

Legislative Council,

Thursday, 31st July, 1924.

Questions: Industrial Arbitration Commission,	Page
Cattle Embargo	79
Motion: Metropolitan Water Supply, Sewerage	
and Drainage Department, to Inquire	
by Select Committee	79
Personal Explanations	81
Address-in-reply, Third day	81

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

QUESTION—INDUSTRIAL ARBITRATION COMMISSION.

Hon. E. H. HARRIS asked the Colonial Secretary: 1, Was a Royal Commission appointed last session to inquire into and make recommendations for reform in Industrial Arbitration matters? 2, Has the Commission been cancelled by the present Government; if so, for what reason? 3, Was any report of the proceedings furnished by a majority or minority of the members of the Commission? 4, Will the reports, if made, be available to members? 5, What was the cost of the Commission?

The COLONIAL SECRETARY replied: 1, Yes. 2, Yes, because of the acceptance of an office of profit under the Crown by one of its members. 3, No. 4, Answered by No. 3. 5, £163 14s. 7d.

QUESTION—CATTLE EMBARGO.

Hon. E. H. HARRIS asked the Colonial Secretary: 1, What was the nature of the objections by the Government to the bringing in of cattle to this State from South Australia—(a) in August, 1923; (b) in May, 1924? 2, In what particular does the objection of the present Government to the importation of cattle to this State from South Australia differ from that stated in 1923?

The COLONIAL SECRETARY replied: 1 and 2, South Australian cattle are prevented from being brought to Western Australia because of the prevalence of pleuro-pneumonia there, and the fear that this dreaded disease might be introduced into this State. This embargo was first imposed in 1922, and reimposed in 1923, and as the same position obtains to-day it has not been considered advisable to remove the restriction.

MOTION—METROPOLITAN WATER SUPPLY, SEWERAGE AND DRAINAGE DEPARTMENT.

To inquire by Select Committee—Standing Orders Suspension.

Hon. A. LOVEKIN (Metropolitan)
[4.35]: I move—

That so much of the Standing Orders be suspended as will permit of the appointment of a select committee of this House to inquire into and report upon (a) the capital expenditure; (b) the works completed, in progress or proposed; (c) the control, management and operation generally of the Metropolitan Water Supply, Sewerage and Drainage Department.

I do not intend to press this motion if there be any serious objection on the part of hon. members, but I do think that this Chamber, when it has the opportunity, ought to do as much useful work as it possibly can. At the beginning of each session since I have been a member, we have had very little to do, for the Address-in-reply drags on from day to day. Towards the end of the session there is a congestion of work with very little time in which to do it. Therefore in putting this notice of motion on the Notice Paper I was desirous of utilising the early days of the session to do the useful work indicated in the motion itself. I cannot move for a select committee unless the Standing Orders are suspended, because it is provided that only formal business can be taken until the Address-in-reply debate is concluded. But by suspending the Standing Orders we can appoint this committee, if members think it ought to be appointed, and useful work can be done during the time in which the Notice Paper is not congested. So, if hon. members agree to suspend the Standing Orders I will, in a few words, tell them why I think this select committee ought to be appointed.

The PRESIDENT: Before I put the question, I should like to explain what Mr. Lovekin has partially explained. Standing Order No. 15 reads as follows:—

No business beyond what is of a formal character shall be entered upon before the Address-in-reply has been adopted. The formal business which may be entered upon includes the fixing of days and hours of meeting, the appointment of Standing Committees, and the first reading of Bills.

I have read that in order that members may understand the position. If they choose, they may vote for the suspension of the Standing Orders, without which this Select Committee cannot be appointed at this stage.

Question put and passed.

Select Committee appointed.

Hon. A. LOVEKIN (Metropolitan)
[4.40]: I move—

That a select committee consisting of Mr. Burvil, Mr. Kitson, Mr. Stephenson, Mr. Duffell, and the mover be appointed to inquire into and report upon (a) the

capital expenditure; (b) the works completed, in progress or proposed; (c) the control, management and operation generally of the Metropolitan Water Supply, Sewerage and Drainage Department; and that such committee have power (1) to call for persons, papers, and records; (2) to move from place to place; and (3) that during the taking of evidence the committee have power to admit representatives of the Press at their discretion, and to report on Thursday, 28th August next.

I do not wish at this stage to make any statements derogatory to the working of the department, because as I shall have to be a member of the select committee I want to approach the subject, as I always do, with an open mind, to be quite free to report to the House impartially on the evidence. But there are certain matters that, I think, ought to be inquired into. It is said, I know not with what truth, that there is tremendous extravagance in respect of the personnel of the staff, which, of course, increases the costs. It is also said that there is considerable laxity in carrying out many of the works in progress—they are involving millions of money—by the day labour system. At North Perth some time ago we were told by the ex-Premier that the three reservoirs to serve Perth in the future were all to be constructed by contract. We find, as a fact, that only one is being constructed by contract, the other two being constructed by day labour. We find also that the great works in the hills are being constructed on the day labour system, and from information I have received there is likely to be a good deal of waste, which will mean over-capitalisation of those works in consequence. Whilst I was out of the House last session, Mr. Burvill made some remarks on a motion I had put before the House to reduce the price of water. He was somewhat caustic in his language. He told the House that in asking for a reduction in the price of water I had simply dished hon. members, had not put the facts properly before them; because while I had asked for a reduction in the price of water, as a fact there was already a loss shown on the working of the department. When I spoke I pointed out that there was a loss shown of some £8,000 last year, but that it was not a real loss inasmuch as debenture interest and sinking fund had been charged, whilst the debentures themselves had been redeemed. It turns out somewhat thus: In the early days money was borrowed on debentures at 4 per cent., with a sinking fund of 1 per cent. to redeem the debentures on maturity. But the late Government, desirous no doubt of reducing the deficit as far as possible, used the sinking fund money to buy back the debentures carrying interest at 4 per cent., but still continued the sinking fund payment on the redeemed debentures, and then lent the waterworks money at a higher rate of interest. So it could not

