

place myself in the same category, owing entirely to the carelessness of the other fellow—I regret having to oppose the motion to disallow the regulation. At the same time I assure the House that everything will be done to try to improve conditions and, for that matter, to devise even a better and safer system than obtains at present. I do say, however, quite sincerely, that in my opinion it would be a great mistake at this stage to disallow the regulation.

On motion by Mr. Raphael, debate adjourned.

House adjourned at 10.3 p.m.

Legislative Assembly.

Thursday, 24th September, 1936.

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

QUESTION—SINKING FUND CHARGES.

Hon. C. G. LATHAM asked the Treasurer: 1, What were the amounts charged on account of sinking fund during the year ended the 30th June, 1936, against the following undertakings:—(a) railways; (b) tramways; (c) ferries and electricity supply? 2, On what pages of the Commissioner's report do those items appear?

The DEPUTY PREMIER (for the Treasurer) replied: 1, Sinking fund is not charged to these undertakings inasmuch

as it will be seen from the Commissioner's report that the value of the assets is always fully maintained. 2, Answered by No. 1.

QUESTION—GRASSHOPPER MENACE.

Federal Aid.

Hon. C. G. LATHAM (without notice) asked the Deputy Premier: 1, Has he noticed in this morning's newspaper a statement by the Federal Minister in charge of Scientific and Industrial Research that if the Government Entomologist of Western Australia will get into touch with the Chief of the Council's Division of Economic Entomology, the Council will be glad to give all possible help and advice, and co-operate in appropriate measures with a view to the control of the grasshopper pest? 2, Will he immediately communicate with the Federal Minister with a view to obtaining that assistance to deal with the pest in this State?

The DEPUTY PREMIER replied: I am advised that the Department of Agriculture is constantly in touch with the Council's Division of Economic Entomology, and that the Federal Minister in charge of the Council is well aware of the fact.

BILL—STATE GOVERNMENT INSURANCE OFFICE.

Second Reading.

Debate resumed from the 17th September.

MR. DONEY (Williams - Narrogin) [4.33]: The Bill before the House is identical with that introduced in 1934 by Mr. Kennelly, and the remarks of his successor in support of his Bill are substantially the same as those that were put forward by Mr. Kennelly. The Bill on that occasion, and for that matter on this occasion too, had two major weaknesses, and as those two weaknesses have not been satisfactorily explained away, and the Government are just a little weaker now than on that occasion, I imagine that the Minister in charge of the Bill cannot be expecting too much success with it. Both Ministers told a pretty flattering tale of large accumulated reserves and profits, making it appear to the House, or to me at any rate, that the present conditions are favourable to the making of profits and should not therefore be changed. The Minister followed that up by saying that valida-

tion of the State Insurance Office as it is to-day was essential, but neither Mr. Kennelly nor the present Minister has been able to say why validation was essential. That is a point to which the Minister now in charge of the Bill would be wise to refer when replying to the debate. Validation was said to be essential in 1934, but the House knows that validation was not conceded, and the office went on as expected to highly successful years. Similarly to-day, if validation does not ensue, and I do not expect that it will, I take it that again the office will continue to have still more profitable years. It would be quite a good and proper reason for this House declining to validate the present position if we said that the State Insurance Office was embarked upon in 1924 or 1925—I forget the exact year—in defiance of the laws then in force. If the House is prepared to overlook that illegality—and I suppose it might just as well do so, because there is no sense in doing otherwise—the least we can require of the Government is that they show that despite meeting all justifiable expenses of management, they can give cheaper premiums and better conditions and still manage to show a profit despite, as I say, meeting justifiable expenses. The Minister will know what I mean by that. I do not think that thus far the Minister can claim to have done that. Since the Minister seems to hold a contrary opinion, I would say I am as anxious, and all members on this side of the House are as anxious for that matter, as he is, to protect the public from exploitation. We recognise that there are something like between 60 and 70 insurance offices operating in the State to-day, and it will be plain to everybody that the expenses of running 60 of them would naturally fall upon the policy holders.

Mr. Warner: Don't forget they are all linked together.

Mr. DONEY: I am prepared to concede that; and that fact, if properly handled, constitutes an argument in favour of the Government's proposals. The point is that we do not necessarily protect the public in that direction by vesting the Government with power to do what they like and charge what they like and carelessly commit any blunders they like, with the knowledge that the revenues of the State will protect them from their errors. The Minister's figures in regard to profits—and I think he will agree with this—seem to indicate that the

rates charged by the office are very considerably higher than they should be and, that being so, they are but copying the alleged iniquities of the private offices by charging their policy holders as much as they can, rather than by charging them the lowest figures consistent with safe business. Judging from our experience in this regard in the past, validation would, I think, tend to slovenly control and enable the present office to enter into unfair competition. That suspicion on our part is justifiable, because that has happened so frequently in the past. On many occasions the Government have entered rather attractive fields of enterprise, but I cannot recall any occasion when they have done so with credit to themselves. They have not done so without failing pretty miserably.

Mr. Fox: What about the Post Office?

Mr. DONEY: That is not a State trading concern.

Mr. Fox: It is a Government concern.

Mr. DONEY: But not a State concern. There is another matter that the Minister might be prepared to explain when he replies. The point, which is in support of my contention that the competition indulged in by the State Insurance Office is unfair, is that the department pays no taxation. No agents are paid, not that that is a plea of very much consequence, although it does affect the employment of quite a number of people. There is no mention of printing or stationery and, I take it, those two items are free to the State Insurance Office. Then, again, although I am not sure of this, it is not debited with rent. So it would appear that the State Insurance Office is not competing on a fair basis.

Mr. Hegney: Are you opposed to the Bill?

Hon. C. G. Latham: Have you to be told that?

Mr. DONEY: Last week I asked the Minister in charge of the Bill a question bearing upon the matter now before the House. On Wednesday, the 9th September, I asked him what were the premiums per £100 of insurance paid by the Public Works Department to the State Insurance Office for its clerical staff, and the answer provided was 20s. per cent. On the 15th September, I followed up that matter with a question wherein I asked what premium was paid in respect of clerks other than those in

the Public Service, and the answer I received was 2s. per cent. I do not know whether there is a mistake there, or whether there is some phase associated with this matter that I do not understand, but the disparity between the two charges is rather amazing to me. I would ask the Minister, in respect of that matter, whether the State Insurance Office does over-charge in respect of Public Service clerks in order to be able to offer smaller competitive rates respecting clerks in other walks of life. If that is so, it will be plain that indirectly these premiums become in the aggregate a very heavy charge upon the State Treasury, which is, of course, a privilege statutorily denied to the State Insurance Office now. I hope that when the Minister replies, if he does, he will for my benefit, if not for the House, touch on that particular point. I do not say for one moment that the private insurance companies are charging policy holders a fair rate for the insurance services they render. Quite the contrary. The private insurance companies manifestly over-charge, and had it been that the Bill contained any soundly disciplinary clauses, it might have had more support from the Opposition side of the House, and he would be more likely to have it if the Minister could show—I do not think he can—that the State Insurance Office is trading upon a fair basis. The Government proposals, as I view them, form, after all, only a promise, and the House has not had a very pleasant experience in the past regarding promises made in respect of State trading. That is all I have to say. This question was amply dealt with two years ago and any very lengthy debate is not really necessary, provided that members are prepared to look up the debate on that occasion, especially the speech, a very informative one indeed, made by the member for West Perth. I am, of course, as can readily be seen, opposed to the second reading of the Bill.

MR. McDONALD (West Perth) [4.46]: This subject is by no means new to the House and I do not propose to go into its history because it has been traversed very often before. No good purpose can be served by going into it on this occasion. I agree with the Minister to this extent, that it is desirable the position of the State Insurance Office shall be clarified one way or the other. For reasons that I shall give, I

think it should be clarified in a certain way. The Bill raises, primarily, a matter of principle, and on that principle there is a division of opinion between many members on both sides of the House. I and many others sitting on the Opposition side have been of the opinion that the State should not enter into trading operations. We have felt that it has certain functions for which it is peculiarly fitted, and its time is best occupied in the efficient discharge of the functions of Government without entering into trading organisations, which are open to particular objections. There are certain exceptions to the rule.

Mr. Tonkin: Would you apply that to the railways?

Mr. McDONALD: I was proceeding to say—

Mr. Doney: It applies to State insurance.

Mr. SPEAKER: Order!

Mr. Doney: We can exclude the railways.

Mr. McDONALD: Especially in a State like Western Australia, the Government can enter into certain trading enterprises, the main objective of which is developmental, the development of the assets of the State. The trading aspect is more or less a secondary consideration. In that category I would place the State railways and the Shipping Service.

Mr. Cross: You want all the unprofitable concerns to be run by the Government.

Mr. McDONALD: Not at all.

Hon. C. G. Latham: They would be unprofitable if the hon. member had his way.

Mr. Doney: And is State insurance unprofitable?

Mr. SPEAKER: Order!

Mr. McDONALD: The State should engage in activities that are primarily developmental because private enterprise is in the position that it either has to make profits or find itself in the bankruptcy court. Therefore, it would be impossible for private enterprise to take over, for example, the functions of the Agricultural Bank, because, although it is an institution of a trading character, it has been formed to promote the development of the agricultural resources of the State. Again, there may be an exception when the State steps in in order to prevent a monopoly which is grossly unfair and causing serious disturbance to the population at large. There may be other ways to regulate a monopoly and ensure that a fair charge is made, but one way is the principle that the

State may enter into competition and bring prices down to a fair basis. But that is a resort to which the State should not go unless it becomes very essential, because ordinarily these things regulate themselves. For if any concern is very profitable we find many people coming in prepared to share that profit and, in order to get the business, to undercut the rates. Apart from the question of miners' phthisis business, this enterprise proposes that the State shall enter into a trading field which is already covered amply by private enterprise and has been so covered ever since insurance became a branch of business activity. The Bill not only provides that the State shall enter into that field so far as workers' compensation is concerned, but it gives power to the Governor in Council in certain circumstances to extend the operations of the State Insurance Office to all functions of insurance. I think Parliament should ratify the past operations of the State Insurance Office and place them on a legal basis, but as to the operations of the State Insurance Office which affect ordinary workers' compensation risks and cater for the outside public, I think that is a branch of the trading of the State Insurance which should be brought to a termination. The Minister gave us some figures to show the ratio between premiums and claims paid and also figures showing the ratio of expenses as against premiums received. Those figures showed very favourably the operations of the State office as compared with the operations of private offices.

Mr. Marshall: That is a world-wide experience.

Mr. McDONALD: Is it?

Mr. Marshall: Yes, I will give you some quotations.

Mr. McDONALD: And I will give the hon. member some quotations. The Minister pointed out that in the State Insurance Office the ratio of expenses to the premiums received was something under two per cent. That is remarkably low. But he also pointed out, very properly, that in order to make a fair comparison with the cost of private companies, it was probable that further additions should be made to the expenses of the State Insurance Office. He pointed out that they could be increased from two per cent. up to ten per cent., and that there still would be left a margin very favourable to the State Insurance Office. State insurance has been in vogue in other States for a considerable time. I have here the

13th annual report of the Tasmanian Government State Insurance Office, which has been laid before the members of both Houses of Parliament in that State. Under the Tasmanian Government Insurance Act of 1919 that office insures apparently risks of fire, marine and accident.

The Minister for Employment: I should not have thought there was sufficient business in Tasmania.

Mr. McDONALD: Well, we have this very fine report laid before both Houses of Parliament. The report gives their ratios of charges or expenses as against premium income. For the information of the House I should like to read out these figures:—

	Ratios—Per Cent.				
	1929.	1930.	1931.	1932.	1933.
Charges ...	43.4	40.2	39.4	43	44.9

That is a very great margin as compared with the two per cent. of our State Insurance Office; there is a great difference between our two per cent. and the 44 per cent. ratio of expenses in the Tasmanian Insurance Office. The only inference must be that in the expense ratio of our State Insurance Office a great many charges that would normally be charged in the expense ratio of a private office must have been left out, and those charges, if included, would bring the ratio of the State Insurance Office up to a much more substantial figure. Otherwise I suggest that the man who controls the State Insurance Office on a two per cent. expense ratio ought to be placed in charge of the whole State. I do not intend to confine myself to the Tasmanian State Insurance Office, because I have here figures relating to the State Insurance Office of Queensland. This is the 19th annual report of the State Office in Queensland. It is dated 1935. At the end of that report a statement is given to show the expense ratios of various groups, and a comparison is made between the expense ratio of the State Insurance Office and outside institutions.

