

work and labour done on behalf of the company, notwithstanding that no cash has been actually paid for or in respect of such ordinary shares by the persons to whom the same are issued.

Will the member for North Perth say that that does not provide for the issuing of free shares? Will he say that there is no provision whereby the company can issue free shares and then pay an 8 per cent. dividend on the shares for which no payment at all has been made?

Hon. W. C. Angwin: I hope they get 8 per cent. I think they will be 8 per cent. out of pocket.

Mr. McCALLUM: Though it is provided that no one shall hold more than 5,000 ordinary shares, another article states—

The company may by special resolution consolidate its shares or any of them into shares of larger nominal amount or subdivide them into shares of smaller nominal amount than is fixed by the memorandum of association.

Mr. Pickering: That is watering down.

Mr. McCALLUM: Or watering up, whichever the hon. member likes. It gives power to confine the shares of the company to a few individuals, or to water the capital down as much as they like. A demand for a monopoly made by such a company is a demand that Parliament should not accede to. If the House is determined to pass the Bill, then I hope hon. members will at all events see that the interests of the State are safeguarded in connection with the lease, so that the site at Fremantle shall not be tied up for 99 years at a paltry rental of £5 per week. Although the company say they are prepared to erect silos at all ports, paragraph (b) of Subclause 2 of Clause 3 does not deal with terminal silos at all. I commend that paragraph to the attention of the members for Geraldton and Bunbury.

Mr. Pickering: And Albany.

Mr. McCALLUM: Yes, and Albany. Under that paragraph all the company need do is to erect elevators in the districts mentioned, whereupon they can bring all the wheat to the port. There is nothing in the Bill to say that the wheat produced in a district shall be shipped from the district. Perhaps, in calling attention to these matters, I am arguing against the interests of Fremantle. Still, I hope that the members concerned will see that the Bill does make provision for compelling the company to carry out their obligations. When I was in Sydney recently with the Leader of the Opposition, that gentleman and I made it our business to obtain all the information we could regarding the bulk handling system in New South Wales. We did not confine our inquiries to the Minister in charge of the system. The Minister placed us in touch with the officials administering the system and they in turn took us to the men actually handling it. The unanimous advice given us by all these people was that Western Australia should be very careful indeed before spending money on bulk handling, and before committing the State to that system. I pass on that advice to those proposing bulk handling here. To the Bill itself I am entirely opposed, because there is no necessity whatever for it. I hold that monopolies are good for those who

have them. If there are to be any monopolies, let all the people be in them. Let the State Government handle this monopoly. The Commonwealth is ready to provide the money needed. We as a Parliament should not grant any monopoly to individuals, and particularly not to individuals constituting a company whose articles of association contain such dangerous provisions as those to which I have called attention. As regards the lease at Fremantle, it is no credit to the Premier that he should have granted it, as he has done, to the disadvantage of the taxpayers of this State. I hope he will agree to the amendment I have suggested, providing for periodical reappraisements. Who can say what will be the value of that site in 99 years' time? The proposal is altogether unreasonable. I shall vote against the second reading. If the Bill gets into Committee, I trust it will be amended materially.

Question put and passed.

Bill read a second time.

House adjourned at 10.21 p.m.

Legislative Council,

Thursday, 13th October, 1921.

	Page
Questions: Fair Grounds, Leasing	1199
Royal Commissions and Select Committees Expenses	1200
Bills: Building Societies Act Amendment, Report	1200
Land Tax and Income Tax, Com.	1200
Mining Act Amendment, 1A.	1201
Factories and Shops Act Amendment, 1A. ...	1201
Stallions, 1A.	1201
Adoption of Children Act Amendment, Assembly's Message	1216
Wheat Marketing, 2A.	1216
Motion: Wyndham Meat Works and State Steamship Service, Select Committee appointed	1201

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

QUESTION—FAIR GROUNDS, LEASING.

Hon. F. A. BAGLIN asked the Minister for Education: 1, Has the reserve, known as the Fair Grounds, at the south end of William Street, been leased to any person? 2, If so, to whom, and under what conditions?

The MINISTER FOR EDUCATION replied: 1 and 2, This reserve has been assigned by the State Gardens Board for the annual Ugly Men's Carnival, the Silver Chain Carnival, and the Westralia Fair now running. For the remaining broken periods of the summer the ground has been rented to Mr. D. N. Martin for amusement and incidental purposes, under the usual conditions of rental agreements.

QUESTION — ROYAL COMMISSIONS AND SELECT COMMITTEES, EXPENSES.

Hon. C. F. BAXTER asked the Minister for Education: 1, What were the total expenses covering all Royal Commissions appointed during the period extending from 1st July, 1914, to 30th June, 1921? 2, The total expenses covering select committees during the same period?

The MINISTER FOR EDUCATION replied: 1 and 2, The information required is given in returns which have been tabled to-day.

BILL—BUILDING SOCIETIES ACT AMENDMENT.

Further report of Committee adopted.

BILL—LAND TAX AND INCOME TAX.

In Committee.

Resumed from the previous day; Hon. J. Ewing in the Chair, the Minister for Education in charge of the Bill.

Clauses 2 to 4—agreed to.

Clause 5—Credit for payment under Dividend Duties Act, 1902:

Hon. J. J. HOLMES: I move an amendment—

That the following subclause, to stand as Subclause 3, be inserted: "Provided that in any assessment made under this section a deduction shall be allowed for interest or other expenditure incurred by the person in the production of the income derived from dividends."

I understand the position to be this: Assuming that a taxpayer has an income of £4,000 from ordinary sources, in the interests of the country he may invest his money in some limited liability company. It becomes necessary in the establishment of secondary industries to seek the assistance of men who have money in order to take up shares. If such a man invests £5,000 in taking up 5,000 shares, it is necessary for him to get the money from the bank. In due course, a dividend of 10 per cent. is declared, increasing his income according to this clause to £4,500. The fact remains, however, that the individual's income would be £4,150, because he has to pay £350 to the bank in interest for the accommodation.

The Minister for Education: Would that not be deducted?

Hon. J. J. HOLMES: No. I understand that a private individual or a private concern can deduct that amount but when it is a matter of a limited liability company the deduction is allowed for the amount paid under the Companies Act of so much in the pound, but the department will tax that individual on the full income of £4,500 whereas his real income is £4,150. It is rather an important matter, and although I do not desire to delay the passage of the Bill the position I have referred to is one that should receive consideration. The position I have put to the House is on all-fours with that set out in the letter I referred to when last discussing this matter. The letter in question states—

Section 5 of this Act provides that any person whose income, inclusive of dividends, exceeds £2,267 shall be taxable on the full amount of such income, less a deduction of the amount of tax paid by the company or companies paying the dividends. And further, that if a person has no taxable income except dividends exceeding £2,267, he shall pay tax on those dividends subject to a deduction of the dividend duties tax. No provision is here made for any deduction of expenditure incurred in gaining the dividends, nor of loss incurred in any other business. In many cases borrowed money is used for investment in shares in a company. No allowance is made for the interest paid on such borrowed money in the Income Tax Assessment Act for the reason that dividends, not being taxable under that Act, such expenditure has not been incurred in earning the income taxable under that Act. When, however, dividends are made taxable income under the Income Tax Act, it appears to be necessary to provide that such dividends shall be subject to a deduction of any expenditure, including interest, which may have been incurred in earning the income which is made taxable under that Act.

The amendment I propose gets over that difficulty. I think probably this is a matter that has been overlooked in the past and the Taxation Department has taken advantage of it. If this additional subclause is inserted in the Bill, the position will be remedied.

The MINISTER FOR EDUCATION: The amendment was only shown to me a few minutes ago and as members will doubtless realise it is impossible for me at a moment's notice to accept the amendment. If the position is as the hon. member says, I do not know whether his proposed amendment will rectify it or whether, in rectifying it, it may not create some other anomaly. The only thing I can do is to have the matter investigated. If the position is as indicated no one should be over-taxed and everyone should be treated

fairly. For that reason, it will be necessary to defer the passage of the measure. As I mentioned yesterday, it is important that this Bill should be passed without delay. The course we will now have to follow means a delay for a further period. Although I am quite prepared to have this matter investigated, I may, when it is investigated and settled to the approval of the majority of members, ask the House to suspend the Standing Orders in respect of this particular Bill so as to get it back to the Assembly without delay. If we amend the measure and it takes the ordinary course here and is then sent to the Assembly and takes the ordinary course there, a delay of several weeks may easily arise.

Progress reported.

BILLS (3)—FIRST READING.

- 1, Mining Act Amendment.
- 2, Factories and Shops Act Amendment.
- 3, Stallions.

Received from the Assembly.

MOTION—WYNDHAM MEAT WORKS AND STATE STEAMSHIP SERVICE.

To inquire by select committee.

Debate resumed from the 11th October on the following motion by Hon. J. J. Holmes—

"That a select committee be appointed to inquire into and report on the administration and working of the Wyndham Meat Works and the State Steamships, with power to call for persons and papers."

THE MINISTER FOR EDUCATION (Hon. H. P. Colebatch—East) [4.48]: I do not intend to offer any opposition to the appointment of a select committee. It is my desire to meet the expressed wish of the House that the committee should be appointed without delay. In carrying out that wish, I have put myself to considerable personal inconvenience in order to be prepared to reply to the motion this afternoon. So far as I am concerned, the committee may be appointed this afternoon and may proceed at once with its work. It would have suited me personally had the House acted upon the suggestion of Mr. Sanderson and forced the matter through on Tuesday, because obviously in such circumstances there would have been no occasion for me to speak at all. In fact I could not have spoken with a proper sense of Ministerial responsibility without some time for preparation and inquiry. While I am not opposing the appointment of a select committee, a great many statements have been made in connection with this matter that it is undesirable I should leave unchallenged. Mr. Holmes made reference to the absence of the balance sheet for the State Steamship Service for the year ended 30th June, 1921, and it was suggested

that if other trading concerns could submit their balance sheets at an early date, it should be possible for the State Steamship Service to do likewise. This, however, is not the case. Much information has to be obtained from London after the close of the financial year before the balance sheet can be presented. I hold in my hand and intend to lay on the Table a financial statement of the State Steamship Service for the year ended 30th June, 1921, but it is not tabled as a balance sheet for the reason that, until the adjusters have completed their work in connection with many claims arising out of the long series of accidents by which the service was assailed during the past year, and detailed statements are received from London in connection with alterations and additions to the motor ship "Kangaroo," the figures must be regarded as approximate only, though I understand there is little doubt that they will turn out to be pretty close to the mark. Considering the number of ships that comprise the service, the chapter of accidents experienced is quite remarkable. The "Bambra" had no fewer than three mishaps, the third being of a serious and very costly nature. The "Kwinana," the ship which has carried on the trade of the North-West coast for years as a cattle ship and was a good revenue earner and carried the losses of the other boats, became a total loss through fire. The "Kangaroo" also had certain accidents which, though minor, caused a great deal of delay in the boat coming out from England. It must be remembered that the "Kangaroo" during the 12 months was earning for two months only, the "Kwinana" for six months only, when she was burnt; the "Bambra" for seven months only; this being due to the vessel having to go away for repairs. Only the "Eucla," a small boat, was earning during the whole period. In view of these circumstances it is contended that the loss on running account is not so heavy as might have been expected. The loss on running account was £5,512 for the year. Added to that loss on running account there are losses due to accidents, repairs and docking charges, and in this connection the manager points out that had the "Bambra" been the property of the State Steamship Service, a good deal of the money spent on repairs to the "Bambra" might properly have been spread over a considerable period. The repairs effected did not merely restore the vessel to her condition prior to the accident, but improved her vastly. As a result she is a much better ship; she averaged 10½ knots on the full trip, which is far better than her speed prior to the accident. In view of the fact that the "Bambra" does not belong to the Government, we followed the proper course of debiting to last year's account the whole of the expense necessary to repair her and put her into commission again. The total losses through accident, repairs and docking charges for the year amounted to £65,000. Against this £29,000 was recovered from the

underwriters in the form of insurance, leaving a loss on that account of £36,000. The interest paid to the Treasurer for the year was £12,258 and the redemption and sinking fund was £5,332. The total of overhead charges and losses through accident, repairs and docking charges, added to the running losses, made for the year a total loss of £59,117. Previous to this year the State Steamship Service showed a profit for the whole period of its operations of £218,538, of which £189,132 had been returned to the Consolidated Revenue up to the 30th June, 1920. That profit was in excess of all interest and depreciation charges, so that the position at the end of June, 1921, was a profit for the whole period that the State steamships have been running of £160,000. But it must be borne in mind that the profit of £160,000—if we were to realise on the service now—would depend on the vessels still in possession of the service bringing their full value.