be shown to be a profitable undertaking. I calculated it myself, and was somewhat staggered at the result. I then submitted my figures to the Auditor General, who confirmed what I suggested, namely that if the sinking fund had been allowed to compound itself in the ordinary way, this metropolitan scheme would have been £198,000 better off than it was as the result of picking up the 4 per cent. debentures and borrowing money at a higher rate. These are matters that ought to be looked into in the interests of the people of Perth, especially in view of the tremendous expenditure that is going on. As I pointed out last session, there is a scheme in the department by which the rate of 1s. in the pound, as it is now, is to be gradually lifted as the expenditure goes on to over 3s. in the pound. Before we go any further I think that is a matter the House will agree ought to be looked into. Last year the increase in the assessments yielded the water works department no less than £18,000, for which the department gave to the public no extra return whatsoever. It simply took this windfall by reason of the fact that the City Council had increased its assessments, and the water supply authorities collected the 1s. in the pound on the extra assessment, which gave them this amount.

Hon. C. F. BAXTER: And that goes on indefinitely.

Hon. A. LOVEKIN: It is a continuing operation. Before country members are entitled to say that this scheme is not paying, and that if we want an adequate water supply in the metropolitan area we must pay a higher rate, otherwise we shall penalise people in the country because they cannot get works done that ought to be carried out there, I suggest it is a fair thing to the people of the metropolitan area, as well as to the country people, that we should see exactly what the position is. That is one of the reasons why I want to get this select committee appointed. There is a final reason that I did not want to touch upon more than I can help for the present. We all know that recently some filter beds were constructed in Mount Hawthorn and subsequently collapsed. An inquiry was held into the cause of the breakage but it was a secret investigation, known as a departmental inquiry. So far as the public can learn, an office boy in the department has been dismissed and nothing further has been done. The select committee might enlighten the public as to how it was these filter beds carried away, who was responsible for the occurrence, and how it is, if it be true, that a junior on £90 a year was the only person penalised.

Hon. J. W. KIRWAN (South) [4.47]: I do not oppose the motion, but I am sorry the hon. member did not divide it into two.

He might first of all have moved for the appointment of the select committee and then moved a motion regarding its personnel. I refer to this matter because there is one member of the House, Mr. Seddon, who has made a special study of the working of the goldfields water scheme. I am quite sure he would be of assistance to the committee that it is proposed to form. He spent a considerable time in studying the goldfields water scheme, and he has special knowledge of that subject that ought to be of material help to the committee.

Hon. A. Lovekin: I am not wedded to the names. You can get a ballot for them.

Hon. J. W. KIRWAN: I do not wish to ask for a ballot. The usual number comprising a select committee is three, unless otherwise ordered by the House. I should like to know if Mr. Lovekin would consider the committee too large if the name of Mr. Seddon were added to it.

Hon. A. Lovekin: I should be very pleased to have his name added.

Hon. J. W. KIRWAN: Then I should like to move an amendment accordingly.

Hon. A. Lovekin: Mr. Duffell is willing to stand out in place of Mr. Seddon, if you like to move that.

Hon. J. W. KIRWAN: I am not desirous of losing the services of Mr. Duffell, and I suggest it would not be too large a committee if Mr. Seddon's name were added to those who have now been proposed.

Hon. A. Lovekin: That is all right. Perhaps that would be better.

Hon. J. W. KIRWAN: I move an amendment—

That the name of the Hon. H. Seddon be included amongst the names proposed to form the select committee.

Hon. H. SEDDON (North-East) [4.50]: While I am willing to carry out the wishes of the House in this matter, I would not like to displace any other member from the committee.

The PRESIDENT: I understood Mr. Lovekin to say he was willing to include the hon. member's name.

Hon. A. Lovekin: That is so.

Amendment put and passed.

Question, as amended, agreed to.

PERSONAL EXPLANATIONS.

Hon. H. Seddon and the State's Production.

Hon. H. SEDDON (North-East) [4.52]: In the figures that I quoted yesterday in my speech upon the Supply Bill I made an error in one item. In referring to the number of breadwinners in the State I pointed out that the total production of this State in 1922 worked out at 9s. 8d. for each breadwinner per day, and that the capital charges during that year amounted to 1s. 6d. per day. That was an error I made, for the amount should have been 1s. 1d. The amount of capital charges was just about

equal to the amount of loan expenditure for 1922, consequently the two figures would be about the same. The error is obvious to anyone who reads the report of the speech. I would, therefore, like to correct it.

Hon. A. Lovekin and the Arbitration Commission.

