wards the Empire. By the purchase of British goods, New Zealand has a credit which stands better in the Old Country than does Australia's credit. No country can be self-contained; it must trade with other parts of the world. If it is already provided in the Constitution that the Commonwealth shall take over the State's debts and create a sinking fund, that is another reason why it is unnecessary to pass a Bill such as this. All I want is equity and justice for Western Australia. If we get that, we shall be benefiting the whole of Australia as well as the Empire. The position ten or 15 years hence is not in question; it is the generations beyond that who are going to feel the pinch. In time to come the population of this State will probably exceed that of Victoria, but we shall be getting only £473,000 while Victoria will continue to receive her two millions. We have to look to the future. I have here an article headed, "What is a Boy"? It is as follows:—

> He is the person who is going to carry on what you have started.
>
> He is to sit right where you are sitting, and attend to the things you think are so important, when you are gone.
>
> You may adopt all the policies you please, but how they will be carried out depends on him.
>
> Even if you make leagues and treaties, he will have to manage them.
>
> He is going to sit at your desk in the Senate, and occupy your place on the Supreme Court bench.
>
> He will assume control of your cities, States and Nation.
>
> He is going to move in and take over your prisons, churches, schools, universities and corporations.
>
> All your work is going to be judged and praised or condemned by him.
>
> Your reputation and your future are in his hands.
>
> All your work is for him, and the fate of the nation and of humanity is in his hands,
>
> So it might be well to pay him some attention.
>
> What are you going to do for your boy?

In place of the last sentence, I would say, "Hold up this Bill until we can get some better conditions for the State." If we vote for the Bill, we shall be tying the hands of future generations. This is a House of review, and it is our duty to give this Bill our closest attention. If there are equal numbers when the voting is taken, you, Sir, in your position as President, would naturally give your vote against the Bill so that it would come up for further consideration. I hope the House will defeat the Bill.

On motion by Hon. J. R. Brown, debate adjourned.

House adjourned at 8.15 p.m.

Legislative Council,

Thursday, 5th July, 1928.

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

QUESTION—MAIN ROADS BOARD.

Construction Methods.

Hon. W. T. GLASHEEN (for Hon. H. Stewart) asked the Chief Secretary: 1, How do the Main Roads Board account for the surfaces of comparatively recently formed, expensive roads becoming corrugated? 2, What steps are being taken to prevent and remedy this defect? 3, Are observations being taken and records kept of newly-formed gravel roads, showing (a) specific nature of materials utilised; (b) methods of construction; and (c) how the material has been incorporated in (i) roads which have rapidly become corrugated; (ii) roads which are wearing without corrugations? 4, If such records have been kept, what results have been obtained?

The CHIEF SECRETARY replied: 1, "Corrugations in gravel roads" is a world-wide problem; no thoroughly satisfactory explanation of cause is known, but there are several theories; the pulsating effect of engine and resiliency of tyres are regarded as the main contributory causes. 2, Dragging the surface is the generally ac-

cepted remedy. 3, Observations are being taken and the matter in all its aspects is having the serious attention of the board. 4, It is too soon to form definite and general conclusions.

BILL—FINANCIAL AGREEMENT.

Second Reading.

Debate resumed from the previous day.

HON. J. NICHOLSON (Metropolitan) [4.35]: The importance of this Bill has been manifested by the close and earnest attention members of this House and of another place have given to it. The consideration which the measure has received here stands out, perhaps, in contrast to what has taken place in many other Houses of the sister States and the Commonwealth. For example, we have been told as regards the proceedings in one House that one member spoke in favour of the Bill and that another member was heard against it. It would seem as though members of these other Houses of Parliament who notified their approval of the Bill must have been satisfied, and indeed amply satisfied, by the provision made for their States. However, I think that whatever may have taken place in other Houses of Parliament should not influence us in giving that proper, close, and earnest consideration which I acknowledge members have given to the measure. I wish to join in the remarks of previous speakers in congratulating the Chief Secretary on his presentation of the Bill. Whilst it is true that the hon. gentleman sought in every possible way, by the aid of tables and other data supplied by him, to convince members of the advantages to be derived from the passage of the Bill, I felt constrained to think that if the Chief Secretary had been advocating an opposite view he would have adduced arguments even stronger than those he advanced in support of the measure. His task undoubtedly was a difficult one, and it must be acknowledged that he discharged that task with his recognised ability.

Hon. J. Cornell: He almost qualified for admission to the Bar.

Hon. J. NICHOLSON: Probably he did. Other speakers are also entitled to an acknowledgment of our appreciation, because it was obvious from their utterances that they had devoted long and earnest study to this perplexing problem. I feel sure that what they have said has aided members of this House in gaining a clearer conception of the question, and particularly of the agreement embodied in the schedule. I am glad to think that this Bill has not been treated in another place as a party question, and it is gratifying to learn from hon. members who have spoken here that the subject will be treated in the same manner in this Chamber. It may seem almost strange that in a House such as this, where we recognise ourselves as a non-party Chamber, it should be necessary even to make such a remark; but we know that the party spirit has, unfortunately, crept into this House during more recent years.

Hon. J. R. Brown: It did not creep in. It has always been here.

Hon. J. NICHOLSON: I am not aware of that. If Mr. Brown looks back into the history of this House he will find, I think, that it was always regarded as a non-party Chamber.