Hon. G. W. Miles: Is the cost of the renovations to the "Kangaroo" included?

The MINISTER FOR EDUCATION: The steamers have cost, less depreciation written off, £356,000, so that if the service were closed up and sold the profit of £160,000 shown on the whole of the operations would depend on £356,000 being obtained for the present boats. Any amount by which they fell short of £356,000 would have to be deducted from the £160,000 profit shown as having been earned. Up to the end of the last financial year, the "Kangaroo" cost £340,000.

Hon. G. W. Miles: She was bought for £160,000.

The MINISTER FOR EDUCATION: The original cost was £142,000, and certain alterations were made during her early history costing £23,000, making a total of £165,000. Further extensive structural alterations have been made including the provision of refrigerating space and other things costing altogether £175,000.

Hon. A. Lovekin: You would not get that for her now.

The MINISTER FOR EDUCATION: The manager of the State Steamship Service reports:—

Dealing now with the balance sheet, it will be noticed that the fixed capital account has increased mainly due to the expenditure in connection with the "Kangaroo." The high cost of the work was due to many circumstances beyond our control, as was evidenced by the fact that, whereas it was expected that the work would have taken 16 weeks, it was not finished under nine months, the stoppages being frequent and costly—

Most of the stoppages were due to strikes—but once having embarked on the work it was not possible to stop same until completed.

Mr. Holmes made reference to the refusal of cargo for North-West ports on the projected trip of the "Kan-

garoo" to Java and Singapore. I understand that there was no cargo offering for the North-West ports. One steamer left for the north this morning, another left yesterday, another is to leave in a fortnight's time, so that there would not be much cargo offering. The only ports at which the vessel is to call are Point Sampson and Derby. In view of the small amount of cargo likely to be offering owing to the plentiful service on the coast, it was thought that as sheep had to be picked up at Point Sampson and cattle at Derby, it would serve no good purpose to seek cargo for those ports. The vessel will take sheep from Point Sampson and cattle from Derby and the rest of her cargo will be principally flour from Fremantle. I understand that the freight altogether will be a profitable one. It has been said that this vessel cannot safely negotiate the different ports in the north-west. I have had inquiries made from people who speak with authority, and I learn that the vessel should not experience any difficulty in entering all these ports except Port Hedland, which I am informed does not present insurmountable difficulties but, as Mr. Miles knows, it is a port which frequently calls for skilful navigation, even on the part of vessels smaller than the "Kangaroo." As for her suitability for entering the ports where she is required to lie on the bottom when the tide is out, my information is that neither the "Bambra" nor the "Kwinana" was specially constructed for lying on the bottom. Those steamers, however, have not experienced any great difficulty on that account. On the other hand, the "Kangaroo" is very much stronger than either of these vessels, and has been specially strengthened with a view to her having to do this particular work. Reference was also made to the taking of flour to the Straits Settlements by the State Steamship Service at 40s. per ton, as against the Commonwealth rate of 50s. The latter was a rate applying to all Australian ports. It does seem to me that if 50s. is a fair price at which to take flour from Sydney to Singapore, it is not a fair price at which to take flour from Fremantle to the same destination. I see no reason whatever why Western Australia should not have the advantages of its geographical position in endeavouring to obtain the trade of the islands. From that point of view I fail to see that any violation was done to the laws of sound trading in the "Kangaroo's" taking that flour at 40s., as against the Commonwealth rate of 50s.

Hon. G. W. Miles: Have not the Commonwealth Government brought down their rate from Sydney to 40s.?

The MINISTER FOR EDUCATION: They may have done that; but if they have I do not see that that is any particular disadvantage to us.

Hon. G. W. Miles: It puts us back again.

The MINISTER FOR EDUCATION: I do not see that the State Steamship Service

can be blamed in that matter. Reference has been made to the invitation from the Straits Settlements Government in connection with this trip of the "Kangaroo"; and I told Mr. Sanderson that I would have the papers ready for him to-day. I find, however, that the correspondence is in the State Steamship Service office at Fremantle. It will be available here shortly. The hon. member can take it from me that the invitation did come from the Straits Settlements Government. Whatever we may think of the past history of the "Kangaroo," I do believe there is a very distinct hope of opening up by means of her a profitable trade with the Straits Settlements. The great barrier in the way of that trade in the past has been the private control of all the cold storage space at Singapore. Because of that factor, though shipments of fruit sold by Western Australian growers for delivery at Singapore have realised big prices, other Western Australian growers, tempted by those big prices to send fruit on consignment, got very little for it. That happened in several cases. Before such a trade can be cultivated with the Straits Settlements, there must be cold storage available at the other end. The Straits Settlements Government are now arranging for the provision of up-to-date cold storage accommodation at Singapore under their own control. That will have a very important bearing on the future trade between this State and the Straits Settlements.

Hon. J. Duffell: That and regular supplies; there must be a regular service.

The MINISTER FOR EDUCATION: I understand that the existing cold storage accommodation at Singapore is in private hands—hands that are at all events not over friendly towards shippers on consignment from Western Australia. Undoubtedly we shall require an outlet for many of our products, such an outlet as is likely to be furnished by this trade. For instance, in connection with the very extensive soldier settlement on the Swan, we shall have to find a market for dried fruits. We shall also have to find markets for many other things that our people have been encouraged to produce. Of course I do not think for a moment that the "Kangaroo" could develop and continue that trade. But the intention is that the present voyage of the "Kangaroo" should open up that trade, start it and develop it; whereupon other people can come along and carry it on. The fact that the Straits Settlements Government as a result of their negotiations with the Government of this State are providing the very facility whose absence has stood in the way of the trade in the past, is to my mind a very hopeful sign for the future, and amply justifies the Western Australian Government in acceding to the wish of the Straits Settlements Government that this expedition should be made. The delegates who are going on the expedition are all selected commercial men, and I understand they are taking a great deal

of stuff with them. They are impressed with the immense importance and possibilities of this trade to the East, and are eager to open up the new market. That is all I wish to say in regard to the State Steamship Service. So far as the Wyndham Meat Works are concerned, several statements made by Mr. Holmes are not in accordance with the facts of the position, and are likely to have a very prejudicial effect on the public mind. No one knows better than I do the difficult proposition the Wyndham Meat Works represent; but it is certainly not going to do any good to make the position appear worse than it actually is. Even if it were a sound proposition that the Government should sell the works for the most that they would fetch, the Government are not likely to be assisted in the disposal of the works if the position is misrepresented to the disadvantage of the undertaking. Mr. Holmes said the capital expenditure on the works was £1,245,852. That is not right. That amount does not represent the capital expenditure. It represents the capital involved. That, I take it, is what the hon. member means.

Hon. J. J. Holmes: Read on!

The MINISTER FOR EDUCATION: The actual position is that the capital involved is not £1,245,000, but £1,192,000, with other liabilities of £53,000, against which there are liquid assets totalling £332,000. So that, instead of the capital expenditure on the works being £1,245,000, it is £1,192,000 less £332,000, or the difference between the liquid assets and the outstanding liabilities. Then the hon. member said that the estimated loss on the works for this year according to the Treasury figures is £97,000. That is not so. There is no estimated loss according to the Treasury figures. He proceeded to say—

The works, after operating for two years, and allowing for this year, when they are idle, will have incurred losses aggregating £282,472 12s. 3d.

The figures to which the hon. member refers are the estimates of cash receipts and expenditure submitted to the 31st December, 1921, and do not necessarily have any bearing whatever upon the loss which was incurred. They deal with a different matter altogether. Mr. Lovekin asked whether the "loss" of £97,000 took in the £70,000 advance for cattle; and Mr. Holmes readily answered "No." I do not know where Mr. Holmes got his information, but the amount certainly did include the £72,000, and had no relation whatever to any loss incurred this year. I repeat, the figures to which Mr. Holmes referred are simply a statement of estimated cash receipts and expenditure up to the 31st December, 1921, and included in that amount of £97,000 is the £70,000 which it is estimated will be required as an advance for cattle. However, there will be a loss for the year, because there have been

practically no earnings and there have been the overhead charges. If anybody could misconstrue the cash statement referred to, I could understand the mistake made by Mr. Holmes. However, I have now explained the matter. Then the hon. member said—

.... if we add the estimated loss this year of £97,000, we get a total of £1,005,777 for buildings, machinery, etc. I have already pointed out that that amount of £97,000 does not enter into the question of loss. Then the hon. member said that interest charged to construction was contrary to law, and that the Auditor General had said so. The Auditor General has not said anything of the kind. What he has said is that paying interest from a loan vote for construction is not authorised—a vastly different thing. The amount of interest charged to construction is quite in order, and has been approved by the Auditor General. Mr. Holmes also stated—

An amount of £49,750 included in the cost of the works is capitalised interest during construction. That interest should have become a debit to revenue, but they have covered up their tracks by charging this to the Wyndham Meat Works as interest in course of construction.

The practice referred to obtains in connection with the construction of all large public works, the construction of railways for instance. When the estimate of the cost of a work is made up, so much is allowed for interest during construction. That is the only means by which one can arrive at the true capital cost of a work, because the thing does not commence earning until it is completed. If we want to find out the true capital cost of a work, we ask what did it cost on the day it was finished; and one of the items of cost is interest incurred during the period of construction. There has been no effort to cover up tracks, as the hon. member suggested. To my mind that was a most offensive remark. The position is a very difficult position; but, so far from any covering up of tracks, every possible information has been laid on the Table of the House and has been open to the public. Mr. Holmes further stated—

The audit discloses under sundry debits that the amount of £1,118 was omitted. It is evident that somebody had goods to that amount which were never charged.

This was a debit against the Imperial Government for storage, made by the works at the end of December, 1919. Details reached Perth in January, 1920, and the amount was duly incorporated in the accounts for that year. The auditors transferred it to the correct year, 1919; and the transfer is shown at the foot of the profit and loss account for 1920. Mr. Holmes is absolutely reckless in his statements. He jumps to the conclusion that the amount represents something that

was never charged. The hon. member further stated—

A list of stores on hand at Wyndham was produced which I am informed represents the result of actual stocktaking; but this list was not certified to by the officers who took stock.

As a matter of fact, the list was certified by the works manager and the assistant works manager. Mr. Holmes complained that the Auditor General said an officer was sent from head office to take stock. What happened was that an officer from Perth did take stock at the end of 1919. But he was not sent up purposely to do that. He was appointed to the position of storekeeper, and the first thing he did was to take stock.

Hon. J. J. Holmes: Why did not the Auditor General say so?

The MINISTER FOR EDUCATION: On that slender foundation Mr. Holmes builds up an edifice of extravagance and declares that the man was sent to Wyndham to take stock, and that therefore he must have stopped at Wyndham two or three months doing nothing. The Auditor General did not say that. There was neither extravagance nor waste connected with it.

Hon. J. Duffell: There was no necessity for the Auditor General to call attention to the thing at all if the officer was sent up as storekeeper, and not merely to take stock.

The MINISTER FOR EDUCATION: Then Mr. Holmes said this—

I understand that the Government were offered about £2 10s. for each hide. It is said that those hides were brought to Fremantle and that they were piled up in rolls of salt and subsequently hung up to dry. To-day I am told the value of those hides is about 10s. each. If that is correct, we have a loss of £25,000.

As a matter of fact we are getting over £1 each for most of the hides.

Hon. J. J. Holmes: What were you offered for them?