Mr. Cross: Are you going to give the premiums charged in Queensland?

Mr. McDONALD: Yes, I will deal with them later. I am dealing now with the question of the more economic running of a State Insurance Office. The expense ratios of the various groups in 1932 were:—State Government Insurance Office, 38.2 per cent.; Australian companies, (A) 39.3 per cent., (B) 41.9 per cent., New Zealand companies, (A) 39.4 per cent., (B) 6.1 per cent.

I cannot explain the small figure of 6.1 per cent.—British and foreign companies 39 per cent. and 49.8 per cent. So for 1932 the State Insurance Office of Queensland had an expense ratio of 38.2 per cent. and the others ranged upwards from 39 per cent., except one British or foreign company which went up to 49.8 per cent. In 1933 and 1934 the ratios were as follows:—

	1933. per cent.	1934. per cent.
State Insurance Office	39.9	36.4
Australasian companies	43.9 and 40.6	42.5 and 40.9
New Zealand companies	41.1 and 13.6	42.1 and 25.5
British and foreign companies	41.1 and 46.7	40.6 and 46.7

By making those comparisons we find that in Queensland, as in Tasmania, the expense ratio of State insurance corresponds very closely with the expense ratio of private organisations. In the time at my disposal I have not been able to get further reports of different State offices, so I shall have to confine myself to quoting the figures for Queensland and Tasmania. I turn now to the report of the Auditor-General of Western Australia for the year ended the 30th June, 1935. On page 47 he gives a table setting out some of the results of the trading of the State office. For general insurance in regard to industrial diseases, from 1926 to 1935, a sum of £405,684 was received in premiums, and claims and medical expenses paid totalled £159,310. That shows a very substantial surplus, but against the surplus must be reckoned the liability for risks that may mature later on, especially under miners' phthisis insurance. Under general accident, which includes workers' compensation for the same period, the premiums received amounted to £482,957, and the claims and medical expenses paid totalled £466,164. There is a third column showing administration expenses and bad debts written off, the total for the period having been £27,683. Those figures show that, as regards general accident insurance, the State office is just about holding its own in the matter of premiums received and expenses paid out on the basis of the 2 per cent. expenses account. If the expenses account of the State Insurance Office were not 2 per cent. but, like the Tasmanian or Queensland State offices were nearer 38. 39 or 40 per cent., or even up to 44 per cent. of the premium income, it would mean

that the State office, on general accident insurance, would be conducted at a very substantial loss. If the State Insurance Office is charging the general public a smaller premium for workers' compensation insurance, it is doing so at the expense of the general taxpayer, assuming that the expense ratio must be increased to something more in line with that of other State offices which have been running for many years and might therefore be considered to be conducted as efficiently as can reasonably be expected.

The Minister for Justice: You are confining yourself to the figures for general accident insurance.

Mr. McDONALD: My figures are confined to industrial diseases and general accident, but I point out that the accident department insurance is regarded as a poor one for profit-earning.

The Minister for Justice: That is so; that is why you are quoting it.

Mr. McDONALD: I am quoting it to show that if the ordinary expense ratio were applied to the State Insurance Office, it would apparently be showing a heavy loss. As far as I can learn, the expense ratio is very largely involved in accident insurance. The fire insurance is a more profitable and more easily-earned source of income. Even if we adopted fire insurance as part of the State scheme, we would still be left with a very considerable addition to our expense ratio if we are to square with the experience of other State offices. On the Auditor General's figures, the State Insurance Office appears to be conducted on a basis that shows a very substantial loss. This matter has been debated on previous occasions in this House. In 1926, according to "Hansard," figures quoted by Sir James Mitchell showed that at that time in Queensland five-sixths of the insurance business was done by private companies as against one-sixth by the State office. It has been stated that the effect of State insurance offices is to reduce the cost of insurance. After the Queensland State Insurance Office had existed for many years, instead of the whole community placing its business with that office, and getting the benefit of the alleged cheaper premiums, we find it was able to attract only one-sixth of the insurance in the field in which it was engaged.

Hon. C. G. Latham: And that included all Government business.

Mr. McDONALD: Yes.

The Minister for Justice: But it forced down the premiums of the private companies.

Mr. McDONALD: That may be so. If the State office had been the means of forcing down the premiums charged by private companies, because those premiums were unduly high, having fulfilled its function in that respect, it could then retire from the field.

The Minister for Justice: And of course the premiums would not go up again!

Mr. McDONALD: They would not be likely to go up again to the same extent. The same thing has happened in our own State, where we are supposed to be conducting a section of insurance business on a more favourable basis than is the case with private companies in Western Australia. Notwithstanding this, our State Insurance Office has never made any great headway, possibly because it has no legal sanction, and has not been able to take up any great insurance on behalf of the general public in the field in which it is operating.

Mr. Fox: The State Insurance Office has to take all the risks.

Hon. C. G. Latham: All the Government risks, which are pretty good.

Mr. Fox: It carries the worst risks in Western Australia.

Mr. McDONALD: In 1926 certain figures were given to the House by Sir James Mitchell and the late Mr. Davy dealing with the rates charged by the State Insurance Office compared with the rates charged in Western Australia. Mr. Davy showed that out of 83 different classes of risks under workers' compensation, the premium rates in 23 of them were higher in the Queensland State Insurance Office, than they were in Western Australia in the ordinary private offices that were operating.

Mr. Fox: What industries were involved in the 23?

Mr. McDONALD: I have not that information here. A debate took place in South Australia in 1924 on the subject of establishing a State Insurance Office there. The proposal was defeated, and no State office has been established there to carry out insurance, although I believe that, without authority, there is some system of insuring the Government employees and Government property. Any State can establish such a system without legislative authority. During the debates in South Australia comparisons were made between the New Zealand

State Insurance Office and private companies in the field of life insurance. It was shown that the New Zealand State Office was not able to compare in benefits with a company like the A.M.P. Society. The illustration given was that in the case of the State Insurance Office in New Zealand, for every £100 of life insurance the amount had been increased by bonus additions to £111, whereas in the case of the A.M.P. Society, every £100 had increased by bonus additions to £120 10s., or increased by £20 10s. in the case of the private company, and £11 in the case of the State Insurance Office. During the debates in South Australia, dealing with the experience of America, certain quotations were made. The first was from the remarks of Mr. F. W. Mansfield, Counsel for the American Federation of Labour, who is reported to have said—

In my position I come in touch with labouring men generally. For my acquaintance with the entire subject I am satisfied with the present system of competitive insurance. I am strongly of opinion that anything in the nature of State insurance is opposed to the interests of organised labour, and against the better interests of the working class generally.

Mr. Samuel Gompers, President of the American Federation of Labour, was quoted as having said—

I have believed in voluntary system of insurance. I do not believe that the Government of the country should be absolved from performing their customary functions, but I do believe that what the citizen can do on his own initiative should be done by him.

Miners' phthisis insurance has been referred to. A difficulty arose in 1924 as to the quotation for this risk by private companies. It is no good going into past history, because different versions of that can be given. I believe the companies say it was not a matter of quoting for future risks in this field of insurance, but that it was a matter of undertaking a risk in the past, and they had no figures by which they could judge the liability they might assume by undertaking a past risk which had accumulated over a period of years. I am informed that miners' phthisis has been treated in some countries as a matter for the State and not for private companies. I have some authorities here, but as they have just arrived, I have had no time in which to look at them. I may have an opportunity in Committee to deal further with that subject. I am informed that some of the State or Gov-

ernment insurance offices have refused to quote for miners' phthisis or silicosis risks on the ground that they are outside the functions of trading insurance, and are a special function of the Government.

Mr. Marshall: It is unprofitable insurance, and the taxpayers have to carry it.

Mr. McDONALD: It is certainly not on the same footing as an ordinary insurance risk.

Mr. Raphael: It is a certainty, not a risk.

Mr. McDONALD: We may have to pass some legislation by which these particular industrial diseases may be cared for by the State. It may be possible, with the figures which the State has now obtained from its experience, to put the matter before the private companies and obtain a quote from them upon which they will undertake the risk at rates which the Government may consider reasonable. If that cannot be done, and the nature of the risk is such that private companies cannot reasonably embark upon it, it may then be necessary for Parliament to consider the setting up of legislation by which the carrying of this class of risk by the State can be legalised. It has been said that there are instances where people are not now insuring under the Workers' Compensation Act, and that therefore their employees are running a grave risk of not receiving proper compensation. That is a serious matter. I am prepared to support any measure to ensure that cover for employees is made compulsory. I see no reason why the present Act should not be put into force, and why insurance offices should not be approved, in which case the compulsory provisions of the present Workers' Compensation Act would come into force.

The Minister for Mines: How can companies be approved if they will not quote?

Mr. McDONALD: If they cannot be approved of for that reason in one field of insurance they can be approved if they quote for other risks. I have already pointed out, and I hope to do so perhaps with some authority later, that miners' phthisis in other parts of the world has been considered something to be removed from the field of ordinary insurance, whether that field was covered by the State or by private enterprise.

Mr. Fox: Do not you think the industry should pay the cost?

Mr. McDONALD: I do. I understood, the last time the subject was under discus-

sion, that the result of the gold profits tax, which brought in £80,000 a year, might have some bearing upon the carrying of this class of risk. When the legislation was originally brought down, I understood that one of the main reasons and justifications was that the gold mining industry might reasonably be asked to bear the cost of wastage occasioned in its own class of employment. The £80,000 which the tax was estimated to bring in was, it was thought, just about what it would cost to cover industrial diseases arising out of mining. If miners' phthisis is, as may be the case, properly the subject of special legislation and a special State insurance office to carry that risk, then that legislation should be considered in conjunction with the gold profits tax which is meant to raise funds for the men who suffer through wastage in the goldmining industry. The two are linked together. I feel, broadly, that we have sooner or later to ratify the past operations of the State Insurance Office. That office may have been established under conditions which appeared to the Executive of the day justified, and I think we should legalise what has taken place: but I do not consider that a case has been made out to justify the State in entering into a field of insurance risk, unless perhaps the special field covered by industrial diseases. Regarding the question of those diseases, I would point out that while it is impossible for me as a layman to estimate the outstanding risk, if the Auditor General's figures are to be accepted the State appears to be making a handsome surplus on covering that risk. That again, however, is a matter for expert opinion. I do not feel that with the existing ramifications of State trading there has been placed before the House evidence to justify us in embarking on a fresh State enterprise. We already have a number of State trading concerns upon our hands: and I do not see that we are justified, on present facts, in extending the area of our State trading operations. I am prepared, however, to listen to measures which may put the past operations of the State Insurance Office upon a more regular basis, and I am prepared to listen to any measure which may set up an organisation to take care of those men who are affected by industrial diseases. But apart from that, and as to

the present Bill, I intend to oppose the second reading, adding that in the more limited scope I have mentioned I am prepared to consider any other legislation which may be brought forward.

MR. CROSS (Canning) [5.26]: I observed that the comparisons made by the previous speaker omitted figures which are a good guide when entering upon State activities in the field of insurance. The Queensland State Insurance Office was established in 1916, so that 20 years of Queensland experience and the comparative figures resulting are available. When the Queensland office was established, a sum of £20,000 was appropriated for the activities then initiated. The office, however, never spent more than £3,570; and even that amount was paid back into Consolidated Revenue within 12 months. Soon after the Queensland State office began operations, premiums were reduced by 33½ per cent. Those who know the history of insurance in Queensland are aware that the private companies in many cases followed suit and correspondingly reduced their premiums.

Mr. Marshall: Of course they did, and immediately.

Mr. CROSS: In the year 1934 the Queensland State Insurance Office made a profit of over £123,000. The accumulated profits made by that office up to the 30th June of last year amount to over £900,000. In addition, the office has from time to time granted increased benefits. To me it seems that the Queensland office has made really remarkable strides, especially if the statement of the member for West Perth is correct, that the State office succeeded in obtaining only one-sixth of the business, for there are nearly 70 insurance companies operating in Queensland.

The Minister for Employment: And the Queensland State office does not employ any canvassers.