Hon. A. LOVEKIN (Metropolitan) [4.54]: I should like to make a personal explanation. The Leader of the House has given a reply to question No. 1. I happen to have been a member of the Commission in question. It was of our own volition that the Commission was cancelled. We held two meetings only, at which no business was done, and the Commission was then adjourned from week to week. That is all that was done. No expenditure was incurred so far as we know, and no expenditure was justified. The Minister told us that a sum of £163 14s. was expended on this Commission. I am staggered at that, for no such expenditure was incurred.

Hon. J. W. Kirwan: The hon. member ought to ask for details.

Hon. J. EWING (South-West) [4.55]: I may perhaps explain that. I was a member of the late Government which appointed the Commission. The fact that the people of the country changed their minds as to the Administration made it impossible for Mr. McCallum to go on with the Commission. That is the reason why the inquiry was not proceeded with any further.

Hon. A. Lovekin: We asked to be relieved.

Hon. J. EWING: Sir James Mitchell thought it advisable to send Mr. Walsh to the Eastern States. I think that was done, and that this involved the expenditure mentioned by the Leader of the House. I am not permitted by the Standing Orders to explain why that was done, but will take an early opportunity of doing so.

Hon. A. Lovekin: If that were so it was done behind the backs of the Commission.

Hon. J. EWING: I do not think that is true.

Hon. A. Lovekin: It is true.

Hon. J. EWING: I have made a considerable number of inquiries and am sure nothing was done behind the hon. member's back. I understand that whatever was done was done with the cognizance of the hon. member.

Hon. A. Lovekin: Nothing of the sort.

Hon. J. EWING: I hope later on to be able to explain the matter.

ADDRESS-IN-REPLY.

Third Day.

Debate resumed from the 29th July.

Hon. J. W. KIRWAN (South) [4.56]: It is in accordance with the time-honoured custom of this House after each biennial election to congratulate those members who

have been re-elected, also to say some words of farewell concerning those who are no longer with us, and to welcome to this Chamber those who have lately joined our ranks. This Chamber has many distinct characteristics. One of the most marked of these, I think, is that, whilst political differences exist amongst members, and sometimes very sharp political differences, members are not bound in any very marked way by party ties. It is true that all the parties in Western Australia are represented in this Chamber, but I think members all endeavour to preserve their independence. Whilst they adhere to their viewpoint, each and all of us can say that our souls are our own. During recent sessions various members of this House expressed their minds freely concerning the late Government. I think that the comments that have been made by members on the floor of this Chamber have done more to bring about the defeat of the late Government than probably any of the efforts of the direct Opposition. I do not say that for the purpose of raking up the past. It is well to let the dead past bury its past. It is, however, evidence that whatever may be said concerning the Legislative Council being effete, its influence is unquestionably felt throughout the country. Furthermore, those comments which had such a remarkable bearing on the results of the last elections were uttered by men who could not in any way be regarded as associated with the Labour Party. Neither Mr. Holmes nor Mr. Lovekin, nor other members of this Chamber, who availed themselves of every opportunity of expressing their minds freely regarding the actions of the late Government, when they thought they were detrimental to the interests of the country, were members of the Labour Party, nor could they be said to have any leanings towards that party. They spoke in accordance with what they thought and in accordance with what I regard as the truest patriotism. They had to perform what to them was a very unpleasant duty. Surely that is the strongest evidence that can be adduced that a party spirit is not very much in evidence here. Because of the weakness of that party spirit we, who meet one another day after day and get to know each other well, come to regard each other in a personal way and appraise each other's worth. Men coming to this Chamber, therefore, are judged on their merits. In the case of every individual there is more good than there is bad in his character, and we learn to know one another's qualities and to respect each other. Hence I say that we invariably, on occasions such as this, extend good will to each other. I congratulate the Hon. Mr. Ewing, the Hon. Mr. Lovekin, and the Hon. Mr. Miles, who had the honour of being returned unopposed. To the Hon. Mr. Cornell, and the Hon. Mr. Stewart, who were successful at the polls, I also extend my congratulations. I would like to express regret at the absence from this Chamber of two

men who did not seek re-election—I refer to Mr. Lynn and Mr. Boan, men of big affairs in the State, and men who were able to bring to the deliberations of this Chamber the experience that they had acquired in the building up of large businesses. We are sorry that circumstances over which they had no control would not permit them to remain in public life. We wish well to those who were unsuccessful at the polls. I feel sure from what we know of Mr. Ardagh, Mr. Mills, and Mr. Carroll that despite the disappointment of the elections from their point of view, their public spirit will not in any way be weakened and that they will continue to do what is best in the interests of the State. To the new members, the Hon. Mr. Kitson, the Hon. Mr. Brown, the Hon. Mr. Stephenson, the Hon. Mr. Yelland, and the Hon. Mr. Drew, I extend congratulations. Two of those gentlemen we have heard make their maiden speeches, and though such speeches were made with crowded galleries and in trying circumstances, they were a credit to both gentlemen. With regard to Mr. Drew, I speak of him as a new member though he is really an old member. He was first elected as far back as 24 years ago.

Hon. J. J. Holmes: How old was he then?