The MINISTER FOR EDUCATION: I believe that, as a matter of fact, they missed the market. But a great many other people were in the same position. I do not know that at any time we could have got £2 10s. for the whole lot. Nobody realised the rapidity with which the value of hides was to fall. Mr. Holmes also declared that no stores accounts were kept at the head office, nor, he understood, at Wyndham. As a matter of fact an up-to-date stores system is in operation at Wyndham, where details are kept. Details are taken into the Perth books at the end of each year from the Wyndham returns.

Hon. J. J. Holmes: The staff have nothing also to do now.

The MINISTER FOR EDUCATION: They have a great deal to do. Then Mr. Holmes said this—

No depreciation has been charged to this year's accounts. The general manager considered that a satisfactory basis was

not available to enable a fair estimate of depreciation to be made, and decided to defer the question until such a basis could be compiled They cannot arrive at a basis of that depreciation, and thus they evade their responsibility.

As a matter of fact, construction records have made it impossible to itemise costs for depreciation in a reasonably accurate manner, and the plant will have to be valued in detail for insurance as well as for depreciation purposes. In this connection it must be remembered that the management has worked under great disadvantages. It was understood that the works were to be completed in time for the season 1919, and it was of the highest importance from the point of view of the pastoralists, and also because of the very high prices prevailing at the time, that an effort should be made to get the works going in 1919. That was done, but only in the face of tremendous difficulties, because the construction had not been completed. Then the hon. member says—

The only check that could be made at head office was to see that the amounts in cash sheets sent from Wyndham were duly accounted for. Boiled down, it means that if a man sent from Wyndham a sheet setting out that so much money had been received, they saw that that money was accounted for. If he did not send down the cash sheet he could put the cash in his pocket, and that would be the end of it.

I do not think that is the Auditor General's remark.

Hon. J. J. Holmes: It cannot mean anything else.

The MINISTER FOR EDUCATION: There again the hon. member fancies he can see some people putting money into their pockets. The position is very different. A cash book was always kept by the canteen manager, and his receipts checked and entered on the collection sheets by the Wyndham accounting officer, those sheets being subsequently sent to Perth. In addition, a boarders' register was kept at the canteen, registering debits and payments, also under the supervision of the accounting officer. For some time past the boarders' register has been transferred to and kept in the accounts office and balanced monthly with cash received and board owing. Again, Mr. Holmes said "No details were supplied of the amounts brought into the books at 31st December, 1920, whether in favour of the concern or otherwise." As a matter of fact, the account system provides for details being kept in the Wyndham books, the head office keeping the totals. The details in this instance were taken from the Wyndham books in pursuance of this system. Then Mr. Holmes said—

In another place the Auditor General explains that they sold bread and stores to people in Wyndham. I judge from this that no one knows whether payment was ever made.

Because the Auditor General says that they sold bread and stores to people in Wyndham, the hon. member says that nobody knows whether payment was ever made. Cash and credit sales were recorded in the books in a manner consistent with usual up-to-date commercial practice.

Hon. J. J. Holmes: There is no store-keeper there.

The MINISTER FOR EDUCATION: There always has been.

Hon. J. J. Holmes: The Auditor General says there has not.

The MINISTER FOR EDUCATION: The hon. member went on to say that the cost of treatment at the works was £13 per head—£13 per head to prepare the cattle for export. In point of fact the actual cost was £8 11s. 6d. per head plus £3 10s. 7d. per head interest, or a total of £12 2s. 1d. per head.

Hon. G. W. Miles: We have heard you say more than once that the cost was £6 per head for overhead charges.

The MINISTER FOR EDUCATION: Those overhead charges were on a kill of 13,000 head of cattle per annum. When that kill is more than doubled, naturally the overhead charges are reduced by 50 per cent. If the hon. member will work it out carefully he will find the two figures quite consistent. With a 19,000 head kill it works out at £3 10s. 7d. In the first year, 1919, the cattle treated numbered 9,281 head, the working costs being £13 17s. per head exclusive of interest. In the second year, 1920, the number treated was 18,495, and the cost £8 11s. 6d. per head. That illustrates the reduction in costs when works are operating to a fuller capacity, reducing the costs from £13 17s. to £8 11s. 6d. And that is with the works working at but little more than half their full capacity.

Hon. J. J. Holmes: Plus £5 per head interest.

The MINISTER FOR EDUCATION: These figures merely show the difference in working costs for a large quantity as compared with a small quantity.

Hon. G. W. Miles: You said just now you did not allow for depreciation.

The MINISTER FOR EDUCATION: That is so. These figures are apart from depreciation. The costs in the first year were higher by £5 1s. 3d. per head than in the second year, when they had a 18,495 head kill. In 1920 the costs were much inflated by the necessity for holding labour in anticipation of the arrival of a meat boat and also by the carrying of a full store of frozen products long after the close of killing operations. Had freight been available on time, a saving of about £28,000 would have resulted, which is equal to about £1 10s. 3d. per head of cattle slaughtered. The loss shown in the year 1920 includes £23,803 1s. 2d. lost on the realisation and carry-over value of 1919 products, this being equal to about £1 5s. 9d. per head on the 1920 kill. If the works were laid up entirely, a loss of

about £83,500 would still be incurred per annum.

Hon. J. J. Holmes: Then my ridiculous statement of £93,000 was not too bad after all.

The MINISTER FOR EDUCATION: I said nothing about the hon. member making a ridiculous statement. I said that he quoted a figure which applied to something entirely different from what he applied it to.

Hon. J. J. Holmes: I have handled too many meat accounts to be misled.

The MINISTER FOR EDUCATION: I think the hon. member made reference to Vestey's closing down their works.

Hon. J. J. Holmes: No, I never mentioned it.

The MINISTER FOR EDUCATION: Well one hon. member referred to it during the debate. Apparently their intention is to lay up their works altogether. Even so, it will be necessary to incur some expense in regard to the management, caretaking, etc. It may be of interest to know that the present crew at Wyndham, when the works are not operating, is numerically far below the number of men which Vestey's have been keeping on at Port Darwin. The works at Wyndham are being properly cared for.

Hon. J. J. Holmes: Vestey's have all their stations to look after.

The MINISTER FOR EDUCATION: But their stations are remote from the works. Those stations are not being run from the works. Coming to the total loss of the two seasons, it is very easy to be wise after the event. If we could have foreseen the present position, I suppose the "Kangaroo" would have been sold a couple of years ago, and the Wyndham Meat Works would never have been started. This is a very interesting return. The losses on working account for the past two years amounted to £19,171 in the first year and £71,166 in the second year, or a total of £90,337. Add to that interest charges of £95,663 for the same period and we get a total loss of £185,000. The market depreciation in values of products realised and products unsold between the times of production and the 31st December, 1920, were as follows: Canned meats £103,000, tallow £23,000, hides £25,000, or a total of £151,000. So, had the market stood at what it was when the works began to operate, there would have been a loss for the whole period of £40,000, including interest, but excluding depreciation. The Wyndham Meat Works are not the responsibility of the present Government. The works have been in the same position as every other meat works in Australia, and nearly all other meat works in Australia have had to close down, as we have had to do.

Hon. Sir Edward Wittenoom: Why did not the Government take the offer of the British company?

The MINISTER FOR EDUCATION: When?

Hon. Sir Edward Wittenoom: Before the Wilson Government started on this business.

The MINISTER FOR EDUCATION: I think it was in 1908 that the present Premier put up a proposition for Government assistance to a private company at Wyndham. The principle was that the Government should provide under security, and at a fair rate of interest, a proportion of the capital, in consideration of which the company entered into all sorts of undertakings to give equal treatment to the whole of the squatters.

Hon. Sir Edward Wittenoom: Nothing of the kind.

The MINISTER FOR EDUCATION: That was the proposal, and it was condemned by the Press and from every platform in Western Australia. Had the proposal put up by the present Premier in 1908 been acted upon, it would have been a very good thing for the pastoralists and for the finances of the State.

Hon. Sir Edward Wittenoom: Nothing of the sort.

The PRESIDENT: The hon. member will have an opportunity to speak later.

Hon. Sir Edward Wittenoom: I have said all that I wanted to say.

The PRESIDENT: Order!

The MINISTER FOR EDUCATION: One point it is important to make is this: Certain hon. members have said "Get rid of the freezing works even if you give them away."

Hon. J. J. Holmes. I did not say that.

The MINISTER FOR EDUCATION: The hon. member did not, but some other hon. member did. I think Sir Edward Wittenoom said something very close to that. If we gave them away we would lose £70,000 or £80,000 a year on them.

Hon. Sir Edward Wittenoom: You will lose more than that if you do not get rid of them.

The MINISTER FOR EDUCATION: We have to pay the interest and depreciation. I believe it is said of an American millionaire that he made his fortune by buying his straw hats in the winter. The Government do not intend to act in the opposite way. The Government do not intend to sell the Wyndham Freezing Works at a time when freezing works all over the world are at a discount. Under present conditions it is impossible to get fair value for them.

Hon. G. W. Miles: Is that the opinion of the Government in regard to ships?

The MINISTER FOR EDUCATION: I do not understand the application of the question.

Hon. G. W. Miles: The same thing applies there.

The PRESIDENT: Order!

The MINISTER FOR EDUCATION: The Government have no desire to see the value of these freezing works depreciated. There is no question about their being exceedingly valuable works.

Hon. G. W. Miles: They are certainly worth something.

The MINISTER FOR EDUCATION: They have cost a lot of money but the bulk of the money was borrowed at considerably lower rates of interest than prevail at pres-

ent. The bulk of the machinery in the works was also bought at a lower price than prevails to-day.

Hon. J. W. Kirwan: What is the rate of depreciation?

Hon. G. W. Miles: After all these years there is no depreciation provided.

The MINISTER FOR EDUCATION: The rate of depreciation would vary so far as the works are concerned. The rate on the buildings would be very low, because they are wonderfully well built and will stand for centuries. I do not know what the rate of depreciation on the machinery would be, but I should think it would come out at 7 per cent. or 8 per cent.

Hon. J. Duffell: More than that.

The MINISTER FOR EDUCATION: The general rate of depreciation might, I think, be set down at about 5 per cent.

Hon. J. Ewing: That is pretty low.

The MINISTER FOR EDUCATION: The works are too valuable to be thrown away. I have no doubt if the Government were prepared to act on the suggestions made by some hon. members and to give the works away there would be plenty of people after them. We have had a number of offers for the works; people acting on the principle of the American millionaire who bought his straw hats in the winter. The Government are saddled with these works and are not prepared to get rid of them for nothing. People have made these offers.

Hon. J. Duffell: Were there any cash offers?

The MINISTER FOR EDUCATION: Yes, there were all sorts of offers.

Hon. Sir Edward Wittenoom: Why did you not accept them?

The MINISTER FOR EDUCATION: These people recognised that the works were valuable and that after a time they would be able to run them at a profit. The estimate I have been given was put up on the assumption that the works would be working at their full capacity of 30,000 head of cattle and on the basis of treating 90 per cent. freezers without canning; beef unsuitable for export in its frozen state would be treated for tallow, extract, and fertiliser. This estimate was also prepared on the assumption that there would be a market at present low prices:—

Frozen beef at 4½d. per lb. c.i.f. London (quotation in Smithfield on 8th inst. for Argentine hinds was 8d. per lb.) (so that 4½d. should be considered a reasonable price). Tallow at £50 per ton c.i.f. London (London quotation, 28th last month, £59). Hides at 22s. 6d., much below probable value. Other products at current value. Freight, oversea at pre-war rates, freights and fares—coastal at current rates; wages, at the same rates as in the 1920 season. Oil fuel at the excessively high cost of stock on hand, £12 10s. per ton, although it is considered that further importations will be very much less.

On this assumption it is estimated that cattle averaging 630 lbs. dressed would be worth £6 13s. per head. I think this would work out at somewhere about 2½d. per lb.

Hon. C. F. Baxter: How are they to treat that number of cattle with such a small storage space?

The MINISTER FOR EDUCATION: That can be overcome by—

Hon. J. J. Holmes: By spending a lot more money.

The MINISTER FOR EDUCATION: By providing additional storage accommodation which would cost not less than £118,000. The whole trouble arose from the fact that the freezing works were started on a wrong assumption, for which members of the North Province were to a large extent responsible. The assumption was that the works would chill cattle at Wyndham and send the chilled meat down to the metropolitan market.