Mr. CROSS: The Queensland State office, like our State office, does not employ any canvassers whatever. The reason why it has advanced so rapidly and so far is that it has offered much greater benefits. People like myself would sooner deal with a State office than with a private company. I personally have no grievance against any private company, but I bear in mind a case which came under my personal notice and with which I had something to do. Some years ago I paid several premiums on a life insurance policy

held by a relative of mine in one of the largest companies trading in Western Australia. Then my relative came to a stage at which he thought it inadvisable to pay further premiums, preferring to take out free paid-up policies for himself and his wife. He had paid £300 in premiums, and the company informed him that by paying a further £120 he could obtain free paid-up policies of £200 for himself and his wife. That actually was done; the additional sum of £120 was paid. The man sold a property he had at Inglewood in order to meet that payment. Both husband and wife are dead now, and I suppose the amount of insurance has been paid in both cases. However, husband and wife paid pretty dearly, and the company had the use of the money for some time. I do not think such conditions would obtain in connection with a State office. I remember a few months ago listening to an English broadcast of an address given by the president of one of the largest life insurance companies in Great Britain. He pointed out that the company had made smaller profits than previously and gave the reasons. I have a vivid recollection of his stating that the advent of the depression in Great Britain was responsible for the greater profits which were made by the life insurance companies in 1928, 1929 and 1930. He added it was still true that three out of five people who took up life insurance policies lost all the money they put into them, and it was out of those losses that the greater portion of the profits of the companies were made. I consider that every life insurance policy should at all times have a surrender value. That would prevent excessive profits being made.

Hon. C. G. Latham: Why don't you propose to have life insurance included in the activities of the State office?

Mr. CROSS: It is a pity it is not.

Hon. C. G. Latham: Why don't you get them to withdraw the Bill and include it?

Mr. CROSS: The fact that every State in Australia, together with New Zealand, has a State Insurance Office definitely proves that there is a demand for State insurance. I believe this State is one of the last—

Hon. C. G. Latham: We do not want all their bad habits. We have a lot of them now.

Mr. CROSS: I do not know that this is a bad habit. All the other States dealing in insurance have found it profitable. The

New Zealand office was established in 1869 and is still in existence.

Hon. C. G. Latham: Of course; it has the Treasury behind it.

Mr. CROSS: It has been making substantial profits. Life insurance has been amongst the activities of that office for 35 years. In New Zealand also they have started the practice of paying rebates to policy holders every year.

Hon. C. G. Latham: Rebates?

Mr. CROSS: Yes, rebates. Last year they paid policy-holders nearly £40,000 in rebates. That is what the New Zealand State Insurance Office is able to do.

Hon. C. G. Latham: They will not be able to do it in the future under their Labour Government.

Mr. CROSS: They did it last year. I have not heard of any of the private insurance offices doing that. The attempt to prevent the State Insurance Office operating is an attempt to restrict the liberty of the subject. I feel confident there are a large number of people in this State who would sooner deal with the State office than with a private company.

Hon. C. G. Latham: Then why don't they?

Mr. CROSS: A lot more people are doing it each year. I support the second reading and hope it will be carried.

On motion by Mr. Shearn debate adjourned.

BILL—CUE-BIG BELL RAILWAY.

Second Reading.

Debate resumed from 22nd September.

MR. DONEY (Williams - Narrogin) [5.35]: There is nothing to disturb us very much in the proposals put forward on Tuesday by the Minister for Mines. So far as we can judge from the information before the House, the Big Bell Mine is amply justified in its request for a railway. At the same time, it should be understood that this should create no precedent. It must not be taken for granted that any company, merely because it can demonstrate its financial stability, can hope to expect £60,000 from the State Treasury to help it in its operations.

Mr. Raphael: They would not have got the railway if it had not been possible to get the rails from the manganese railway.

Mr. DONEY: The part played by the manganese railway in this proposition is one the recital of which I am sure would entertain this House if the member for Yilgarn-Coolgardie would have a word or two to say upon it. As the Big Bell Company is risking ten times the amount of money being spent by the State, and seeing that all those who have reported on the proposal have done so in such a favourable manner, I consider that the venture looks a safe and desirable one, no matter what point of view we happen to adopt. I do not know whether all members read the papers which were tabled on Tuesday night, embodying correspondence between the Transport Board and the Premier, and between the Transport Board and the manager of the Big Bell Mine. I have read them and I think we are entitled to rely on the optimism, satisfaction and faith displayed therein by the members of the Transport Board and equally entitled to rely upon the word of the Minister for Mines and the State Mining Engineer. The State Mining Engineer composed his very confident report on an entirely independent investigation. I think he took 166 samples and, reducing them to values, found they equalled 3.517 dwts. to the ton.

Hon. C. G. Latham: That is very low, anyway.

Mr. DONEY: Undoubtedly it is low enough even for a good low grade proposition, and the House will have to agree that it leaves little margin for accidents and miscalculations which will crop up even in the best regulated of mines. But in that regard we have to fall back upon the assurances of the State Mining Engineer and I think we are justified in doing that. He, of course, is an expert. This is his particular job and he is paid to be reliable. He tells us that 30,000 tons of ore are to be treated by modern methods every month. I think he said that at £8 an ounce it would leave a profit of 10s. per ton, which represents £15,000 per month, or £180,000 profit for the year. When the Minister moved the second reading of the Bill, I think he indicated that even if the price of gold were to fall to £6 per ounce, the proposition would still be capable of profitable working. I take it that if the price of gold fell below £6 per ounce there would then arise the question whether

the company would not be forced to cease operations. Mr. Wilson appeared to think that the State's gold output would be increased by £430,000 annually, and he finished a very favourable report by expressing the opinion, without reservation of any kind, that the State would be justified in constructing the line. The State Transport Board went a little further and said they considered the construction should take place expeditiously. We are, of course, entitled to rely upon the guidance we receive from the Transport Board, although I do not know whether they have actually been on the spot and were thus able to draw such favourable deductions from what they saw there, or whether they have been content to rely upon what they have been told by the Commissioner of Railways and the representatives of the Chamber of Mines. Even if that be so, I do not feel disposed to quarrel overmuch with that. I do not know exactly what proportion of the £430,000, to which I referred earlier, will be represented by wages and local purchases, but it is plain that, with ordinary good fortune, there should be a very substantial sum annually injected into this State's currency. That is very good in itself. Further than that, there is the additional Governmental revenue which will no doubt accrue, and from which the State will largely benefit. The redeemable sum of £50,000 has been referred to, and in that respect there is, in part, a little misunderstanding. The lodgment of that bond does not operate as a guarantee against Government losses regarding the proposed line. It will be a guarantee that an Australian company capitalised at not less than £400,000, which will be fully paid up, is formed, besides the erection of a mill capable of dealing with 25,000 tons of ore monthly.

Hon. C. G. Latham: There is no guarantee to work the mine afterwards.

Mr. DONEY: No; but it is pretty plain that if at any time the price of gold should drop below what is profitable, straightaway the company will be forced to discontinue operations. In any case, the State's troubles would commence at that point, but it is extremely unlikely that that will happen, although subsequently there may be other unfavourable circumstances cropping up. There have been some complaints in respect of the bond furnished by the company, and

the reduction of that bond. For my part, I regard the progressive reduction of the guarantee by a sum proportionate to the piecemeal expenditure of the proposed capital, as quite fair, and I fail to see that anything different or in excess of that arrangement could be expected. There is no need, in the circumstances, as I see the position, further to labour this matter. The recital of these factors does demonstrate the bonafides of the Big Bell Company, and therefore that concern is, in my opinion, entitled to the railway. It must, of course, be mentioned that if the Big Bell Company does successfully carry out the operations it is now engaged upon, it will have a very fine effect upon the State to the extent that it will demonstrate that so many other low-grade propositions are, by the same token, capable of successful treatment too. There is one other point. I do not know from memory that it was referred to by the Minister. I heard it somewhere; I do not know where, for sure. I believe the Commissioner of Railways complained that the profit to accrue from the working of the railway line that is to be constructed will be only £1,520. With a rate of interest at 5 per cent. upon the State's capital expenditure of £60,000, plus working expenses, an amount of £4,040 will be involved, implying a deficit of £2,520 on this proposed spur line, but of course there will be the additional haulage of the output of the mine over the State railways.

Hon. C. G. Latham: That will be so in any case.

Mr. DONEY: Yes, but my suggestion is that probably the Commissioner of Railways did not take that into account, although I dare say the State Transport Board would have done so. I shall vote for the second reading of the Bill.

MR. STUBBS (Wagin) [5.47]: In supporting the Bill, I shall not delay the House for long. There are two aspects I wish to bring before members with regard to future railways. Our modern system of transport, which has developed during the past decade, has revolutionised traffic in many ways. That is one of the main reasons why I desire to make my position clear with regard to my support of this Bill. On many occasions during the past two or three years I have been requested to use my best endeavours to secure tacit promises for the extension of railways in my electorate. I do not

wish any member to think I am parochial in the stand I am taking, nor do I want people in my electorate to come to me afterwards and tell me, should the Bill be agreed to, that I have gone back on certain statements I made publicly, and to many of my electors by letter. I have been compelled to write to a great many people telling them I cannot possibly ask the Government to introduce any Bill for the extension of agricultural railways for two reasons. One is that we have already passed a number of Acts of Parliament authorising the construction of lines that have not yet been constructed, and that, in my judgment, if a Bill for the construction of an additional agricultural railway were to be passed by Parliament, it would be years before there would be any chance of that line being constructed. The second reason is that the Transport Board have made it perfectly clear in the Press and in discussions with deputations of which I have been a member, that they are possessed of information that warrants their saying they can produce a form of transport, with the advantage of the modern internal combustion engine of the Diesel type, that will compare not only favourably but at a cost that will put present freights and fares out of sight. I listened with great interest to the Minister when he was moving the second reading of the Bill, particularly when he quoted the report of the Transport Board on the question whether a road with road transport would serve the Big Bell as well as or better than would a railway. My object in bringing this matter before the House is to point out to my colleagues that, after hearing the Minister and the information he supplied to the House, I am of opinion that the Bill should go through. I also say that before long the building of spur lines of railway at all worthy of operation will require to be revised. This proposed railway of 18½ miles, to cost £60,000 to construct, should, with the traffic it will have, pay its way. The member who has just resumed his seat expressed the hope that the railway when constructed would prove to be of benefit to the company. He also raised the question whether the company would cease operations if they found that the low-grade ore in the mine did not pay. Recently I was furnished with some information about a low-grade proposition at Ravensthorpe. The letter is still in my possession, and if any member would care to read it, he is at liberty to

do so. That show at Ravensthorpe is being worked by certain families, and they tell me definitely that with less than 3 dwts. to the ton they can make £6 per week. I have no knowledge as to the depth of the Big Bell mine, and its body of ore.

The Minister for Mines: From the surface down to 600 feet.

Mr. STUBBS: Well, from all I can hear, the low-grade show at Ravensthorpe is going to prove very successful. Mining, of course, has come into prominence again and is going to be the saviour of Western Australia once more, for it must be admitted that the recent indifferent seasons have seriously set back our agricultural industry. It will be a good thing for Western Australia if these American mining companies do spend the money which they have undertaken to spend on the Big Bell. I believe the modern system of transport, with its internal combustion engines, is going to revolutionise the old idea that the railways were the best means of carrying goods from one centre to another. To travel 200 miles by railway requires nine or ten hours, whereas in a motor car the journey can be done in three hours. Large numbers of people are refraining from travelling on the railways because of the time required for the journey.

The Deputy-Premier: Still it is good to have the railways to rely upon.

Mr. STUBBS: The chairman of the Transport Board in the course of a deputation recently told the Minister for Works that they have in their possession information showing that with a Diesel engine they could carry goods from one centre to another in large quantities and at a much lower freight than is charged by the Government railways. I desire to make it clear that I support the Cue-Big Bell railway because I think it will be in the best interests of the State. But I do not wish it to be charged against me that I have refused to take deputations to the present Government, deputations requiring railways to suit the agricultural industry in certain portions of my own electorate. I am confident that the Government are fully alive to the situation in my electorate, and have not forgotten the 3,500 farm scheme. I repeat that I believe the proposed railway will be in the best interests of the State, and therefore I will support its construction.

MR. LAMBERT (Yilgarn-Coolgardie) [5.58]: I do not wish any opposition I may

offer to the building of this proposed railway to be taken as an indication that I am not sympathetic to the goldmining industry. I have not had opportunity to go into this question very fully, and so I do not even know whether the proposal was referred to the Railway Advisory Committee.

Hon. C. G. Latham: It was referred to the Transport Board.

Mr. LAMBERT: It would take a lot to convince me that we would be justified in incurring this expenditure. The length of the railway, I believe, is about 25 miles.

Mr. Raphael: It is 18½ miles, and it is proposed to use all your rails in it. They are nothing but a lot of thieving rogues.