Hon. J. R. Brown: That is only camouflage.

Hon. J. NICHOLSON: If this non-party course be pursued members will be enabled to exercise their personal judgment; and they will only be doing their duty by recording their votes either in favour of the Bill or against it, in accordance with their convictions. We are representatives of a State of this great Commonwealth, and whilst we all recognise our duty to the Commonwealth we cannot forget our duty to our own State. If any of us should think that the Bill before the House is calculated to retard Western Australia's development, surely we are not to be blamed for voicing such an opinion, any more than other members are to be blamed by opponents of the Bill for supporting it. The views expressed are necessarily more or less diverse. By some members the Bill has been opposed straight out because the provision made for this State is considered by them to be quite inadequate, having regard to our responsibilities and obligations. Other members accept the Bill and agree to its being passed, for the reason, in many cases, that other Houses of Parliament have passed similar measures and that there is no alternative. But, strange, as it may appear, practically all speakers have said that the terms of the proposed agreement are not satisfactory. I have always noted in debates on Bills in this Chamber that where members considered the provisions of a Bill not satisfactory, they fought strongly to effect amendments, or even opposed the second reading of the measure. Why, then, there

should be a change in the attitude of members is a matter that somewhat perplexes me. I have decided to follow precedent and to fight for my point of view, because I consider neither the Bill nor the agreement to be satisfactory.

Hon. J. Cornell: The hon. member should know; he comes of a cautious race.

Hon. J. NICHOLSON: The majority of members who have spoken have directed their remarks to an examination of the main provisions of the agreement. This is quite reasonable, because the Bill has for its primary object the approval of the agreement set out in the schedule. I concur in certain observations made by Dr. Saw with regard to the question of the agreement. I consider, however, that there are other clauses of the Bill which should also be amended or at least carefully examined. It is true that these are subsidiary clauses; but they are none the less important. However, before proceeding with a criticism of those other clauses I wish to express the belief, which I am sure is shared by many members, that the present and even past Federal Governments have shown consideration to Western Australia from time to time in its financial difficulties. And not only in the matter of finance has this interest in Western Australia been shown by Federal Governments. Only very recently we had evidence of the interest taken by the Federal Government in this State when they arranged for the establishment of an air service connecting Perth with Adelaide, and thus serving to bridge that great distance which separates us from the more central parts of Australia. This, no doubt, shows a proper Federal spirit, but in framing the agreement, I feel that those responsible were at least a little forgetful of our great responsibilities. In consequence, we are merely doing our duty in reminding them of that fact. I do not believe that the agreement has been submitted to us with any intention of bringing about unification or for any other sinister purpose. I believe it will be acknowledged by all who had an opportunity of hearing the Prime Minister speak at one or other of his recent meetings, that there can be no doubt that Mr. Bruce is a man of surpassing brilliance. He is a man who, I think, is personally sincere in his wish to assist Western Australia, and I feel sure he has made every effort in that direction as far as he can, in order to arrive at a solution of this very difficult problem. I had the pleasure of attending two of the Prime Minister's meetings, and no one could do less than express admiration for the mastery displayed by him in dealing with the many subjects that were brought forward and discussed. The evening meeting that was held in His Majesty's Theatre on Monday last was largely attended, showing the interest evinced by the general public in the subject now before us. The Prime Minister's attitude and bearing there in the face of volleys of questions fired at him, evoked well deserved praise, and served to emphasise, in my opinion, the general confidence of the people of Australia, as displayed at the last general election, in his outstanding ability. Further it gave evidence of the high esteem in which he is held. While I can express these words of commendation, that does not deter me, nor should it deter any other hon. member from criticising the Bill before us. With that object in view, I propose to refer to certain clauses of the Bill which, as I have indicated, have not been dealt with to the extent I think they deserve. If hon. members will bear with me for a few minutes, I will seek to point out certain phases that I think should be placed before them. In the first place, the Bill seeks, by virtue of Clause 2, to approve of the Financial Agreement that is embodied in the schedule. Clauses 3 to 9 deal with certain other important matters and then at the end of the Bill, we have the agreement itself, which is divided into three parts. The first part provides the usual definition and interpretation clauses and also deals with matters regarding the Loan Council, its constitution and other points relative to that body. Part 2 is the portion of the agreement that will come into force when the Commonwealth and the various States have approved of this legislation. That part will continue for two years. Paragraph 1, Part 1, of the agreement reads—

> This agreement shall have no force or effect, and shall not be binding on any party unless and until it is approved by the Parliaments of the Commonwealth and of the States.

The agreement has been approved by all the States except Western Australia, and it has been approved by the Commonwealth Parliament. The Federal Act was passed in March last, and was assented to on the 2nd April. As every hon. member knows, it will be necessary for the Commonwealth Parliament to submit to the electors certain ques-