Hon. J. J. Holmes: Do not say that about me.

The MINISTER FOR EDUCATION: I am not speaking of any particular member. The hon. member was not in the House at the time. For that reason a limited storage accommodation only was provided. It was expected that boats would call frequently and bring the stuff down to the market. We were told that the saving of loss that was sustained by each beast on the voyage would pay everything in the way of freight and charges.

Hon. C. F. Baxter: The argument was that it would save a ewt. per bullock.

The MINISTER FOR EDUCATION: It was somewhere about that.

Hon. J. Cornell: We were originally told that we were to get cheaper meat down here.

The MINISTER FOR EDUCATION: That is so. That accounted for the faulty design of the works, and for the provision of storage accommodation, which would have been sufficient for that class of chilled meat trade coming to the metropolitan market.

Hon. J. J. Holmes: The Government drew up the scheme. Why blame members from the North?

The MINISTER FOR EDUCATION: I say that those members were to a large extent responsible for this. Most of the debate in the House was carried on by members representing the Northern Province.

The PRESIDENT: I must ask hon. members to cease interjecting. The debate has become more or less a conversation. The hon. members who are interjecting will have either the right to reply or of speaking later on in the debate.

The MINISTER FOR EDUCATION: One hon. member, I think, produced a shin of beef in the Chamber in order to illustrate the waste that was going on. It was subsequently found that to send chilled meat as proposed to the metropolitan market was impracticable, and that these works must be regarded as works to freeze beef for the oversea market. Instead of shipments being made every two

or three weeks, this entirely different proposition involved shipments only two or three times in the whole season, and therefore meant the establishment of large storage accommodation. That is a difficulty which the Government have to face. It cannot be overcome except by the expenditure of at least another £118,000 for the provision of additional storage. The works are valuable and have done excellent work. There is no question about the quality of the work that has been done.

Hon. G. W. Miles: You were going to tell us about the cost of producing meat under normal conditions.

The MINISTER FOR EDUCATION: I told the hon. member what it would be under normal conditions.

Hon. J. W. Kirwan: Do the Government contemplate spending this extra £118,000?

The MINISTER FOR EDUCATION: That question is receiving the most careful consideration of the Government. They have obtained the best possible advice on the matter. I have no objection to a select committee investigating that question, but I would point out that we have in connection with the works at present a very small staff. That staff is engaged upon two things. It is engaged in making tentative arrangements for operating next season. If the market is anything like what it should be, and if the freights are available and reasonable conditions can be made in regard to wages, undoubtedly the works ought to run. We ought not to allow the sum of between £70,000 and £80,000 for interest and depreciation to go along, and for us to get nothing out of the works. It is important that we should be in the position to operate these works if, when the time comes, it is desirable to do so. It is important not only in the interests of public finance, but from the point of view of cattle owners in the Kimberleys that the works should be operated. The staff is also engaged on other work in connection with the provision of additional storage accommodation. That has to be taken in hand fairly promptly, if the works are to be ready for the 1923 season. Whilst I have no objection to the select committee investigating these matters I trust their investigations will not close the door or make it impossible for us to do either or both of these things if circumstances prove them to be desirable. I was speaking of the quality of the work that is done, and have here a report from a firm in Newcastle on Tyne interested in canned goods. It reads—

The articles they (Wyndham Meat-works) have for sale are frozen meat—and their brand is considered one of the very finest that comes from Australia—boiled and corned meat, the bulk of their pack being put up in 6lb. tins; and they have sold very large quantities of these in the United Kingdom, with every satisfaction to buyers. Their tallow (of which

they have large supplies) commands the very highest price of tallow which is turned out in Australia and New Zealand. Besides these, they ship considerable quantities of offals, such as frozen tongues, tails, hearts, livers, skirts and cheeks—the packing and out-turn of which are considered equal to the finest American, and have realised the highest prices.

From that point of view the works management has undoubtedly done all that could be done. I have just been handed a cable which has been received from our London agents to-day. It is as follows—

Frozen beef, Imperial remnant. Smithfield opinion most satisfactory time dispose of here (London) January, February, March. To-day value crops 3½d., hinds 5¼d. (average 4½d.). Suggest describe as usual Wyndham quality.

The Imperial remnant is beef which was left in store at Wyndham. It had been sold to the Imperial Government and was stored at Wyndham at their cost for a long time. In every case the product of the Wyndham Freezing Works has been the quality that is most favoured.

Hon. J. Cornell: The worst Australian tinned meat is better than the best American tinned meat.

The MINISTER FOR EDUCATION: The pastoralists of Queensland have had an experience of private companies, and although for a long time they obtained high prices, I do not know that they would express the opinion, as suggested by Mr. Holmes, that private companies necessarily gave them better treatment than the Government would. It is easy for freezing works at a place like that to become purely a monopoly in the interests of the people operating them, who would be just as ready to close them down if it paid them to do so, and operate elsewhere. All these things have to be taken into consideration before any decision is arrived at in the matter of disposing of the works. When such a decision is arrived at the Government would certainly not give the works away. Much of the discussion which has occurred, not only here but in the Press, has set up the idea that these works are worthless, and that anyone could make an offer for them and get them. That is contrary to the position. The Wyndham Works are a very valuable proposition. They have cost, because of war conditions and a number of other circumstances, a good deal more than they ought to have done, and there will probably be a necessity for writing down the capital. The works have been well managed and would be capable, with the necessary expenditure to complete them, of carrying on greatly to the advantage of pastoralists in the North. Personally, I would welcome an investigation by a select committee. I am sure it would reveal that fact. It

would have the effect of setting up in the public mind a different idea as to the value of the works. If Parliament insists that the Government should sell the works, I am sure that Parliament will also insist that we should get a fair value for them, and not give them away as some hon. members have suggested.

Hon. C. F. BAXTER (East) [5.45]: I agree with the Minister that the motion submitted by Mr. Holmes for the appointment of a select committee will do a great deal of good. Considerable misconception has existed in regard to the Wyndham Meat Works. I can well remember the time when the Bill was introduced to this House for authority to spend £250,000 for the construction of these works. The main argument then was that the works would supply chilled meat for the metropolitan area. Comparisons have lately been made between the Wyndham works and the Darwin works. They are vastly different propositions. The Wyndham works have not cost anything like the works at Darwin.

Hon. J. J. Holmes: The Wyndham works have nothing like the capacity of the Darwin works.

Hon. C. F. BAXTER: The difference is in the amount of cold storage. The Wyndham works could deal with as many cattle as the Darwin works provided the storage capacity existed, and if any good is to result from the Wyndham works the extra storage will have to be provided. If the select committee recommends that the Government shall go ahead as soon as possible with the work of providing additional storage, then it will do some good, because without that extra storage the works will be almost useless. The storage capacity at the present time amounts to something like 1,600 tons, but of that space the works are able to utilise only 1,200 tons, as the remainder is devoted to pre-cooling for preserved meats. The storage of only 1,200 tons at works such as these in the far North of Australia means that there must be a supply boat continually available. It would be only at increased freights that it would be possible to get all the shipping that would be required to remove the chilled meat from the works. Our success in the past has been due to the fact that the Federal shipping departments have been generous to the Government of the State in the way of supplying the necessary shipping to lift the meat at great inconvenience to their service. Unfortunately some 300 or 400 tons have been left behind. This quantity was purchased by the Imperial Government, and what the exact position is to-day in regard to this meat I do not know. Wyndham has an advantage over Port Darwin in two respects. One is that there is a far better water supply at Wyndham, and the second is that it has holding ground—grazing areas

right up to the doors of the meat works. Darwin has no pastoral land of any consequence within 100 miles of the works. I do not think any member will say that we should close the Wyndham works altogether. It is very unfortunate that the Government were forced to close the works during the past season, but from the point of view of running the works, a big loss would have resulted had they been open. The works have been most unfortunate. Prices were fairly good in the first year when only a small number of cattle was treated. The number was 9,000 odd, but in the second year, when 19,000 cattle were treated, the works struck possibly the worst market the meat trade has ever experienced. It may be news to hon. members that some of the meat preserving firms in Australia have sold their preserved meats in England for an amount which only covered storage at the market. This will give some idea of the position which existed last season. Is it any wonder then that a loss was made by the Wyndham works. Another great drawback is this: Ever since preserving operations have been carried on at Wyndham, they have had to proceed with construction work as well. That is a costly as well as a difficult way of running such works. The Minister told us that a good deal of the capital cost would have to be written down. I think it will. I do not think there could have been better superintendence during the operations that have been carried on than that which has existed. Latterly the Government have secured the advice of Mr. Allen, who is regarded as one of the best architects and engineers in the freezing business in Australia. From the many inquiries which I made in the Eastern States I found that that gentleman holds premier position as an adviser. The result of that gentleman's advice is that the works are being put on a sound footing. I join the Leader of the House in stressing the fact that the select committee will do all they can to ease the position of the management and permit them to proceed with the arrangements for operating next season. Just about this time the management will need to commence to make all their arrangements to start operations early in April, and if they are delayed it will mean the cutting down of the season, cattle will be left on the holdings, and the overhead charges will be increased. Every help should be given to the management to assist them in their efforts to make the works prove themselves next year. Mention has been made of the failure to sell a number of hides. The Western Australian Government were not alone in this respect. The failure was world wide. The position is that all the big people in the meat trade were holding hides against a rise, and unfortunately a financial crash came in America and down went the price of hides with a run. So that it was not Western Australia only that was affected.

Hon. F. A. Baglin: Did you not act against the advice of your officers?

Hon. C. F. BAXTER: Certainly not. One man who was looked upon as the keenest and smartest business man in Australia was caught with four times the number of hides that the Government had. This kind of thing, however, happens in connection with all commercial lines, and it is one of the difficulties which we in Western Australia have to face when we are running a commercial concern. You may make money in one line of business conducted by the Government, and nothing will be said, but so sure as you make one failure a tremendous outcry will be raised instantly. With regard to the hides, so far as I can remember, there was an offer to purchase something like a thousand—I am only speaking from memory—and the management were doing all they could to get full value for the products of Wyndham. Regarding business undertakings generally, I am not favourable towards the Government continuing them, but I do not see that the Government should try to get rid of them just when they would fetch a ridiculous price. It looks now as if the Government will have to carry on those works for another season or two. The outlook is so bad at the present time that it would only be possible to get a fourth of the value of the undertakings if they were offered for sale. In fact I doubt very much whether any offers would be forthcoming just now.

Hon. J. Duffell: We have had offers.

Hon. C. F. BAXTER: The Leader of the House spoke of offers made in the past, but not of late.

Hon. J. Duffell: One was made a few days ago.

The Minister for Education: We have had three offers within the last month.

Hon. C. F. BAXTER: I should be interested to know whether the offers were worth considering.

The Minister for Education: They were not good enough to entertain.

Hon. C. F. BAXTER: I will support the motion for the appointment of a select committee, and I trust that the efforts of that committee will result in helping the works on towards financial success.

Hon. T. MOORE (Central) [5.55]: While I would welcome the appointment of a select committee to inquire into these works, I feel that very little good will be got out of the work that that committee may perform. What surprised me was the extravagant statements that were made by Mr. Holmes when he coupled the two concerns. I would have considered from the statements which the hon. member made that a select committee would have had quite enough to do to look after the investigation of one of the concerns. Why did he couple the two—the State steamers and the meat works?

Hon. J. J. Holmes: I explained why at the opening of my remarks.

Hon. T. MOORE: These enterprises have really no connection with each other, and the

hon. member tried to make out such an extraordinary case that I feel that if the select committee are to do their work thoroughly, they should have been asked to deal with one only. I would rather see them separated than have one committee inquiring into the two undertakings. We know that the hon. member is steeped with prejudice against the State enterprises. Long before I entered this House I read of the attacks made by the hon. member on the State enterprises.

Hon. G. W. Miles: To-day he is in favour of them.