Mr. LAMBERT: I do not know whether there will be any saving whatever in the building of this small spur line, so far as the operations of the company is concerned. Today, having in mind the evolution of motor transport, particularly with the use of Diesel engines, and having regard to the capital outlay on a railway as against a road, it seems to me very questionable whether there will be any saving.

The Minister for Mines: The estimate of the cost of the railway is £60,000, and of the road £47,000.

Mr. LAMBERT: The attitude that I am adopting is one that has previously been adopted by the House. I have been painfully reminded by the interjection of the member for Victoria Park that we had a mineral deposit which was not reported upon by American mining engineers, and it was not some sleeping or possibly imaginary deposit, but we were called to put up a sum of £125,000 in order to get a railway from Meekatharra to Peak Hill. The largest steel company in Australia, the Broken Hill Proprietary Company, after considering the reports of the State Mining Engineer, subscribed no less a sum than £10,000, and all that the Government at that time would do was to promise to provide secondhand rails. The State Mining Engineer reported that the deposit, to a depth of 12ft., was worth £13,500,000, and notwithstanding that, I guaranteed to the then Minister for Mines a sum of £500—

Mr. SPEAKER: I presume that the hon. member intends to connect his remarks with the Bill before the House.

Mr. LAMBERT: There is a clear and definite connection with the proposed railway. I do not wish to say anything against

the Minister for Mines for doing whatever he deems necessary to assist gold mining in this State, but it would be competent to ask for the appointment of a select committee to inquire whether the capital cost of the railway is justified, and, if so, who should pay for it. The Government, headed by the ex-Premier, took the whole of the assets of the W.A. Manganese Company.

The Deputy Premier: We have been told that we robbed the State.

Mr. LAMBERT: The ex-Premier saw that the State was not robbed; on the other hand, I fancy that other people were robbed. The member for Nedlands and the member for West Perth are familiar with the case. The member for Nedlands knows that the whole of the assets were taken by the State, although the money was secured by first mortgage debentures. The shareholders had lent £75,000, but the State took the whole of the assets, gambling on the chance that we would not be prepared to take legal action. With the advantage of assets that cost the Government nothing whatever, they will be able to build this railway very cheaply, but assuming that is so, I still say that we should call a halt and let the House decide whether the country should be committed to the expenditure for the railway, however cheaply and readily the material was acquired. To my mind the expenditure is in no sense justified. Without the slightest desire to curb the Minister's desire to encourage companies who are providing modern metallurgical processes for the treatment of large bodies of low-grade ore, he should be prepared to agree to the appointment of a select committee so that we can be satisfied of the bona fides of the company and their resources, and determine to what extent and in what direction the State Government might assist the enterprise. I assume that if the company are satisfied as to the profits that will accrue from operations on the Big Bell mine, they have sufficient money to build a railway. They are a wealthy company. Whether they are linked up with the Gugenheimers of America, I do not know. It is an enormous organisation, controlling the better part of £100,000,000.

Mr. Raphael: What about an introduction?

Mr. LAMBERT: We would be well advised to cry a halt before we definitely sanctioned the further expenditure of money upon a short contributory railway of this

description, only a few miles long. I could in my district show the Minister Diesel-engined lorries that are operating over a run of 42 miles at 20 miles an hour. The total amount of oil these vehicles consume on the journey is $1\frac{1}{2}$ gallons, costing 1s. 3d. landed at Southern Cross. If the Minister can tell me that it is possible to run a train on a tributary of our main line on the Murchison, carrying six tons and running at 20 miles an hour, at a fuel cost of 1s. 3d., then I have something to learn about locomotion. It would be well if the Minister analysed the position, and obtained all the facts that should be readily available to him through the ramifications of the department, and by means of the officers who are at his disposal. He could then inform the House whether we would be truly justified in incurring this expenditure. Already there are countless avenues for the expenditure of public funds, but the funds at our disposal are limited. To-day we are faced with seasonal difficulties and seasonal failure that will test us to the utmost and find the weakest link in the chain. The test will be whether we can finance our farmers and pastoralists in these times and keep primary production going. Whilst we are facing that position we should endeavour to conserve such resources as are at our disposal, and expend our public moneys to the best possible advantage, so that the money may be put into avenues where it will be utilised to keep primary production going as it should be kept going.

MR. SLEEMAN (Fremantle) [6.9]: I have something to say concerning the optimistic speech of the Minister for Mines on this Bill. I have since listened to the members for Williams-Narrogin and Wagin, both of whom gave the measure their blessing. To me it does not seem a very attractive proposition. The facts as submitted by the Minister are that the organisation concerned estimates that the ore from the mine will produce a value equal to 24s. a ton.

Hon. C. G. Latham: With gold at £8 an ounce.

Mr. SLEEMAN: Yes. The Minister also said it was estimated that the cost of breaking, milling and treating the ore would be 14s. a ton, leaving a margin of 10s. a ton. I have known of quite a number of big mines whose management estimated prior to the commencement of operations that they were going to mine ore that would be worth a certain amount. In very few instances have I

been able to discover that these estimates have come up to expectation. Only in one or two cases have I heard that the ore has been mined, milled and treated at the amount originally estimated. The proposition before us may be summed up in the following words:—An estimate has been made that the ore is worth 24s. a ton. If the estimate for treating this ore, after it is mined and including the mining costs, is right, the cost will be 14s. a ton. If, also, the price of gold remains at £8 an ounce for the future, there is some hope for the concern.

Mr. Cross: These people have to put up a substantial bond.

Mr. SLEEMAN: The hon. member can speak for himself later. We may find that the ore is not worth 24s. a ton, and that it cannot be mined and treated for 14s. a ton. I hope it will be possible to treat it at 14s. a ton, because in that case other low-grade propositions in Western Australia will be worth opening up. It is on the cards that the ore may not be found to be worth 24s. a ton, that it cannot be mined and treated for 14s. a ton, and it is on the cards that gold may not remain at £8 an ounce. The member for Canning interjected that these people had to put up a bond. That is so, but a bond is not everything. They have to put up a bond of £50,000. As soon as a certain amount of plant has been erected the bond is reduced by £12,500. As soon as a further instalment of plant has been erected the bond comes down again by £12,500. When all the plant has been erected the entire bond is wiped out. I would point out that gold is already showing a downward trend, and we do not know where that decline may stop. True, it is coming down slowly, but now that it has started to come down in price we do not know how far it will go. I defy any experts to say what will happen to the price of gold in the future. If, after the plant is erected and the whole of the guarantee has gone, and if after the first crushing or two it is found that the proposition is not a payable one, the line will have been put down for nothing, and the Government will have no bond left to fall back upon. It has happened before on the goldfields that propositions have not turned out as they were expected to. If such fears be realised, we will have spent £60,000 in putting down this line, and the mine would have ceased operations. I do not want to throw cold water on the undertaking, for

I should like to see the mine become a payable one. To me it seems a very poor proposition, however, on paper, though if it turns out all right I say good luck to those concerned. I hope the Government will see, if the mine turns out to be a payable one, that a large percentage of foreigners will not be employed upon it, as is the case with many other of our mines. If these people are to be backed by the Government, through the construction of this line, the Government should do their best to see that a large percentage of English labour is employed on the mine.

Sitting suspended from 6.15 to 7.30 p.m.

Mr. SLEEMAN: I wish to point out a coincidence. Mr. Wilson reports that 156 samples were taken by himself and that they averaged 3.517 dwts., and that numerous assays taken by the company averaged 3.508 dwts., a difference of .009 dwts. Mr. Wilson proceeds to remark that this is a very narrow margin. I, too, regard it as a very narrow margin, having in view that it is the margin between 156 samples taken by Mr. Wilson and a very large number taken by the company. But even supposing that the values are there, that the ore will yield as anticipated, the company will not get the 3 dwts. extracted. Unless they do, even with gold at £8 per ounce, they will not obtain a return of 24s. per ton.

Mr. Withers: What if the company struck an El Dorado?

Mr. SLEEMAN: That would be the best thing that ever happened to Western Australia, and we would all be pleased and shout "Hip, hip, hooray!" But these are the facts, and they speak for themselves.

Mr. Stubbs: To treat large quantities of ore at a pennyweight a ton is better than to treat small quantities at 5 ounces a ton.

Mr. SLEEMAN: The hon. member is quite correct. A big company wants a large proposition, and not a small rich proposition. If the values averaged by the company's samples and by Mr. Wilson's are verified, the mine will prove a good thing. But I fear the company will not get a 3 dwts. extraction. You know more about mining, Mr. Speaker, than I do, and I think you will agree with me on that point. According to the Minister, the company expect to average $3\frac{3}{4}$ dwts. extrac-

tion. I have lived quite a while on the goldfields, and seen many prospecting shows. I never yet knew a show to average what the prospector assayed it to crush. In small rich shows going ounces, the average is often maintained. However, ask the average prospector, the man who has spent his life in prospecting, what his crushing will go, and he will reply, "It assayed so much," and he expects it to go so much. But it hardly ever does. I think it is the same with large companies as with prospectors. Without belittling the prospector, every real, practical mining man of lifelong experience will acknowledge that the only true test in gold-mining is the battery. It is the battery that tells the tale. Whether the gold is or is not in the crushing when it goes through, is the real test.

Mr. Stubbs: In former days companies would not have touched the ore they are crushing now.

Mr. SLEEMAN: Because the grade was too poor.

Mr. Stubbs: That is where you are wrong.

Mr. SLEEMAN: Some mines have gone back to their mullock and pulled it out, and are crushing it and making it pay. I do not suppose even the member for Wagin (Mr. Stubbs) would care to say how long gold will remain at £8 per ounce. If stone can be treated at 14s. per ton, many shows in this country will prove worth while.

Mr. Stubbs: Of course, methods of treatment are now very different from those of 40 years ago.

Mr. SLEEMAN: We all know that. When I was a boy in Day Dawn, stone could be treated—

Mr. Marshall: It is a pity you were not treated when you were an infant!

Mr. SLEEMAN: I am proud to say this country has treated me pretty well. There is the old "white elephant" of the Murchison, which with a treatment cost of 14s. per ton would pay. The hon. member had better go and pull that show out. The member for Wagin might turn his attention to the Harbour Lights and Tower Hill mines. Those mines will pay with treatment cost of 14s. per ton. Now I wish to read some extracts from the Transport Board's report—

From Mr. Wilson's report the board is satisfied that there is a very large body of ore which can be successfully and profitably treated, even though the average return in fine gold might not exceed 3 dwts. per ton, provided always that the price of gold (Austra-

lian) does not fall below £6 per ounce The board has asked the Under Secretary for Mines for a check report. Although this has not been received, the board is satisfied that the Government is justified in doing everything possible to assist this company to develop what is proved to be a low-grade but very extensive body of ore.

Who proved it to be an extensive low-grade body of ore?

Hon. C. G. Latham: The Transport Board, of course!

Mr. SLEEMAN: With all due deference to members of the Transport Board, they do not know as much about mining as I know; and I do not set myself up as an expert in mining. They state that they have asked the Under Secretary for Mines for a check report. The Under Secretary for Mines may be a practical man, a man knowing a great deal about mining: but I am not prepared to take the opinion of the Transport Board on a mining proposition. I prefer my own judgment, though, as I said before, I do not profess to be an expert in mining.

Mr. Doney: But surely the Transport Board are justified in accepting the opinion of the State Mining Engineer.

Mr. SLEEMAN: If they did not receive the check report of the Under Secretary for Mines, they should have waited until they got it, or at least inquired the reason for their not getting it. They should not pose as mining experts themselves, saying that something has been found there which apparently is not proved to be there. The only thing that will prove it is the first battery report, especially in a case where the margin is so narrow as it is here.

Mr. Doney: The Transport Board deal only with the transport aspect of the matter.

Mr. SLEEMAN: The members of the board may know something about transport. Their report also states—

In a report dated the 2nd December, the Commissioner for Railways estimated that the capital cost of constructing a line from Cue to Big Bell—distance, including length of sidings, approximately 19 miles—would be £60,000; but Mr. Hood has advised the board that such cost may reach £64,000. In the absence of the Commissioner, the board interviewed Mr. Tomlinson, Secretary for Railways; Mr. Raynor, Commercial Officer, Railway Department, and Mr. Hood, Chief Engineer. It was then ascertained that at least 75 per cent. of the sleepers and all of the rails stacked at Meekatharra, that would be used on this proposed line, were available, and had been paid for

The member for Yilgarn-Coolgardie (Mr. Lambert) may be interested in that last quotation. Let us not forget that those things have all been paid for.