Hon. J. W. KIRWAN: Perhaps the hon. member had better ask Mr. Drew. We have all reached a stage when we do not want to inquire about one another's ages. At any rate, for 18 years Mr. Drew was a member of this House, and the present is the third Ministry with which he has been associated. He was Leader of this House first in 1904, when he represented the Daglish Ministry.

Hon. J. Cornell: He is the sole survivor of that Ministry.

Hon. J. W. KIRWAN: As Mr. Cornell states, he is the only member of that Ministry who is a member of the present Government. Then Mr. Drew from 1911 to 1916 led this House on behalf of the Scaddan Government, and now we have him once more amongst us leading this House on behalf of the Collier Government. The Government should be congratulated on having been able to secure the services of a public man of such ripe experience, great ability, and tact. I feel sure that all the old members of this House, those who have been here longer than six years, are extremely glad to once more meet Mr. Drew in the Parliament of this State. To Mr. Hickey also I extend my congratulations. I know he will do his very best in the interests of the State, and I wish him every success in his Ministerial career. This session we are beginning under many new conditions. We are going to have a new Governor. We have a new Parliament, we have a large number of new members in both Houses, and we have a new Ministry. I sincerely hope that in some respects at any rate, and especially regarding the industry I represent—the mining industry, we are going to

have a new policy. I do not find in the Speech that was delivered by His Excellency, very much evidence of a new policy, but I hope that a new policy will be developed later, a policy that will be more in the interests of the State than that to which we have been accustomed of late. I do not intend to go over the ground that was covered by Mr. Holmes, but before passing I think that this might be said about the previous Government. I am always anxious, when I can, to say anything that is to the credit of a Government, and I am very glad to be in the position to say something favourable about the previous Government. I am one of those who severely criticised the financial methods of Sir James Mitchell, and when he as Treasurer predicted that the deficit would be reduced to the extent he represented, I thought he was overstating the case; I believed that the result he predicted would not be realised. I am glad indeed to be able to say that the Treasurer was right in his prediction, and that the last two years have shown a wonderful improvement in respect of revenue and expenditure. For that, due credit should be given to the previous Administration. The present Government start in office in circumstances, from a financial point of view, that seem decidedly hopeful. That will be shown by a reference to the financial records of the last three years. In 1921-22 the deficit reached its highest point in the history of the State. Some of us spoke very strongly at that time concerning what seemed to be the alarming financial drift. Mr. Holmes put the matter tersely when he said that the deficit was growing at the rate of £2,000 a day. The deficit for that one year was £732,000, a staggering amount viewing the smallness of the population of the State. The condemnation of members in this House at that time was not surprising. The Treasurer promised that the position would be somewhat improved. In the subsequent year there was clearly an improvement, because the deficit was reduced to £415,000. There has been a still further improvement during the financial year that ended last month, when the deficit amounted to £229,000. I venture to suggest, also, that had Sir James Mitchell been in office during the last month of the financial year, he would have so arranged to get in revenue that the deficit would have been still lower. It is only in accordance with human nature that a Treasurer, in the last month of the financial year, should put forward extra efforts to get money in so as to make the position look as favourable as possible. The Treasurer of the incoming Government, on the other hand, would be almost more than human if he did not allow things to go on in a normal way, inasmuch as if the effort were not made to rake in all the revenue possible, there would be so much more for the following year. During the last two years the annual deficit has been reduced by half a million.

Hon. J. Ewing: A very good effort, too.

Hon. J. W. KIRWAN: Yes, it was very satisfactory indeed. I confess that it was better than I thought could have been realised. This is the first opportunity I have had of saying that the Treasurer was quite right in what he predicted. The main fault to be found with the previous Treasurer was in connection with his method of expending great sums of loan money on unproductive work. The expenditure in the last five years of the huge amount of 15 millions of loan money in a small community like that of Western Australia, irrespective of whether the money was spent wisely or not—and several of us claim that a considerable proportion of that total was spent unwisely—would reflect itself in the revenue and also in the reduced deficit.

Hon. A. Lovekin: Apart from that, do you suggest that the deficit to-day is a true deficit?

Hon. J. W. KIRWAN: I quite understand to what the hon. member is referring, and whilst I am in agreement with his views on that subject, the deficit as it is presented to-day was arrived at by the same method as the deficit presented in 1921. If the deficit of to-day is false then the deficit of 1921 was equally false, but the relative position is not altered. The hon. member will therefore agree with me that there has been a reduction in the deficit and that we should express our satisfaction that the reduction in two years has totalled half a million. His contention does not affect my argument.

Hon. A. J. H. Saw: It is the same system of accountability.

Hon. J. W. KIRWAN: Yes.

Hon. A. Lovekin: Your reasoning is quite sound.

Hon. J. J. Holmes: The Treasury collected £658,000 more by way of revenue last year than in the previous year.

Hon. J. W. KIRWAN: That is so. That is one of the means by which the deficit has been reduced—increased revenue from public services. But in view of the expenditure of £15,000,000 during the last five years, to what extent has the financial position been placed on a proper basis? Everyone seems prosperous, and though I do not like to suggest it, to what extent we have been living on borrowed money can be gauged by considerations that each one may weigh up for himself.

Hon. J. J. Holmes: It depends entirely as to what assets we have for the £15,000,000.