Hon. T. MOORE: I recollect well how the hon. member used to find fault with the management of the State steamers, and how he showed up the management in the newspapers by getting a certain amount of space allotted to him and securing a profit by letting that space to someone else. He has always held the idea that State shipping has not been the correct method of carrying on the affairs of the north-western part of the State. Therefore we should accept with caution the statements which he makes. After having heard the replies of the Minister, I am satisfied that, while the steamers have been responsible for a good deal of trouble, Providence is as much to blame as anyone else, and therefore no inquiry can do any good. If the steamers had had a good run, and Providence had been kind, everything would have been well. The hon. member says he is in favour of the State steamers and we know very well that the vessels that have been operating on the coast are not suitable for the coast. If the investigation is to extend to the need for other boats being built for the trade, it will be all right, but I understand that the Government have already decided to build boats for that trade.

Hon. G. W. Miles: I hope not.

Hon. T. MOORE: Statements have been made that the Government sent a man to the Old Country some months ago. It does not matter who they sent, but if they have decided on getting new steamers, what is the good of appointing a select committee now?

Hon. G. W. Miles: But have they decided?

Hon. T. MOORE: Did not the Government send a fitter Home? I believe a statement has been made that the Government sent a man Home to inquire as to whether boats could be built or purchased at a satisfactory price so as to enable them to carry on the North-West trade. It would be ridiculous for us to appoint a select committee to inquire into the transactions of obsolete ships, for I believe that they have reached that stage now. Leaving the State steamships, however, and dealing with the awful proposition, as it has been termed—the Wyndham Meat Works. I do not agree with that description. Providence, we know, has been up against that proposition as well, and to inquire into the operations of works which, like similar private concerns, are closed, would be ridiculous. If private companies find it necessary to close their plants

owing to the conditions of trade, it emphasises the ridiculousness of conducting an inquiry of the nature indicated at the present time. We know that when the prices become adjusted, the works will again operate. When the prices are favourable and the commodities which the works turn out can be placed satisfactorily in the world's markets, the machines at the freezing works will operate again. Any inquiry made when the bottom is knocked out of a market, will only be so much waste time. In time, the matter will right itself. There is no necessity for such an inquiry at the present stage. The meat works are not the only concerns which are closed. The base metal industry is closed down. Is it proposed to appoint a select committee to inquire into that aspect? There are other concerns which are closed down because the prices are against them at the present stage. Is it intended to appoint select committees to inquire into each one of these other concerns? If it is the intention of the House to appoint a select committee, I hope it may do some good. For my part, I do not think any good will come of it. I was wondering, too, what the cost of all this will be. Will we have to get men down from the North-West or is it the intention to send the select committee on a visit to the North-West? If the committee intends sitting in Perth and evidence is required from the North-West that certainly will mean considerable expense at a time when we are talking so much about economy.

Hon. J. Nicholson: The "Kangaroo" will be going up there directly.

Hon. T. MOORE: And many of us are annoyed that we are not aboard her. I have nothing to fear as to what the select committee may find regarding the State enterprises generally. I contend, however, that the time is not opportune to hold an inquiry concerning the operations of these two propositions.

Hon. G. W. MILES (North) [6.4]: I can partly agree with Mr. Moore, but I would prefer to see the Government come forward with a policy under which they would get rid of these concerns. If the motion had been framed to that effect, giving the Government power to dispose of trading concerns without further reference to Parliament, it would be more fitting to the position. As to the reference to a gentleman being sent Home to inquire regarding the building of ships for the State, it is the duty of the Government to let the country know what they are doing and whether they propose to continue the State trading concerns. Regarding the trip of the gentleman I have referred to, it cost, I understand, over £100, and I suppose that cost will be added to the capital cost of any steamers purchased.

Hon. J. J. Holmes: That cost is shown as an asset in the balance sheet.

Hon. G. W. MILES: I do not think it is good policy to say anything more. I do

not know whether I am in order or not, Mr. President, but I want to refer to a statement appearing in this morning's "West Australian" referring to State trading concerns.

The PRESIDENT: If it refers to the Wyndham meat works and the State steamship service, the hon. member will be in order.

Hon. G. W. MILES: Both are included in the reference and the paper comments upon the debate which took place last night. It states—

It is easy to say "cut the losses," but it is not so easily done as said. In one way the Government could cut losses by closing down every competitive enterprise. The fixed and floating capital tied up in them is about £2,250,000. At 6 per cent. this entails an annual charge of £135,000. On a scrap sale of plants and stores the Government might realise £1,000,000, leaving an irrecoverable charge upon revenue of £75,000 a year.

The gentleman who wrote that article has not followed out the position to its logical conclusion. We have two millions of the people's money tied up in these trading concerns and we are told that we will lose more money by operating this particular work than by keeping it idle. If we sold these concerns for a million, we could save about £75,000 a year, and that figure at compound interest will wipe out the other million in 10 years.

Hon. J. Nicholson: That is pretty high finance.

Hon. G. W. MILES: It is not. It is common sense. If we lose £150,000 per annum to-day and by selling the works we can save £75,000, it means that the £75,000 lost each year will be wiped out and at compound interest that amount would run into a million inside 10 years.

Hon. A. Lovekin: No, not at all. It would be about £150,000 in 10 years.

Hon. G. W. MILES: The longer we continue to run these concerns, the worse the position will be. The Minister has referred to the greater loss made in running the concerns than we experience in allowing them to remain idle. We should sell them straight away. It is an economically sound proposition to do so. But if we continue operating them we will only get into a worse position. The Minister stated that no provision for depreciation has been allowed respecting these works. All these losses have to be added to the deficit and I hope that if the select committee is appointed, the Government will take notice of its report. I have been assured by the Premier that the Government intend to bring in a measure to give them the right to get rid of these concerns. If that is so, I do not know whether the motion before the Chair will do any good.

Hon. F. A. Baglin: Was that another secret conference?

Hon. G. W. MILES: I would like to see a motion brought forward giving the

Government an opportunity to sell these concerns without consulting Parliament at all.

Hon. E. H. HARRIS: Why don't you move an amendment?

Hon. G. W. MILES: I do not care what they do, but I do not think we should scrap them or sell them for half-a-crown as was suggested last night. I agree with the Minister that we should get a fair deal. The Government should get rid of the concerns at the earliest possible moment and devote their attention to administration.

Hon. J. J. HOLMES (North—in reply) [6.10]: There have been so many statements made by the Minister as to the manner in which I dealt with this question, that I am bound to make some reply in self defence. I have been complimented both inside and outside this Chamber upon the moderate manner in which I discussed this awful proposition. I had to keep in mind, in putting the proposition before the Chamber, that a similar motion had been negatived in the Legislative Assembly. I would not have it laid at my door that because I did not put up a case before this Chamber, my motion was defeated. The Leader of the House will see the justice of my attitude. Had the result of the debate in the other Chamber been different, I would not have attempted to make out a case such as I attempted last night, but I would have been content to wait for the committee to investigate. I was forced into the position of having to make out a case to justify the appointment of a select committee. I contend that there has been no answer to the arguments I put up.

The Minister for Education: Yes, there has been.

Hon. J. J. HOLMES: I have always given the Leader of the House credit for being able to make white look like black and black look white. I do not know what colour his statement produced; it was neither black nor white, simply because there was no defence. The excuse regarding the absence of a balance sheet in connection with the State Steamship Service for the year 1921 is that the figures were not available from London. If I were in another place I would say that explanation is all moon-shine. Here is the "Kangaroo," the slowest modern ship in Australian waters, which has just plodded her way out from England at a rate of nine knots, whereas the mail boats travel at twice that speed. To tell us that the papers are not here, that the people who have done the work do not want their money, have not rendered their accounts, and do not want payment, is to treat this Chamber as if the Minister was talking to school children. Then as to the excuse regarding accidents; if I were connected with a steamship company and so many accidents occurred, I would come to the conclusion that I did not know the business and that it was time for me to get out of it. The Minister does not view things from that light. He challenges the Auditor General's report.

The Minister for Education: I did not do so. I challenged the construction put upon it.

Hon. J. J. HOLMES: The Minister made the Auditor General's black report look white. That is what I have always given the Minister credit for. The Auditor General on page 1 of this report dealing with the Wyndham Meat Works and the balance sheet and profit and loss account for the year ended 31st December, 1919, says—

An amount of £49,750 7s. 3d. is also included, being part of the capitalised interest during construction. There is no statutory authority for charging this interest to the loan fund; on the contrary, interest under law is payable from the consolidated revenue fund.

Hon. members will note the words "interest under law." Yet the Minister said that the Auditor General never said anything of the kind. On the question of sundry debtors I find the following reference in the Auditor General's report:—

An amount of £1,118 18s. 11d. was omitted. No provision was made for bad debts.

"Sundry debts," in the ordinary course of the phrase, means that someone or some combination of persons owe money, and the Auditor General says that £1,118 18s. 11d. was omitted and no provision made for bad debts. Dealing with the canteen, this was another of the matters to which the Leader of the House referred, but again he made black look like white. The report of the Auditor General for the year 1920 has the following to say:—

The only check which could be made at head office was to see that the amounts of the cash sheets sent from Wyndham were duly accounted for. The amounts received for casual meals were supported by numbered dockets from 1st October, 1920. No details were supplied of the amount brought into the books at 31st December, 1920, for sundry debtors. No charge was made for services rendered by the Agent General in London and no exchange was included for moneys received in London on behalf of the concern, whether in favour of the concern or otherwise.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. J. J. HOLMES: Before tea I was reading some extracts from the Auditor General's report. There are two other points I wish to make in connection with that report. The Minister said that I had built up a case as to the visit of an officer from the head office to Wyndham for the purpose of taking stock and that I had stressed the point that the Auditor General stated that the officer who took stock had not signed the stock sheets. The Minister admitted that this afternoon. He said the stock sheets were signed by some other person, the engineer. Of what use are the stock sheets unless the

officer who took stock is prepared to sign them? The Minister told us further that the man who was sent up was storekeeper. If he went up to take stock and was offered the appointment of storekeeper when he got there, his report might be different from what it would have been under ordinary circumstances. I do not say that this is the case, but it is a matter for the committee to inquire into. While the Minister stressed what did appear and what did not appear in the Auditor General's report he failed to refer at all to the main point, namely that the balance sheet for the State Steamship Service to the 30th June, 1919, is on the Table of the House and that the Auditor General's report, as I said when moving the motion, has been extracted from it. That is a serious charge to make, but the Minister passed it over.

The Minister for Education: Because I was unable to get any information with regard to it.

Hon. J. J. HOLMES: If the Minister cannot get the Auditor General's report, it shows the necessity for a select committee. If I am a member of the committee, I will see that we get that report or there will be trouble. The Minister told us that the estimated loss on the State Steamship Service this year was £59,000. He then went on to say that to date the service had made a profit of £160,000, but he forgot to add that the "Kangaroo" had made about £260,000 profit during the war period, profiteering, and since the war ended, on the Minister's own figures, there has been a loss of approximately £100,000. We have this appalling statement from the Minister, that while the "Kangaroo" was originally purchased for £140,000, she now stands in the books at something like £340,000.

The Minister for Education: I said she had cost about £140,000 and that the amount since spent on her brought up the total to £340,000. She does not stand in the books at that cost, because large sums have been written off for depreciation.

Hon. J. J. HOLMES: I think the depreciation is sinking fund created by the insurance company that originally found the money for the purchase of this ship. However, I do not care whether the ship was purchased for £140,000 and whether she now stands at £200,000—

The Minister for Education: It is more than that.

Hon. J. J. HOLMES: I do not care what it is; it is an appalling admission, and if the vessel stands at £340,000, it is more appalling. We have had references to the suitability of the "Kangaroo" for the north-west coast trade, and the Minister told us that the vessel has been strengthened. I think he said that £170,000 had been spent on her recently.

The Minister for Education: For refrigerating plant, etc.