Mr. Lambert: They were stolen, absolutely stolen. One can call it nothing else.

Mr. SLEEMAN: The report states further—

The board necessarily gave consideration to the possibility of road instead of rail transport. The estimate submitted by the Commissioner, Main Roads, for the construction of a bituminous road (distance 18 miles) is £47,500. It is obvious that if a road of this type were constructed, there would be no recovery value whatever should mining operations cease, whereas there would be substantial recovery value if the railway line were constructed.

I ask hon. members to note the words "should mining operations cease." It looks as if the members of the Transport Board were a bit doubtful. What leads them to think there is a likelihood of mining operations ceasing?

Mr. Marshall: That is not the point.

Mr. SLEEMAN: They must have some doubt. They must have a fear that mining operations may cease. It appears to me that towards the end of their report the members of the Transport Board became a trifle dubious themselves. They are not fully convinced that the mine is going to be all that it is supposed to be.

Mr. Stubbs: They have got the rails and sleepers, £40,000 worth.

Mr. SLEEMAN: They have got them free, and the rails and sleepers will be free again if the line is pulled up. The report goes on to state—

The Commissioner for Railways indicates that he has experienced difficulty in estimating the tonnage of goods that would be hauled annually between Cue and Big Bell, but, for what it is worth, he estimates that the earnings would be only £1,520 per annum, whereas the total interest and operating expenses might be £4,040 per annum.

It does not seem to me, after finishing their report, as if even this board considers it such an optimistic turn-out as some people would make it appear to be. The Government would be well advised to give careful consideration to the matter before putting a line down for such a doubtful proposition. If they like to take notice of the member for Yilgarn-Coolgardie (Mr. Lambert) they would be well advised to send a select committee to obtain more information before spending £60,000 on this line. I should like to hear other mining members say whether

they think it is possible for this ore to be treated, including depreciation, for 14s. I do not think it has been done up to date. At Wiluna it costs £1 or 21s. Some people might reply that Wiluna ore is refractory. It was not always refractory, and the chances are that the Big Bell at a depth will be refractory also. All that has to be considered. It seems peculiar that money is always obtainable for big railways such as this, and I hope the Government will be able to issue the same amount of money for housing schemes for the people, and other public works which I regard as important as this mine.

THE DEPUTY PREMIER (Hon. M. F. Troy—Mt. Magnet) [7.45]: If anyone desires to obtain a reputation for foresight and wisdom it is a good policy to oppose everything. Sometimes he will be right, and then he will be able to say, "I told you so." That seems to be about the attitude of some of those opposing this measure. The member for Fremantle (Mr. Sleeman) implied that money which it is proposed to use in connection with this railway should be employed in housing and other schemes for the people. But if we do not open up the country there will be no money for housing schemes. If the housing scheme is to take preference over the development of the country, there will soon be an end to that policy. I am surprised at the opposition to the Bill, because in my opinion, although it has its risks as every other undertaking has, it is one of the soundest propositions ever brought to this House. The Government are faced with two alternatives: either to build a railway or to build a road. In construction costs there is a difference of £13,000, but there will be a considerable difference in the upkeep of the railway as compared with that which would be entailed in the upkeep of a road—a very considerable difference, for a railway can be maintained much more cheaply than a road. I have seen something of the trouble caused by the roads in the Murchison, particularly in the wet seasons. For ten years I saw a succession of wet seasons in the Murchison—from 1900 to 1910—and I saw teams bogged on the road for weeks.

Hon. C. G. Latham: This would be a bituminous road.

The DEPUTY PREMIER: I saw teams bogged and mining operations held up. Is

it not worth while to encourage the expenditure of £400,000 on this mine? If it proves a success, it will result in the opening up of many more mines in this country. There are any number of these lodes, not so big, but certainly big, and the success of this mine means their development and development in the Murchison and the back country. What Government would hesitate to expend a few thousand pounds to bring about this end? This country would be in a bad way but for the mining industry. Other industries do not give a return to compensate for the expenditure on them to the extent that the mining industry does. Supposing the remarks made by those who oppose the measure were true and the mine did not prove a success. We would still have the railway and the sleepers for an expenditure of a few thousand pounds. Hill 60 is a success, and it is not a big lode in comparison with the Big Bell Mine.

Hon. C. G. Latham: There is a big open cut there.

The DEPUTY PREMIER: It is nothing to this proposition, and yet it has proved successful.

Hon. W. D. Johnson: That is only making a case against this proposition.

The DEPUTY PREMIER: No, I will not admit that. Smaller shows have not got the turnover and it is the quantity that pays. Despite that, Hill 60 has paid. Chesson and Heydon had erected a small five-head battery, not the up-to-date plant that is available in these days, and nearly made the mine pay. According to Mr. Chesson, if the ore had been richer by $\frac{1}{2}$ dw., they would have made a success of the venture. Mr. James Chesson stated definitely that if they had only had an extra $\frac{1}{2}$ dw. in values, they would have got through quite easily. The Government have calculated in this instance that the company sponsoring the venture would not spend £100,000, and guarantee to spend £400,000 more, if they did not see before them possibilities of success. I can say from my own experience that the risk in this instance is, in my opinion, one of the best the State has ever taken. If Chesson and Heydon could almost make their proposition pay with their old-fashioned plant, what could they have done if they had had the advantage of the plant that the Big Bell Company will operate?

Mr. Marshall: And a good water supply.

The DEPUTY PREMIER: They should have succeeded easily. Mr. Chesson, who

was formerly a member of this House, has expressed the opinion I have indicated. Members are haggling at the prospect of spending a few thousand pounds, although there is a possibility of a very great reward for the State. There is a possibility of building up another mining field, and the employment of a few thousand more people in the industry.

Mr. Stubbs: And it is inducing the investment of outside capital.

The DEPUTY PREMIER: And yet members haggle about the expenditure of the few thousand pounds involved! Even if I did not have great confidence in the proposition, I would accept the risk. It is worth while. The mere fact that the company propose to expend over £400,000 will give the State an impetus. In considering the proposal, I am buoyed up by the fact that on the much smaller proposition at Mt. Magnet, those concerned are making a profit on dirt that is less than 4dwts. in value. I hope the House will realise the great possibilities involved in the proposal. If the Big Bell Company can pay their way, and make a success of the venture, there will be half a dozen more shows in the Murchison that will be dealt with in the same way. Those mines will be taken up and worked. Such was not possible when the member for Fremantle (Mr. Sleeman) was on the Murchison. It was not possible to treat the ore with the plant available then. In those days there were almost as many men on the surface as there were underground. In these days one can hardly find a man on the surface. If members went to Wiluna, they would realise that equipment makes all the difference between success and failure in the mining industry to-day. They would find very few men on the surface at Wiluna. I went to the Youanmi district a few weeks ago. The old plant at the Youanmi has been done away with and to-day the mine is equipped with one of the finest plants in the State. The company spared no expense in that regard and to-day they are anticipating results. They have no doubt on that score. If the former company that worked the mine had had the advantage of the plant that is operating to-day, they could have succeeded even when the price of gold was half what it is to-day. The position in the industry has been revolutionised. In this instance I think Parliament will take very

little risk in agreeing to the proposition. If there is any risk, it will be for a good purpose and should be amply justified.

HON. C. G. LATHAM (York) [7.55]: I shall not oppose the Bill but at the same time in such matters we should be cautious. After all, it is as well to recognise that Parliament can be made use of by companies for the purpose of floating shows that do not justify the expenditure involved.

The Minister for Mines: In this instance the company do not propose to put one share on the market.

Hon. C. G. LATHAM: I do not refer to the present instance but what I say has applied on other occasions. After all, we ought to be cautious. We should not rush in and pass legislation without comment. The Deputy Premier stated that if this venture succeeds, a dozen other shows may be developed. I do not know whether that means that he will present to Parliament Bills to authorise lines to be constructed to all those additional mines. If so, it will be a fairly expensive matter for the State.

The Deputy Premier: Those I refer to are close to the railways and additional construction would not be needed.

Hon. C. G. LATHAM: Then those mines are suitable for trying out. The Big Bell Company is a reputable concern and is to make available £400,000 for expenditure on the developmental work. With the rate of exchange in favour of the company, it is a good investment. We ought to encourage the expenditure of capital and it is on that account that I shall not oppose the Bill.

Mr. Doney: Especially when it means new money like this.

Hon. C. G. LATHAM: Quite so, but nevertheless we should always be cautious. There are plenty of people prepared to come here with a little money, float a company and develop a proposition, aided by the fact that they can announce the Government's preparedness to build a line to facilitate operations. I believe the company do not intend to operate on the share market.

The Minister for Mines: No, they will use their own capital and will not go on the market.

Hon. C. G. LATHAM: So we need not worry about the position from that standpoint. Normally, however, we must be very careful. In this instance I suppose the railway is justified, but we must depend almost entirely on the mine itself for revenue.

I am surprised to note how anxious the officials are to back this kind of venture. If they go on anything it must be on the evidence that applies to it. On the other hand, I notice that in his report the State Mining Engineer states—I do not know where he got his information from:—

The Commissioner of Railways, in reporting on the proposal from a railway point of view, put down the probable cost of the railway at approximately £60,000. He estimates operating costs at 5s. per train mile or a total of £1,040 per annum. Earnings are estimated at £1,520, leaving only £480 for interest on an outlay of £60,000.

Then he goes on to say:—

It should, however, be pointed out that on the same basis of estimation the increased earnings on the Geraldton-Wiluna train will be approximately £20,000, and that this increase is contingent on the company proceeding with the enterprise. The increased expenditure may be expected to be considerably less than this amount.

I suppose the Commissioner of Railways gave consideration to that phase when he submitted his report. I suppose also that the information was obtained by the Transport Board, who set themselves up as an authority, but their views do not convince me in the slightest degree. I believe that, in his report, the State Mining Engineer had the advantage of a report from Dr. Simpson regarding the value we may attach to this field. In collaboration with Mr. Bowley, Dr. Simpson carried out investigations and their analyses showed returns of 3 dwt. and 3.83 dwt. of gold per ton. That bears out what the State Mining Engineer has stated.

The Minister for Mines: That refers to samples that the State Mining Engineer himself took and that shows the assay values.

Hon. C. G. LATHAM: It was a check. We also find that at one time the Western Australian Bank and the Mines Department carried out operations on the mine from August 1922 to December 1923 and during that period 22,121 tons of ore were mined and treated at a total cost of a fraction of a penny over 13s. 1d. per long ton. So they were able to achieve that result in those days and it should be done for less than that to-day. I admit there is an open cut there. At the same time, there should be no complaint against a little caution being exercised over these propositions. We have passed legislation that we have regretted; we have authorised the building of railways

that were never justified, and so a little caution does not go amiss on this occasion. But after reading the valuable reports, particularly that of the State Mining Engineer, there does not seem to be very much risk, and after all it is worth while, as the Deputy Premier said, to give this a trial, for the £60,000 will not be all loss in any event, and it may result in the opening up of other shows. And certainly we will get railway freight out of it and a good deal of employment.

Mr. Marshall: And we are getting taxation, the emergency tax and income tax, out of it already.

Hon. C. G. LATHAM: Then you ought to be ashamed. Do you mean to tell me that you are already taxing those people the moment they come out here and before they have got any returns from the mine?

The Minister for Mines: No, but we are taxing their employees.

Hon. C. G. LATHAM: Taxing the hard workers! There is nothing to boast about in that.

Mr. SPEAKER: And it has nothing to do with the railway line, either. We are not discussing the emergency tax now.

Hon. C. G. LATHAM: Immediately they put men on the mine they must start taxing them.

Mr. SPEAKER: The hon. member is not in order in discussing this.

Hon. C. G. LATHAM: At all events it will mean revenue. I do not know what the water supply people have advised about this.

The Minister for Mines: They are quite satisfied.

Hon. C. G. LATHAM: It is very important. That is the only question I have noticed as missing from the report. We should be told what water they are going to use for crushing purposes.

The Minister for Mines: They say they have an ample supply.

Hon. C. G. LATHAM: It is rather remarkable that our wonderful Transport Board, who desire a say in everything, did not require a report on this and did not investigate the water question. They demand a check report from the Mines Department, and there should have been a report as to the water supply.

The Minister for Mines: They could not do anything of the sort under the Transport Act. Has not the hon. member ever read that Act?

