the tax. The department will not do this. They of course are endeavouring to get as much revenue as they can. Some traders allow 2½ per cent. discount and then 7½ per cent., while some allow 7½ per cent., and then 2½ per cent. It all depends what the customer will stand. That occurs in the timber business and it makes a great deal of difference in the amount of the discount. The department, to get more revenue, put the super tax on the end and thus double bank the super tax.

The Minister for Education: The department do nothing of the kind.

Hon. A. LOVEKIN: The 1s. 3d. deducted has already paid the super tax of 15 per cent. and when the department bring that into the income again, after fixing the tax rate, and then add the 15 per cent., it is obvious that they are putting that 15 per cent. on the tax. Instead of it being a super tax on income, it is a super tax on tax, which the Act does not contemplate at all.

Hon. J. Nicholson: A super tax on super tax.

Hon. A. LOVEKIN: I say it is wrong that a person who derives income from dividends should pay less than a person who derives income from personal exertion or other means. If we want to bring about an alteration we must not tinker with the word "net," but must alter Section 5, because it is undoubtedly clear as to how the tax is to be imposed. The aggregate income is to be ascertained and the tax paid by the company is to be deducted before proceeding to fix the tax rate. I am supported in that view by an opinion, already quoted in the House, given by Mr. Downing, K.C.

The PRESIDENT: We cannot hear any lawyer's opinion read in the House. If it were done the opinion of every lawyer in the country would be brought here.

Hon. A. LOVEKIN: Would my own opinion do?

The PRESIDENT: Yes, we will hear that.

Hon. A. LOVEKIN: I have already indicated that on the House and have tried to make it clear. I now wish to refer to the case which Mr. Nicholson had in mind. It is a case which came before the Taxpayers' Association. Section 5 in effect provides that where the income exceeds what is equivalent to the rate of 1s. 3d. in the pound, the tax

shall be calculated at the ordinary rate, but the taxpayer shall be allowed a refund of the dividend tax paid by the company. The tax paid by the company is 1s. 3d. in the pound plus 15 per cent. super tax. Say the income from personal exertion was £764 and from dividends £5,196, a total income of £5,960, at the 2s. 2d. plus the .006d. minus 100, the tax rate works out at 37.56d. per pound, or £922 16s. 2d. tax. That is the aggregate income—the dividends and the personal exertion. From this aggregate income, under Section 5, is to be deducted the dividend tax paid by the company, namely, 1s. 3d. plus 15 per cent., or £373 9s. 3d., leaving the net tax payable £549 6s. 11d. Under Section 6 there is the super tax of £82 8s. 1d., making a total of £631 15s. 0d. That is the way it ought to be calculated. The department do it this way: Total income £5,960 at 37.56d. per pound gives a tax of £922 16s. 2d. On that they put the super tax which amounts to £138 8s. 5d. instead of a super tax of £82 8s. 1d.

The Minister for Education: With the result that they make him pay the same as anybody else.

Hon. A. LOVEKIN: The Minister is quite wrong. If he works it out in a number of cases he will find that it does not give the same result for everybody. I shall give you instances where the same method applies, and where the same payment is not made. Our taxation methods are unscientific and it is not possible to equitably follow them out to the end. Hon. members will see that there must be a stop at a certain point in giving effect to the formula, or you not only swallow all the income, but you bring the taxpayer into debt. Such anomalies do exist.

The Minister for Education: You have not quoted any of these cases.

Hon. A. LOVEKIN: I will give some. I have worked them out, and will refer to them in Committee. If you add £138 to the £922, you get a total of £1,061, less duty paid by a company, £373, or £687 15s. 4d. tax as against £631 15s. 0d., and if you work out such a case you will see that the difference in the tax is £56, being the addition of 15 per cent. on the £373 paid by the company which also includes a super tax of 15 per cent. already paid by the company. I have no wish to labour this question because if we are going into details, the best place to do so well will be in Committee. But I may be allowed to refer to another matter to show the Minister that everything is not straight sailing. Take an income of, say, £6,333, on which the tax payable is at the rate of 39.398d. per £. You get £1,045. Then take the department's ready reckoner and refer to page 34 which deals with where the income chargeable exceeds £4,700. The tax is brought up to 39d. per £. And their ready reckoner comes in and shows that you will pay £791 tax, whereas on the formula it works out at £1,045. The whole of the taxation business is bristling with anomalies and iniquities. When the Act was framed many of these anomalies were de-

tected, and Section 5 was framed purposely to give advantage to the person receiving dividends. I do not think it is right, but there is the Act, and all we did in December was to say that we wished to have Section 5 interpreted as the Act declared it should be interpreted and we put in the word "net" to make the position clear. If it is desired, and I think it is desirable to make everyone pay the same tax on the same amount, it is perfectly clear that we shall not do it by striking out the word "net." In the meantime, this is the law of the country, and I do not think we are called upon to disturb it at the present time.

Hon. J. J. HOLMES (North) [5.50]: I intend to oppose the second reading of the Bill in a very few words. I am not going to be led into the Committee stage this time as we were led a few weeks ago by Mr. Lovekin, with the object of making certain amendments on arriving at that stage. If we trace this subject back, we find that it was introduced a few weeks ago by the Government. A Bill was submitted to the Assembly, I presume, after mature consideration, and that Bill contained what the Government must have considered were necessary amendments. After the Bill had been read a second time in the Assembly, as is the custom with the present Government, they allowed some other party to take hold of it, and that party moulded it irrespective of the underlying principles contained in it. I am safe in assuming that the Government did not approve of the amendments which were inserted in the Bill, and I think it was the hope of the Government that the Legislative Council would lay the Bill aside. At one stage there was a majority in this House, I think, in favour of that course, but Mr. Lovekin led us into Committee on the understanding that he was capable of amending the Bill in an approved manner. Now to show what the Leader of the House knows about the Bill—and I say it without discourtesy, because I give him credit for having a master mind in connection with all legislation that is brought before this House. I think he said that it made no difference whether the word "net" went in or not.

The Minister for Education: I did.

Hon. J. J. HOLMES: The Premier told another place that it did not matter whether the word "net" appeared or not. We are asked now in the seventh month of the session to be led into Committee so that Mr. Lovekin might put a seal on the Bill and rectify all the wrongs that have been made. I am going to vote against the second reading of the Bill, and if there is anything wrong about it, let the Government put a clean Bill before us so that in a few months time when we meet again we may give it the attention it requires. If they do that, I beseech them to stand by their own Bill and not run away from it as they have been accustomed to do.

Hon. J. CORNELL (South) [5.53]: It seems as if it were only yesterday when we

were discussing this subject. If hon. members will turn to their file of Bills, and compare Clause 6 of the Bill marked No. 33 with Sub-clause 1 of Clause 2 of the Bill before us, they will find that the clauses are identical.

Hon. J. Nicholson: With the exception of a couple of words.

Hon. J. CORNELL: One says, "the preceding sections of this Act" and the other says, "Sections 2 and 5 both inclusive," which is tweedledum and tweedledee. This House is asked after an interval of about three weeks to reverse a decision previously arrived at.

The Minister for Education: Under a misapprehension.

Hon. J. CORNELL: There was no misapprehension at all. Those who desired the amendment knew what they were after.

The Minister for Education: Did anyone else know?

Hon. J. CORNELL: It was not likely that they were going to provide powder and shot for the Minister to use on them. They knew what they were after and they succeeded in having it passed, and the Minister in charge of the Bill in another place said that it did not matter so far as the administration of the Act was concerned whether "net" went in or was left out. It is now discovered that there was something material about the amendment, and the Government have discovered their mistake. Assume for the sake of argument that the Minister responsible for this was associated with a private establishment and committed such a grievous blunder. Only one thing would happen—he would be put on the road. A remarkable history, too, surrounds the measure put forward by this Chamber to bring about some elasticity and easement in connection with taxation. We find that last year a portion of the Taxation Bill was lost, and that that loss had a material effect on the people to whom it was sought to give relief. Now we find that the Bill which was agreed to only three weeks ago has the fateful word "net" omitted in the print, and we find, too, and it is a rather strange coincidence, that the people who wanted the corn got nothing but the husk. They discovered early in the piece that the Bill as approved and printed was not in conformity with the Bill as agreed to by this House and another place. Time was taken by the forelock and inquiries were made from the Crown Solicitor, who said that the omission of "net" was a printer's error or that perhaps the word had dropped out. If it was discovered that something had happened which was going to result in the loss of revenue, I consider that the Government have been wrongly advised. I believe that on the occasion when the matter was before the House I supported this particular amendment.

The Minister for Education: There was no division.

Hon. J. CORNELL: Had there been a division I would have voted for the amendment, because I recognise that on questions such as the imposition of taxation there must be some finesse, and I could not possibly be expected to get consideration and easement for

that section of the community that I try to represent in this House unless I was prepared to give some measure of support to other sections of the community. Life itself is a compromise, even at home with one's wife. So is legislation of this character. If those who knew what they were after allow this Bill to go through its second reading into Committee, they stultify their own acts.

Hon. J. Nicholson: I object to the second reading.

Hon. J. CORNELL: I do not profess to be an authority on the imposition of income tax. One year I objected, and the following year I got an adjustment. The Taxation Department discovered that I had paid £1 too much that year but they also discovered that in the previous year, when I had raised no objection, I had paid £1 0s. 5d. too little, so I came out of the deal 5d. to the bad. The Bill, I understand, applies only to dividends and the super tax. The process is said to be a simple one. For argument's sake, if a taxpayer collects in dividends from the Great Boulder mine £10,000, he is liable to a dividend tax of £1,000.

Hon. J. Nicholson: The company pay that.

Hon. J. CORNELL: If the company do not pay it he has to pay it. As a consequence, his dividend is £9,000, and not £10,000. When it comes to a computation for imposing super tax his income in that respect is charged with £10,000 and not with £9,000.

Hon. A. Lovekin: If the company did not pay the tax, the taxpayer would pay more.

Hon. J. CORNELL: The position is confusing. If the dividend duty is not high enough, let us make it higher. The taxation having been taken in the form of dividend duty, I think it should be an allowance in the imposition of the super tax. I shall vote accordingly.

Hon. G. W. MILES (North) [6.5]: No vote was taken on the amendment for the insertion of the word "net" during the Committee stage. I supported the proposal. However, I was under a misapprehension if the arguments put up this afternoon are correct. If the effect of the insertion of the word "net" is to exempt persons receiving their incomes in the form of dividends from paying the same tax as those who obtain their incomes from personal exertion, I am opposed to it. I think the Bill should be allowed to go into Committee, so that any error may be amended. Mr. Lovekin put up a case. He distinctly suggested that that was the position; and the Leader of the House, in putting the Bill before members, also said that that was the position. In the circumstances, I shall vote for the second reading of the Bill, with the object of having any necessary amendment made in Committee, so that all people earning a certain income, whether by way of dividends or personal exertion, shall pay exactly the same taxation.

The MINISTER FOR EDUCATION (Hon. H. P. Colebatch—East—in reply) [6.7]: I can only say that during the time I have been in this House, I have never been so much amazed as I was at certain speeches made this afternoon. I heard Mr. Lovekin's speech when the original measure was before the House. I also heard the speech he made this afternoon. Had his speech this afternoon been made on the original measure I do not think members would have voted for the insertion of the word "net." I can quite understand Mr. Miles having misunderstood the position. When Mr. Lovekin was speaking on the former Bill I put to him the question whether the insertion of the word "net" would secure equity as between the two classes of taxpayers. The hon. member without giving a direct answer to my question said that the inclusion of the word "net" would do justice to the taxpayer.