Hon. J. J. HOLMES: If my information is correct, she will need to be strengthened

considerably for that trade. I understand she is 50ft. longer than any other ship trading on the coast. The ships that trade there have to sit in a basin prepared for them, so that they will rest on level ground when the tide recedes. If we have a ship 50 feet too long for the basin and she grips forward and aft, she will need to be pretty strong in the centre or she will break. This is a matter into which the committee might inquire. The Minister referred to the reduction of freight. He said the Government were justified in reducing the freight from 50s. to 40s. to Singapore. We know what the broadminded Minister had in view. The Government were going to take all the flour trade of the East for Western Australia. They overlooked the fact that other people own steamers, that the Commonwealth own steamers, and that immediately the Western Australian Government reduced the freight with the object of capturing all the eastern flour trade, the other people, in self-defence, would be compelled to do the same. That is what they have done. The Minister neglected to tell us what the ex-Minister, Mr. Baxter, subsequently told us, that we would have been in trouble for freight to carry away the frozen meat from the Wyndham works last season. It was the Commonwealth Steamship Service that came to the assistance of the Government. Surely when the Commonwealth came to their assistance and undertook to ship the meat away, it was very poor compensation for the State Government to pay the Commonwealth by reducing the freight on flour by 10s. a ton, compelling the Commonwealth to do the same. The State Government claim that the Commonwealth are out to beat them at every turn, and the Commonwealth in turn assert that the State Government are out to beat them. We have to remember that the Commonwealth can supersede anything the State may do. They have the last say in everything and I am somewhat concerned as to what will happen to our ambassadors when they go to the Eastern States to discuss the treatment Western Australia has received at the hands of the Federal authorities. The Commonwealth will be in a position to reply to them, "You have shown a very un-Federal spirit yourselves, and if you think you can do things better or cheaper, you have no right to ask us for concessions. You had better go back to your own State and manage affairs as they should be managed." We have the statement of the Minister that there is a profitable trade in the East and that Mr. Scaddan is going out with a party in the "Kangaroo" to develop this trade. Practically the Minister said that Mr. Scaddan was going to teach the people in the East and the people here how business ought to be done.

The Minister for Education: I did not say anything of the sort.

Hon. J. J. HOLMES: The Minister got very near to saying it. For the last 30 or 35 years the shipping people have been running a fleet of steamers between Singapore and Fremantle. What have the business people of Western Australia been doing all that time or what have the people in the East been doing that it should devolve upon the Government to step in, fit up a ship at a cost of £170,000 on the top of her original cost of £140,000, to open up this trade and send the Minister for Industries there to show the world how this business should be done? I can tell the House what might have been done. You, Mr. President, reported some years ago on the possibilities of trade with the East and pointed out that we would be wise to get in early to capture that trade. What might have been done with the "Kangaroo" at the commencement of the war period, when all the other ships were taken from here as well as from the Eastern States, and there was not a ship available, is this: she might have gone into the trade then and we might have captured the trade of the East and held it. Once the trade came into our possession it would have been possible to hold it. That could have been done with the "Kangaroo" at that period, because I believe she was the only free British-owned ship within the Empire. I think there was some constitutional point about her being owned by the State Government as to whether the Imperial Government or anyone else could commandeer her, or perhaps it was that the Imperial authorities knew Western Australia had done very good service and did not bother about commandeering the "Kangaroo." There was the "Kangaroo," a free ship at the commencement of the war, that could have gone into this trade and taken our products to the East and established that trade and held it until the end of the war when other ships could have gone into the business. Instead of the "Kangaroo" doing this trade she was profiteering in foreign waters, carrying shipments of oil for the oil combine of America. She was anywhere but in Western Australia; she was anywhere to make money, and the profits made by the "Kangaroo" were paid into the revenue to mislead the people who were told that the trading concerns were paying handsomely, when all the time it was the "Kangaroo" that was carrying the whole of the trading concerns. Now the State has got to carry the "Kangaroo." The Minister may laugh, but I have him under the whip for once.

Hon. J. Duffell: He does not smart very much under it.

Hon. J. J. HOLMES: That is the serious aspect of the position. If I were responsible for this kind of thing on behalf of the State, I would be walking in my sleep, or might even be in the lunatic asylum, because I would be taking the matter so seriously. Some people can draw their

£1,500 a year and smile and do nothing for it. I wish I were built on those lines, but I am not. The Minister told us that the Wyndham Meat Works in 1919 lost £16,000 and in 1920 £136,000, and he ridiculed my statement that this year they would lose £97,000.

The Minister for Education: I did nothing of the kind.

Hon. J. J. HOLMES: I repeat that the Minister ridiculed my statement that the Wyndham Meat Works would lose £97,000 this year. Here are the State trading concerns estimates for the current year ending 30th June, 1922. Here we have a summary of the receipts and expenditure. The estimated receipts are shown as £167,600, the expenditure as £264,630, and the estimated deficit is £97,030. Those were the only published figures I could sight. But I knew what the Minister told us this afternoon. He told us that the loss was likely to be more like £200,000. The Minister will smile at that, I suppose, but he has to remember that there has been no depreciation allowed since these works were put up. The Premier in 1919 said it was not necessary. The Auditor General says it is necessary. The Wyndham Meat Works manager in 1920 said that no depreciation had been allowed because a basis for estimating depreciation could not yet be arrived at. But the Minister fixed that matter this afternoon in about two minutes. He said, "I suppose a fair thing would be 5 per cent. on machinery, and——"

The Minister for Education: I said nothing of the kind.

Hon. J. J. HOLMES: The Minister suggested 5 per cent. on the buildings and about 8 per cent. on machinery. If hon. members will calculate those allowances, they will find that this year the works would have to write off, for three years' depreciation, about £180,000. On the top of that the works have to find £97,000 for interest, and loss on manufactured stock. In making what the Minister called the astounding statement that the works would lose £97,000 this year, I quoted the only figures available, and I was on pretty safe ground. When the Government decided not to open the works this season, I went to the Premier with a deputation; and the Premier then said to me nothing about depreciation, but did say that if the works were closed the loss would be £75,000 for the year, and that if they were opened the loss would be £163,000 for the year. Upon his saying that, I replied that if the figures were correct I must tell the deputation that the works could not be opened. I did tell the deputation so. Why cannot the Minister be fair? The hon. gentleman this afternoon referred to the circumstance that if the number of animals slaughtered was increased, the overhead charges would come down. But nobody knows better than the Minister—and surely it is his duty, as Minister in charge of this House, to tell this House—that the output cannot be

increased unless the capital expenditure is considerably increased.

The Minister for Education: I did tell the House that.

Hon. J. J. HOLMES: The question the select committee will have to decide is whether the increased capital expenditure would be justified or not. Mr. Allen, who Mr. Baxter tells us is the best expert in Australia, has been wandering about this continent for the last 18 months, to and from Queensland, inquiring into the question of increased storage at Wyndham; and after 18 months the matter is still "under consideration." The Minister has said that the Government will not sell the works because they have not got an offer that suits. I have never suggested that the works should be sold. If I had before me the evidence which the proposed select committee would take, I should be able to report as to whether the works ought to be sold or not. I desire to draw the attention of the Leader of the House to the fact that the present Government had an offer to purchase the State Sawmills at a price which did suit; but they did not sell them. I have been charged with changing my mind, and I am on my defence this evening. Now I propose to read something said here in 1915, and I will ask the House to guess who is the speaker—

It has been said in regard to the sawmills that to stop them would mean throwing a lot of men out of employment. I wish the people could get rid of the economic fallacy that it is a good thing to employ men on useless work. As a matter of fact, there is any amount of employment offering in this country. The Government have any amount of work for providing employment. The money spent on these sawmills would have been just as well spent on any other work. The £200,000 now represented by unsaleable sleepers and machinery, if represented at all, could have been used in giving employment in different parts of this State in developmental work, in a way permanently beneficial to the country.

I wonder who made those statements in 1915? The Leader of the House made them.

The Minister for Education: They are quite true, too.

Hon. J. J. HOLMES: At a subsequent date the Government received a definite offer for the sawmills at a satisfactory price; but when it came to a question of "Shall we sell the sawmills and lose our jobs?" the Government decided not to sell.

The PRESIDENT: The hon. member is somewhat straying beyond the motion.

Hon. J. J. HOLMES: When moving this motion I started out to deal with only two State trading concerns; but since other members have gone over the whole of the State trading concerns, surely I, in defence, may be permitted to reply.

The PRESIDENT: The hon. gentleman is accused, I understand, of having changed

his mind on this subject. He is quite at liberty to reply with regard to that.

Hon. J. J. HOLMES: We can leave the matter for the time being. Here is something the Minister did say on the subject of the Wyndham Meat Works, namely, that the members for the North Province were responsible for the initiation of the works.

The Minister for Education: I said nothing of the kind.

Hon. J. J. HOLMES: If the Minister denies having said that, I must withdraw. But at the time I was compelled to interject that I was not one of those members.

Hon. J. Cornell: You were a godfather of the works, all the same.

Hon. J. J. HOLMES: The Minister told us that the works were designed to chill meat. Of course anybody who knows anything about the subject knows, and any Minister of ordinary intelligence should have known, that the problem of carrying chilled meat over long distances has never been solved. The present Minister for Industries, who is responsible for the Wyndham Meat Works, established those works at Wyndham to deal with chilled meat. How that chilled meat was to be brought to Fremantle is a point that seems never to have concerned anybody. Nor does anyone seem to have troubled as to what was to be done with the chilled meat if it reached Fremantle in decent condition. In reply to Mr. Moore, who twitted me this afternoon with my opposition to these works, let me say that when the Scaddan Government were right up against it as regards the Wyndham proposition, they sent for me and asked what was to be done. We had a conference, and I told the Government, "You might bring frozen meat to Fremantle, if you can secure a small vessel with insulated space. You cannot bring chilled meat down; but if you bring frozen meat to Fremantle, where are you going to put it? The best thing you can do is to build cold storage on the Fremantle wharf, if you are going to bring frozen meat down here. Bring it down in a frozen state, and if you cannot sell it on this market, then you have it right at the front door of the State, where you can ship it away." That was when Mr. Scaddan was Premier. Nothing has been done since. So much for the advice that local people give, and so much for the thanks they get—to have innuendoes thrown at them, as I have had this afternoon. As regards the State Steamship Service, let me tell Mr. Moore further that I was one of the chief advocates of State steamers on the North-West coast, and that in the early stage, when that enterprise was being driven on the rocks, and the Government would not believe it, I adopted a certain course. I started out to ridicule the management of the State Steamship Service. I chartered one of the State steamers and made £2,000 out of doing so—money which should have been made by the State—and published the fact through the columns of the "West Australian." The editor of the "West Aus-

tralian" sent for me, and said, "Can this be true? It cannot be true." I showed him that it was true, and the statement was published. Let me say that I never chartered another Government steamer, although I could have gone on chartering and making money. After my statement had been published in the newspaper an inquiry was held into the management of the State Steamship Service. Four Royal Commissioners were appointed for the purpose—three of them civil servants. I believe there was a desire to convict me of being either a thief or a rogue or a scoundrel, or all three. However, the Royal Commission pretty soon stopped the inquiry, saying that I had proved everything I had asserted, and more. The Commission were never allowed to report to the Governor, as it was intended they should do. Their report was intercepted by Ministers. This was the action of one who is now a colleague of the Leader of this House. The Government said the management of the State Steamship Service was all right, and I said it was all wrong. I said to the Government, "If you do not change the management, the State Steamship Service will be on the rocks." All the Fremantle managers of shipping companies were rubbing their hands with joy to think that the State Steamship Service was coming to grief. At the time I made the exposure, I thought I was conscientiously doing the right thing to save the State Steamship Service from disaster. I do not think I need say more, except that I do not care whether I myself am on the committee or not. I have said that before. If I go on the select committee, the official Labour Party should be represented on it; and it should also include a member representing the business community. There has been a suggestion that the select committee should comprise five members. I do not mind that.

The PRESIDENT: The constitution of the select committee is in the hands of the House.

Hon. J. J. HOLMES: I have done my duty in putting up a case as to the necessity for inquiry by a select committee. I hope I have been able to put up a satisfactory case, and I trust that a select committee will be appointed.

Question put and passed.

Select Committee appointed.

The PRESIDENT: It is necessary now to move the names of the select committee, and a date upon which the select committee shall report.

Hon. J. J. HOLMES: I do not know whether the procedure is that the mover should propose the names of members of the committee, or that the House should select the members.