tions so as to admit of the alteration and enlargement of the Constitution, to validate their Act. Until such time as the electors have extended to the Federal Parliament the necessary powers, the Commonwealth will be unable to validate their Act. In order to provide for the intermediate period between now and the time when the Commonwealth Parliament hope they will have the necessary powers extended to them, Part 2 of the agreement embodies temporary measures that may be taken. The permanent and lasting measures that will continue for 58 years, will be found in Part 3 of the agreement. I have explained that the Commonwealth Parliament have actually passed an Act approving of the agreement, and if we, as the Parliament of this State, also pass the Bill before us now, then everything will have been done to set the machinery working and Part 2 of the agreement will then take effect. On the other hand, if we fail to pass the Bill, then Part 2 will not take effect, and all that has been done will fail to the ground. The attention of the House may well be drawn to the fact that in the Act passed by the Commonwealth Government, there are no provisions similar to those to be found in Clauses 3 to 9 of the Bill before us. That is explainable perhaps, because it would naturally be shown that there is no necessity for the Commonwealth Parliament to make the same provisions as are embodied in the Bill. I mention that point, however, in order to make the position perfectly clear. It is true that in the Commonwealth Act provisions have been embodied giving the Federal Parliament power to make the necessary appropriations and to raise sufficient money to enable effect to be given to the sections of the Act. Clause 3 of the Bill contains provisions relative to sinking funds. I notice that, in respect to certain of the later clauses, there are marginal notes indicating that they have been culled from the Victorian Act. That applies to Clauses 5 to 9. There is nothing in Clause 3 to indicate that there has been any similar provision in the Acts of the other States, but I recognise that if Parliament should agree to the Bill, it will be necessary to have some provisions of this description. Subclause 2 of Clause 3 is necessarily more important, for it deals with the sinking funds and I would draw the attention of hon. members to the wording of the subclause, which is as follows:—

> All sinking fund contributions payable after the 30th day of June, 1927, under and at the rate prescribed by the General Loan and Inscribed Stock Act, 1910, or any other Act, for investment by the trustees appointed in London under the said Act in respect of any public debt of the State shall, subject as hereinafter provided, be suspended, and if and when Part 3 of the said agreement shall come into force and effect shall be superseded by the sinking fund contributions payable under the said agreement; but if Part 3 of the said agreement shall not come into force and effect, all suspended interest and sinking fund contribution shall be paid by the State to the trustees forthwith.

I draw particular attention to that subclause because it makes certain provisions that are not included in later portions of the Bill. In the first place, it provides for the suspension of sinking fund contributions which, of course, will operate only while the temporary portions of the agreement are in force—that is for two years, under Part 2—until validating legislation has been passed by the Commonwealth That suspension of contributions will take full effect when Part 3 has actually become operative. But I ask is it not a breach of the conditions upon which the holders of bonds or stock subscribed to the various loans? There is no suggestion here that the consent of the holders of those bonds or stock has been obtained, and I think there has been left out of consideration entirely a very important party to this agreement, namely the holders of the stock. When reading the Bill, I noticed that subclause 5 of Clause 3 contains special indemnity by the State of Western Australia, indemnifying the trustees of the sinking fund established under the General Loan and Inscribed Stock Act, 1910, and any Act thereby repealed, from all responsibility arising from the provisions of the agreement or of this measure. Why that indemnity? It seems curious that there should be any need for it. If all the parties interested in these stocks were consulted and their consent obtained, there would be no need for the State to give an indemnity, but I apprehend that an indemnity has been provided for in order to get over the difficulty of obtaining the consent of those bondholders. If that is so, I consider it is wrong. Probably the Chief Secretary will give us some explanation for providing the indemnity.

The Chief Secretary: That is not so.

Hon. J. NICHOLSON: Then I shall be glad to have the Minister's explanation.

Hon. H. Seddon: Do not you think it was provided in order to comply with Section 105 of the Constitution?

Hon. J. NICHOLSON: There may be some other object, and for that reason I shall be glad to hear from the Minister why the clause finds a place in this Bill. Consider the position of preference shareholders or debentureholders in any joint stock company. It is usually provided that the rights of such share or stock holders shall not be affected without their consent, and that is usually expressed by means of a resolution carried by a substantial majority. Persons holding such stocks in ordinary companies have the benefit of being consulted, but the holders of our Government stock have not been consulted or even asked whether they agree to this proposal. Subclause 4 of Clause 3 stands out in marked contrast to the provisions of Subclause 2 with which I have just been dealing. It provides——

> As from the date of the commencement of the operation of Part II. of the said agreement, paragraphs (a) and (d) of the proviso to Section 6, and the words "so long as the currency of thirty years is not exceeded," in paragraph (c) of such proviso, and the second paragraph of Section 9 of the Treasury Bonds Deficiency Act, 1916, as thereby enacted and as incorporated with the Treasury Bonds Deficiency Acts of 1918, 1918 (2), 1919, 1920, and 1924, and also Section 14 of the Land Act Amendment Act, 1909, and Section 9 of the Land Act Amendment Act, 1915, shall cease to have effect.

What I want to emphasise is that if this subclause is given effect to, the provisions made under the Acts specified shall, as from the time Part II. of the agreement comes into force, cease to have effect. I wish to look a little further ahead. Suppose this House should not pass the Bill, or should amend it in a way to prevent the measure from taking effect, the result would be that Part III. of the agreement would not come into force at all, and if Part III. did not come into force, why should there be a provision that certain requirements under other Acts shall cease to have effect when Part II. of the agreement comes into force? I think that is wrong. If the subclause stated that when Part III. of the agreement comes into force these provisions shall cease to have effect, I could have understood it. The effect of this subclause is to alter the provisions in the Acts therein specified. In the Treasury Bonds Deficiency Act, 1916, for example, there are certain important provisions to which I shall call attention. Section 5 of that Act provides——

> The provisions of the General Loan and Inscribed Stock Act, 1910, applicable to inscribed stock and debentures shall apply to the Treasury bonds and inscribed stock issued under the authority of Part I. of this Act, with such modifications as are herein expressed.