Hon. J. W. KIRWAN: Yes, but a good deal of the loan money has been expended on non-productive works. I am gratified that the deficit has been reduced by half a million in two years. What the Mitchell Government did during each of the past two years, I imagine the new Government will be able to accomplish during the current year. I have a copy of the pre-election speech of the present Premier as reported in the "West Aus-

tralian." When I read the speech I was gratified to find that the then Leader of the Opposition put in the forefront of his policy the financial issue. He made that all-important. It was the first matter dealt with and he dealt with it very fully and was very severe on the financing of the Mitchell Government. I would like to read a few extracts from Mr. Collier's speech because I know it will be in that direction that the Government will strive. His words are similar to those that would be employed by anyone who has studied the financial question and who has any sense of responsibility. Mr. Collier said:—

There was no more important question to be faced than that of finance, for no question affected more the well-being of the people. The financial difficulties of a State meant to the people increase in the burden of taxation, of railway charges, and increased imports generally. . . . The National Government had failed lamentably in the handling of the finances. The State could not go on building up deficits each year with the consequent increase in the interest bill. The deficit was paid for out of loan funds on which interest had to be paid. The added interest the people had to pay on account of the deficit of six million pounds was over £300,000. The State could not go on indefinitely financing on the wrong side of the ledger.

Those were the lines of Mr. Collier's speech when appealing to the country for re-election. He was re-elected, and from what I know of him, I feel sure he will exert every effort to fulfil the promises he made. The late Government having succeeded in reducing the deficit by half a million in two years, we might well ask of the present Government to reduce it by a quarter of a million during the current year. If the deficit be reduced to that extent in twelve months we shall be living within our income. If the Premier succeeds in doing this he will be able to say, "I have done what I set out to do. I told the country my objective was that the State should live within its income, and I have succeeded in restoring sound finance." There is one feature of the Governor's Speech that I noted with a good deal of pleasure, namely the promise that the railway from Salmon Gums to Norseman would be completed. That is a matter in which I have been deeply interested during all the years I have been in Western Australia. Mr. Holmes was kind enough to say that the sooner this link was constructed the better it would be, seeing that we had proceeded so far with the line. Prior to that he remarked that he could see no reason why the Esperance line should be built. I can quite understand the hon. member's inability to see such reason.

Hon. J. J. Holmes: A good many other people do not, either.

Hon. J. W. KIRWAN: The reason is the hon. member has not been in the district. If he had been there, he could not fail to see reasons why the line should be built. He talked in that way only because he has never visited the district. I hope the Government will give opportunities to any members that may care to visit the district and see for themselves whether or not the line is justified. Every visitor to the district has returned a convert to it. Mr. Drew went to the district and became as enthusiastic a supporter of the railway as I am. Everyone with a knowledge of that country is satisfied that we have there a vast and fertile area in a temperate climate crying aloud for settlement. If this railway be built to Norseman, the settlers of course will still experience the difficulties that beset people in other parts of the State, especially in connection with the mallee lands. It may be some years before the settlers will be able to get on their feet, because it will take time to bring the land to its full bearing power. The day will come, however, when the Esperance district will realise all that has been said of it. The unfortunate thing is that the railway was not built 20 years ago. Had it been built 20 years ago it would have been better for the district and better for the State, because instead of having a vast empty space there to-day, we would have had one of the most prosperous districts in the State. Mr. Willmott knows the district well, and he has said that sooner or later more wheat will be exported from Esperance than from all the other ports of Western Australia. That is the statement of a member representing not the district but another province. I am glad the Government intend to do justice to the district that has so long suffered from the evil policy of centralisation. In the Governor's Speech reference is made to the appointment of a Royal Commission on mining. I have heard various rumours of the Government's intentions, but until I know definitely the scope and personnel of the commission, I prefer to withhold my judgment as to the advisableness of the inquiry. I hope the Government will bear in mind that a long time must elapse before the commission will be in a position to report, and that meanwhile they will not lose sight of the many pressing needs of the industry. One mistake made by the new Government is the overloading of the Minister for Mines. Mr. Troy should make an excellent Minister for Mines, but the Government are asking him to do too much. In addition to that portfolio, he is the Minister for Public Batteries and Minister for Agriculture, and he also has control of the Perth City Markets, Butter Factories, Government Refrigerating Works, Kalgoorlie Abattoirs, and Metropolitan Abattoirs. As Minister for Agriculture he is expected to travel through the agricultural areas, talk with the people engaged in the industry and encourage them

in every possible way. No matter how he approaches the work of Minister for Agriculture, if he does it efficiently, it will entail a tremendous amount of his time.

Hon. C. F. Baxter: All the time that he can give.