Hon. A. Lovekin: I say that now.

The MINISTER FOR EDUCATION: The hon. member's answer was that the inclusion of the word "net" would do what the Act intended and would do justice to the taxpayers. I accepted that, rightly or wrongly, as being an answer to my question. The Commissioner of Taxation was present in the House and I consulted him and he said "Yes, it will make no difference." On the strength of that I refrained from making any personal investigation and allowed the amendment to go without discussion. I would like hon. members to accept the figures put up by Mr. Nicholson, because those figures conclusively prove the case which I put up yesterday. I took a note of them, and I dare say other members did the same thing. There was an income of £3,795. The rate was 24.17d. The tax was £382 3s. 9d. The additional 15 per cent. was £57 6s. 7d. The total was £439 10s. 4d. That is the tax which an ordinary taxpayer, deriving his income from business, or from personal exertion, would have to pay. If the income was derived in the way Mr. Nicholson suggested from dividends, the method of the Taxation Department would be to put the 15 per cent. on before deducting the amount the taxpayer received in dividends, charging the £439 10s. 4d. Then the department would deduct £272 15s. 4d., leaving £166 15s.; the taxpayer having previously paid £272 15s. 4d. by way of dividend duty at 1s. 3d. plus 15 per cent. Taking these two figures together, it will be seen that he pays exactly the same amount as the ordinary taxpayer, namely £439 10s. 4d. Mr. Nicholson's argument is that from the £382 3s. 9d. we should first deduct the £272 15s. 4d., leaving £109 8s. 5d. Then Mr. Nicholson says we should put on the super tax of £16 18s. 5d., making a total of £125 16s. 8d. Adding to that amount the £272 15s. 4d., we have a total of £397 12s. Deducting that total from £439 10s. 4d., we see that the taxpayer deriving his income from dividends would escape £40 18s. 4d. of his just taxation. The

hon. member says that is in accordance with Section 5. That is only in accordance with the reading which the hon. member and Mr. Lovkin choose to give to Section 5. The question has already been investigated, and Mr. Lovekin was good enough just now to hand me a letter from the Taxation Commissioner, dated 10th May, 1922, the first paragraph of which reads—

With reference to your appeal against your State assessment on income derived during the year ended 30th June, 1921, I desire to inform you that the point raised therein has already been decided by the court of review, with the result that the departmental method of assessment was upheld.

Hon. A. Lovekin: The department refuse to allow an appeal from that.

The MINISTER FOR EDUCATION: What happened was that certain taxpayers deriving their income from dividends endeavoured to set up the position that the reading of Section 5 compels the Income Tax Commissioner to make these deductions before he puts on the super tax. They have been ruled out by the court of review.

Hon. A. Lovekin: That court is the department.

The MINISTER FOR EDUCATION: Now they have sought to put this word "net" into Section 6 in order to enable them to beat the department, after having failed to do it on the wording of Section 5.

Hon. A. Lovekin: The department will not let them go to the court. That is the trouble.

The MINISTER FOR EDUCATION: The method which the department now adopt and which this Bill will secure means that persons receiving their income from personal exertion, or from personal exertion plus dividends, or from dividends only, will in every case on the same income pay exactly the same taxation. The intention of those who put forward this amendment—I say it deliberately—although they concealed that intention from the House, is to enable persons obtaining their income partly or wholly from dividends to escape a portion of the taxation that other income taxpayers have to pay. Mr. Nicholson says that that is a right thing and Mr. Lovekin says it is a wrong thing. They dispute against each other in every respect. However, the fact is that the House inserted the word "net" on the assumption that it was going to bring about equality between the two classes of taxpayers.

Hon. A. Lovekin: No.

The MINISTER FOR EDUCATION: I thought it was, and Mr. Miles thought it was. I asked the direct question of Mr. Lovekin because I respect his opinion on these matters. The hon. member told me that the insertion of the word "net" would give effect to the intention of the Act and do justice to the taxpayers.

Hon. A. Lovekin: I say that to-day.

The MINISTER FOR EDUCATION: But the hon. member has now explained what he

means by it, and that is something very different.

Hon. G. W. Miles: Mr. Lovekin was not in charge of the Bill.

The MINISTER FOR EDUCATION: I have already said that I accept every responsibility for not having investigated the matter personally. However, I took Mr. Lovekin's assurance, backed up by the State Commissioner of Taxation, and did not investigate the matter myself. The matter has since been investigated by the Crown Law Department, and I assure the House that not to pass the Bill will mean that certain large drawers of dividends will escape their proper taxation. Mr. Lovekin says that because people of incomes of only £150 derived from dividends pay a higher rate than other people receiving a similar income from personal exertion, people drawing very large incomes from dividends ought to pay a lower rate in order to even the matter up! If this Bill is not passed, it means that certain persons deriving large incomes from dividends will escape a portion of the taxation which they ought to pay.

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

Ayes	13
Noes	5

Majority for .. 8

AYES

Hon. A. Burvill	Hon. G. W. Miles
Hon. H. P. Colebatch	Hon. G. Potter
Hon. J. Duffell	Hon. E. Rose
Hon. J. Ewing	Hon. H. Seddon
Hon. J. A. Greig	Hon. F. E. S. Willmott
Hon. V. Hamersley	Hon. F. A. Baglin
Hon. E. H. Harris	(Teller.)

NOES

Hon. C. F. Baxter	Hon. A. Lovekin
Hon. J. Cornell	Hon. J. Nicholson
Hon. J. J. Holmes	(Teller.)

Question thus passed.

Bill read a second time.

Sitting suspended from 6.15 to 7.30 p.m.

BILL—INDUSTRIAL ARBITRATION ACT AMENDMENT.

Second Reading.

Debate resumed from the previous day.

Hon. A. LOVEKIN (Metropolitan) [7.31]: In the view I take of the Bill it will remain for me to show hon. members that it is a measure on which they should exercise at least one of the primary functions of this House, namely, to stop hasty legislation. If ever there was a Bill in the nature of hasty legislation, this is one. The Minister in moving the second reading told us it was practically an agreed-upon Bill, that there had been conferences between the Govern-

ment and those representing the employers and those representing the employees, and that the Bill provided the one point on which both sides were agreed. I have authority for stating—and other members can support me—that the Minister's statement is not correct. What was agreed at some conference between the Premier and the Minister and others was that there should be only one judge of the Arbitration Court and that he should be a legally qualified practitioner.

The Minister for Education: That is entirely wrong. I can produce the minutes to show that it is wrong. No such agreement was ever arrived at.

Hon. A. LOVEKIN: I can only say that the day before yesterday I and some other members were advised by the Employers' Federation that what was suggested was that there should be only one judge—

The Minister for Education: You said just now what was agreed, not what was suggested.

Hon. A. LOVEKIN: Well, what was put up at the conference, what they were agreeable to. Both parties were agreed that there should be one permanent judge only.

The Minister for Education: That is absolutely incorrect.

Hon. A. LOVEKIN: And that that judge should be a legally qualified practitioner, while the two lay members of the court were to be abolished.

The Minister for Education: No such agreement was ever arrived at.

Hon. A. LOVEKIN: That is the information given, not only to me, but to other hon. members. If it is right, of course the Bill is not in accordance with it. Apart from that altogether, there are many reasons why the Bill, at any rate this session, should be laid aside. Before I sit down I will move that the Bill be read this day six months. A minor reason against the Bill is the score of expense. I agree that no expense is too great if by it we were to attain industrial peace. But we are not going to attain it by the method proposed in the Bill. Ever since Federation it has been admitted that in this State three judges are sufficient to carry out all the legal business required; for many of the cases go to the High Court. We have three judges for the legal part of the business, while the fourth judge has been appointed in order that the bench might supply a president for the Arbitration Court. Hon. members will remember that at the last election Mr. Draper, the then Attorney General, was unseated. Whilst unseated, but still holding the position of Attorney General, he exercised his prerogative as Attorney General to make appointments to the bench, and duly recommended himself; and, in order that there might be a position open, he arranged with Mr. Justice Rooth, then an occupant of the bench, to retire on pension, so that he, Mr. Draper, might take his place and become part of the bench, and President of the Arbitration Court—not that he wanted the

latter position. That having been arranged by the Government, and that expense having been incurred, it seems strange that in our present financial position we should seek to put aside Mr. Justice Draper, put him back on the Supreme Court Bench, where he is really not required, and appoint another gentleman as permanent president of the Arbitration Court, a gentleman without the qualifications of a judge or a lawyer, yet with the salary of a puisne judge.

Hon. J. Ewing: Why should he not have that salary?

Hon. A. LOVEKIN: When the State is in this financial plight, it is bad economy to appoint another gentleman on the same salary to supersede a judge already in receipt of a salary but who is really not required on the Supreme Court Bench. I should like to point out just what all this is costing the country. We have the late Chief Justice on a pension of £1,000 a year; we have three other judges costing £5,600 per annum, and we have Mr. Justice Draper at another £1,700, and Mr. Justice Rooth on pension, £700. Now we propose to appoint another gentleman at the same salary. I want to know what for. The last appointment I view in the light, more or less, of jobbery. I do not want to see another job perpetrated in this State. It is said this position of permanent president of the Arbitration Court is being made for somebody. First of all it is said it is being made for Mr. Jackson, who has been acting for the Employers' Federation. Again it is said that Mr. Somerville, with a large experience of the court, is a possible candidate for the position.

Hon. J. Cornell: He ought to be qualified.

Hon. A. LOVEKIN: He ought to be, but unfortunately he has been an advocate for one side, a partisan, which of course unfits him for the position of judge. Then we have it suggested that Professor Shann, an academic gentleman with no knowledge of business, is to be appointed. Lastly we are told that Mr. McGinn or McGinty, or one of some such name from the goldfields is to have the position.

Hon. J. W. Kirwan: That is only a few of those mentioned.

Hon. J. J. Holmes: I heard yesterday on the best of authority that it was for Mr. Collier, the Leader of the Opposition.

Hon. A. LOVEKIN: All this tends to show there may be some nigger in this woodpile; because why at this stage should we want to push through a Bill like this unless it can be shown—it cannot be shown—that it is in the interests of industrial harmony in this State. I stress this one point: We have no guarantee whatever that the new gentleman when appointed will do any better in settling industrial disputes than have Mr. Justice Draper, Mr. Justice Burnside, Mr. Justice Rooth, and all the other judges who have occupied the position of President of the Arbitration Court. The industrial position has been very much worse since the appointment of these compulsory arbitration courts

than ever before. We have had much more strife, more fighting between employer and employee than was previously known in any similar period. It stands to reason that the system is bad. Given a compulsory court, what are you striving for? For litigation and warfare between the two parties. You compel them to go to court, and naturally each side has to fight for its very life. There is no attempt at creating by this method peace between the parties who, in the interests of the State, always ought to be at peace. I submit that the system is bad and ought not to be perpetuated. If we pass the Bill at this stage we shall be perpetuating that system. This gentleman, whoever he may be, is to be appointed for life. He will have the usual pension rights and naturally no Government will be anxious to get rid of him and pay his pension.

The Minister for Education: Did you read the leading article in last Friday's "Daily News"?

Hon. A. LOVEKIN: What have I to do with that?

The Minister for Education: Have you read it?

Hon. A. LOVEKIN: No.

The Minister for Education: It was an admirable article.

Hon. A. LOVEKIN: If you want a confession from me it is that I do not read leading articles very often. I have written too many myself.

The Minister for Education: I thought you might have been influenced by that article.

Hon. G. W. Miles: Perhaps the Minister thinks you wrote it yourself.