Section 6 then provides——

> The Treasury bonds or inscribed stock issued under the authority of this Act may be issued on such dates and for such amendments and periods of currency as the Governor may think fit, and may, with the consent of the holders thereof, be renewed from time to time: Provided that (a) the currency thereof shall not exceed thirty years; (b) the contribution to the sinking fund for the redemption thereof shall commence to accrue on the 1st day of July, 1917; (c) so far as such Treasury bonds and inscribed stock are issued with the currency of less than thirty years, the Governor may from time to time authorise the creation and issue of other bonds or stock for the redemption and renewal thereof so long as the currency of thirty years is not exceeded; and (d) the contributions to the sinking fund shall be such percentage of the nominal amount to be redeemed as shall be adequate to effect redemption within thirty years.

Under the General Loan and Inscribed Stock Act, provision is made for sinking fund, but in 1918, apparently, power was given to the Governor to suspend the sinking fund provisions under the Treasury Bonds Deficiency Act.

Hon. G. W. Miles: Was that power given by Parliament?

Hon. J. NICHOLSON: Yes, it was given under Act No. 7 of 1918. I confess I was astonished when I saw it. The Act provided that the sinking fund provisions might be suspended in regard to Treasury bonds or inscribed stock. That provision may possibly explain why it is that sinking fund has not been provided for a certain portion at least of that very large amount of nearly £31,000,000 which has no sinking fund to support it. In a later Act an amendment was passed striking out the provision for the contribution of sinking fund. Consequently, those Treasury bonds and inscribed stock raised under the Acts I have mentioned are apparently unsupported by a sinking fund at the present time.

Hon. H. Seddon: I understand that was a war measure.

Hon. J. NICHOLSON: I think it was done to meet the position that arose during the period of financial stress. Apart altogether from that aspect, portions of other Acts will also cease to have effect. I refer to Section 14 of the Land Act Amendment Act 1909, and Section 9 of the Land Act Amendment Act, 1915. Section 14 of the Act of 1909 begins—

All moneys expended by the Minister out of loan funds for the acquisition of land for selection under the principal Act (otherwise than under the provisions of the Agricultural Lands Purchase Act, 1896) or for improving, surveying, or otherwise preparing land for sale, shall be repaid to the lands improvement loan fund out of the Consolidated Revenue in forty half-yearly instalments.

No explanation has been given why that should cease to have effect. Surely such a provision should not cease to have effect simply on a temporary measure in an agreement taking effect! I submit that where Part II. appears in this subclause, it should be altered to Part III., or if Part II. is to remain there for all time, we should add provisions somewhat similar to those in subclause 2. That subclause stipulates that if Part III. of the agreement does not come into force and effect, all suspended interest and sinking fund contributions shall be paid by the State to the trustees forthwith. Of course, the words would need to be altered slightly, but the effect of them should be that if Part III. does not come into force, these provisions, instead of ceasing to have effect, shall be renewed and shall operate again. That is only a right and proper provision to make. Clause 4 of the Bill sets out—

(1) As from the date of the commencement of the operation of Part II. of the said agreement, the provisions of the Sale of Government Property Act, 1907, shall cease to have effect, subject to Subsections (2) and (3) of this section.

Why should these provisions under the sale of Government Property Trust Act of 1907 cease to have effect? In order to make the position clear I must explain briefly with what this Act deals. It is impossible for anyone to carry these matters in his mind. It says—

The proceeds of sale of all land, buildings, rolling stock and other property vested in the Minister for Railways under the provisions of the Government Railways Act, 1904, and of all other Government materials, appliances, and other chattels and structures, if the original cost was debited to the General Loan Fund or the Consolidated Revenue Fund prior to the financial year in which the sale is effected, shall be placed to the credit of a trust account to be kept at the Treasury and called the Government Property Sales Fund, hereinafter referred to as the said fund.

That will disappear when Part II. of this agreement comes into effect. It should not come into effect until Part III., that is, the permanent provisions of the agreement, also become operative. I come now to Clause 5 of the Bill, in regard to which I notice that Mr. Lovekin the other day asked a question, namely—

Under what Constitutional provision can this Parliament bind future Parliaments as contemplated by Clause 5 of the Financial Agreement Bill?

The answer was—

Clause 5 is within the power of Parliament to provide that other Acts, past or future, so far as they may relate to matters contained in the agreement as ratified by Parliament, must be construed as subject to and not in derogation of the agreement and the ratifying Act.

I question how far we would be justified in giving assent to the clause, but certainly if the Bill should go into Committee, hon. members would do well to consider this and other clauses of the Bill. Clause 6, however, is a much more vital and important one. Under that clause we are seeking to do something which I think is undoubtedly unusual so far as this Parliament is concerned, and very far reaching. It is sought here to give power to the Governor, who may, by Order in Council, published in the "Gazette," "suspend, repeal, or amend or modify in any manner whatever any Act, Order in Council, regulation or other matter whether passed, promulgated, or made before or after the commencement of this Act, which it may be considered necessary or convenient to suspend, repeal, amend or modify, in order to provide for the administration of this Act, and the said agreement and the carrying into effect of the objects and purposes of this Act and the said agreement." This clause was also the subject of a question by Mr. Lovekin. He asked—

Under what Constitutional authority may the Governor repeal, amend, or modify any regulation without conforming to the provisions of the Interpretation Act as contemplated by Clause 6 of the Financial Agreement Bill.