Hon. C. G. LATHAM: Yes, more closely than the Minister has done. In the circumstances, of course, there must be a request for early construction, because all these negotiations have been carried out by the Minister by telegraph. Certainly it would be unwise to hold it up for any select committee inquiry, because we have here all the information we can get, except that regarding the water supply.

THE MINISTER FOR MINES (Hon. S. W. Mensie—Hannans—in reply) [8.4]: I thank members for the way in which they have received the Bill, and at the same time I wish to reply to one or two statements that have been made. When Wiluna was mentioned, the member for Fremantle said that the costs at Wiluna had proved higher than was anticipated. He added that it might be argued that Wiluna had refractory ore, but that certainly the Wiluna ore was not always refractory. That statement was not correct. Wiluna ore from the very first was refractory, right on the very surface, absolutely refractory, even though it was free milling. It has never been anything but refractory, and until they got well down into the sulphide—

Mr. Sleeman: Where they treated.

The MINISTER FOR MINES: Yes, for what they could get out of it. There is no question that the Wiluna ore is refractory. I want again to inform members that the company interested in the Big Bell have sunk 250ft. and have driven 1,100ft. north and south along the 250ft. level. They have put crosscuts 6ft. wide on the lode for 100 feet, and they have treated the whole lot for sampling purposes to see what it would go. As those samples were taken, one clean sample was tested and treated at the Kalgoorlie School of Mines, another portion of the same sample was tested and treated in the Mt. Isa laboratory in Queensland, and a third portion was tested and treated in the American company's laboratories. And, as our State Mining Engineer says, it is strange how close the averages were. It is indeed strange when one sees the reports from those three places where the samples were treated, two of them out of our own State and one of them at the School of Mines, and all almost identical. It goes to prove that the company have a lode which, although of low

grade, is certainly of an even average value throughout.

Mr. Fox interjected.

The MINISTER FOR MINES: They drove crosscuts 6ft. wide right across the lode. And the average width of the lode is 85 feet, the maximum being 115 feet. So I think they gave it a fair test. They made experiments in many ways, and at the Kalgoorlie School of Mines too, as to the treatment, and they decided eventually that it was impossible for them to take on the proposition unless they could get fresh water with which to treat the ore. So they started a search for fresh water and approached the Mines Department in order to see if we could assist them. But at that time we were not in a position to assist them or anybody else with cash, and so I had to refuse. But I believe the company have since spent £13,000 in looking for water and have satisfied themselves that they have a sufficient supply to treat up to 50,000 tons per month if necessary. They have to pipe it for a little over 8 miles, and they are finding the pipes and putting them in. They have not asked for any assistance in that regard; all they have asked for is the building of the railway. When we get a company of that quality I think we should encourage them. They admit openly that at any period they have £5,000,000 at call to do what they like with. So I say it is worth while to do something to get such a company interested in Western Australia. As the Deputy Premier pointed out, if this company can make a success of their enterprise, and prove that they can treat low-grade ore for 3.508 dwts. per ton in value, and be successful, it will open up wonderful possibilities for the rest of the mines in Western Australia. So I think it would be worth while even to risk the whole of the £60,000, which of course we are not doing, not by any means.

Question put and passed.

Bill read a second time.

In Committee.

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

BILL—PETROLEUM.

In Committee.

Resumed from the 22nd September. Mr. Sleeman in the Chair; the Minister for Mines in charge of the Bill.

Clause 16—On discovery of payable petroleum, licensees may claim reward leases :

Mr. McDONALD: The clause relates to the first discovery of oil in any one of the five provinces into which the State is to be divided, and the reward lease is to be four miles square, a total of 16 square miles. I move an amendment—

That in line 5 of Subclause 1 "four" be struck out, and the word "fifteen" inserted in lieu.

Under the amendment, the first discoverer of oil in each oil province would receive a reward lease 15 miles square, a total of 225 square miles.

Mr. Raphael: What a modest proposal!

Mr. McDONALD: It is modest in view of the fact that we have a million square miles of territory in the State, that oil has not so far been discovered, and that the Minister said we must give an assurance to people that they will reap the reward for money spent on the search for oil.

Hon. C. G. Latham: I do not think we could be too generous to the man who first found oil.

Mr. Raphael: Why not give him the whole of Western Australia?

Mr. Marshall: Why not give your tongue a spell?

Hon. C. G. Latham: The discoverer would not be able to take the oil away.

Mr. McDONALD: An oil basin might cover an area of many square miles. According to information supplied by the managing director of the Freney Co., who have done so much in searching for oil—

Mr. Coverley: They have wasted enough money on obsolete plant!

Mr. McDONALD: It is unfortunate that a great deal of the money subscribed has perhaps not been spent in the most suitable way, but that was the fault of the advisers of the company. Now, I believe, they have expert advisers. No one regrets more than the company that the funds in earlier years were not spent in a more effective way. I may say that I do not hold any shares in the company. I am told that an oil basin might cover a very large area, and a company might spend a quarter of a million in searching for oil. They might discover an oil bed, but where they get perhaps a small flow of oil might be the edge of the basin. If the first discoverer had a little reward lease around the bore on the edge of the basin, other people who had not

spent a penny on exploration could take up leases around his. Somebody else might get a lease on the middle of the basin and he would have a well which possibly would yield a large amount of profit.

Mr. Raphael: Has not that been the rule in goldmining right through?

Mr. McDONALD: Goldmining is an entirely different proposition. It is said that a discoverer should be given a reward lease sufficiently large to ensure of his reaping the full benefit of his discovery.

Mr. Tonkin: Your proposal might give him the whole basin.

Mr. McDONALD: It might, but there would perhaps be another basin a hundred miles away, and it is not likely that the first discoverer would have a monopoly of all the oil.

Mr. Marshall: Let us get oil first.

Mr. McDONALD: According to the "Times" weekly of the 20th August last the Anglo-American Oil Co., a subsidiary of the Standard Oil Company, has been granted five licenses to operate in Sussex, covering an area of 478 square miles, and another company has been granted 39 prospecting leases covering an area of 6,946 square miles. England is a small place, but the authorities have not hesitated to grant large prospecting areas to people who are prepared to spend money in the search for oil. In the Papuan Oil Ordinance, recently passed, the reward lease to the discoverer of oil may be up to 20 square miles in area, and the discoverer may have three of such reward leases. I am informed that even this area is not large enough to ensure to the first discoverer of oil that he will get reasonable protection for the capital expended. My suggestion is that we should make the first reward lease not less than 15 miles square.

The MINISTER FOR MINES: I am sorry not to have had the opportunity to discuss this with the hon. member. On the Notice Paper, however, I have an amendment to this very clause. I am not particular what area is obtained by the first man to discover oil.

Hon. C. G. Latham: That is the proper attitude to adopt.

The MINISTER FOR MINES: I want to see oil discovered here, but I am not disposed to accept the hon. member's amendment, because it would benefit not only the first discoverer, but possibly the fifth discoverer of oil. We ought to be liberal up to the time when oil is discovered, but less

liberal afterwards. The amendment I have on the Notice Paper is to strike out the proviso, and substitute the following:—

Provided that in the case of the first licensee to discover payable petroleum within the State the area of the reward lease may include the whole of the individual oil bearing structure so far as in the opinion of the Minister after consultation with his advisers geological investigation can define it but subject to a limitation of 225 square miles and a further limitation that every area so granted shall be in the shape of a rectangle the length of which must not exceed twice the breadth.

According to Dr. Wade, who made a geological survey of a considerable portion of the Freney Company's lease in the Kimberleys, the area specified in my amendment would cover any oil basin that he had detected from surface indications. This is as far as we need go up to that point. I do not feel disposed to give the same concession to the man who may, after the first discovery of oil, make another discovery in some adjoining province. If the second discoverer gets the four miles square, as provided by the Bill, he will get a very good reward claim. I hope the amendment will be withdrawn. After the hon. member had given notice of his amendment, I discussed the matter with Dr. Wade, Dr. Ward, and Professor Woolnough, the three Commonwealth oil experts who are here to examine the country from Carnarvon northwards as regards oil possibilities and surface survey. The clause goes quite far enough. I shall, however, be prepared to accept several of the other amendments of which the hon. member has given notice.

Mr. McDONALD: I admit that when I rose this evening I had not seen the Minister's amendment, which entirely meets what I have in mind, because it gives the Minister power to grant a reward lease up to 15 miles by 15 miles, if that area should be necessary to cover the oil basin found by the first discoverer. I do not desire to give any special favours to anyone except the first discoverer of oil within the State. The Minister's amendment will do what is necessary, and do it better than the amendment I have moved. I ask leave to withdraw my amendment.

Amendment, by leave, withdrawn.

The MINISTER FOR MINES: I move an amendment—

That the proviso to Subclause 1 be struck out, and the following inserted in lieu:—"Pro-

vided that in the case of the first licensee to discover payable petroleum within the State the area of the reward lease may include the whole of the individual oil-bearing structure so far as in the opinion of the Minister after consultation with his advisers geological investigation can define it, but subject to a limitation of 225 square miles and a further limitation that every area so granted shall be in the shape of a rectangle the length of which must not exceed twice the breadth.

Hon. members will find the amendment on the Notice Paper.

Amendment put and passed.

The MINISTER FOR MINES: I move an amendment—

That in Subclause 2 the words "two miles square" be struck out, and the following inserted in lieu:—"four square miles in the shape of a rectangle the length of which shall not exceed twice the breadth."

Mr. McDONALD: I would like further explanation of this amendment. The Bill provides, by Sub-clause 2, that the second discoverer of oil in each province shall be entitled to a smaller reward lease, of two miles square or four square miles. The amendment proposes to retain the area of four square miles, but provides that instead of its being a square it may be a rectangle of which one side may be twice the length of the other side. The amendment may enable the second discoverer to have a lease whose boundaries may be better fitted to cover the oil-bearing basin he has found. I have an amendment which proposes to go beyond that. It proposes to give every discoverer of a new oil basin a reward lease. The ordinary lease granted to a man who is not the first or second discoverer is 160 acres.

The Minister for Mines: But he can take up five such leases jointly.

Mr. McDONALD: Yes; a total of 800 acres. The people in question are those who come on the oil basin after it has been discovered. They will be able to get wells of certain value without any preliminary expenditure, but the area is limited to 800 acres. My feeling is that it would pay us to give much more generous terms to the first discoverers of oil basins in addition to the first discoverer of oil in the province, because every new oil basin is a discovery of great value to the State. It should be worth our while to induce men to go out and find new oil basins, probably travelling hundreds or even thousands of miles in their search. I suggest that any man who discovers a new oil basin should be entitled to a reward lease.

although there might be five or six or twenty of these discoverers, and that the ordinary person who comes along afterwards and selects from 160 to 800 acres shall take an ordinary title, without any special benefit, because he was not the first discoverer. I also suggest that the second and subsequent discoverers of new deposits of oil should receive an area of eight square miles, instead of the Minister's proposal of four square miles; the area of eight square miles to be limited by the provisions applying to a rectangle. These terms would apply to men who, though not first discoverers, afterwards discover oil basins in what may be a very large province.

The MINISTER FOR MINES: I think I gave all the explanation I can give when I was speaking of the first discoverer. The first man, or syndicate, to discover oil would be entitled to the reward lease of 225 square miles. The same syndicate might go away from that basin for a distance of four or five miles and discover a basin which might be proved by the geological formation of the country to be outside the basin tapped on the first occasion. In that case I think that if they got their two miles square as a reward claim for finding the second basin, they would have a very fair deal indeed. If anyone else discovered an absolutely separate basin within four or five miles of the first discovery, he would be entitled under the Bill to two miles square. I think that is ample, and that we have gone far enough in increasing the amount to the original discoverer of oil. I do not propose to accept the hon. member's suggestions.

Amendment put and passed,

Clause put and passed.

Clauses 17 to 20—agreed to,

Clause 21—Lien for wages:

Mr. NEEDHAM: I move an amendment—

That in lines 27 and 28 of Subclause 1 the words "not exceeding four weeks' wages or earnings to each such person" be struck out.

The words "not exceeding four weeks' wages or earnings" to each such person occur twice in this clause. If the amendment is agreed to, there will be a consequential amendment in lines 32 and 33. As the clause reads at present, the wages or earnings of all managers, clerks, miners, artisans and labourers employed in or about any petroleum lease to be made a first charge

upon the mining tenement, will not under any consideration exceed four weeks' wages.

The Minister for Mines: A man could put in any number of liens and get 8, 12, 16 or 24 weeks' wages.