Hon. J. W. KIRWAN: Mr. Baxter has experience as Minister for Agriculture. The two most important industries of this State, agriculture and mining, should not be handed over to the charge of one man, and it is too bad that that man should furthermore be saddled with a lot of minor departments. What has happened. Mr. Troy, since he has been Minister for Mines, has had to go to the Eastern States to represent the Western Australian Treasurer at a very important conference of treasurers. There has also been, I understand, a conference in connection with the agricultural industry, which Mr. Troy has attended. The consequence is that Mr. Troy next week is going to pay his first official visit to the centre of the mining industry of Western Australia, namely, Boulder, Kalgoorlie, the Golden Mile, Coolgardie and the surrounding districts. In the meantime the people there have a number of pressing requests to place before him. It is three and a-half months since this Minister was appointed, and yet he has not had an opportunity to go and say good-bay to the people engaged in the industry of which he has control. Take the grievances that the people have. I shall not go into them now, but shall merely mention them incidentally. They have held numerous conferences among themselves, and have been anxious to get into touch with the Minister. Their grievances include complaints regarding anomalies in railway rates and also the very heavy rates charged, which affect the welfare of the industry. Some of the people are also very keen on putting before the Minister the desirability of having a geological survey. In addition a number of them are complaining of the abuse of the provision as to concentration of labour. There are areas on the Eastern goldfields which have been held for long periods under the concentration of labour provision and those who hold them are not working them themselves and will not allow other people to work them. Furthermore, the people wish to place before the Minister questions regarding the development of mining, and how the mines development vote may be best expended. Some of them are suggesting a system of bores. These and numbers of other matters are of vital importance to the people of the goldfields. We feel that now a new Ministry is in power, probably a different view may be taken of these complaints. We are anxious and eager to place them before the Minister for Mines. In the meantime conditions have certainly not been improving, and three and a-half months have elapsed before the Minister for Mines can find a chance to visit the goldfields. I do not blame Mr. Troy, but it is unfortunate that he should be delayed

to the extent he has been. It is of the gravest importance that one of the Ministers should devote all his time to the mining industry at the present juncture. The only duties that might be added to those of the Minister for Mines are duties connected with public batteries, water supply to the mines, and goldfields water supply. It is much more difficult to stimulate an industry that is declining than to attend to the needs of an industry that is flourishing. If the present Government are going in for a new mining policy and are desirous of doing what is best for the mining industry, may I suggest to them that one of the first things they ought to do is to place the mining industry in the hands of one man, whose duty it will be to attend to that industry and to nothing else. The question is a serious one not only for the mining industry but for Western Australia. It is possible to revive the mining industry. There is a mining policy which will help very much to put heart and life into the mining people, and especially the old battlers outback; and I would suggest that some means be provided by which the mining industry should be placed under the care of one Minister, who should not have to rush away to the Eastern States and travel all over Western Australia in connection with the agricultural industry.

Hon. E. H. Harris: Do you suggest that eight Ministers are not enough to conduct the affairs of this country?

Hon. J. W. KIRWAN: The business of the State has increased very much of late, and I have heard it suggested that the number of Ministers should be increased. At all events, if a proposal on those lines comes before this Chamber, I shall vote in favour of it.

Hon. J. Cornell: Increasing the number of Ministers will not get over the difficulty you are commenting upon. The distribution of the work is wrong, you say.

Hon. J. W. KIRWAN: My contention is that there ought to be one Minister to attend to all the requirements of the mining industry. If with the present number of Ministers that cannot be done, and if the Government show that it cannot be done and then propose to increase the number of statutory Ministers, I for one shall vote in favour of the proposal. It may mean the additional expenditure of a few thousand pounds annually. But the position is that the total revenue of Western Australia is nearly eight million sterling and that the expenditure of this State is over eight million sterling; and it is absurd to argue about the cost of Ministers who should take charge of so huge a revenue and so huge an expenditure. If by spending a couple of thousands more we can get more efficient administration, why on earth not have it?

Hon. J. J. Holmes: It is all a question of the proper allocation of work among the various Ministers.

Hon. J. W. KIRWAN: We shall hear what Ministers say upon that point.

Hon. J. Ewing: You want additional statutory Ministers, not Honorary Ministers.

Hon. J. W. KIRWAN: When I ask Ministers to attend to the present needs of the mining industry, I would direct their attention to mining taxation. The harm that has been done to the mining industry through excessive taxation of prospectors is considerable. I may refer to two or three cases. The first is one probably well known to members of this House—a prospector named Harry Price, who prospected one of the leases owned by the Freney Oil Co. He sold the lease that he prospected for £1,700, and got in addition 8,500 one-pound shares in the company which was formed.

Hon. J. Cornell: You may say 8,500 marks.

Hon. J. W. KIRWAN: The result was that the Federal and State taxation imposed upon that man came to £5,187. The unfortunate man, as in view of the sequel I may well term him, though no doubt he was very lucky when he discovered oil traces. He was charged Federal taxation to the extent of £2,724 and State taxation to the extent of £2,463, a total of £5,187. When he received the taxation notices the shares stood on the market at 8s. Now, at 8s. his share holding was worth £3,400, if he could have got out at 8s. But we all know that if he had placed 8,500 shares on the market, there would have been a slump and he would have been extremely fortunate if he could have got out of them at three or four shillings a share. Assuming, however, that he could get out of them all at 8s., it would mean that he would have £3,400 for them; and that £3,400, plus the £1,700 cash which he received for the lease, would have made a total of £5,100—less than the total amount of the State and Federal taxation that he was called upon to pay. But let us suppose that that man had faith in the future of the oil lease, as I think many people have faith in the discovery of oil in Western Australia. A number of people, including myself, bought shares in the Freney Oil Co., at 28s. and higher. If, like myself and hundreds of other people, this man had held on to his shares, what would be his position to-day? Yesterday the shares were quoted at about 3s. Since then they have gone down considerably, to something like 2s. At 3s. the man's 8,500 shares, assuming he could get out of them all at 3s., would have realised him £1,275. That amount, plus the £1,700 cash received by him, means a total of £2,975; and the Federal and State taxation commissioners had demanded £5,187. With the shares at 3s. his total receipts in respect of the lease would have been £2,000 less than the amount demanded from him in taxation. The Taxation Commissioner arrived at a most extraordinary decision, which may be in accordance with the law, but is not in accordance with common