Hon. A. LOVEKIN: If it is contrary to the views I have put up here, possibly the Minister may have inspired it. He may have been playing a trick on me.

The Minister for Education: It was a very fine article. I suggest you do read it.

Hon. A. LOVEKIN: Probably it is a good one seeing that it appeared in the "Daily News."

The Minister for Education: It warmly supports this Bill.

Hon. A. LOVEKIN: They were wrong if they supported a Bill of this sort.

Hon. H. Seddon: It was an error of judgment.

Hon. A. LOVEKIN: I have had as much experience of industrial strife as most members of this Chamber. I hold strong views as to the course that should be adopted in the best interests of the country. In 1893 I was one of the peacemakers in the lumpers' strike at Fremantle. The lumpers on the one side and the shipowners on the other were prevented from meeting one another. There was great loss and trouble to the employees. Archbishop Riley, the late Alex. Forrest and I tried to get the men together. After nine days we induced them to discuss matters across the table. We finally got a solution which both sides were satisfied with.

Hon. J. Duffell: That is the best way every time.

Hon. A. LOVEKIN: I had another experience in connection with the great strike of timber workers. After the parties had been at arms' length for a long time I persuaded them to meet at my office. Although the doors were opened and there was no secrecy about it, and both parties were coming in and out of the office for ten solid days, no one knew that a conference was proceeding. The parties were so hostile to each other that they had to occupy separate rooms, but after a time we got them together round the table and effected a settlement, which has been the basis of all that has happened since. The same degree of trouble has not occurred again. In my own business I had a strike in connection with the journalists. We were talking to lawyers and laymen and kept apart. The trouble went on for two years. I spent over £800, and the journalists must have spent something like that, or perhaps a little more. For the first time after the trouble occurred, I got a meeting in Melbourne with those I was justly at war with. Between 3 o'clock that afternoon and 9 o'clock that night the whole business was settled. The same thing would have happened in the late newspaper strike, which lasted for five weeks. It need not have lasted two days if it had been possible to get the parties together without any outside influence. It would have been settled quickly, as it was settled at the finish. We had a case brought against us by a Mr. Stuckey for libel. We both put up the best case we could. The first time I was able to have a word with Mr. Stuckey was in the court. The jury had retired, but as a result of our conversation Mr. Stuckey came to my house. We explained matters and he said he was very sorry he had brought me to Court. He said he would give away any damages he got, and I believe had it not been for the lawyers on both sides the trouble would not have arisen. Knowing these things I will do all I can to promote peace and harmony in this State, in preference to litigation and strife. I have looked into these industrial matters. Since we have had the Federal and State compulsory courts we have had more trouble than we ever had before. Since the Victorian people have adopted the wages board system they have had less trouble than before. The people in dispute there sit around a table. They have the option of appointing a chairman if they like, but if they cannot agree the Government appoint one. I am told that since the system has existed there upon only 11 occasions have the parties had a chairman. The employers sit on the one side and the employees on the other and adjust their difficulties. There is also a court of industrial appeals. I am told that during the last five years or so only four cases have been referred from the wages board to that court. There is little or no industrial trouble in that State except the difficulties which have been created by the Federal compulsory courts.

Hon. E. H. Harris: The Federal awards cover the employees for the most part.

Hon. A. LOVEKIN: There are thousands of employees who come under the wages board and have no connection with the Federal awards. I intend to strive all I can to preserve as far as possible industrial peace and harmony, and to that end intend to stress the necessity for establishing a wages board system in this State in preference to the compulsory system of arbitration. I believe the Commonwealth authorities will come to that before long. If we pass this Bill we shall have no opportunity of trying the wages board system. We should be well advised, therefore, to postpone it this session. If any harm could be done by so doing I would not advocate it. It is said there are 36 cases awaiting hearing by the Arbitration Court. Will it accelerate matters 10 minutes if we substituted for the present judge Mr. McGinn or some other gentleman, who can occupy the position for the next six months? It will not matter one jot. In the meantime we can consider whether we can evolve a better system of maintaining industrial peace in Western Australia. A man who has been trained to litigate is not best suited to promote industrial peace. He can know very little of industrial conditions. He will not get out of his chair, take off his wig, and get rid of all the frills and come down to the floor in an endeavour to promote harmony. He has not been trained in that way, and we do not get all we desire. Another reason why I suggest postponing this Bill is that if we go into Committee some members will want to make certain amendments. I shall have ten or a dozen amendments to bring forward, which I believe will be for the benefit of the community. This is almost the eleventh hour of the session. During the recess we shall be able to consolidate our views, and when we meet again we shall know what is best to be done. If we pass the Bill we shall perpetuate the system of having a large number of secretaries employed by the Trades Hall, and lawyers and laymen employed on the other side. These people are called in to advise and at times egg on their side to fight where there should be no fight. They are all the time getting up cases and calling an enormous number of witnesses because they are paid so much a day for what they do. This means depleting the funds of the union and taking away from the employees that which could be better devoted to the maintenance of the sick and unemployed. There are constantly being brought to court 50 or 60 witnesses to tell the judge things which are common knowledge and ought to be known.

Hon. J. Cornell: And they are aided and abetted by the Press.

Hon. A. LOVEKIN: I am not here to defend the Press. I am here to represent the people who have honoured me by electing me to this Chamber. I shall have no other object in view in this House than to serve

the people who elected me. I have no personal axe to grind.

The Minister for Education: Just now you quoted the opinion of the Employers' Federation.

Hon. A. LOVEKIN: Yes.

The Minister for Education: Then you are expressing their views. Do they wish this Bill rejected?

Hon. A. LOVEKIN: Yes.

The Minister for Education: Do you say that?

Hon. A. LOVEKIN: Yes. I understand that was the decision arrived at at a conference held the day before yesterday. They decided they would not at any price have this Bill which provides for a lay president and the perpetuation of the present arbitration system. I do not wish to take up the time of hon. members any further. I have stressed the point that if we agree to the Bill, we shall perpetuate a system which is against the interests of the community. All I ask for now is time to consider a more comprehensive measure which will be more acceptable. I move an amendment—

That the word "now" be struck out with a view to inserting "this day six months."

The PRESIDENT: Will not you get the same result by voting against the second reading of the Bill?

Hon. A. LOVEKIN: No.

Hon. J. J. HOLMES (North) [8.2]: I do not know that I can follow Mr. Lovekin in his proposal to have the Bill read this day six months, because owing to an unfortunate set of circumstances—

The PRESIDENT: Order! I have an amendment moved by Mr. Lovekin. Is there any seconder to that amendment?

Hon. J. DUFFELL: Yes, I second it.

The PRESIDENT: The hon. member may now proceed.

Hon. J. J. HOLMES: By an unfortunate set of circumstances, this Parliament is drifting on in the same way as the deficit continues to accumulate and, so far as I can judge, we will be still in session in six months' time. I presume in that case, the Bill would be read automatically if the amendment be carried.

Hon. A. Lovekin: No.

Hon. J. J. HOLMES: In any case, I will pass over that point. The object in moving to read a Bill this day six months is that Parliament will not then be in session and the Bill will be set aside. A motion of that description is generally moved on the assumption that we will have six months off. In this State, it looks as if Parliament is like Tennyson's Brook—going on for ever. The Bill, to which I take exception, provides for the appointment of a permanent President of the Arbitration Court. Every right thinking man can only come to the conclusion that the court is not necessary, and should not exist. That is my opinion, because we have had more trouble and disunites since we have had the court than we experienced before. The wicked part of the

proceeding is that when the verdict is against the employee, he decides for himself whether or not he will obey the order of the court. When the order is against the employers, being limited in numbers they are bound to comply with the order of the court. It is under these conditions that we are asked to establish permanent industries in this State! I will vote against the second reading of the Bill and that will achieve the same object as Mr. Lovekin has in view. If evidence of the failure of arbitration were wanted, could there be more clear evidence than that provided by the dispute which exists at the present time? Take the engineer's dispute. There was a decision given by the Federal High Court. The wages were fixed first and the hours were fixed at a later stage. When the wages award was issued the engineers demanded that those wages should be paid forthwith; when it came to a question of the extension of hours, they refused to obey that portion of the award. I decline to be a party to the establishment of any court, be it one dealing with arbitration or with justice, that cannot enforce its awards or judgments. It is proposed to appoint a permanent president. Once the appointment is made, the president will have all the powers and functions of a Supreme Court judge.

Hon. A. Lovekin: Without the qualifications of a judge.

Hon. J. J. HOLMES: And he will be entitled to his pension, even if we abolish the court. As to the question raised by the Leader of the House regarding the employers and the employees being at one on this question, I tell him frankly that in conversation with several members of the Employers' Federation, and also with the secretary of that body, I was assured distinctly that this Bill in no way coincides with what the employers themselves put forward or agreed to. There is no doubt in my mind upon that point.

The Minister for Education: That is not the statement Mr. Lovekin made.

Hon. J. J. HOLMES: I am not responsible for any statement made by Mr. Lovekin, nor yet for the report appearing in to-night's "Daily News." That is the position. I am assured that the Bill does not coincide with what the Employers' Federation desired.

The Minister for Education: They wanted a lot of other things.

Hon. J. J. HOLMES: I would be prepared to go so far as to make one of the judges of the Supreme Court the president of the Arbitration Court and relieve the assessors of their positions, because I believe the latter are the cause of all the trouble. After all, the judge has to decide on the evidence. The parties representing the employers and the employees do not care about the evidence but are there to safeguard the interests of their respective parties. The right place for those gentlemen is on the floor of the court advocating the interests of their particular clients. To put them alongside the judge on the bench to ignore evidence, only makes the president's position untenable when they confer to decide the questions raised before them. It is said—I do not know if it is so—that the presi-

dent spends the best part of his time, when considering the decisions of the court, in keeping these two gentlemen apart.

Hon. E. H. Harris: Then he is a referee!

Hon. J. J. HOLMES: I would be satisfied with having a referee only but he must be a judge of the Supreme Court. I will not be a party to putting any partisan on the bench as president. It is all very well, if a Liberal Government is in power, to appoint a partisan who will represent our views on the Arbitration Court bench. When we pass legislation, however, it is permanent until repealed by both Houses of Parliament. The day will come when a Labour Government will be in power and should a president of the Arbitration Court have to be appointed in those days, and this Bill is agreed to making it possible for other than a member of the legal fraternity to be appointed as president, who are we likely to get as president of the Arbitration Court? It would be the first step towards the nationalisation of our industries, because the Labour president would make the business of the employers impossible and they would be driven out of the trade. In that case, the only trade carried on would be that of the communists, and the employees would be paid all there was to get until there was nothing more to be paid out. While it may suit the employers to-day to put their own representative on the bench as president of the Court, the day will surely arrive when the "chickens will come home to roost." When that day comes, the Labour president will deal it out to the employers in the same way as someone else may deal it out to the unions now. I would sooner have a judge of the Supreme Court, even if he did not know anything about the business brought before the Arbitration Court, as president, rather than have a partisan appointed to that position. References have been made to the establishment of a wages board. I think that is the solution of the whole difficulty. If a Bill were introduced next session to give effect to the establishment of wages boards it would have my support. I hope the House will accept this as authoritative seeing that it appeared in the "Daily News" this evening. The publication to which I refer is dated Sydney, 24th January, and reads —

Against arbitration—A.W.U. Conference—Opening Session to-day. . . . The business paper contains several motions dealing with the settlement of industrial disputes. All are aimed at the Arbitration Act, which seems to be in sad disrepute. There are several suggestions that the Act should be scrapped.

The Minister for Education: That is not a decision. That is probably only the opinion of one individual.