The answer given was—

Clause 6 is subject to Section 36 of the Interpretation Act.

Hon. G. W. Miles: Have you that Act before you?

Hon. J. NICHOLSON: Yes. In giving that answer the Chief Secretary overlooked the provisions of Section 36 of the Interpretation Act. That particular section deals entirely with regulations, rules and by-laws. For example, we know that when regulations or by-laws are passed by any Government or local authority in the terms of the Interpretation Act, such regulations and by-laws are laid upon the Table of the House. It is then open to any member to move for their disallowance within the requisite period set out in Section 36. So far as regulations are concerned, that is one thing, but we are dealing with this far reaching clause, which in effect means Parliament delegating its power to the executive body to repeal, amend, suspend or modify in any manner whatsoever any Act, etc. That is a power which I do not think has ever been given by this Parliament before, certainly not one that is so far reaching. In certain limited matters it has been recognised that power of that nature may be given, but in a matter such as this I contend that the authority which has agreed to these Acts, namely, Parliament, is the only party that can repeal them.

Hon. G. W. Miles: Hear, hear!

Hon. J. NICHOLSON: This House would be giving away certain of that supreme power which belongs peculiarly to it. There might be, for example, some reason why this House or another place might disagree with some proposed amendment or modification of one or other of these Acts. Surely we as a legislative body, having passed these Acts, should at least have some voice in determining whether or not they should be modified, repealed, or altered to the extent that might be suggested by the Executive Council. I should like to quote from the remarks of an eminent authority, Sir Courtenay Ilbert, Parliamentary Counsel to the Treasury, in his very admirable book on legislative methods and forms, page 36. He states—

> In the year 1539 Henry VIII. made a bold and interesting attempt to take the power of legislating by proclamation, an attempt which, if it had been successfully maintained, would have introduced a system of "administrative law" prevailing in continental countries. But his Statute of Proclamations was repealed in the reign of Edward VI., and in 1610 a protest of the judges established the modern doctrine that Royal proclamations have in no sense the force of law. they serve to call the attention of the public to the law, but they cannot of themselves impose upon any man any legal obligation or duty not imposed by Act of Parliament. Thus it was gradually recognised that a law made by the authority of Parliament could not be altered except by the same authority.

The last sentence of this quotation expresses my view. We, as a Parliament, are asked to delegate our authority to some other body. It may be said that if we do pass this section we would be authorising these acts by the executive body. But this question of delegation is also referred to by Sir Courtnay Ilbert. In tracing the history of the delegation of legislative authority, he shows it is quite true that in recent years Parliament has granted what may be called subordinate legislative powers to public and other authorities from time to time. We have followed in the footsteps of the Home Parliament in that respect, and we have given to legislative authorities and local bodies from time to time powers to make regulations or by-laws. But these by-laws or regulations must come before Parliament. I would point out that if we pass this provision the result would be that the executive orders, would not come before us, because when orders of the Executive Council are made and gazetted they become permanent and effective, and will never be submitted to Parliament for approval, consideration or review. If it were a matter merely of a regulation passed by a local authority or any other authority, such legislation would require to be tabled in the House, and we would have the power to say whether it should be allowed or not. When once an executive order is made you, Sir, know and the Chief Secretary knows that that order is absolutely final and complete, and that is the end of the matter. There is no question of any review. The Interpretation Act makes no provision whatsoever for any executive order to be submitted or tabled in the House in the way that a regulation would have to be submitted or tabled. In these circumstances it is clear that there should be no authority, such as is contained in Clause 6. Sir Courtenay Ilbert traced the history regarding the delegation of legislative authority and showed that it has been practised, as he pointed out, in continental countries. He gives instances of what has

been done there. I would refer members particularly to page 39, where he says—

> Such extensive delegation of legislative powers would not be tolerated in England. Every Anglo-Saxon feels that a power so indefinite (as that of making regulations) is, in its nature arbitrary, and ought not to be extended any further than is absolutely necessary. Englishmen have a deep-seated distrust of official discretion, a deep-seated scepticism about bureaucratic wisdom.

That sums up the position.

Hon. G. W. Miles: And yet we have a socialistic Government bringing forward this drastic legislation.

Hon. J. NICHOLSON: I think it should convince this House that upon no account should such a clause as this be passed. It was even provided by the Bill of Rights, that it should be illegal to suspend or dispense with laws without the consent of Parliament. Possibly some explanation will be offered by the Chief Secretary in regard to this matter.

The Chief Secretary: I understand it is done by other Parliaments.

Hon. J. NICHOLSON: If other Parliaments do wrong, that is no justification for this Parliament doing wrong. I am referring to this for the benefit of the Chief Secretary, to assist him in his difficulty, but it does not weaken my conviction that this power should not be embodied in the Bill. When it comes before us in Committee I intend to oppose it.

Hon. G. W. Miles: That is, if it gets into Committee.

Hon. J. R. Brown: No doubt about that.