sense. It was ruled that an oil lease was not a mineral lease. But the prospector was looking for mineral oil, and surely, according to all ideas of common sense, a mineral oil area must be a mineral area. However, the taxation office thought otherwise. I would like to refer to another case, which has had much more serious consequences than the case of Price, because it resulted only last week in the shutting down of a promising mine, with the consequent throwing out of work of all the men employed there; and those men have since then been employed by the Government on relief work. I refer to the Celebration case. The story of that taxation case is that two men, well known on the goldfields as *bona fide* prospectors—Albert Hansen and Robert Ireland—found themselves with their funds exhausted in 1909. They had been prospecting all their lives and were genuine prospectors if ever there were any. At any time, however, they were, to use their own words, up against it, and Peter Hansen, a brother of Albert Hansen, arranged to finance them to the extent of £2 per week, so that they could prospect on Hampton Plains. It was arranged that the two prospectors should each get a three-eighths interest and Peter Hansen, who provided the funds, was to get two-eighths. In May, 1919, they pegged out a lease at Hampton Plains and called it "The Celebration." They went in for development, and did some loaming as well as a good deal of dollyng. They sank a shaft, and from every standpoint they liked the prospects of the lease. Some mine managers happened to be motoring in the neighbourhood and had a look at the lease. They liked it very much and saw that it promised well; in fact the indications were splendid. It was as good from the developmental standpoint as anyone could desire to see. The upshot was that the prospectors sold the lease to Mr. McDermott and others for £25,000, and so convinced were they of the value of the property that the prospectors insisted on getting 10 per cent. of the fully paid up shares in any company formed to float the lease. Later on the men took up the Happy Jack lease and sold that, too. This indicates that they were genuine prospectors. The point involved in the case was whether the proceeds from the sale of the lease represented income or capital. Every member of this Chamber would contend that if a man holds a mining lease and develops it up to the point at which it is saleable, that represents his capital. However, the Taxation Commissioner decided that the result of the sale of the lease was income and not capital, and taxed the prospectors accordingly. The case was brought before the magistrate in Perth, who decided that the proceeds from the sale of the lease were capital. That seems a reasonable decision: as to whether it was in accordance with the law is another matter. The Taxation Commissioner was not satisfied with the decision of the magistrate and took the case to the Full Court. Three

Supreme Court judges heard the case a few weeks ago. The Full Court unanimously decided that the decision of the magistrate was wrong. In the published report of the judgment of the Chief Justice, it was stated:—

In His Honour's opinion the transaction with which they were concerned was effected in the carrying out of a business which was in operation as a profit-making concern.

Mr. Justice Northmore concurred and Mr. Justice Draper delivered a lengthy judgment giving the facts as I have presented them to hon. members. In the report of His Honour's judgment it was stated:—

In his opinion the party were engaged in a profit-making scheme and the profits made were liable to income tax.

We may take it for granted that the law is as the three members of the Full Court have decided, but for all that, the decision is not in accordance with justice nor yet with common sense. When this matter was before the House it was pointed out that there was some doubt about the position of prospectors, and the existing legislation was amended to provide for bona-fide prospectors. The amended legislation had not come into operation at a time when the Full Court could have applied it to the case of the Hansen Bros. and Ireland. The amended Act was not made retrospective. It was clearly the intention of Parliament, however, that these men should be treated as prospectors engaged in a prospecting venture and that the proceeds from the sale of their leases should be treated as capital and not as income. It was in order to make the position clear that the amendment was inserted in the Act.

Hon. J. DUFFELL: It becomes a question of a difference of opinion between that of Parliament and that of the Taxation Commissioner.

Hon. J. W. KIRWAN: Yes, and the Commissioner had the intention of Parliament and of the Government clearly expressed in the amendment to the Act. The Federal authorities were prepared to accept the decision of the magistrate who declared that the proceeds of the sale were capital and not income, which view was in accordance with the wishes of Parliament. It seems to me extraordinary that after the magistrate had given his decision, the Taxation Commissioner should not have been satisfied with what was a fair and reasonable decision, but should have had recourse to the Full Court with the resultant injustice I have indicated. The sequel to that action is disastrous, not only by reason of the indirect loss, but of an appreciatively greater direct loss than the taxation amounting to £6,000 or £7,000. The terms under which the sale of the lease was made set out that the purchasers should pay the taxation. Although the judges knew only the prospectors in respect of this case, the company will have to pay the taxation. The company expected to get a refund of the amount, and had been legally advised that

such would be the position. A meeting of the Celebration Company was held in London and when the decision was received that no refund would be made, the company was short of funds and decided to shut down the mine. The result was that 50 men were thrown out of work and are now engaged on relief works in the district. It would have been better if the £6,000 or £7,000 had been spent in the development of the mine rather than that such an amount should be spent by the Government in providing men with work on roads in the district. The pity of the whole thing was that just before shutting down a most important development at the 400ft. level of the Celebration mine took place, and one of the mining men, probably the best authority on mining in the State, said that the development was such that there was every reasonable hope of the mine turning out an excellent proposition. However, the company in London was sick and tired of the taxation matter and simply shut down the mine, throwing the men out of work. These are examples of the harm done by unwise and excessive taxation imposed upon the mining industry. I have asked the Government to go into the whole question of mining taxation and I understand it is their intention to do so.