Hon. J. J. HOLMES: That may be so.

Hon. J. Duffell: But he represents 200,000 unionists.

Hon. J. J. HOLMES: Yes, and they must have the courage of their convictions and a

pretty strong backing of members of the organisation before they put up such a resolution. It does not suit the Leader of the House to accept that statement.

The Minister for Education: I accept it for what it is worth: It is merely a notice of motion.

Hon. J. J. HOLMES: I do not propose to say anything further. My statement has made my position clear. Whether we agree to the amendment or not, my vote will be cast against the second reading of the Bill. I do not want any one-sided court to be established in this State. So far, we have had justice meted out with an even hand, and if errors have been made it has been because of incompetence and not because of any partisan having been placed on the bench. No layman should be appointed as president of the Arbitration Court, whether he be a representative of the employers or of the employees, and no such appointment will be made to our State Arbitration Court bench if I can prevent it.

Hon. J. CORNELL (South) [8.15]: The trend of the debate has taken the direction, not of the Bill, but of scrapping the existing machinery for the settlement of industrial disputes. The Bill contains one principle, namely, to do away with the need for the president of the court being a judge of the Supreme Court and not confine the appointment of president to the members of one profession. The term of office and emoluments are to remain as before. The question is whether this House is in favour of the change. One could debate for hours the trials and vicissitudes of both sides in the Arbitration Court, but would that get us any "for-rader"? The Minister has told us that the Bill represents the mature judgment of representatives of the employers and employees, who have reached this decision on the ground that the change must make for expedition. That is the only point the Minister has stressed in favour of the Bill. It has not been inferred—and far be it from any member to suggest—that there is anything against the president of the court. I have a fair knowledge of the court and, in my opinion, every judge who has occupied the position of president has done his best to hold the scales of justice even. Also there is not much to be said against the two laymen who sit in the court as representatives of the employers and employees. Neither Mr. Goode, nor his predecessor, Mr. Daglish, has sided with everything that has been put forward by those responsible for his election; neither did Mr. Somerville, who has rebuked his own people in the Arbitration Court.

Hon. E. H. Harris: And more frequently than the employers' representative.

Hon. J. CORNELL: With such a difficult job it is not right that any errors of judgment should be hurled against the bench any more than we should raise objections to what happens in other courts. Mr. Lovekin op-

poses the second reading of the Bill, because he maintains that arbitration has outlived its usefulness, and the remedy he asks the House to apply is the system of wages boards. Economic laws operate similarly everywhere, and the one great question for which a solution is being sought throughout the world is the question of industrialism and the settling of disputes. It is the question of the age. There is no gainsaying that Australia and New Zealand are irrevocably committed to compulsory arbitration. It may be said that Victoria has embraced the system of wages boards. The High Court, however, recently ruled that State instrumentalities come within the jurisdiction of the Federal Arbitration Court and the day is probably not far distant when the employees of the Victorian Government will avail themselves of the Federal Arbitration Court. The Federal law is compulsory arbitration, and the same applies in Queensland, New South Wales and South Australia. The settled policy of Australia and New Zealand is compulsory arbitration. The settled policy in Great Britain, Canada, the Union of South Africa and the United States is the settlement of industrial disputes by conciliation, demonstrating that there is throughout the highly industrialised countries of the world a difference of opinion as to how industrial problems may best be solved. From my reading and research, compulsory arbitration as against voluntary conciliation may be boiled down to this—the right to strike. Compulsory arbitration does away with the right to lock out or strike.

Hon. G. W. Miles: It happens now; they do not obey the law.

Hon. J. CORNELL: The reason compulsory arbitration has not been adopted in Great Britain, Canada, the United States, and South Africa, is that a statute framed to prevent lock-outs and strikes cannot be enforced.

Hon. G. W. Miles: It cannot be enforced here.

Hon. A. Lovekin: Then why not get rid of it?

Hon. J. CORNELL: The wise men of those countries realise that no Parliament should place on the statute book a law which cannot be enforced. If a combination of employers choose to lock out the employees, they can defy the law of compulsory arbitration, and if a combination of workers choose to strike, they too can defy the law. If this Bill is rejected, and there is instituted a system of wages boards, the natural corollary of the reversion to conciliation will be to restore the right to strike or lock out.

Hon. G. W. Miles: They have it now and do it every day.

Hon. A. Lovekin: The wages boards Act prohibits strikes and lock-outs.

Hon. J. CORNELL: In all countries which have adopted conciliation as against compulsory arbitration, there is reserved to employers the right to lock out and to employees the right to strike.

Hon. A. Lovekin: That is not the Victorian Act.

Hon. J. CORNELL: If by statute it is impossible to compel people to do certain things, by what other means would Mr. Lovekin, having reverted to wages boards, still prohibit strikes and lock-outs? If he succeeded in doing so, he would be back to the position of compulsory arbitration. Since the inception of industrial arbitration, I have always refused to give away the right to strike because, when the acid test was applied by either side, it was found that the right still remained. Mr. Lovekin has moved an amendment which I have every reason to believe will be carried. If this be so, a majority of the members of this House must be opposed to the Bill, and I take it that their opposition is based, not so much on the ground that the measure will work for greater expediency, but that the passing of it will result in a one-eyed show which will make confusion worse confounded. They say we should reject the Bill and get something in place of compulsory arbitration, but I would point out that this will get them no further forward along the path they are endeavouring to tread.

Hon. G. W. Miles: Yes, we shall not have a president as proposed in the Bill.

Hon. J. CORNELL: It will mean that they will be no further ahead of arbitration as it has existed in this State since 1903.

Hon. A. Lovekin: If we pass the Bill we shall be further behind.

Hon. J. CORNELL: I suggest an alternative. Rather than throw out the Bill, those members opposed to the measure—and I take it they are opposed also to compulsory arbitration—might attain their object by making an honest endeavour to probe the whole question of arbitration. The Bill should be referred to a select committee and another place should be asked to co-operate in the inquiry. We know that referring it to a select committee would mean that after the termination of the session the Government would make that select committee a Royal Commission. It is safe to assume that the members of both Houses on that committee would be representative of all sections who would understand the question of arbitration, and who would have a knowledge of economics, and who collectively, would be so broad in their views that they would deal with the question of arbitration not from the point of view of which system was good for the employer or good for the worker, but what solution or improvement could be made to the existing machinery, so that it would work for the good of the whole community. Frequently we have heard it said that arbitration awards have at times been averse to the employer and averse to the employees, and that employers have locked out employees, and that employees have gone out on strike. But the unfortunate part of it is that a section that is made to suffer in consequence of a lock-out or a strike is that section of the community who are not concerned in the dispute. I have refrained from speaking on the merits

of the Bill. I would support the second reading of the Bill with certain reservations, but as the trend of the debate points in the direction of the brutal murder of the Bill by booting it out without any pious expressions or suitable burial service, but with invective and spleen that the matter little deserves, I counsel members to demonstrate to the country that the Legislative Council is what it pretends to be. There can be no wisdom in ruthlessly throwing aside an effort of the Government of the day who say that this procedure, if adopted, will expedite the work of the court and thereby minimise the friction that now exists. It is up to us as legislators, as students of economics and sociology, to make some recommendation to the Government and declare that we have postponed the passing of the Bill because we do not think it fully meets the situation but that we are prepared during recess to consider it by means of the appointment of a Royal Commission and to give the best that is in us in the direction of finding out a method of dealing with and adjusting industrial affairs. Mr. Lovekin says that if we throw out the Bill we will probably have something before next session. That is about equal to the case of the individual who, with only £1 left to gamble, invests it in the Consolation Stakes at the races—he chances the lot. The suggested committee or Royal Commission could, after its investigation, place at the disposal of the Government, evidence which would assist to bring about a more satisfactory state of affairs. I oppose the amendment and trust that members will take a reasonable and logical view of this important subject.

Hon. F. E. S. WILLMOTT (South-West) [8.37]: Various speakers have voiced the opinion that the present system of arbitration is a failure. One member has a panacea and another has a different method of alleviating the position. But I think if we agree to the Bill straight away without giving it the deepest consideration and without going into the matter as suggested by Mr. Cornell, we may perpetuate something which has been tried for 20 years and which, in my opinion, has proved a failure. Will arbitration be improved? In other words, will those who approach the Arbitration Court be better satisfied if we have a layman in the position of President, or if we have a judge of the Supreme Court occupying that position? A judge is only human, but he is in my opinion better fitted than a layman to fulfil such a position. I know that in the past delays have been exasperating, and that these delays are still sufficient to make both parties more bitter towards each other. Then when parties do approach the court they often wrangle, not on the merits of the dispute, but as to whether there is a dispute.

Hon. E. H. Harris: That is not correct.

Hon. F. E. S. WILLMOTT: It is correct. The procedure of the court is well known to me. I have followed the timber industry

with great interest, ever since compulsory arbitration has been the law of the land. Everyone will admit that in Mr. Holman, the timber workers have a wonderful advocate, a man with a great grip of the whole business. On the other hand I have known men who have been sent after extremists so that they may give evidence. And these extremists have been dragged from distant parts. We know that that is so, and hon. members know it is correct. We know that in the old days men were dragged from Karridale to give evidence just because of the extreme views they held. These were views too, which everyone in the court knew did not represent the true position. This has been the case not always on the men's side alone, but also on the employers' side, and the arguments which have been advanced would not hold water at a round table conference. That is why I think a round table conference is worth all the arbitration courts put together. Those arguments would not be tolerated for a moment around the table. The people gathered around the table would say, "Get out with you; it is nonsense; I know it is nonsense; let us get down to tin tacks." Everyone knows that is the position. Then again there is this position, that the longer the feud is kept up the more bitter the feeling becomes between the two parties, and in time you get the people so set in their views that if you brought them to a conference at a table they would not be able to discuss the position sanely.

Hon. J. Cornell: I have sat at a few table conferences and I have always had a drink with the parties before and after.

Hon. F. E. S. WILLMOTT: I was at a conference at which the hon. member was present, but he did not know that I was there. The hon. member's words were not thrown out as oil on troubled waters, but they were vitriolic utterances which blistered and seared the listeners.

Hon. J. Cornell: Where was that?

Hon. F. E. S. WILLMOTT: I will tell the hon. member later.

Hon. J. Cornell: Tell me now.

Hon. F. E. S. WILLMOTT: Are we likely under this Bill to get anything better from a layman than from a judge? I think not. The fact of the assessors being retained has already been commented upon, as also have their actions. The more men we have acting in that capacity, the more trouble will there be. Hon. members will recollect that the United States sent a Commission to Australia to inquire into the merits or demerits of compulsory arbitration. The Commission's report was most interesting and illuminative, and was dead against compulsory arbitration. Hon. members may ask what we are going to do if we dispense with compulsory arbitration. Mr. Cornell has pointed out the weakness of compulsory arbitration in the circumstance that one cannot enforce the awards. Have we not seen that? We have seen it all along. Compulsory arbitration is not equitable, because

an employer can be fined for a breach of the Act, while—

Hon. J. Cornell: Not if he chooses to act in combination.

Hon. F. E. S. WILLMOTT: I am talking about an employer, and not about a body of employers. An employer can be fined at any time. But if the employees choose to put their heads together, they can beat the court and beat the employers. On the other hand, if the employers like to put their heads together, they also can beat the court. After all the time and all the money expended in obtaining a decision of the Arbitration Court, that decision cannot be enforced on either party. What is the position? The employer says, "If certain wages and certain hours are granted, this business cannot continue, because there will not be sufficient profit in it." That is his way of looking at the matter. The employee's way of looking at it is entirely different. He says, "What is a living wage? If I do not get so and so much, I cannot exist. I care not what happens to the industry. The industry is no good to the country if it cannot pay me a living wage." That is quite right. Under such conditions the industry is no good either to him or to the country. But then we have to arrive at what constitutes a living wage. There the trouble begins. We know that there have been decisions of the Arbitration Court, rendered in all fairness and honesty after full consideration of the merits and demerits of the employer's case and the employee's, which have proved most extraordinary. Not so very long ago the men got considerably more than ever they thought they would get.