Hon. J. NICHOLSON: I draw the attention of the Chief Secretary to that part of the agreement referring to sinking funds. Paragraph (b) of Clause 4 sets out—

> Where in respect of any debt included in the gross public debt of a State existing on 30th June, 1927, there is under laws or contracts existing at that date an obligation to provide a sinking fund at a rate in excess of 7s. 6d. per annum for each £100, any amount to be so provided in excess of the rate of 7s. 6d. per annum for each £100 shall be provided out of the national debt sinking fund established under the laws of the Commonwealth.

Then the proviso declares—

> Provided that if any law imposing such an obligation is repealed or is amended so as to reduce the rate of sinking fund to be provided, the only amount (if any) to be provided out of the national debt sinking fund pursuant to this subclause in respect of that debt shall, as from the date of such repeal or amendment, be the amount (if any) by which the reduced rate of sinking fund for the time being exceeds 7s. 6d. per annum for each £100.

I think this provisio requires some consideration at our hands. We have entered into contracts with our bondholders and we must carry out our obligations to them as originally proposed. Obviously, there is a connection between Clause 6 of the Bill and the proviso I have just read. Clearly it is intended to make alterations which may perhaps affect the position in connection with some of those loans, and I say undoubtedly that is bad. If there must be alterations, modifications or amendments let them come before Parliament for consideration first and Parliament can decide whether or not they should be made. The other clauses will also deserve some consideration in Committee, but I now pass on to the agreement. As previous speakers have already dealt so fully with the agreement, I intend to confine my remarks to one or two points only. I have already explained that, under Part I. of the agreement, it is provided that when the agreement has been approved by all Parliaments in the Commonwealth, it shall take effect. That prompts this question: Are we employing the proper method in agreeing to the Bill; and particularly does this question assert itself when we recall that there is a Commission now sitting in connection with the Federal Constitution. A report has not yet been furnished by that Commission and we, as members of the State Parliament who are asked to arrive at a decision on the Financial Agreement Bill, have not had before us the evidence which is so essential to enable us to give the matter a proper and full understanding. Surely it is necessary that the Bill should be deferred at least until that report is furnished to us. Then, again, there is the question as to whether we are pursuing the proper method. The other point of view is this: The Commonwealth has yet to alter its Constitution, and what I contend is, that those hon. members who support the Bill at this stage must necessarily in honour be bound to support the amendments to the Constitution. If they will refer to the amendments that are embodied in the agreement which the Commonwealth has bound itself to submit to the people, they will see that the amendments to be made to the Consti-

tution are of a very far-reaching character. I would refer members to the schedule on page 20 of the Bill. The more hon. members study those amendments I think the less they will like some of them, and I hope before they actually give their vote on this important measure, they will give full consideration to them. I remind hon. members that if a majority of the people in a majority of the States agree to give the powers contained in the Bill, and a validating Act is passed by the Commonwealth, then we should be bound hand and foot for 58 years. It is only natural to assume, having regard to the fact that already five States have given their approval to the agreement, and passed a Bill similar to this, that they will use their influence to the utmost to see that the people in their States vote by a majority for that Bill. The result will be that Western Australia, having regard to its population, will probably be left in the lurch. I come to that part of the agreement dealing with the Loan Council. I do not altogether share the apprehension of some of the previous speakers in respect of the Loan Council because I am inclined to the view that it is sometimes a wise thing to have a check on wasteful or extravagant borrowing. A Loan Council may possibly have this effect and it may have points of commendation. I submit, however, that we, as a State, would suffer in prestige and status. At Katanning the other day the Premier spoke glowingly of the prospects of Western Australia. He was reported as having said—

> There were great things to be done for this State which would involve heavy expenditure. He believed that the financial standing of the State was so good that Western Australia would be able to get an unlimited amount of money on the London market. In that respect the State was better off than some of its sister States. The London and Westminster Bank was prepared to give Western Australia an overdraft up to two millions, which meant a saving of one per cent. in interest as compared with a loan. Lord Glendine had said that he would be prepared to undertake the responsibility of placing on the London money market any amount that Western Australia might desire.

Western Australia is thus in a very proud position and I consider the Premier was quite justified in making those references to show how well we stood with the financiers in London. But if we concur in the agreement, under the conditions proposed here, shall we not lose that proud and desirable position? I think there is every risk of our losing it. What is it that created that position? Nothing but the establishment of a sinking fund in prior years, a sinking fund built up to a substantial sum. It is that sinking fund that has given Western Australia the financial status it enjoys at the present time. Now we are going to lose that by entering into this agreement. I would have been inclined to say that other conditions should have been imposed in this part of the agreement dealing with the Loan Council, which would have safeguarded our position and done the least possible injury to us in the financial world. But there is another point of view. I am also concerned as to whether this will not interfere with our borrowing for the development of the large areas which we have lying idle at the present time. We have had brought to our notice in distinct terms what is known as the 3,000 farms scheme, meaning the opening up of that wide expanse of country between Lake Grace and Esperance. I believe that to be a magnificent district, one capable of extending our influence as a State. However, the development is going to cost money. In fact, this part of the development scheme is in hand. The Premier states that the scheme involves an expenditure of £10,000,000 in establishing railways, building roads, and generally opening up the country. The amount will be supplied on the basis which has been arranged through the Migration Commission. The whole sum will be expended during a period of five years. That is equivalent to an expenditure of £2,000,000 annually, and I understand the work is to be undertaken immediately. Therefore, the position is that within the next five years our National debt will be increased by £10,000,000. I do not object to development work at all. If we do not develop this country, we shall not be justified in holding it. The only way in which we can justify our claim to hold this land is to make good use of it, and the better use we make of it the better it will be for us. However, my present point is that all this adds to our obligations. It is true, as the Premier stated, that the money will be borrowed at cheap rates. For the first five years the rate will be only one per cent.; for the next year it will be about two per cent., one-third of the standard rate at the time being specified. These, no doubt, are advantages; but I ask, who undertakes the liability for the £10,000,000 about to be added to