The PRESIDENT: The hon. member nominates the select committee, under the Standing Orders. If there is any dissent, a ballot must be taken.

Hon. J. J. HOLMES: I move—

That the select committee consist of the Hon. J. Cornell, Hon. V. Hamersley, Hon. A. Lovekin, Hon. T. Moore, and the mover; to report on Tuesday, the 8th November.

Question put and passed.

BILL—ADOPTION OF CHILDREN ACT AMENDMENT.

Assembly's Message.

Message received from the Assembly notifying that it had agreed to the amendments made by the Council.

BILL—WHEAT MARKETING.

Second Reading.

Debate resumed from the previous day.

Hon. J. DUFFELL (Metropolitan-Suburban) [8.1]: When the first Wheat Marketing Bill came before us for consideration we were in the midst of a titanic struggle for our freedom and liberty. That Bill was classed amongst others as emergency legislation, to meet the abnormal times. To-day we have again to consider a Bill perpetuating one of those emergency measures. I contend that there is no necessity for the Bill. Under the law of supply and demand wheat will bring on the open market the prevailing prices at the various centres of distribution throughout the world, and any legislation we may pass for the purpose of overriding the law of supply and demand will have but little effect upon the London or any other parity, although it may materially affect the local conditions with regard to the price of wheat. Looking through the various clauses of the Bill, we will notice differences between them and the provisions in previous measures. There has been reason to revert to some of the provisions of the 1916 Bill. But the obnoxious part of this measure begins with Clause 6 which prohibits the sale of wheat to anybody but the Minister for Agriculture, thus depriving the farmer of his freedom to dispose of his own product. But that is not all the evil. The Bill also introduces a system of boycotting. Clause 11 empowers the Commissioner of Railways to refuse to carry wheat in a larger quantity than five bags for any farmer who may prefer to stay out of the pool. It is a pernicious system. That provision comes from the Bill of 1918.

Hon. C. F. Baxter: The principle was followed last year.

Hon. J. DUFFELL: That may be. A good many principles which we have on the statute book have proved more baneful than beneficial. It is another of those pernicious Bills to further carry on a system which attempts to override the law of supply and demand. If the Bill reaches the Committee stage I will move

an amendment to Clause 3 of the schedule, which provides that except with the written consent of the Minister the acquiring agents must not sell or trade in any wheat. My amendment will seek to strike out the words "except with the written consent of the Minister," and so will have the effect of restricting the activities of the acquiring agents to the acquiring of wheat, and will not allow those agents to deal with wheat in any other way. I have before me the balance sheets for the last two years of the firm who are to be the acquiring agents. There are in those balance sheets, especially in the last one, items which call for questioning on the part of the shareholders, more particularly that item showing a gross profit of £164,000 boiled down to a net profit of £5,903. It sets up a doubt in my mind as to whether those people are capable of handling so huge a quantity of wheat as the estimated harvest, namely, something like 15 million bushels. I say there is no necessity for the Bill, notwithstanding the contention of the Leader of the House that it is necessary and that no time should be lost in passing it into law, because the harvest is approaching. I have in mind a statement made by Mr. Keys, the manager of the State wheat pool, on a previous occasion when he said he could handle a 10 million bushel harvest and save £15,000 to the State. If Mr. Keys can do that on a 10 million bushel harvest, then by the same reasoning, on the handling of a 15 million bushel harvest he can save to the State £22,500. In the circumstances I say the Bill is not required.

Hon. J. Cornell: Give reasons.

Hon. J. DUFFELL: I am giving reasons all the time. Another point is in respect to wheat below f.a.q. Not until we come to Schedule "A" do we see anything respecting wheat below milling quality. In that schedule provision is made for a certain reduction to the grower on wheat of less than milling quality. Still, nothing is said as to what the grower is to do with it. It will be fresh in the minds of hon. members that on more than one occasion I have voiced my feelings with regard to the handling of wheat below milling quality. In consequence of the treatment to which poultry farmers and others have been subjected, the public have had to pay 3d. per lb. more for bacon than would have been demanded if wheat below milling quality had been sold in open market. In Committee I will endeavour to have a new clause inserted in the schedule, a new clause providing that—

The PRESIDENT: The hon. member will deal with principles rather than details.

Hon. J. DUFFELL: I am doing it simply to enlighten members as to my intentions. I wish to draw attention to the several provisions of the Bill.

The PRESIDENT: That is exactly the trouble.

Hon. J. DUFFELL: It is no trouble, Mr. President, I do not mind. My amendment will provide—

The PRESIDENT: I must ask the hon. member not to go into the details of his proposed amendment.

Hon. J. DUFFELL: When in Committee I intend to have a new clause inserted which in the meantime I will place on the Notice Paper. It will be seen that the schedule requires farmers to commit a breach of confidence, inasmuch as they will have to reveal to the acquiring agents the fact that they are under obligations to the Industries Assistance Board. Therefore as a result of that, instead of getting his certificates as he should do, the Industries Assistance Board will receive them and dole out to him just what they feel disposed to dole out.

Hon. J. Cornell: They are first mortgagees. Why should they not do so?

Hon. V. Hamersley: It is the ordinary procedure in the case of bank debts.

Hon. J. DUFFELL: This Bill is not required. We already have provision within the State for the handling of our wheat without going to an outside source.

The Minister for Education: What provision?

Hon. J. DUFFELL: There is the local wheat board. Mr. Keys, the manager, says he can save the State £15,000 on a 10 million bushel yield, and if he can do that and if what he says is correct, that he is capable of handling the wheat on behalf of the Government, I see no necessity for this Bill.

The Minister for Education: You cannot do that without a Bill.

Hon. J. Cornell: You object to the Westralian Farmers being the acquiring agents.

Hon. J. DUFFELL: There is no necessity for a Bill committing the powers relating to the coming harvest into the hands of an acquiring agent, and I hope it will not pass the second reading.

Hon. J. W. KIRWAN (South) [8.17]: I intend to oppose the Bill. Although I do so I do not intend to speak at great length, because I realise that most members will vote in favour of the measure. My friends of the Labour Party by reason of their strong socialistic principles regard this as a socialistic scheme—rightly so, I think—and consequently are determined to support it. On the other hand, those who are most strongly opposed to socialism, my friends of the Country Party, are the strongest advocates of the Bill in this House. Not only on this matter, but on many other questions, the Country Party ignore their principle of anti-socialism when it comes to a matter which vitally affects their own particular concerns.

Hon. T. Moore: They know a good thing when they see it.

Hon. J. W. KIRWAN: With the socialists so strongly in favour of it and the anti-socialists so strongly in favour of this essentially socialistic measure, I feel sure it will be carried, more especially as the few mem-

bers of the Chamber who feel inclined to oppose it do not think it ought to be rejected on this occasion, because I understand the Government have to a large extent committed themselves to a State wheat pool. I have heard it remarked that already the ships are chartered for taking wheat to Europe.

Hon. R. J. LYNN: That is correct.

Hon. J. W. KIRWAN: I have also heard that other arrangements have been made for the institution of the State pool. If it is correct that the Government have gone so far in this connection, and assumed that Parliament will favour the proposal, I can only say it is another instance indicating that the power is passing out of the hands of Parliament and resting solely with the executive. It has often happened in connection with projects like this that they have come before us when it has been too late for Parliament to do anything. The executive have fixed up the whole matter, and certain hardships and possibly financial loss would be incurred if it were rejected. If the House divides on the question I will certainly vote against the second reading. The Leader of the House in introducing the Bill assumed that the people generally were in favour of a State wheat pool. He practically implied that the feeling was almost unanimously in favour of the establishment of a State pool. I do not agree with that. Many people I have met in Perth, and certainly a great many on the goldfields, are strongly opposed to the pool. I have had protests against the passage of this Bill. The Bill is not the same as previous Bills that have been brought before this House in connection with wheat marketing. The Bill is a very serious departure, inasmuch as previous Bills had reference to a Commonwealth pool. The State on its own responsibility is now undertaking a State pool with all that it means. That is a grave undertaking that cannot be too carefully examined by Parliament. Goodness only knows how long the pool system will last. We have many schemes sprung upon Parliament from time to time that are supposed to be only temporary measures, but looking back on the many years that have passed, I could quote half a dozen proposals which have come forward of a kind that have gone beyond that stage. I remember when the Agricultural Bank was supposed to be a very small affair to help farmers in a minor capacity in the first instance—only a trivial matter—but this has grown and grown and grown. The Industries Assistance Board has been the same. It has grown and grown and grown. I am not discussing the point as to whether it has justified its position or not. The Industries Assistance Board and the Agricultural Bank were both introduced with quite different intentions from what they subsequently developed into, and have practically passed beyond the control of Parliament so far as their growth is concerned. Mr. Sanderson asked a very pertinent question last night. He asked if the Government would give an

assurance that the State pool would not be of a permanent nature. The Minister declined to reply. He said he could not answer a question like that, as he could not look into the future. I think he might have said that the present indications of the Government were not to renew the wheat pool next year unless something extraordinary happened. They could surely make some statement of that sort and give the House an assurance along those lines. The most important body in the Province I have the honour to represent has written and asked me specially to vote against this proposal. The body I refer to is the Boulder Town Council which writes as follows:—

Sir,—I have by direction to ask you to be good enough to support the discontinuance of the wheat pool when the matter is before the House for consideration. My Council has had this matter before it for some time. It is very much opposed to the present price of wheat in the interests of the consumers, and will be pleased if you and other members for the district will make it convenient to come here to attend a public meeting which will shortly be held to explain the reason why a movement is again to be made in Parliament to reinstate the Bill and continue the maintenance of this high price.

The feeling on the goldfields about the wheat pool is strongly averse to it. The administration of the pool during the last few years has tended to increase very considerably the unpopularity of the system. We know the difficulties of those people on the fields who desire to get wheat for local consumption and how much the high price has irritated them. There are people who have pig farms and poultry farms, and there are others who are in a state of considerable indignation. We are told that Australian wheat has been sold in Germany for 7s. a bushel, whereas local people could not get wheat even for fowls at less than 9s. a bushel. They would be less than human if they were not roused to a considerable degree of indignation. What does 2s. a bushel mean to a community such as that in Western Australia? I think the local consumption of wheat in Western Australia is something like two million bushels. Perhaps it is hardly as great as that. If it be two million bushels and if the difference in the price be 2s., the amount involved is about £100,000. This is a big sum for such a small community as ours.

The Minister for Education: Two shillings on two millions would be £200,000.

Hon. J. W. KIRWAN: That is so. I made an error in calculation whilst speaking.

Hon. J. Nicholson: You are moderate in your statement.

Hon. J. W. KIRWAN: I always endeavour to under-state rather than over-state a case. At all events 2s. a bushel on the price of wheat is a tremendously large tax to this community. It is a very serious matter to

consumers. The Leader of the House when introducing the Bill said the matter was one for the wheat producers, as they were the owners of the wheat. I agree it is purely a matter for the wheat producers as to what price they can sell their wheat at under ordinary circumstances, and as to where they will market it. But when the Government pledge the credit of the State to the extent to which the credit of the State will be pledged under this Bill, I say it becomes a matter for the whole of the people of the State, and especially for the consumers. After all the consumers in all these questions are just as much entitled to be considered as are the wheat growers. When the people have pledged themselves to the extent to which this Bill will pledge the credit of the State, and when we have already in the year sold Australian wheat at 7s. a bushel to Germany, and the people of this State have had to pay 9s. the farmers it seems to me, are asking a big thing from the general public.

The Minister for Education: If you said sold to Germany from Australia at 7s. it would be nearer the mark, but to say sold in Germany at 7s. is quite wrong.

Hon. J. W. KIRWAN: Wheat was sold to Germany and the amount received by Western Australia was 7s. Is that not so?

The Minister for Education: That may be so.

Hon. J. W. KIRWAN: It is a mere quibble on the part of the Minister for Education, because I have used the word "in" instead of "to." I hope the Leader of the House has some better reply than this to my argument.

The Minister for Education: Your statement implied that the people of Germany were given cheaper bread than those in this State.