Hon. J. Cornell: When was that?

Hon. F. E. S. WILLMOTT: The hon. member knows.

Hon. J. Cornell: Not more than they were entitled to.

Hon. F. E. S. WILLMOTT: I did not say more than they were entitled to; but I did say, more than they thought they would get. On the other hand, there have been many awards which gave the men less than they thought they should get, and less than the employers were prepared to pay. These things, in my opinion, point to the fact that we should get rid of the bugbear of compulsory arbitration and get down to what I have advocated for the last 20 years, a system of wages boards, under which the people concerned would be brought together and everyone else would be kept out.

Hon. J. Cornell: Would you give the right of strike and lock-out?

Hon. F. E. S. WILLMOTT: That right cannot be taken away. It is all very well to say strikes are illegal. Every day there are strikes. What did the American Commission say? That while they were here, there were 800 strikes in Australia. That fact does not speak well for compulsory arbitration. For my part, I hold the time is not far distant when we shall get rid of this system of trying to deal between employer and employee

by means of compulsory Arbitration Courts. Until that time comes, it would be better, in my opinion, to have a judge as president. Let us endeavour meantime to expedite the work of the Arbitration Court. I do not see how by appointing a layman in place of the judge we can expedite matters. One judge could be set aside entirely for the work of the Arbitration Court.

Hon. G. W. Miles: But he goes away on long leave.

Hon. F. E. S. WILLMOTT: Everyone must go on leave some time. How long would a lay president last if he were not given a holiday?

Hon. G. W. Miles: He would want a couple of months' holiday every year.

Hon. F. E. S. WILLMOTT: Think of the brain-racking business it is. If the president is not given a holiday, he will at the end of 12 months be crowing like a rooster and finding himself shut up in Claremont.

Hon. G. W. Miles: How long is the long vacation?

Hon. F. E. S. WILLMOTT: That is a matter which can be arranged.

Hon. G. W. Miles: Provision should be made for someone else to take his place.

Hon. F. E. S. WILLMOTT: That is easily arranged. However, I think it would be absolutely wrong to appoint a layman. I will give another reason in support of that view. We are all interested and prejudiced in various ways. How many men could be appointed as president who have not given an opinion one way or the other on this great question? A judge, after his appointment, does not live the life of other men. Hon. members who have been in contact with judges know that the life of a judge is very lonely. He does not take part in that social life which we all more or less enjoy. He is a man apart. His very position makes him a man apart.

Hon. J. Cornell: Would not this man's position make him a man apart?

Hon. F. E. S. WILLMOTT: I do not think so. I think this man, if he is appointed, would be among the happy throng of prohibitionists I have mentioned, prohibitionists in Karakatta. Mr. Cornell has pointed to a way out of the difficulty. I do not like the idea of altering the things that exist, because I hope to see such an alteration as will remove the principle of compulsory arbitration from our laws. However, if we have a select committee of both Houses appointed to go into this question, we should be able to arrive at some solution. The question is the greatest not only in Australia, but in the world. Surely, if we can have select committees on subjects of absolutely minute importance as compared with this gigantic question, we can have a joint select committee to inquire into industrial arbitration. I shall be very pleased to support Mr. Cornell or any other member who moves in that direction. Let us not rush the inquiry through before the session closes, but let us

go into the matter thoroughly and see if we cannot do something to prevent the awful waste of time, the awful waste of money, and—what is worse than either—the awful misery that we find in the homes of the people to-day by reason of our legislation for dealing with industrial disputes.

Hon. H. SEDDON (North-East) [8.56]: I support the Bill because I believe absolutely in the principle of arbitration. I believe in that principle because, although we have tried it out and it has disclosed many faults, it is a fundamental principle, and one which must remain in operation even if we abolish legislation to settle disputes. In the event of a strike, the parties eventually come to a system of arbitration by way of solving their difficulties. Surely it is far better to solve such difficulties in accordance with rules and orderly procedure as laid down by an Act, than as the wish of the moment may dictate. Argument has been raised with regard to the introduction of wages boards. In that connection one difficulty arises, that wages boards decide disputes entirely in accordance with the wishes of the persons engaged in the industry. They have no regard to the effect of their decision on other industries. Up to the present that has also been one of the faults of the Arbitration Court. We must, moreover, recognise that by introducing the principle of arbitration we have brought to light in our economic system a state of affairs which otherwise might not have been disclosed, but might have festered, causing unrest and trouble and possibly leading to an outbreak of Sovietism in countries which to-day are relying on saner methods. We must also recognise the sincerity of the Government in this matter. By the introduction of the Bill they aim to place the Arbitration Court in the same position of high integrity as now obtains in connection with our law courts. They propose to appoint to the position of president a man who shall be above reproach and unassailable, and so able to give what decisions he thinks right. The Government propose to place the president of the Arbitration Court on the same footing as a judge of the Supreme Court. Thus they are endeavouring to introduce a principle which will tend to better working of the Arbitration Court than we have at present. We have to recognise also that in making this appointment they are placing on the appointee a responsibility which will be the highest and most important in the State; because this man will have practically to decide the economic future of Western Australia. Every industrial dispute will be referred to him, and the result of his decisions will be reflected, not only in those industries on which he adjudicates, but on all other industries in the State. Because of the failure to recognise that truth in the carrying out of our arbitration system in the past the greatest dissatisfaction has been set up. There is throughout the world a great feeling of unrest. The workers of the whole world are dissatisfied with the

present system, and are looking for light. Slipshod methods of thinking and the unsound economic teachings of those who aspire to be leaders of the workers are carrying those workers in dangerous directions. The only way to keep them on sound lines is to provide a court which can show them how the consequences of their actions work out economically. If for that reason alone, I support the idea that possibly a layman may prove to be a better president of the court than would a legally qualified person. Also this reason: It is evident that as the whole question is an economic one, the best president must be one who is thoroughly well grounded in the principles of economics. If he applies those principles in giving his awards, he will do more good to the country and to the workers and in allaying industrial unrest, than could be accomplished by any other method. The argument has been used that Arbitration Court awards cannot be enforced. I think it would be wiser to say that Arbitration Court awards have not been enforced until the present time. We have in the Act certain provisions which have not been put into operation, except against weak unions. Had we exercised them we would not only have vindicated the law, but would have raised in the minds of the workers a conception which they have not at present, and would have shown them that the court had to be obeyed.

Hon. J. A. Greig: How would you compel them to obey an order of the court?

Hon. H. SEDDON: By exercising the penal sections of the Act.

Hon. F. A. Baglin: You take it on!

Hon. H. SEDDON: The Arbitration Court was initiated with the full consent of the workers and of the employers, and it must be respected. Our law courts are functioning to-day because they enforce their decisions. If necessary the decisions of the Arbitration Court should be enforced in the same way. While arbitration has not abolished strikes, it has certainly lessened their number. Last year there were 20 industrial disputes, and there were seven awards given and 40 working agreements drawn up by the court. It is reasonable to suppose that the disputes settled by those awards and working arrangements, would not otherwise have been settled except per medium of strikes. It must be remembered also that there is at work among the unions an influence which is tending towards unrest. If we are going to carry a principle which will enable right-thinking men in the unions to have recourse to constitutional methods, we will do still more to lessen strikes. For instance, if we carried an amendment that in the rules of any industrial union there shall be provision for the taking of a secret ballot on each question involving a cessation of work, we would be introducing an important principle and enabling the sober-minded workman who is content with constitutional methods, to see that his wishes were carried out, instead of allowing him, as at present, to be overborne

by the violence and abuse of those who desire only recourse to extreme methods.

Hon. F. A. Baglin: Why not try it on the employers also?

Hon. H. SEDDON: There is no reason why it should not be done. If the principle were in force in every union—it is already in force in some—it would go a long way towards stopping the machinations of those pledged to unconstitutional methods. Take an illustration: A few years ago there was in this State a strike of long duration. The strike would have ceased a good many weeks earlier than it did if the principle of the secret ballot had been available for those who were trying to secure a adoption of constitutional methods.

Hon. F. A. Baglin: How do you know that?

Hon. H. SEDDON: Because every time those men tried for constitutional methods they were howled down and prevented from speaking at the union meetings.

Hon. F. A. Baglin: Name the union!

Hon. H. SEDDON: No, I will not, but I know exactly what occurred. I am simply quoting that as an illustration of the necessity for introducing the secret ballot in the industrial world. Our political progress has dated from the time of the introduction of the secret ballot into the polling booth. As it has given us democracy in politics, so it will give democracy to industrialism if it be provided for in the unions. It would do a great deal to lessen strikes, and would help the man who is anxious to get his disputes settled by constitutional means. Arbitration has disclosed a very unsatisfactory state of affairs economically. Strong unions are able to get better terms than are weak unions. The effect of this has been that while those unions and the employers who are able to pass on the effects of increased wages to the general community, have been able to get good returns, the unions working in industries whose products are marketed in the markets of the world are not able to get as good results as others. The men working in the gold-mining industry are not able to get wages as high or as equitable as those of the men who serve them. We cannot compare the conditions governing work in a gold mine with those obtaining in the driving of tram cars or railway trains. Yet because of the price of gold, the wages of the miner cannot be raised to anything like a figure proportionate with the wages of men in other industries. So at present we have an unbalanced economic position, and must continue to have it until we give justice to the men in the primary industries. Instead of our basing awards on secondary industries, they require to be based on what is a fair thing to be paid to the primary industries. From that we can build up. But while, at present, we base them on the Harvester judgment, a judgment given in a secondary industry, we are working on a false foundation, and when it comes to giving a proportionate award in the primary industries, the judge will not be able to do it, be-

cause the value of the commodity cannot bear it. These facts have to be faced, and can only be faced by a man thoroughly grounded in economics. Another factor: the effect of Arbitration Court awards at present is this: the minimum wage automatically becomes the maximum. The employer says, "I have to pay this wage and so I will pay it; but since it has been fixed as a minimum, I will fix it as a maximum." On the other hand, the efficient workman says, "I am able to do better work and twice as much as the man working alongside me, yet I am only getting the same wages as he. Therefore I will give the same output as he gives." If the Arbitration Court were to take that phase of human nature into consideration and, as well as fixing the minimum, were to fix also a margin for efficiency and so encourage a man to give of his best, the total production of the community would be increased. The value of wages is determined by the production. If we were to base our wages on that principle, we would induce increased production and the whole community would benefit. In conclusion, I say the responsibility to be placed on the permanent president of the Arbitration Court is such that it is essential the Government should choose the best available man. We have to work in accordance, not only with the decisions of the court, but in accordance also with economic law. On the decisions of the court will depend the future welfare of the State. I will support the Bill, because it will place the court above suspicion.

On motion by Hon. F. A. Baglin, debate adjourned.

BILL—APPROPRIATION.

Second Reading.

Debate resumed from the previous day.