Hon. A. LOVEKIN: There are a number of other cases on all fours with the one you have quoted.

Hon. J. W. KIRWAN: I have no doubt that the hon. member could provide many more instances. I have others as well, but I do not wish to go into further details. The whole basis of taxation, as it affects the mining industry, is wrong. Mining represents a wasting asset, in which respect it is different from other industries. Every ounce of gold taken from a mine makes the mine so much the poorer. I have been informed by the Minister in a letter to me that he is in favour of income tax not being imposed in connection with the proceeds from a mine until the proceeds of that mine have paid back the whole of the working capital.

Hon. A. LOVEKIN: Hear, hear!

Hon. J. W. KIRWAN: I have advocated that step for some considerable time. When Mr. Colebatch was a Minister of the Crown he constantly refused, on behalf of the Government, to alter the position. For instance, a man, as the result of the first year's working on a mine, may show receipts up to £5,000 over the expenditure involved, but that individual may have put £20,000 or £30,000 into the mine and the initial excess of returns over expenditure may be the only receipts that he may get. Such a man would be taxed on the £5,000 although he might lose an enormous amount of money. The mining man is often taxed on what are alleged to be profits but are not real profits, and this discloses the necessity for mining taxation being placed on a better basis. I would go further than that. Take the case of business people on the goldfields and compare their position with those who have businesses in Perth, assuming both sets of bus-

incomes to be run efficiently. What is the position of the business man on the goldfields to-day? Every year his capital is depreciating in value in proportion to the depreciation of the mining industry in the locality where he resides. On the other hand, take the position of business men in Perth. They have the unearned increment that comes to every establishment in Perth, and their businesses are continually increasing in value. A man may make £1,000 a year out of his business on the goldfields, but his capital may depreciate at a rate of £1,000 a year. I quite understand the difficulties attendant upon the adjustment of taxation matters, but it is only fair and just that some percentage reduction should be allowed to the man running his business in a district where his capital is continually depreciating in value.

Hon. J. Cornell: When a miner leaves the goldfields to-day he has to give away his home.

Hon. J. W. KIRWAN: Exactly. Before concluding I should like to refer to what is really a ray of sunshine in the mining industry, namely the possibilities of the Gwalia Consolidated at Wiluna. I am speaking of something I know a good deal about when I allude to the Gwalia Consolidated. I spent some time at Wiluna learning all about the mine, and I discussed it with those in authority. Unquestionably the Gwalia Consolidated is one of the biggest mining propositions this State has known. It is true that some time ago it was not an unqualified success, owing to a metallurgical problem, due to the presence of antimony. However, since then the problem has been overcome. When I was at the mine I received the reports of three bores that had been put down a great many years ago. I could not get very much information as to when or by whom they had been put down. At the time I felt doubtful as to whether or not those bores would be confirmed but when, on returning to Kalgoorlie, I incidentally mentioned it to a highly capable mining man, he said there was no reason to entertain any doubt about the bores, because he had been the supervising engineer when they were put down. He was, he said, certain that the bores would be confirmed. He is one of the most careful mining men in the State and so, in view of what he said, I felt perfectly satisfied that the earlier bores would be confirmed by the bores put down recently. I understand that the cores are now being assayed, and I hope that before long we shall have the results. If they be what all those associated with the mine are confident they will be, then the Wiluna field must become of great value to Western Australia. English capital is pledged to be brought into the State to the amount of £300,000. Of course we all know that will not be sufficient, that something more will be required. However, that may the beginning

of a fresh flow of British capital to Western Australia. I need not tell the House what such a flow would mean to the State. In the meantime we should remember that English capital is a very shy bird, not over fond of Labour Governments. Of course I am sure the Government will do nothing likely to tend to create any concern in the minds of British capitalists. If those bores be confirmed and if, in consequence, British capital comes into the State to an extent even remotely approximating the way in which it came in in the nineties, I think we shall have a new era of prosperity, and that our troubles, financial and others, will be very quickly solved.

On motion by Hon. J. Ewing debate adjourned.

House adjourned at 6.5 p.m.

Legislative Assembly,

Thursday, 31st July, 1924.

	Page
Temporary Chairmen of Committees ...	88
Question: Land open for selection ...	88
Address-in-reply, third day ...	89

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

TEMPORARY CHAIRMEN OF COMMITTEES.

Mr. SPEAKER: I desire to inform the House that I have appointed as temporary Chairmen of Committees the member for Gascoyne (Mr. Angelo), the member for Forrest (Mr. Holman), and the member for Menzies (Mr. Panton).

QUESTION—LAND OPEN FOR SELECTION.

Preference to Australians.

Mr. MARSHALL asked the Minister for Lands: 1, What was the total area of land surveyed and opened for selection at the 30th June, 1924? 2, What was the total number of applications for selections to the same date? 3, Will the principle of preference to Australian-born applicants be considered by the present Government?