Western Australia's indebtedness? Is it not the people of this State? Certainly it is not the people of the other States, of New South Wales, Victoria, South Australia, Queensland and Tasmania; those people are not concerned with that liability, which attaches to Western Australia alone. But there is another view, one which the tables submitted and read by the Chief Secretary have not taken into account, probably because these matters were not within the purview of the compilers at the time when the tables were prepared. The Chief Secretary will be able to tell us whether in making his estimate he has allowed for the money to be borrowed under the development scheme. Let me give a simple illustration of the effect of the development scheme, just by way of emphasising the great responsibilities we are undertaking. Under the tables which have been submitted we find that for the first year loan expenditure is estimated at £4,000,000, for the next year at £4,500,000, and then at £4,750,000, and that after the third year a uniform amount of £5,000,000 is set down to meet the ordinary annual expenditure. The tables have been based on that loan estimate of £5,000,000 annually throughout the periods of 15 and 30 years. If we add this extra amount for the development scheme to the £5,000,000 which will be borrowed after the third year—that is, if we add £2,000,000 annually, this being the amount we shall be borrowing under the migration scheme—the total estimated loan expenditure will amount to £7,000,000 annually instead of the £5,000,000 upon which the tables are estimated. We have to bear in mind, too, that this additional expenditure is for only a fraction of the whole State, and that we must extend our developmental work and add to our liabilities as the years proceed. Therefore, it is reasonable to suppose that a further sum of at least £2,000,000 annually should be allowed for developmental expenditure, in addition to ordinary expenditure. If, in place of £5,000,000, the estimated borrowings were set down in the tables as £7,000,000, the results would be entirely altered, and in lieu of the advantages which have been worked out according to the tables we would find a bad position. If the tables were revised in the light of that development, the results would be utterly different from those presented to us. Again, let me remind hon. members that under the agreement we can only get loans by the unanimous consent of the Loan Council. I refer to that circumstance because we shall be bound to obtain the unanimous consent before we can borrow large sums for the developmental work in hand. If we fail to get that unanimous consent, then, it is true, by later provisions, the amount of our borrowing will be assessed and determined on a certain pro rata basis, proportionate to the amount borrowed over a period of years. But the essence of the matter is that the unanimous consent of the Loan Council is essential in order to determine these borrowings. We are therefore bound as a State—a State with an immense duty to perform—to submit, possibly, to the decision of one dissenting State, which may for some unknown reason or other decide that Western Australia need not borrow such large sums. How are we to carry on the necessary borrowings then? I should like an explanation from the Chief Secretary on that aspect. To my mind it is essential that there should be some protection, if there is not sufficient protection under the agreement, ensuring that Western Australia shall be able to borrow the amounts which are necessary for the schemes of development she may have in hand. Certain clauses of the agreement, it is true, are not subject to the majority decision. Those clauses can be seen by hon. members on reference to the agreement. But in certain cases the unanimous consent of the Loan Council must be obtained. Another point to which I desire to call attention is one that has, I think, been overlooked by a good many members, just as I myself at first missed it. It is that where new loans are created for conversion, renewal or redemption, they will be dealt with on the basis of old loans in respect of sinking fund contributions. At first, however, I thought that when the State went on the market for a new loan, whether for conversion or redemption of an old loan, it would be entitled on that new loan to the benefits which prevail in regard to new loans under the agreement; that is, if the phrase be permissible and Parliamentary, on the fifty-fifty basis, *i.e.*, 5 per cent. contributed by the Commonwealth and 5 per cent. by the State.

Hon. H. Seddon: That reservation applies to moneys which are existing under the old loans.

Hon. J. NICHOLSON: I am saying that where a new loan is raised to redeem an

old loan, the State will not receive the fifty-fifty contribution which it would receive in respect of a new loan raised for ordinary loan purposes.

Hon. A. Lovekin: That is clear under the agreement.

Hon. J. NICHOLSON: I mention the fact because in talking with members I found that some of them were wrongly under the impression, as I was at first, even after reading the Prime Minister's speech on the subject, that we would be entitled to the fifty-fifty on such new loans. The matter is clearly set out at the foot of page 16 of the Bill.

Hon. E. H. Harris: Was not that provision inserted as an incentive to the States to redeem loans?

Hon. J. NICHOLSON: I do not know whether it was inserted as an incentive or as anything else, but paragraph (b), at the foot of page 16, contains that provision, and the same matter is referred to in paragraph (g) and others—

> For the purpose of the last two preceding subclauses, a loan issued after the 30th June, 1927, to meet a revenue deficit which accrued on or before that date shall be deemed to be a new loan, but a loan issued for the conversion, renewal or redemption of a debt shall not be deemed to be a new loan, and where a loan is issued partly for the conversion, renewal or redemption of a debt and partly for other purposes, so much only of the loan as has been issued for other purposes shall be deemed to be a new loan.