Mr. NEEDHAM: I want to make sure. As the clause at present reads, only four weeks' wages are provided. Should anything go wrong and the company be wound up or should any trouble of any sort occur, only four weeks' wages or earnings are allowed to be paid in priority to all other debts. My interpretation of the clause does not agree with that of the Minister. To make assurance doubly sure I have proposed this amendment. To my mind wages should be the first charge in any case. I do not want the position to arise in connection with this measure which occurs frequently in our farming areas. I have been trying for the past 12 months to get a farm labourer his wages from a farmer who is in financial difficulties owing to the depression and other causes. This farmer refuses to accept even the assistance of the Government under the Farmers' Debts Adjustment Act to pay this man the wages due. I do not feel inclined to accept the clause as it stands, and in order to test the feeling of the Committee I move this amendment. The wages of these employees should be protected. There are laws in existence to-day which give a landlord priority for his rent under any and all conditions. Now we have a chance through this legislation of making sure that in this case the wages of those engaged in employment shall be protected.

The MINISTER FOR MINES: I raised this particular point when the Bill was being drafted. I have been advised that, with the exception of the word "petroleum," the clause has been lifted bodily from the Mining Act. Under the provisions of that Act, men have sued for four weeks and then for another four weeks, and so on until they covered a period of 24 weeks. I promise the member for Perth that I will go into the matter again and if I find, as he suggests, that men will be limited to a period of four weeks, I will have the clause re-committed so as to include his amendment. Even more than in the goldmining industry, I desire the wages of the men who will be employed by the oil companies and may have to go into the interior, to be amply protected.

Mr. NEEDHAM: In view of the Minister's assurance, I ask leave to withdraw the amendment.

Hon. C. G. LATHAM: Before the amendment is withdrawn I think it is apparent from the wording of the clause that the intention is to limit the amount to four weeks' wages.

The Minister for Mines: Are you sure there is not another Act that prevents a lien being given over wages for more than four weeks?

Hon. C. G. LATHAM: I do not care if there is.

The Minister for Mines: If there is, this will not remedy that trouble.

Hon. C. G. LATHAM: Let us make it perfectly clear now in this Act what we intend.

Amendment, by leave, withdrawn.

Clause put and passed.

Clauses 22 to 31—agreed to.

Clause 32—Minister may grant licenses to prospect:

Mr. McDONALD: The clause deals with the granting of licenses to prospect, and paragraph (b) of Subclause 1 empowers the Minister to grant not more than three such licenses to one person in the same oil province. I think the Minister should have power to grant up to five licenses in the one province. I move an amendment—

That in line 2 of paragraph (b) of Subclause 1 "three" be struck out, and the word "five" inserted in lieu.

Amendment put and passed.

Mr. McDONALD: I move an amendment—

That in line 1 of the proviso to paragraph (b) of Subclause 1 "two" be struck out, and the word "three" inserted in lieu.

The Committee have decided to increase the number of prospecting licenses that may be granted in one province, to five. As the paragraph stood originally, three only could be granted and, according to the proviso, two of those areas could adjoin. With the amendment, I desire the number of areas that may adjoin to be increased to three.

The MINISTER FOR MINES: While I agreed to the first amendment, I do not feel disposed to accept the amendment to the proviso. The prospecting areas may be 15 miles square, not 15 square miles. First of all, these people have to apply for a permit to explore. Having got that, they can go anywhere they like. Having determined that a certain area is worth prospecting, they then apply for a license to prospect. If they can hold five licenses in one province and these can cover the area I have indi-

cated, they will have the benefit of a very fair deal. I have been strongly advised by Dr. Wade, and particularly by Professor Woolnough, who produced evidence to me supporting their contention that it is absolutely essential to specify the distance between prospecting areas. If that is not done, the prospecting companies will immediately take advantage of the position, and take up areas between which a hundred yards only will intervene. In those circumstances, the leases are not adjoining, but the land between them is useless to anyone else. It is practically on his advice that I propose presently to move an amendment to the clause. I am not prepared to let them have three adjoining areas, for two are quite enough. However, I have an amendment on the Notice Paper dealing with this same clause.

Amendment put and negatived.

The MINISTER FOR MINES: I move an amendment—

That after "another" at the end of the proviso to paragraph (b) the following be inserted:—"Provided that where two adjoining areas are granted and another area or areas are also granted under this paragraph, there shall be a distance separating the other area or each of the other areas, as the case may be, from the said two adjoining areas of not less than four miles and a distance separating each of the other areas from each other of not less than four miles."

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

Clause 33—agreed to.

Clause 34—Applications:

Mr. McDONALD: I move an amendment—

That after "side" in line 3 of Subclause 3 all words to the end of the subclause be struck out.

This subclause provides that the area of land for which the license to prospect is granted shall not exceed a square of 15 miles on each side. That, I think, is complete and satisfactory, but the remainder of the clause states that the boundaries of the area shall run north and south and east and west, unless this is rendered impracticable on account of natural or other difficulties. That restriction, I think, is unwise, and would frequently be impracticable.

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

Clauses 35 to 103—agreed to.

Clause 104—Regulations:

Hon. C. G. LATHAM: Will the Minister explain why it is deemed necessary to take power to make regulations for prescribing the fees payable for, say, the registration of transmission by death or under the laws relating to bankruptcy or insanity? Does the Minister mean transfers and things of that sort?

The Minister for Mines: Yes.

Hon. C. G. LATHAM: But surely it would not be necessary. I am not going to pretend that I fully understand this, but it seems to me that to take power by regulation to prescribe fees for such a purpose is quite unnecessary. Surely this would be determined by the value of the lease. I should say that existing laws governing the value of property would determine the fees payable.

Mr. McDONALD: I consider the provision satisfactory. The Administration Act provides for the payment of duty according to a scale, but the Probate Office charges 10s. for the transmission of a block of land, which is a fee in operation and has nothing to do with the administration side. The same applies under the mining Act.

Clause put and passed.

Progress reported.

BILL—FREMANTLE LITERARY INSTITUTE MORTGAGE.

Second Reading.

Debate resumed from the 22nd September.

MR. SLEEMAN (Fremantle) [9.13]: I have little to say on the Bill, which is very satisfactory. The people concerned are pleased that the Minister has introduced it in order to get them out of their difficulties. I have pleasure in supporting the second reading.

Question put and passed.

Bill read a second time.

In Committee.

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

BILL—LAND ACT AMENDMENT.

Second Reading.

THE MINISTER FOR LANDS (Hon. M. F. Troy—Mt. Magnet) [9.17] in moving the second reading said: This is a short measure to provide relief to pastoralists who have been injured by the drought. I regret to say that practically the whole of the pastoral areas is in the throes of a drought which, for severity and extent, is unprecedented in the history of the industry in this State. At the beginning of the year, with the passing of the normally rainy season, the position was very serious. To-day it can be described as almost desperate. In certain parts the drought has extended over this year, but some districts have experienced a succession of dry seasons extending over six years. I fear that we have not yet experienced the worst, although we are all very hopeful that the drought may break this summer, but that is a matter entirely beyond our control. The ability of the industry to meet the burdens imposed by the drought has been materially weakened by reason of a protracted period of low prices, which ruled up till last season, during which time the reserves of the pastoralists were eaten up and operations were continued only through the assistance of the banks and financial houses. The full toll taken by the drought will be known only when a break occurs and a clean muster becomes practicable. Shearing at some of the sheds has, of necessity, been abandoned owing to the sheep being too weak to travel, and portable plants of the two-stand type are being used at out-station watering places to obtain the wool of the sheep still alive. Official shearing figures to hand from stations extending from Port Hedland to the Lower Gascoyne enable a reasonably accurate estimate to be made of the loss of grown sheep to date in those districts. There is also the reduction in the wool clip, due to the loss of sheep, and the lighter fleeces from the sheep shorn. I want the House to bear in mind that when the figures from the district most adversely affected, namely, the Murchison, are available, they will materially increase the aggregate losses. The shearing figures referred to cover over 60 properties, aggregating sheep shorn in 1935 to the number of 1,239,129, for a yield of 23,096 bales. The same properties for the present season have shorn 893,962 sheep

for a return of 14,678 bales. The reduction in sheep numbers represents 28 per cent., and the decrease in bales of wool represents 37 per cent. Last year the sheep population of the pastoral areas was given by the statistician as slightly over $5\frac{1}{2}$ million. A loss of 40 per cent. will therefore amount to approximately 2,000,000 sheep. This is not all, because the drought has not yet broken. As regards wool, the loss can hardly be less than between 50,000 and 60,000 bales, representing in the vicinity of £1,000,000 at the present value of wool. Bad as this is, it is not the only loss. Unfortunately the effect upon the industry is cumulative. Generally speaking, the lambs dropped in 1935 have long since died. I think that may be said of a great proportion of the pastoral areas. In the case of a few stations a number of lambs may have survived, but these are in comparatively favoured localities. The conditions obtaining this year have rendered lambing entirely out of the question. The loss of two years' natural increase is one of the most serious aspects of the situation, as even when the drought breaks there will be no young sheep coming on for at least two years. Members who have some knowledge of sheep husbandry will understand what that means. There will be a reduced number of breeding ewes available because of the mortality amongst the sheep, and this will make the progress in rebuilding the flocks extremely slow, even when the drought has broken. Quite apart from the loss of sheep and wool, pastoralists have been hard hit by the drought in many other directions, such as in the feeding of their sheep and in making provision for water supplies. The sub-normal rainfall in the wheatbelt country and the absence of feed on the stock routes has precluded the possibility of saving any considerable number of breeding ewes, which in normal seasons in the wheatbelt would have been sent down on agistment from the adjoining pastoral country. That has not been possible this year, and it was not possible to a great extent last year. Heavy expenses have to be faced in the hand feeding of station stock and rams, and scrub-cutting had to be resorted to in all instances, where it was available, in an effort to save the nucleus of a breeding flock from which to rebuild when conditions improve. In some places, not in a majority of places, wells which over long periods have proved adequate have in many instances had to be deepened, or where possible fresh supplies

opened up. One of the worst features of the drought is the loss of well-bred flocks, which in many instances are the result of a lifetime of careful culling and breeding. That is very serious for the State, and the loss cannot be made good for some years to come. In such cases the replacing of breeding ewes of the standard lost will be impracticable, and well-nigh impossible. It is difficult to visualise the source from which restocking could be brought about, apart from the gradual building up from the depleted flocks of ewes that are able to survive the drought. The industry has a very difficult time ahead of it, even after the return of normal seasons, and will need the utmost consideration at the hands of the Government and financial institutions. The provisions of Section 101 of the Land Act, unless amended, will operate unduly harshly against the industry this year. Land rents are assessed in accordance with the rise and fall in the price of greasy wool, above or below 12d. per lb. during the preceding season. For the season ended the 30th June, 1935, greasy wool sold in Western Australia averaged 9.119d. per lb. below the appraised rental, the land rents for the succeeding year being 7.286 per cent. below the appraised rental. The rise in wool values during the season ended the 30th June, 1936, represented a price of 13.42d. per lb. Land rents, under the existing provisions of the Act, will automatically be increased for the current year 8.52 per cent. above the appraised rental, or 25.8 per cent. more than the preceding year, notwithstanding that the income of the pastoral lessee has been reduced by half, and large capital losses incurred through circumstances over which he had no control. The pastoral industry, unlike many other industries, has been built up largely by private enterprise, without financial assistance from the Government. The State would suffer a serious economic loss if we were to allow this independent body of people—independent not in resources nor in wealth, but in character—to go under. The relief proposed in the Bill will not of itself save the position, but it represents a practical contribution towards the task of tiding the industry over the period of the present calamity. There are employed in the industry about 7,000 workers, exclusive of about 1,000 shearers who find temporary but profitable employment. That figure is also exclusive of the pastoralists themselves,

who control approximately 700 ratable properties. The Bill before the House provides for temporary relief from payment of rent on account of drought, and empowers the Minister, upon the recommendation of the Board of Appraisers, to grant total or partial relief on the merits of the case submitted to him. The measure is merely temporary, expiring on the 31st December, 1937; but if there is necessity for it, and argument for it, the re-enactment of the measure can be considered. At the present time the Government can ill-afford to forgo payment of land rents; but in view of the hardships which the pastoralists are experiencing, and have experienced, a need of justice cannot be denied to them. I feel that this is the opinion of hon. members generally, and I move—

That the Bill be now read a second time.