Hon. J. J. HOLMES (North) [9.13]: I listened with admiration to the speech of the Minister last night. He had, I think, a more than usually difficult task, but he discharged it with his customary eloquence to the admiration of us all. I again compliment him on his capacity for making black look white, and white look black, and once more I express regret that I do not possess the same qualifications. The Minister evidently had in view the fate that almost befell the Appropriation Bill of last year. It will be remembered that I moved an amendment to the Bill and, on a division of a House of 25, there were 12 on either side, the position of the Government being saved by the then President, Mr. Kingsmill. The Leader of the House left nothing to chance this time. He was out to make the best of the position and to paint the best picture in the best possible way. In listening to him I almost regretted he was merely Minister for Justice instead of a member of the legal profession. I felt he should have been enabled to appear in the courts of justice and defend each and every person whether right or wrong.

Hon. A. Lovekin: You may want him yet.

Hon. J. J. HOLMES: I may do so. With a man of his capacity before the court we would get economic results. We might even abolish the appeal court and dispense with the High Court. Nobody opposed to the Minister would be justified in carrying on a case. He would plead his case in such a way that there would be no hope for the other side. We might also reach the stage when our gaols might be empty. He would defend the criminals in such a way that none of them would enter the gaols. That is the picture that he is able to present. It is my duty, perhaps, not my pleasure, to show the House that there is another side of the picture. If any improvement has been made in the affairs of the country it has been the result of criticism in this Chamber. After reading through the speech of the Minister and looking back over the pages of the last two years one finds that the reforms which the Leader of the House tells us have been accomplished are along the lines suggested by this House. It is for that reason I propose to continue the criticism which appears to have borne such good fruit—that is, of course, if the picture painted by the Leader of the House is in accordance with the true position. This House is one of sombre surroundings; it is a house of review. It becomes necessary to look below the veneer and the varnish to see what lies underneath. To that end I devoted some little attention to the Minister's speech. I am unfortunately at this disadvantage. No publicity has been given to the speech except for a paragraph or two in the morning paper. This is much to be regretted. It was one of the finest speeches the Minister has yet delivered in this House. No doubt the "Daily News" will print something at a later stage. I am, therefore, at a disadvantage in following so quickly upon the Leader of the House. It has been suggested that the debate might be adjourned for a longer period.

Hon. A. Lovekin: It ought to be.

Hon. J. J. HOLMES: That may be so. I believe in the motto of "Do it now." We have been waiting for weeks for business, and when it is put before the House I am not one to attempt to hold it up. I will try to get it off the Notice Paper whether it is read this day six months or dealt with in some other way. When the business is brought up by the Government I am prepared to express an opinion on it at an early stage, and other members can do as they please. Members told the House 18 months ago that the report of the Commissioner of Railways disclosed the fact that whilst one thousand more men were employed in the railways than in the previous year, less revenue had been earned. This was shown by an extract from the Commissioner's report. The Leader of the House defended the position, as he had a right to do. The surprising part of the Minister's speech last night was that he told the House, with all the glorification attached thereto, that the Government had since put 1,000 men off the railways and had earned more revenue and given

a better service to the country. That is what we said two years ago could be accomplished.

Member: Not a better service.

Hon. J. J. HOLMES: Are the gentlemen administering the affairs of this country to sit down and do nothing, not even read the Commissioner's report, until this House draws attention to the fact, and then 12 months later say they have accomplished that which we said ought to be done? We have the fact that 1,000 men have been put off the railways and that they have made more revenue. This justifies the criticism of the past. I begin to think the Leader of the House believes the criticism is justified. There was a time when if I had anything to say the Minister came at me like a bull at a gate. To-day he accepts what I say with a certain amount of courtesy, for which I thank him. The Minister told us last night that the earnings of the railways had been £75,000 more last year than for the previous year, and that the expenditure had been £75,000 less, which means a net improvement of £150,000. How long this may have gone on if attention had not been drawn to it by this House I do not know. This reform has, however, been made and the Leader of the House takes credit for it. The proposition that this should be accomplished came from the floor of this House instead of from Ministers administering the department. It is a most damaging statement for any Minister to make, especially one who has been a member of a Government which came into office four years ago with economy as the first plank on their platform. The next plank was production. We waited four years before we got any economy, and such economy as was effected in the Railway Department was due to this Chamber. I have made many statements in this House, but I have never made one which carries so much weight or proves so much negligence on the part of the Ministers as is disclosed by the admission of the Leader of the House as to what has been accomplished in four years, which should have taken only one year. When we challenged the increased expenditure on the railways we were told by the Minister in defence that this was due to increased pay and shorter hours. I do not know who is responsible for the present state of affairs. I do not propose to blame the Commissioner. In my younger days in Parliament I may have attacked men who could not defend themselves but since I came to this Chamber I have always made my charges against the Minister who can defend the position. I have not attacked the man outside. Someone is responsible. We must hold the economy Minister responsible for the delay in this direction. The Minister told us last night that in June, 1921, it was obvious that the State trading concerns were in for a bad time. This House said so. The Minister said that everyone knew it. He knew it, and yet this is the Ministry that is opposed to trading concerns. They knew in June, 1921, that these concerns were in for a bad time, but they have done nothing since.

Hon. G. W. Miles: The £100,000 of trust funds will keep them going.

Hon. J. J. HOLMES: The Minister said they might have sold the profitable trading concerns but could not have sold the unprofitable ones. On the Minister's own showing we have nearly reached the stage when there will be no profitable trading concerns; consequently there will be no trading concerns to sell, because no one will buy them. This is the Minister's reasoning. In the case of the first speech made by the Minister for Works, when he joined the present Ministry four years ago, and was speaking on matters of policy, he was interrupted by the Leader of the Opposition in another place, who said "You are stealing our policy." The Minister for Works replied, "The difference between your side of the House and our side of the House is this, that you are in favour of State enterprise and we are in favour of private enterprise. All the flapdoodle will not alter it." The State trading concerns continue to exist and the Government continue to blunder on. The Premier in the course of his speech on the Address-in-reply this session, said "These trading concerns are the worry of my life. I wish with all my heart we had not one of them. We are always in trouble with them. They pay no taxes and they compete with those who do pay taxes." I admit the policy of the Government is opposed to State trading concerns and yet they continue to blunder on, with the result I shall presently show. I wish to present the figures put up by the Leader of the House last night, robbed of the embellishment that made them look more rosy than they were. If the Minister's figures are correct, these State trading concerns will be responsible for this year's deficit.

Hon. G. W. Miles: They are in addition to the deficit.

Hon. J. J. HOLMES: He said that the estimated deficit was about £600,000.

The Minister for Education: For the current year?

Hon. A. Lovekin: Half what it was last year.

The Minister for Education: I think the estimated deficit is £389,000.

Hon. J. J. HOLMES: I will show that the loss on the State trading concerns last year was £290,000, and that must be added to the deficit. We will begin with the State Shipping Service. The trouble in connection with that service is that whilst the Government are opposed to State enterprise, they will not come to any definite decision as to what they will do, nor will they make any definite announcement in that regard. These ships were put on the coast to reduce the price of meat. That was the primary object. We are at present in the middle of January and the cattle season will open in six or seven weeks' time. Cattle must be mustered on the stations now in order to travel 200 miles to the port to be shipped south. Despite this fact, there is no announcement by the Government as to whether they propose to run the ships this season or whether they propose to carry cattle

at all. We know that another ship has been put on the North-West coast with a carrying capacity, I understand, of 600 head of cattle. There are now four ships for the North-West coast besides the vessels of the State Steamship Service. The "Kangaroo" has a carrying capacity of 600 head of cattle and the "Bambra," of 200 head. We will learn shortly that the whole of the cattle have been booked up by the other four steamers, and that will mean that the vessels of the State Steamship Service will have to look for the surplus cattle. At £5 per head for freight, there will not be many surplus cattle available to be shipped south when the other four boats are booked up. This is one of the difficulties we are labouring under. Here we have a Government administering a service to the existence of which they are opposed, and at the same time private enterprise is booking business from under their very noses. After all, the cattle business is a very profitable trade for the State Steamship Service, because the Labour question is eliminated, seeing that the cattle run on board ship and run off when they reach the south. It is possible to load 600 bullocks in four hours and it is all profit. Yet this dilly-dally Government will not make up their minds. They sit down waiting for something to eventuate and, in the meantime, the private companies are booking up all the cattle. The carrying capacity of the two State vessels represents about 5,000 head. If anything up to 15,000 head is booked up by the private steamship companies, there will not be any 5,000 head available for the State vessels. This is a service that, on the Minister's figures, showed a loss last year of £105,000. This is profitable freight and they might participate in the cattle business, if the Government could only make up their minds as to what they intend to do. What is anybody's business seems to be nobody's business and they are losing the trade. If this service is to be carried on it must be recognised that the boats are not suitable for the trade. The select committee told this House 12 months ago that such was the position. That select committee represented all sections of the community and we informed the House that the boats were unsuitable and that the service could not be carried on under the existing conditions. No notice was taken of our report. If these boats are to be taken off the coast, at least six months' notice should be given to those concerned. If the Government do not intend to carry cattle this year, they should have given notice to the people in the pastoral areas six months ago, so that other arrangements could be made. This Government could lose £105,000 on the State Shipping Service in a year and not take any notice of it! This afternoon the Minister introduced a Bill to extract £100,000 by way of a charity tax from the general community. They should do a fair thing with the revenue already provided, before they start out to secure another £100,000 by the means suggested. This is the same Government who, a few

weeks ago, consented to an amendment to a taxation measure introduced in another place, to relieve one section of the community of taxation to the extent of £30,000, and added £60,000 in taxation to another section of the community. This is the Government, too, who introduced a Bill to amend the Licensing Act so as to raise another £100,000 revenue from the hotel and liquor business of the State. When the Government came to the first hurdle, they balked and accepted £50,000 without making any fight for it at all. As I pointed out when discussing that measure, we had to provide gaols, police, hospital and Heaven knows what else for that £50,000 and the Federal Government, who did nothing at all, got £600,000 per year, as against our £50,000 from the trade. I put up a proposal which would have overcome that difficulty, but it hit the publicans too hard, and the public, too, to a certain extent, seeing that they would have had to pay twice the price for their liquor. My idea was that people should have about half the quantity of liquor that is consumed now and that we would thereby have a temperate community. According to the Minister's remarks, we have an intemperate community. The Minister said that whilst we paid 35s. per head per annum for education, we paid five times that amount per head for liquor. While I have had something to say on several occasions regarding the education policy, I agree with the Minister that if the community can afford to pay £8 5s. 0d. per head per annum for liquor, the Government are justified in asking them to pay 35s. per head per annum for education purposes.

Hon. J. Cornell: They are not complaining about it.

Hon. A. LOVEKIN: But £8 5s. 0d. does not mean much liquor.

Hon. J. W. Cornell: No, not in these times.

Hon. J. J. HOLMES: Coming to the State Implement Works, we have this morning an astounding statement from the manager published in the "West Australian." He said that while the 53 engineers have been paid off, the Implement Works are proceeding full speed ahead. That is different from all other works of a similar character in this State. When the engineers went out on strike all the other employees in the engineering works were thrown out of employment. In the State Implement Works, however, 53 engineers went out, but presumably, like the thousand men in the railways, they were not wanted. The other men have been kept going at the works just the same. The inference to be drawn from that is that the men are being kept doing something at the Implement Works, in order to see if the engineers will come back. If I were Minister for Works in the present Government, I would close down the works and I would wait until the engineers were in a humour to go back. If I were associated with a Ministry who would give effect to their policy in

opposition to State trading concerns, the Implement works would never be opened up again, and that would be the fault of the men and not of the employers. If I quote figures which are not quite correct, I am sure the Leader of the House will not accuse me of doing it wilfully, because I looked for them in this morning's "West Australian," but the details were not there. I had to get all the particulars I could during the daytime. The fixed capital involved, as I understand it, in connection with the State Implement Works is £65,000, and the working capital £175,000, or about £250,000 altogether. The Minister stated that the loss to date was £128,000. There was an amount of £120,000 written off, which brings that loss up to £248,000.