So we will not get the benefit of the fifty-fifty contributions on transactions within that category!

The Chief Secretary: Because we get those contributions on the old loans.

Hon. J. NICHOLSON: But they will have been redeemed, and paragraph (g) refers to redemptions.

The Chief Secretary: We get the contribution on our net indebtedness.

Hon. J. NICHOLSON: Every hon. member will agree that there is one crucial question. It is: Is the amount of £473,432 adequate for our purposes? I applaud the Premier for his references to the developmental work that is ahead of this State in the agricultural spheres. I will support anything commendable to me that will mean the progress of the country.

Hon. E. H. Gray: You do not always do that.

Hon. J. NICHOLSON: I recognise that we shall be undertaking heavy obligations and I want to see that we shall receive what I might term a fair and adequate proportion of the distribution.

Hon. G. W. Miles: How many schools hospitals, police stations and so forth shall we have to erect?

Hon. J. NICHOLSON: That is the point. Those are activities from which we receive no financial return. The allocation proposed in the agreement is absolutely inadequate for the development of this State. It is inadequate to enable us to meet the heavy obligations that will confront us in the southern portions that are about to be opened up. It has to be remembered, however, that there are great possibilities in other parts of the State as well, just as great as the possibilities of the areas covered by the 3,000 farms scheme.

Hon. G. W. Miles: Our stocks are going up!

Hon. J. NICHOLSON: Yes. When undertaking such liabilities, we must not lose sight of the fact that we will be responsible for our share of the sinking fund. That is all adding to the funds that will necessarily have to be provided. None of that money can be made available for a good many years out of the results of settlement that will take place in those vast areas. That money will have to be found by means of taxation imposed upon the people who are here.

Hon. G. W. Miles: That is the point, and the men on the land will be those who will have to pay.

Hon. J. NICHOLSON: I think so. I think this will react very seriously on the men on the land. For that reason I am convinced that Western Australia has not received fair and adequate consideration under the terms of the proposed Financial Agreement. Other speakers have indicated the benefits that the Commonwealth will derive as the result of increased population. That point is so manifest that I need not stress it. As the Commonwealth will benefit to such a great extent, the least the Federal Government can do is to make a more adequate adjustment. When we compare the huge sums to be received by the other States, we realise how disproportionate is the allocation for Western Australia. I consider that the basis of fixed payments determined by our population on the 30th June, 1926, is absolutely wrong. If proper amendments were agreed to in order to meet that position, I might be constrained to

support the Bill. On the contrary, we are told we must accept the Bill. So long as I hold an honoured position in this House as the representative of a province, I shall refuse to accept any such stand-and-deliver attitude. If by conviction I think a matter is wrong, I shall not hestitate to voice my opinions against it.

Hon. G. W. Miles: Hear, hear!

Hon. J. NICHOLSON: I will not accept this stand-and-deliver attitude! I do not care whether we are told that we must accept the agreement! Why must we? We should do only that which we consider is right and just to our State. I am also equally uninfluenced by the arguments that have been advanced that five out of the six States have assented to the Bill. Those States have considered the question from their own standpoints. They undoubtedly see the advantages that will accrue to them, and no doubt recognise the disadvantageous position in which Western Australia will be placed.

Hon. E. H. Gray: They do not argue that way in the other States.

Hon. J. NICHOLSON: If the Bill be passed by Parliament, we shall be rightly blamed in consequence by those who follow us.

Hon. E. H. Gray: You will be blamed if you do not pass it.

Hon. J. NICHOLSON: We shall be blamed for having agreed to a financial arrangement, extending over such a long period of years, that cannot but be to the disadvantage and financial embarrassment of succeeding generations. In view of that position, I regret that I have no alternative but to vote against the second reading of the Bill.

On motion by Hon. J. T. Franklin, debate adjourned.

House adjourned at 6.9 p.m.

Legislative Council,

Tuesday, 10th July, 1928.

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

QUESTION—NORTH-WEST AEROPLANE LANDING GROUND.

Hon. J. J. HOLMES (for Hon. Sir Edward Wittenoom) asked the Chief Secretary: Referring to the answer given to my question on the 26th June, seeing that many miles of overseas flying would be saved by aeroplanes and seaplanes coming from Timor, or a point in Java, to a spot between Derby and Wyndham, Western Australia, as compared with the route to Darwin, and seeing that Derby is, or soon will be, connected with Adelaide by a Government aerial service, will the Government point out these advantages to the Commonwealth authorities with a view to their adopting the Western Australian route in preference to the Darwin route?

The CHIEF SECRETARY replied: Yes. The matter will be brought under the notice of the Commonwealth authorities.

PERSONAL EXPLANATION.

Hon. G. W. Miles and the "West Australian."

Hon. G. W. MILES: I desire to make a personal explanation in regard to portion of my speech on Wednesday last. I stated, as published in the "West Australian," that in my opinion the policy adopted by that newspaper, since it has been controlled from the Eastern States, was the cause of Sir Alfred Langler's death. I wish to say that I regret having made that statement, and I accept the denial given by Dr. Saw and Mr. H. B. Jackson in regard to it.

Hon. A. LOVEKIN: Is it in order for Mr. Miles to reflect on another hon. member of this House? Mr Miles says he accepts the statement of Dr. Saw. The statement