Hon. J. W. KIRWAN: Australian wheat has been sold at 7s. That reached Germany, and at the same time Australian wheat has been sold in Australia at 9s. a bushel. Is that a correct definition of the position?

Hon. R. J. LYNN: Look at Clause 14.

Hon. J. W. KIRWAN: I am speaking of one of the reasons why the pool has become unpopular in Western Australia. Under this Bill we are asked to perpetuate a system that may be as bad. In another place an amendment was embodied in the Bill that is of importance, inasmuch as it makes 7s. the maximum price for wheat for local consumption. I consider that a great improvement, but I doubt if it goes far enough. I understand that the advance to the wheat growers that the Government are prepared to make amounts to 3s. per bushel at the railway siding, and yet in to-day's "West Australian" we find that wheat has been sold in Victoria at 4s. 4d. a bushel, that is, the net price which the farmers there will get for it. If the Government advance to the farmers for wheat at the railway siding 3s. a bushel, it simply leaves at the present price a margin of 1s.

4d., and to my mind that is altogether too small. There is no indication, at the present time at any rate, of the price increasing, while there is a danger of it decreasing and of our losing heavily. The estimate of the wheat harvest is something like 15 million bushels. On that estimate 3s. per bushel would work out at something like 2¼ millions sterling. I know that the Minister for Agriculture has stated he will be able to manage with three-quarters of a million sterling. I do not know how he will be able to manage with so low an amount as that. Still, with so small a margin as the difference between 3s. and 4s. and the possibility of a further fall in the price of wheat, it is a serious undertaking for the Government, and it may involve us in a heavy loss. For the reasons I have given and in view of the fact that in some of the States it has not been considered necessary to establish a pool, I intend to oppose the second reading of the Bill. The Commonwealth has not thought it necessary to go on with the Commonwealth pool. Victoria did not consider it necessary to go on with the State pool, and I believe a voluntary pool has now been established there. In South Australia there will be free wheat. In view of all these circumstances, the Bill to my mind is one that I do not feel justified in supporting. Furthermore, if the Bill goes into Committee, I shall support any amendments that may be suggested to reduce the seriousness of the Bill from the point of view of the finances of the State and lessen the possibility of a monopoly being established, so far as the sale of wheat for local consumption is concerned.

Hon. J. CORNELL (South) [8.35]: It is not often that I disagree with my colleague, but I do so on this occasion. Hon. members who know me well, remember that on the first introduction of the pooling system, which, after all, was a necessity caused by the exigencies of the war, I ventured the opinion, and I adhere to it still, that as time went on the farmer would not view the pool with suspicion, but that he would view it as a necessity and as something which had come to stay. I asserted on the introduction of the first pool that farmers in this Chamber were opposed to the introduction of the pool and that they would have voted against it but for the exigencies of war and the circumstances surrounding it. I am pleased to know that as time has gone on the pool has justified itself in the eyes of the person most competent to judge—the man who grows the wheat. The position to-day is that those who are growing the wheat are unanimously in favour of the pool. Taking this by and large, though not a farmer's representative—I represent a few who have been struggling—I will give my vote in the direction of what the farmers want in regard to this measure. I will admit there is a difference now, inasmuch as the previous pools were of a Federal character, and they were compulsory in each of the wheat producing States. Circumstances and influences have now worked

so that while New South Wales and Western Australia favour a compulsory pool, Victoria has compromised in the direction of a voluntary pool, while South Australia wants no pool at all. The consensus of the opinion of the growers of this State is that they want a pool. Then let them have it.

Hon. J. Duffell: Why do they want it?

Hon. J. CORNELL: Because they are satisfied after four or five years experience of it that it is the better system of handling the wheat. During the period of the war, what is known as private dealing and private enterprise broke down. Though I suppose he is the most ox-like individual in this State, I will say to the credit of the farmer that however dense he may be he has recognised this, that what was good enough to pull him through the most critical period in the history of the Empire, is good enough for him in days of peace.

Hon. J. J. Holmes: What guarantee has he behind him?

Hon. J. CORNELL: The guarantee he has is 3s. 4d. When wheat gets to 3s. 4d. the farmer will come into town—

Hon. J. J. Holmes: Which part of the Bill says anything about 3s. 4d.?

Hon. J. CORNELL: I am taking it for granted. One says 3s. and another says 3s. 4d. I am assuming that the guarantee is 3s. 4d., but if the wheat produced by the farmer does not realise 3s. 4d., the position will be that the collective resources of the State will be called on to supply the difference. If the farmer cannot get more than 3s. 4d. for his wheat, we will have very few farmers left in the country. It will not pay to grow wheat at 3s. 4d.

Hon. G. W. Miles: Nor 4s. 4d.

Hon. J. CORNELL: A farmer may exist on 4s. 4d. Assume for the sake of argument that wheat will fall to 3s. 4d. a bushel in this State, what position will the State be in then? The State will have to offer a bounty or the farmer will have to go off the land.

Hon. J. Duffell interjected.

Hon. J. CORNELL: If the hon. member had experienced the vicissitudes and hardships that I suffered on the land, he would have a tombstone over him to-day. I have been accused of being a socialist and a bolshevik, but I do not think anyone will accuse me of ever having taken down a farmer. The farming industry is the be-all and end-all of society generally, and from that aspect I have always championed the farmer. There is no one to compare with the farmer. But I have been drawn aside. The position we have to decide is whether or not there shall be a pool. There is going to be a pool. The principle we have to decide will be decided on the second reading of the Bill. If hon. members think there should not be a pool, and that we should go back to Dreyfus & Co., and those men who made millions out of farmers—

Hon. J. J. Holmes: And who are making more than ever now.

Hon. J. CORNELL: At any rate the House has to decide whether the pool is to be continued. There can be only one or two bases of reasoning from which we can approach the subject. Can we finance a pool of our own? If we can do so we are in duty bound to give the farmers a pool. If the House thinks we cannot finance it then we must vote out the Bill. There are two or more aspects I desire to touch on. My colleague read a letter from that influential body of which I was once a member—the Boulder Municipal Council. They have expressed their opinion, but after all, when we sum them up, they are people who eat wheat; they do not grow it. Therefore, they are expressing an opinion from the wheat-eater's point of view. I wish to hold the scales of justice between the two. Mr. Kirwan has evidently championed that letter. I replied to it by stating that I believe Parliament would grant the pool, and I added, "Why call a public meeting to flog a dead horse?" I told them also that since the inception of the pool I have been a champion of it and will remain a champion and will fight for it. The statement has been made that the consumers in Western Australia have paid too much for their wheat. That is no argument against the principle underlying the pool. It is an argument against those who control the pool and fix the price of wheat—

Hon. T. Moore: To suit themselves.

Hon. J. CORNELL: As it turned out eventually, it was too high. When the price of wheat was fixed at 9s. per bushel it was thought that that was a fair and reasonable figure. The price has fallen but the bargain was struck, and we must honour that bargain. The fact that the price fell, however, is no argument against the pool. I am not wedded to the Gladstone, Cobden and Bright doctrine of the cheap loaf because, after all, bread plays a small part in the household bills, particularly when compared with the meat bill.

Hon. T. Moore: They have to pay 10½d. per loaf at Yonaume. That must not be forgotten.

Hon. J. CORNELL: I endeavoured to look at the position squarely and in my own household of five, our bread bill runs at the present price to between 8s. and 8s. 6d. a week. I have not been accused of being a cannibal, but our meat bill runs in the vicinity of 30s. I think the average Australian would always refuse bread when he could get meat. I do not look upon the cheapening of the loaf as a thing to have any appreciable effect in reducing the ordinary household bills. There is one other point I desire to make. There is a proviso to the Bill which involves the principle of fixing the price for local consumption. It is set out that it shall be on the basis of world's parity month by month, but the maximum price shall not exceed 7s. per bushel. If there is one thing an Australian prides himself in it is that he recognises that a bargain should cut both ways. If we provide that the farmers can get the world's

parity if it reaches 7s. per bushel, but that they should not have the world's parity if it exceeds that figure, we should follow the thing in the descending scale. If it is logical to say that they must not have world's parity if the price exceeds 7s., such a provision does not square with justice. I would much prefer to see the growers supply wheat for local consumption at a price fixed through the whole season of 12 months. That would be a fair, reasonable and honourable provision. The provision that they shall not have the advantage of world's parity beyond 7s. is not reasonable or just. I understand that the farmers' representatives do not view this particular provision as a vital issue. It may be that it will never become a vital issue, for the price of wheat may never reach 7s., but immediately the world's parity reaches 7s. it will become a vital issue. If the farmer is entitled to world's parity at 6s. 11½d., then he is just as entitled to world's parity at 7s. ¼d. I believe it would be in the interests of the community generally, if a fair and honest compromise could be arrived at between Parliament and growers, so that the season's wheat would be paid for at a flat rate as we paid last year.

Hon. C. F. Baxter: You need not let the 7s. worry you very much, for we will never reach it.

Hon. J. CORNELL: If there is no chance of reaching it, why is that provision there? If we do reach it, it will be an injustice and should not appear in the Bill.

Hon. J. W. Kirwan: They wanted to safeguard against a price of 9s.

Hon. J. CORNELL: It does not provide any safeguard against that at all. Suppose the world's parity continued at 9s., who would get the benefit of that figure? There can be no benefit in it over a given period without a spirit of give and take. I believe that the consensus of Australian opinion is that we have entered into a bargain, and we must be prepared to abide by it.

Hon. T. Moore: Who entered into it?

Hon. J. CORNELL: We know who entered into it. The machinery existing under the Act was put into operation, and resulted in the State entering into this agreement.

Hon. J. W. Kirwan: Who prompted those in control to enter into it?

Hon. J. CORNELL: I think it always well to forget the past. I wish I could do so. The bargain was made, and the price was fixed at 9s. I think that had it been 11s., it would all have been in the game. Do not let us be superficial, but go right into the whole matter. If we do so, we will find that no community in the world secured its wheat cheaper than the Australian community. We have heard references to the price of 9s. per bushel imposed upon the pig farmers, the poultry raisers and others. Members know the attitude I adopted on the inferior wheat question. I held up this Chamber for two nights.

Hon. C. F. Baxter: I remember it very well.

Hon. J. CORNELL: It is remarkable to follow the variation and the fluctuations of time and things. If we do so, we will discover, despite the fact that wheat has been at the highest price per bushel within the recollection of living man in the Commonwealth, that, so far as Western Australia is concerned, the poultry raisers have received the lowest price for their eggs.

Hon. J. Duffell: Not in the Eastern States.

Hon. J. CORNELL: I am speaking about Western Australia.

Hon. F. A. Baglin: You are wrong. Eggs were cheaper than they are now.

Hon. J. CORNELL: This will show that the price of wheat after all does not altogether determine the price of the product of the fowl.

Hon. T. Moore: The farmer is supplying eggs now.

Hon. J. CORNELL: I have heard that there is a conspiracy on the part of the Farmers Co-operative Society to drive the genuine poultry farmer out of the business of egg production.

Hon. T. Moore: Which has been done. The farmers get the eggs.

Hon. J. CORNELL: But they get nothing for them. This Bill is essentially one for the Committee stage, and I will vote for the continuance of the pool, because it is in the best interests of the people who, after all, are the backbone of the State and the ones most worthy of consideration.

On motion by Hon. V. Hamersley, debate adjourned.

House adjourned at 8.51 p.m.

Legislative Assembly,

Thursday, 13th October, 1921.

	Page
Questions: Railways, 1. Loading: 2. Carriage of	
T.B. Patients	1222
Wyndham Meat Works	1222
Wheat Exportation	1222
Agricultural College	1223
Bills: Mining Act Amendment, 3A.	1223
Factories and Shops Act Amendment, 3A.	1223
Stallions, 3A.	1223
State Children Act Amendment, Report ...	1223
Reciprocal Enforcement of Judgments, 2A.	1223
Adoption of Children Act Amendment, Council's	
Amendments	1223
Courts of Session, 2A.	1224
Nurses Registration Bill, 2A. Com.	1225
Architects, 2A.	1242
Coroner's Act Amendment, 2A., Com. Report	1244

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