The Minister for Education: I explained that the £96,000 written off was included in the £128,000.

Hon. J. J. HOLMES: Then there is a loss of £158,000 to the Implement Works. Although the Government are opposed to State enterprises, they can sit down under a loss of £105,000 in connection with the State Steamship Service and £128,000 on the State Implement Works. I do not know how to express my views on this subject. I am reminded of a little ditty that used to be sung by a company called the "All Blacks." One of the company used to stand forward and sing a song which was localised, and the remainder would join in the chorus. The ditty I referred to ran something like this:—

Australia is a wonderful country,

And in it are wonderful men,

There's the wonderful Mitchell Government

Doing wonderful things now and then.

Then the chorus came on—

Isn't it wonderful,

Isn't it wonderful, wonderful!

I claim it is wonderful that a Government opposed to State enterprise should come before Parliament and the Minister in this House should paint a glowing picture of what they have accomplished. I said at the outset that I would show the House the other side of the picture.

Hon. J. W. Kirwan: It would be wonderful if the Government were to dispose of the State trading concerns.

Hon. J. J. HOLMES: I do not know whether the amount written off on account of interest is included in the loss as well. We have written off £120,000 in connection with the State Implement Works and that being so, presumably those works are not paying interest, but the general taxpayers are shouldering that burden. The interest on that £120,000, which has been written off, must be added to the loss as mentioned by the Minister. To revert to the State Steamship Service again, we have the motor ship "Kangaroo," which stands in the books of the service at a valuation of from £250,000 to £300,000. We know that the ship—I am not giving away State secrets, because the

shipping people know the value of the ships—is not worth more than a quarter of the amount which appears in the books of the State Steamship Service. The Leader of the House is not responsible for that. He sold the ship for £270,000 at the right time but political influence was brought to bear. An announcement was made by two Ministers that the ship would not be sold. That was when two Ministers were fighting for the Albany seat at a by-election.

Hon. J. Cornell: No, one Minister and an ex-Minister were trying to get the seat.

Hon. J. J. HOLMES: Instead of selling the ship for £270,000 the Government authorised the expenditure of an additional £15,000 on the ship and it resulted in an expenditure of £200,000. No one was responsible for it, and no one knows to this day where that money was spent.

Hon. G. W. Miles: That was £400,000 they paid for that seat.

Hon. J. J. HOLMES: It was pretty dear. We are told that the State Sawmills last year produced a profit of £17,750, and that the profit from their inception to date has been £86,000. The State Shipping Service was established to reduce the price of meat; the State Sawmills were established to break up what was said to be a combine. You, Mr. President, know there was no combine. Then what did the Government do? They joined the combine, if there was a combine, and put up the price of timber, and they have been putting up the price ever since. One of the biggest contractors in this State told me the other day the Minister for Works could put flooring boards in ships' holds at Bunbury at 6s. per 100 feet and yet the Government were charging the local contractors about three times that price.

Hon. F. E. S. Willmott: No, 39s.

Hon. J. J. HOLMES: Even after putting up the price of timber to that extent the profit, according to the Minister, was only £17,750. What schemes the Government have had to resort to to get that profit!

Hon. G. W. Miles: They have been selling wire nails and galvanised iron as well.

Hon. J. J. HOLMES: They have certainly been rooking the public as regards the price of timber. If the Minister can put timber into ships' holds at Bunbury at 6s. per 100 feet and is charging 39s. to local contractors, it is time we had a new price fixing Bill to apply to the Government.

Hon. J. Cornell: The King can do no wrong.

Hon. J. J. HOLMES: The Minister referred to the Wyndham Meat Works and the report of the select committee. I was chairman of that committee and I must say that the Minister took a leap in the dark, a leap which very few people would have risked. Fortunately he fell on his feet. He went contrary to the advice of those who understood the business. He tells us there was no more loss on the works last year than there would have been if they had not operated.

Hon. A. Lovekin: He did not go so far as that.

Hon. J. W. Kirwan: He said within £5,000.

Hon. J. J. HOLMES: That is neither here nor there.

Hon. J. Cornell: Not for Wyndham.

Hon. J. J. HOLMES: The Minister also said that the figures for the Wyndham Meat Works for the year ended the 31st December had been compiled and were in the hands of the Auditor General. Will the Minister lay a copy of the unaudited accounts on the Table as he has done on previous occasions in order that we may peruse them, remembering, of course, that they are subject to alteration or suggestion by the Auditor General? So far as I can judge we have a million of money invested in the Wyndham Meat Works, £750,000 representing fixed capital and about £250,000 floating capital. The Minister says the loss to the end of December, 1921, was £185,824 and the total loss to date £371,252. He told us also that in that amount there was no provision for depreciation. In answer to an interjection he said that about 5 per cent. depreciation would be a fair thing. The select committee were of the same opinion. If we take four years depreciation at £35,000 a year, we must add £120,000 to the loss, showing that a loss of half a million pounds has been incurred on the Wyndham Meat Works carried on by a Government in opposition to the policy of private enterprise. These figures carry us to the 31st December, 1921, only. If we add to them the loss to the 31st December, 1922, it will mean another £100,000, taking interest and depreciation into consideration. The loss on capital account would run into £80,000 odd. Taking the Minister's own figures, the trading concerns generally since their inception have lost £300,000, and this after setting the losses of one against the profits of another. Previous to June, 1921, the loss was £10,000, which means that the loss for the year ended 30th June, 1922, was £290,000. The Government came into office opposed to State enterprise and, if they had sold the trading concerns at the 30th June, 1921, we had assets which even under State administration showed a loss of only £10,000, but at the 30th June, 1922, with all these trading concerns on our hands we would have to show possible purchasers that last year we lost £290,000.

Hon. G. W. Miles: And that is only on the Government's own showing.

Hon. J. J. HOLMES: Well, I am taking the Minister's figures. The Minister's figures it is true were like a sugar-coated pill. To-night I have been trying to get beneath the sugar-coating. His figures, however, would justify much stronger statements than anything I have said. For depreciation on the Wyndham Meat Works £120,000 should have been provided—£35,000 a year for the last four years. We have written off the State Implement Works £120,000. We should have written £130,000 off the Wyndham Meat Works for over-capitalisa-

tion. If we had written off the State Steamships £200,000, which is a very modest sum, and £130,000 off all the other trading concerns, also a moderate figure, it would make a total of £700,000 to which must be added £300,000 which we have lost on State trading operations, giving in all a total of a million of money lost as a result of State trading concerns.

Hon. G. W. Miles: And to be added to the deficit.

Hon. J. J. HOLMES: Yes; and the Government responsible for the greater portion of the loss is the Government that came into office opposed to State enterprise.

Hon. J. W. Kirwan: What a pity that the Minister, Mr. George, is not present to bear this.

Hon. J. J. HOLMES: The Leader of the House has been defending the position. Of course, he has to do that. Last night he said—

I made the statement 18 months ago that up to that time trading concerns had not contributed to the deficit. But when I made that statement, I was very particular to show that that happy condition of affairs could not continue.

Knowing that that happy condition of affairs could not continue, it was the duty of the Government to face the position as business men, cut the loss and get out.

The Minister for Education: You have to get a buyer before you can sell.

Hon. G. W. Miles: You are not trying to get a buyer.

Hon. J. J. HOLMES: The difficulty is the Government will never get a buyer for the trading concerns so long as the provision remains in the Act preventing them from selling these concerns without the consent of Parliament. Would any business firm be likely to negotiate with the Government for the purchase of any one of these concerns if their business was to be brought up in another place and they themselves were referred to as hoodlars and highway robbers, expressions which were used in another place the other night? There will never be an opportunity to sell these concerns so long as that provision remains in the Act. This House has sent a Bill to another place providing for the deletion of that provision, and the Government opposed to State trading concerns have put that Bill at the bottom of the Notice Paper.

The Minister for Education: It is nearly at the top now.

Hon. J. J. HOLMES: That is only because the top has gone off the Notice Paper. If I can help it the Appropriation Bill is not going to reach the final stages until the Government have dealt with the Trading Concerns Act Amendment Bill.

Hon. A. Lovekin: Hear, hear!

Hon. J. J. HOLMES: I do not care if they lose the Bill, so long as they divide the House and show an earnest attempt to put the measure through.

Hon. J. Cornell: You want to separate the sheep from the goats.

Hon. J. J. HOLMES: Yes, I want to see if these Ministers who have been preaching opposition to State enterprises will put into practice what they profess. I ask the House to adopt this moderate attitude. Before we finalise the Appropriation Bill let another place finalise our Bill. I know what the Government ought to do. If a Government pledged against State enterprise cannot rally their forces and get that provision deleted, they have no right to continue to occupy the Treasury bench. The majority of the people's representatives will then have declared in favour of State enterprise. The leader of the House told us that the deficit for the year 1920-21 was £751,000 and that the estimated deficit for this year was £290,000, and he told us exactly what had been done, what the Government had been able to accomplish. No one sincerely hopes, more than I do, that the estimated deficit will not be exceeded. The Minister in his reference to loan expenditure pointed out that the Government had to look a long way ahead and that they always require to have from three quarters of a million to a million over and above what they anticipated. That I quite agree to, because I do not see how they can finance a deficit of three-quarters of a million in a year without taking a similar amount from loan funds and applying it to revenue.

Hon. J. W. Kirwan: And they pay nearly 6 per cent. on the loan.

Hon. J. J. HOLMES: The interest on the deficit alone, I think, runs into approximately £1,000 a day. Commonsense dictates that the Government have paid out on revenue account six and a-half millions more than they have received. They must have got that from somewhere, and they could never have got it without paying interest on it. We have to remember that every million we borrow—and we are still borrowing by the millions—adds to the interest bill to the extent of £60,000 a year. The interest bill last year went up £84,000, and the Minister told us that it would have been considerably more but for the fact that the Government were relieved of the payment of the goldfields water supply scheme sinking fund. I think we were paying three per cent. into that sinking fund, and the payment represented about £70,000 annually; so that our interest Bill, but for that, would have gone up last year by £150,000, or about 10s. per head of the population. In previous years when the Leader of the House introduced the Appropriation Bill, he referred to the per capita indebtedness of the State. The other day, however, he was silent on the subject. I do not propose to quote any figures in this respect to-night. I remember one occasion when I was taken to task by the Leader of the House, for having done so, and I got the greatest dressing down I ever received in my life, and the Minister took considerable trouble to show me where I was wrong, and rubbed it in in very severe terms. The per capita indebtedness in this State is the highest in the world, and if we go on borrowing at the rate of

three millions every year, and adding a couple of hundred thousand pounds to our interest bill, then, if we do not get a corresponding return, we shall have a per capita indebtedness that no one in any part of the world will envy. With reference to what we have been told about the improved financial position of the railways, that is a matter I wish to deal with for a few minutes. We have to remember that the Government are carrying on a huge development scheme with loan money. The Government are sending large quantities of goods over the railways and are bringing people to the State and paying their fares. All the immigrants who are arriving here are having their fares paid to their respective destinations. It is an easy matter to build up the railway revenue by these means. Then all that the Commissioner of Railways has to do is to say that he needs a certain amount of money, and the Treasurer draws a cheque on loan account and hands it over to the Commissioner, who pays it into revenue. There are many ways in which the railways in similar circumstances can be made to pay. A few weeks ago I spent 10 days in Albany. Two men who were discussing the position there told me that they had seen truck loads of sleepers standing in the railway yard. These sleepers were to be forwarded to Esperance for use in the construction of the railway there. The trucks had been standing there for days waiting for the "Eucla" to come in to load the sleepers. Those men also told me that the sleepers had been brought from a State timber mill which was the farthest away from Albany. Of course every sleeper was carried over the railway, and the farther those sleepers were carried, the more revenue would there be for the railways. One man said, "How can the railways pay when so many trucks loaded with sleepers are allowed to stand idle here?" The other replied, "That is just how the railways do pay; these trucks are not required, and the Railway Department charge the Construction Department demurrage, and this is added to the cost of the Esperance railway." That is how the Railway Department builds up its revenue.