HON. C. G. LATHAM (York) [9.31]: I regret to say that to my mind this is the first piece of legislation brought down for the purpose of granting relief in this State in respect of a set of conditions that we all must admit exists. The proposal, as the Minister has said, is to give pastoralists relief to the extent of one year's land rent. The Bill provides that the whole of the rent may be written off, or payment of it may be postponed to some future date. All of us sympathise with the pastoralists. As the Minister points out, the Bill represents a small contribution towards their relief. I was concerned to hear the hon. gentleman state that the pastoralists are cutting scrub to feed their sheep. If they cut out all their scrub, or even a large proportion of it, it means grave injury to the State. Similar experiences have been encountered in other parts of Australia, and it is known that such a process means the killing of the scrub.

The Minister for Lands: I fear the whole of the saltbush on the Murchison is gone.

HON. C. G. LATHAM: Once the scrub is cut down, the young tree has no chance of growing again, because even if the sheep are kept off it the kangaroos will eat it out, and it is surprising how rapidly kangaroos breed. The future for that part of the State is dismal, according to all one hears of what the pastoralists there are compelled to do. I hope the trouble is confined to a small area, or at all events that the cutting of scrub will be spread over a large area, so that all the scrub may not be cut down in a face. When north-west winds blow, one

does not know what may happen. The Bill is merely a measure to give relief to the pastoral industry. I forecast that there will be need to bring down further legislation for the benefit of distressed farmers, who are suffering not only from drought but also from insect pests this year. I have just had an opportunity of visiting the north-west agricultural areas. Prospects there are black indeed. Not only will the farmers get neither wheat nor hay, but even the feed that is growing, which might keep a few sheep for a few months, is being eaten out by grasshoppers. This side of the House will do everything possible to help the Government to give the necessary relief. I do not know to what extent relief is contemplated, but I give the Minister my assurance that we on this side will not hold up any legislation which means encouragement to those who are fighting so desperately against the elements in order to retain a few sheep. I endorse every word the Minister has uttered regarding the breeding-up of flocks. That will not be done easily. Even to get the necessary ewes will prove difficult. I again assure the Minister that we here have no desire to delay this legislation. The Bill is a simple measure, and does not require study to ascertain its meaning. It is drafted clearly, and there will be no delay on this side of the Chamber in passing the measure.

MR. RODORED A (Roebourne) [9.36]: It is indeed pleasing to me to find the Government bringing down legislation of this nature at the present time. Undoubtedly conditions in the pastoral areas are as bad as ever they have been, and indeed worse. The seasonal position itself is not the worst feature, but, as the Minister said, the trouble is the position that will arise in the loss of breeding ewes. In spite of the wonderful recuperative properties of our pastoral country, it will take years to get back the numbers of sheep; and numbers alone, of course, do not mean quality. The greatest danger is that when the drought has ceased the pastoralists will have to breed up their flocks again, and the material from which to build up will not be available. Three or four years ago I drew the attention of the House to the position that would arise. During the consolidation of the various Land Acts I moved, in Committee, an amendment to make the position easier in regard to pastoral rents. I

pointed out that the basis of 1s. per lb. of wool was too low, and proved that during the preceding ten years, had the measure then been in operation, the pastoralists would have paid, on the average, fully 12 per cent. more than their lands were appraised at. My amendment was to fix the price of wool at 15d. per pound, with a smaller percentage of rise and fall for every penny in the price of wool. The Minister, in his wisdom, declined to accept the amendment, which was lost. Had it been carried, the pastoralists would have received at all events some relief during the years preceding the current one. The Minister said this evening that the terrific losses which had been incurred were caused by circumstances entirely outside the control of the pastoralists. That is correct to a large extent, but not wholly. It may be recollected that the present Minister for Agriculture and I moved some amendments with respect to improvements required on leases. The House would not listen to those amendments. As a result, there are vast areas throughout the pastoral country carrying plenty of feed but no improvements, especially no water supplies, and consequently unfitted to be utilised to relieve the present position. The Land Act should be reviewed for the purpose of preventing similar calamities in future. Special attention should be given to the provisions enforcing improvements. We shall not be able to wholly eliminate the effect of droughts, but we can do a great deal by amending our legislation. I presume the Government have assurances from the Pastoralists' Association that the financial institutions will render their meed of assistance to the industry. In the past those institutions have postponed interest payments which could not be met, but the payments are compounded and through the years become a burden so heavy that no industry in the world could stand it. I should think the Government could look for some guarantee that help will be forthcoming from the financial institutions in granting relief from interest charges.

MR. THORN (Toodyay) [9.39]: It is distressful to think that the introduction of a Bill of this nature should be necessary. For my part I regret that it is not possible for the Government to do more than give the pastoralists relief from payment of their land rents. Nevertheless the Government

are attempting to assist and I agree with the member for Roebourne (Mr. Rodoreda) that on occasions like this when the squatters or pastoralists have suffered to the extent they have through this drought, other people should be brought into line to render their share of assistance. I can speak feelingly on occasions like this, because as a young man I went through one of these droughts. It was a very serious and distressing experience. Sheep able to walk were mustered to wherever there was water and had their fill. They were often too weak to walk away again owing to the quantity they had consumed, and I spent weeks and months with niggers and Malays burning carcasses to keep down disease. I can imagine, from the reports I have read, the extent of this drought in the Murchison district, and what the pastoralists must be suffering. I am pleased indeed that the Minister has brought this measure forward. I am sorry we cannot do more for the pastoralists but, as the member for Roebourne said, it is up to us to bring other people into line and see they do their share. I hope that if the pastoralists do not soon obtain relief from rains we may be able to render them further assistance.

THE MINISTER FOR AGRICULTURE

(Hon. F. J. S. Wise—Gascoyne) [9.42]: It is distressing that legislation of this type should be found necessary. It is very essential to protect the capacity of the pastoralist to borrow money in the future. The position he finds himself in today is that he cannot pay his rent, and unless his tenure is secure his property is valueless to any financial institution to lend money upon. In my own district, which was, prior to this drought, considered to be the safest pastoral district in the State, the most appalling conditions prevail. The normal clip within the electorate was 50,000 hales. It would not now be even 40 per cent. of that. There are pastoralists who have moved their valuable rams by motor truck a distance of 300 miles in order to get them feed. Stations 250 miles from the port are paying £20 a ton to secure fodder to keep their most valuable ewes alive. There are stations which have valuable studs of 25,000 sheep capacity which this year have shorn 7,000 sheep, and unless rain comes before February—of which we have very little hope—very few of the 7,000 will survive. My worry is what is to be the basis of restocking. Is there any firm or financial institution that could lend

pound for pound against restocking? That is where the trouble will commence. It will be difficult to form the nucleus to bring these places back into productivity. I am pleased that the House appears to give whole-hearted support to the Bill.

MR. WELSH (Pilbara) [9.44]: I too commend the Government for bringing down this Bill. We know to what extent the pastoral industry has suffered. I think we might say there has been a bigger area under drought conditions than ever before, extending from the Kimberleys to the Murchison. In my district, the only one of which I can speak with any degree of accuracy, the conditions have been worse than in the 1924 drought. Along the coastal areas there has been some relief from early storms, and a little rain has gone along the coast as far as Roebourne. I do not agree with the member for Roebourne when he says that there are vast areas carrying plenty of feed, but no improvements, and which are therefore unfitted to be utilised to relieve the present position. The stations I visited in my district in nearly every instance were well improved, although in some cases overstocking had taken place, which is always fatal. I agree with the Minister that the chief problem is that of restocking. The sheep will not be there from which to restock, and it will be very difficult to get finance to bring them back to the former standard. I do not see why it should be difficult for financial institutions, as well as the Government, to render help. I should think they would come into line. To keep their own security safe they must do so. The Minister has pointed out that the pastoralists have been content, realising the conditions of the country as a whole, to battle through their difficulties without asking for assistance. The Government have done a very sympathetic and charitable thing in attempting to help them, and I would like to thank them for bringing in the Bill.

MR. COVERLEY (Kimberley) [9.59]: I am very pleased that the Minister has introduced the Bill so early in the session, because I realise just what difficulties the pastoral industry is suffering from at the moment. Like the member for Roebourne I thought that at the time the Land Act was being brought up to date, the Government of the day would have made some provision for extending consideration to the pastoral industry in

times of drought; that some proviso would have been added by which the land rents or some portion of them would have been compulsorily put back into the industry in the form of fencing and water supplies. Moreover, I feel sure that if some such provision had been included in the Bill, many of the pastoralists would be much better off to-day. I do not think the Bill goes far enough. It is restricted to the years 1936 and 1937. In my opinion, those will not be the worst years for the pastoralists. The very fact that during the dry season so many of the breeders of the flocks and herds have been destroyed means that it will probably be five years before the cattle industry, at any rate, can be restored to its full carrying capacity. The breeders of the flocks will be the hardest to replace, and that also applies to the cattle industry. The breeders are the first to die in a dry season, hence it will be many years before the cattle and sheep industries can be fully restored. The Minister would be wise to strike out the limitation, for one cannot forecast how long the drought is likely to continue, nor yet how long it will take the industries to recover. If the limitation is retained in the Bill, another dry season may cause the Government to further amend the Act in a few years' time. With confidence, the matter could be left in the hands of the board of appraisers, who will be appointed to control this particular phase. The board will consist of men who understand the industry, know the facts, and will give a proper decision on the applications placed before them. In moving the second reading, the Minister mentioned that many of the old water supplies had dried up, wells would have to be further deepened, and fresh water supplies would have to be provided. That is quite true, and the statement applies to the cattle country as well as to the sheep areas. Sheep are mostly produced in country where water can be obtained at fairly shallow depths, whereas in the cattle country, when the surface water dries up, supplies have to be secured by means of bores. In the sub-artesian areas, bores have to be taken to great depths, and thus the cattle industry is subjected to greater expense than the sheep industry. I hope the Minister will see fit to amend the Bill so as to delete the limitation I have referred to.

MR. CROSS (Canning) [9.56]: Naturally, all metropolitan members must be in-

terested and somewhat alarmed at the position outlined by the Minister. It represents a national calamity and I respectfully suggest that the members directly concerned join with the Government in taking action immediately to induce the Commonwealth Government to make available, when the drought breaks, a sufficient sum, as a special grant, to assist in re-stocking the pastoral areas. We were supposed to have been granted £77,000 by the Commonwealth Government because of the drought conditions, but every member knows that much more than that amount could be absorbed in the wheat areas alone. I suggest that steps be taken immediately to draw the attention of the Commonwealth Government to the position.

Hon. C. G. Latham: The Commonwealth Government did not give us a penny for the drought conditions.

Mr. CROSS: I understand they claim that they did so.

The Minister for Lands: The Commonwealth Government made the grant available because of the effect of the drought on our finances.

Mr. CROSS: Then special representation should be made to the Commonwealth Government immediately. I went through some of the rainfall records for 1914, and I am of opinion that this year will be considerably worse than 1914.

Hon. C. G. Latham: The Commonwealth did not help us that year.

Mr. CROSS: They should help us this year.

Hon. C. G. Latham: We will send you across.

Question put and passed.

Bill read a second time.

In Committee.

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

House adjourned at 9.58 p.m.

Legislative Council,

Tuesday, 29th September, 1936.

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

BILL—WOOL (DRAFT ALLOWANCE PROHIBITION).

Second Reading.

Debate resumed from the 23rd September.

HON. H. V. PIESSE (South-East) [4.33]: Primary producers throughout the State, and particularly graziers, should be very thankful to the Government for having brought down the Bill. All through Australia, requests have been made for this legislation, and the Wool Council in all its branches is in favour of it. I was surprised to learn that Mr. de Latour had stated that modern scales are not capable of weighing bales of wool accurately. Surely with our Weights and Measures Act, an inspector should be asked by the Government to inspect the scales at all woolbrokers' sheds, particularly when we have the President of the Western Australian Woolbuyers' Association making such a statement. It is an insult to the brokers of Western Australia to say that the scales in the various warehouses are not accurate. Mr. Parker, who addressed himself to the Bill last week, was speaking on behalf of the woolbuyers. He has every right to place their position before the House. This Council invariably listens to all sides of every question that comes before it, which is an admirable plan for it ensures a knowledge of the subject before members vote. However, I cannot understand the attitude of Mr. Hamersley on this question. Mr. Hamersley and his people have been connected with the production of wool practically since the colonisation of Western Australia, yet he says he does not care whether the Bill is passed or rejected. That is beyond my comprehension. His statement has gone out through the Press and in consequence I have re-