The Minister for Education: Do you vouch for those facts?

Hon. J. J. HOLMES: If the Leader of the House would make inquiries, he will find that I am not far out. I wish the hon. gentleman would make inquiries. It would be worth his while to do so. I discussed that matter with men of standing whose opinion is worthy of respect. Reference has been made to the increased population, and I am pleased to know from the Leader of the House that the tide has turned and that the people we are bringing here are remaining in the State. For the life of me I cannot understand why anybody should clear out of this country where there is a Government that will spoon-feed them to prosperity, provide lamp-posts for them to lean up against and do anything in the way of affording facilities that those

people may care to avail themselves of. It seems to me that Sir James Mitchell arrives at the conclusion that people are not clearing out of this country by reason of the fact that there are no unoccupied houses around Perth. But let me point out that landlords have taken advantage of the position brought about by the increased railway fares, which have driven the people from the suburbs to the city. People cannot afford to live in the suburbs to-day as they did before. They are forced to come into town to live, with the result that there are no vacant houses in the city. And the Premier tells us that this is evidence of the fact that people have not cleared out. We had a great oration from the Leader of the House on the subject of Federation. I do not propose to deal with it but I shall ask Mr. Kirwan, who is one of the gentlemen who led us into this trouble, to tell us whether the Minister's figures are correct. I was opposed to Federation. I argued from the standpoint that we would be the junior partner and the Eastern States would be the senior partner. I have had some experience as a junior partner and experience as a senior partner, and I never wish to be a junior partner again. If the Minister's figures are correct and they have not been put up to the Federal authorities as they were submitted to this House, then the Government of this State are lacking in their duty. The sooner they do so the better. After all said and done, there is a spirit of fairness throughout the States, and if what the Minister told the House is correct, there is only one thing to do, and it is to throw ourselves upon the tender mercies of the Commonwealth, put up the strongest case we can, and hope for the best. If we were preparing for the worst, I would not mind, but we are not doing so. I stress the point about putting the figures quoted to us before the Federal authorities. What use is it submitting them to us? The Federal Government are the people who should know these facts, if they are facts. That part of the Minister's speech should be cut out so far as this House is concerned.

Hon. J. W. Kirwan: We will see what reply the Federal people will make.

Hon. J. J. HOLMES: This is a matter that Mr. Kirwan might well deal with. It is interesting to learn from the Minister's speech that the commitments relating to soldier settlement amount to five and a half millions, and that the average cost of settling each person is £1,198. The establishment of those soldiers on the land at an average cost of about £1,200 is a creditable performance, provided of course that there is no over-capitalisation. I do not see how they can succeed unless they are given a fair deal. There is a select committee appointed by another place inquiring into this matter at the present time, and it would have been interesting to have their report before us. So far as I can learn, a number of soldiers' properties have been over-capitalised, and in those cases the interest bill will wear down the

soldiers just as the deficit will wear down this country unless something is done to reduce it. It is interesting to learn what is being done at the Peel estate, and that the cost to the Government when the work there is finished will be £267,000. The Minister's estimate of the value of that estate is a million sterling. That being so, it is evidence of the productiveness of the country. Evidence that this is a wonderful State—a country which has stood up against all the mismanagement I have referred to this evening, and even, according to the Leader of the House, continues to prosper.

Hon. C. F. Baxter: Whose valuation is that million?

Hon. J. J. HOLMES: It is the Minister's valuation. Now we come to the Treasurer's Advance Account. The Minister told us that hitherto the amount of the advance had been £400,000. This year the amount is to be £500,000. If I remember rightly, the increase is due to the fact of there being additional expenditure on the Fremantle quay. While the Minister is making inquiry as to the trucks standing in Albany station yard, would he also make inquiry as to what is going on in the Albany harbour at present? Is the big dredge, "Sir John Matthews," loaned from the Federal Government, working three shifts daily, 24 hours a day, taking the inner harbour down to 34 feet, while the entrance to the harbour is only 33 feet? The best nautical men in this State tell us that the biggest ship which can get into Albany harbour must not draw more than 31ft. 6in. They tell me that when a ship is being forced through the water she goes down 6in. at the stern, and that if there is any swell on she must have at least a foot clear. Yet, we have the entrance to the Albany harbour 33ft., and the big Federal dredge taking the inside of the harbour, near the jetty, down to 34ft. With regard to Fremantle I have always argued that the place to deepen the harbour is at the entrance, the mouth. After that one works up. The Albany scheme would appear to be that whilst we have a Minister representing that port, the harbour is to be taken down to 34ft. on the inside. That having been accomplished, we shall next have a scheme to bring the entrance down to the same level. When one gets on the inside of the harbour and slows up, the 6ins. drop at the stern is not required. In smooth water there is not the same need for an allowance. I shall be glad if the Minister will inquire into my statements.

Hon. A. Burvill: What about making the entrance to Albany harbour deeper?

Hon. J. J. HOLMES: As I have explained, that will be the next move. When the inside is down—

Hon. A. Lovekin: Then you must do the outside.

Hon. J. J. HOLMES: Yes. The attitude of hon. members towards recent attempts to amend Government Bills does not suggest that the House is likely to take any drastic action. In view of the rejection by this Chamber of Mr. Kirwan's amendment to the Industries Assistance Act Continuance Bill, I

was beginning to despair as to what attitude this Chamber will take on the Appropriation Bill and various other measures we have before us. The Industries Assistance Act Continuance Bill was a matter involving 1½ millions of money. In connection with that matter the Auditor General declared that he could not certify to the accounts. Mr. Kirwan's amendment proposed that the Industries Assistance Board should continue until March, 1924, and no longer. That extension would have given the Government an opportunity during recess to introduce a new measure, which could be put up to Parliament in July next, and thus the board could have been finalised before the 31st March, 1924. However, the House rejected the amendment. I have drawn hon. members' attention to what has been going on in the hope that ultimately I may get a bigger following here. Still, on last year's Appropriation Bill we did very well. As regards the North-West, the Minister tells us that the expenditure this year is £144,000 as against £81,000 last year. With all the development supposed to be going on in the North, however, the whole of the additional £60,000 will be absorbed by the Beadon jetty. If I am quoting the Minister correctly, administration expenses for the North-West, which used to be £5,000 per annum, have gone up to £7,000. That is an illustration of North-West matters. We have a Commissioner for the North-West in name only. He represents, in fact, only another buffer between North-West members and the Minister. The position is not due to any fault of the Commissioner, but to his misfortune. He is not likely to accomplish much unless some alteration is made. This country is one of marvellous possibilities: otherwise we could never provide for the incompetency which appears in the figures I have quoted to-night. Whilst I am on the North-West question, let me repeat, with regard to south-western development, that I am a convert to the theory that all land is good provided there is the rainfall. In the South-West we have a rainfall. If only we can apply science to agriculture, the soil is immaterial. Of course, the better the soil the better the results. With science and rainfall and soil, one obtains phenomenal results. What I am concerned about, however, is that under Government administration the holdings in the South-West may be over-capitalised, resulting in an interest bill which will wear the settler down. I would also draw attention to the Minister's remarks on the Wyndham Meat Works. From the figures quoted last night I gathered that the amount paid to the cattle owners for cattle delivered at Wyndham was approximately £2 17s. per head.

Hon. A. Lovekin: The Minister said they got £4 per head.

Hon. J. J. HOLMES: I know there are refunds of freight and something to come from the other end, but the amount paid to the cattle owners for the cattle delivered at Wyndham was £2 17s. per head.

Hon. A. Lovekin: But they will get £4 odd.

Hon. J. J. HOLMES: I am quoting the Minister. If a cattle owner brands 2,000 calves this year, and from them produces 700 bullocks four years hence, he will do very well. But the Federal taxation people tax him on the whole 2,000, and rebate him on the 700 when sold. If the calves die this year that is his look out. However, while the cattle delivered at Wyndham were being paid for at £2 17s. per head, the amount of wages and salaries paid here and in Wyndham during the time that the cattle walked in at one door and out at the other was £2 5s. per head. It just shows how a Government concern is doing something to crush the cattle industry. If the development of the South-West is run on similar lines, I pity the poor people who have to stand up against it. Fortunately, the North has had some good seasons. Still, the stations are not paying expenses, and they never will pay expenses until the Wyndham Meat Works are run on some other system than that which returns to the cattle owner £2 17s. per bullock delivered at Wyndham, and to the men who put the bullock in one door and out of the other £2 5s. Another matter to which I must refer is the expenditure of money without the approval of Parliament. I understand that under constitutional government Parliament has to approve of expenditure. Yet in this Appropriation Bill there appears a sum of £30,000 to build the Como tramway. Could anything be more farcical? The tramway has been built and the cars are running over it, and now the House is asked to approve of £30,000 expenditure for the construction of the tramway. I do not know what the result would be, but I should strike that item out of the schedule. The result might be that somebody would get the sack, but it is time this House took the position seriously and somebody was censured for spending £30,000 in building a tramway line and then coming to Parliament to ask for authorisation of the expenditure.

The Minister for Education: The Como tramway was built this year, not last year.

Hon. J. J. HOLMES: The Minister means this financial year. That tramway was built not only without the consent of Parliament, but in defiance of a promise to Parliament that it would not be built. We are supposed to live under responsible government, but actually we live under irresponsible government. I want hon. members to understand that we are individually and collectively responsible when the day of reckoning comes, we shall be held individually and collectively responsible. If anybody will listen to me when the crisis comes, I shall read my speeches to him. Probably no one will listen to them, but they will be a record to show that I was not a party to this business. The commencement date of the financial year is the first July, and here we are on the 24th January, with nearly seven months of the financial year gone, and now we are asked to approve of these Estimates. Again I ask, could anything be more farcical? I am sorry that I have

had to point to the other side of the picture. Figures are always hard to deliver, and perhaps are sometimes difficult to understand; but I think I have shown that there is another side of the picture, and I hope hon. members will recognise that fact. I hope that hon. members, when speaking on the second reading of this Bill, will bear in mind that the Government have kept us waiting for seven months before presenting these Estimates to us. I suggest that we might keep another place waiting a while longer, so that we may have an opportunity of dealing with the Bills sent down. I support the second reading of this Appropriation Bill. There will be opportunity to block the passage of the measure at a later stage until such time as the House receives the treatment that is due to it from another place in connection with measures transmitted to that Chamber.

On motion by Hon. A. Lovekin, debate adjourned.

House adjourned at 10.30 p.m.

Wednesday, 24th January, 1923.

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The SPEAKER took the Chair at 2.30 p.m. and read prayers.

QUESTIONS (2)—WATER SUPPLIES.

For Mining Purposes.

Mr. LUTY asked the Minister for Water Supply,—1 Has Cabinet come to any decision on the question of cheaper water for mining purposes? 2 If not, when is a decision likely to be arrived at?

The MINISTER FOR WATER SUPPLY replied:—1 and 2, The matter is still under consideration, and a decision will be arrived at as early as possible.