

sents. He ought to have shown in what respect this measure was dangerous. He was under the impression that mortgaged land would be sold without any notice being given to the mortgagee. It is provided, however, that the mortgagee must be informed, if he is living in Western Australia, and that three months must elapse before any action is taken to sell the land. That is an essential safeguard of the position as brought up by the hon. member. The only question is whether the existing position can be permitted to continue. No rates whatever have been paid on numbers of these blocks for many years. Is this state of affairs to be allowed to continue indefinitely, or is this land to be handed over to the Government for the people of Western Australia?

Question—put and passed.

Bill read a second time.

### **BILLS (3)—FIRST READING.**

- 1, Gold Mining Profits Tax Assessment.
  - 2, Constitution Acts Amendment Act, 1931, Amendment.
  - 3, Sandalwood Act Amendment.
- Received from the Assembly.

### **BILL—CITY OF PERTH SUPER-ANNUATION FUND.**

Received from the Assembly and on motion by Hon. J. Nicholson read a first time.

*House adjourned at 6.17 p.m.*

## **Legislative Assembly,**

*Tuesday, 6th November, 1934.*

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

### **BILLS (2)—FIRST READING.**

- 1, Farmers' Debts Adjustment Act Amendment.
  - 2, Land Act Amendment.
- Introduced by the Minister for Lands.

### **BILL—GOLD MINING PROFITS TAX ASSESSMENT.**

*Message.*

Message from the Lieut.-Governor received and read, recommending appropriation for the purposes of the Bill.

*Third Reading.*

**THE ACTING PREMIER** (Hon. A. McCallum—South Fremantle) [4.36]: I move—

That the Bill be now read a third time.

**HON. W. D. JOHNSON** (Guildford-Midland) [4.37]: Deeming that a grave injustice is being done in connection with the proposed tax on the profits of gold mining, I shall take the somewhat extraordinary course of speaking definitely against the Bill on the third reading. One would not do that unless one felt that a wrong was being done, and that some further protest was necessary; or, I would rather say it was necessary to make a further appeal to the Government to recognise that an injustice is being done. I suffer from a keen sense of disappointment, and I also resent

the method by which the Bill was negotiated and ultimately arrived at. Western Australia is in dire straits for revenue. Many people—all too many—are living in extremely distressful circumstances. They are going without many of the necessities of life; their clothing is patched and worn to shreds; their bedding is practically gone; their furniture has been depleted; and many home comforts have been dispensed with, in order to provide absolute essentials. To relieve the distress the Government have approached the Loan Council, and money has been borrowed for the purpose of creating work by which that distress may be relieved; but the money is raised as a loan. It is a liability again upon the people of the State, and interest payments have to be made on it. The Government, naturally and correctly, endeavour so to spend the money as to have reasonable prospects of the interest obligation being forthcoming from the actual work. In other words, an endeavour has to be made to render the expenditure reproductive. To do that the Government—not only the present Government, but in fact all Governments during the depression period—have resorted to methods which would otherwise not be resorted to, in order to secure results from the expenditure of the money. Thus, exacting terms must of necessity be enforced. Departures are made from the method usually employed for the doing of work. The customary daily work and daily pay are frequently discarded, and in many ways piece-work and task-work are introduced.

Mr. SPEAKER: I hope the hon. member is leading up to the Bill.

Hon. W. D. JOHNSON: I am definitely leading up to it, Sir. I should say that is pretty clear. The State is perforce compelled to do things that none of us would do, that not a member of this House would be a party to, if the State were not in such pressing need of revenue. In spite of the raising of loans, the State is compelled to go to the Loan Council for the purpose of obtaining additional supplies of money to balance its Budget. That is not alone applicable to the present Parliament and the present Government. It again is typical. The money is also subject to an interest impost. It is raised on short-dated Treasury bills, and ultimately it must be

funded; but in the meantime it represents a penalty upon the people in the shape of an interest impost. All these discomforting features surround us. We encounter them every day. We know that unfortunately they exist. On the other side we have an asset of the State, a commodity belonging to the people of the State, suddenly enhanced in value. The increased price of gold has largely been paid for, and is largely being paid for, by the people of Western Australia. The people of Western Australia, I admit, are not creating the whole of the enhanced value of gold; but the exchange, which is paid by the people of Western Australia, contributes largely to that increased price. We have a community-owned commodity which, fortunately, the State has retained for the people. A wise provision has been enacted that the gold of Western Australia belongs to the people, and continues to belong to them until it is recovered under our mining laws and then is subject to conditions regularly imposed by Parliament. This commodity owned by the people has been increased in value a hundred per cent., and that within a very limited period indeed. My feeling is that the Government and Parliament, if they allow the Bill to pass in its present form, will be totally disregarding the State's interests and those of the people. It is a very just and lucrative form of revenue, and it can be raised without any revolutionary method at all. If we turn to other countries that have given consideration to this question, we get from them an indication of how best it might be done and what revenue it would be reasonable to collect on behalf of the people. I disagree with the Government's method and with the Government's going to the London investors to discuss a matter of this kind. It was a most extraordinary thing to do, and I can quite imagine that if Labour were on the Opposition benches and the Government announced that they had done such a thing, Labour very rightly would enter a vigorous protest against it. When we are up against such difficulties we should be lacking in duty if we did not appreciate that just as we find a matter is wrong when we are in Opposition, so it is equally wrong when we form the Government; for one is called upon to protect the interests of the State and the

rights of the people irrespective of where he sits. So, knowing the circumstances no better than do other members, but nevertheless feeling those circumstances very keenly, I conceive it my duty to go into this question somewhat deeply in order to show how unfair the proposal is. And although possibly one can get little or no result from a speech on the third reading, still I hope the Legislative Council will take some serious view of this matter and may, after investigation, come to the conclusion that another method of doing this can be applied and that the State is justified in trying to collect additional revenue. The Acting Premier also said the Chamber of Mines had been consulted. I have no objection to that, because they are local experts. However, it is not customary for Parliament to discuss matters of this kind with vested interests. Nevertheless, if it had to be done—and I do not subscribe to the doing—then the Chamber of Mines would be an organisation from which advice could be sought. When the Bill was introduced, the Acting Premier said the mining investors in London were consulted and that the negotiations extended over many months, while the Chamber of Mines in this State was also consulted. We, as a Parliament, have received no report of those doings. The negotiations, it was said, extended over a long period, but Parliament has no knowledge of what those negotiations really were. All the same, since negotiations extended to London and were made also in this State, we arrive at the position that, as a result of those negotiations and no doubt as a recognition of the needs of the State, more revenue should be raised; and appreciating the justice of these means of raising revenue and realising that other parts of the Empire had resorted to taxation for the purpose of getting for the people some portion of this increased value of gold, the Government decided to introduce the Bill now before us. It has been said, in reply to the criticism on the Bill, that if we tax on a production basis we shall injure the industry and prevent the flow of new or additional capital into that industry to the prejudice of the State. I am not prepared to say that is correct. It is true that if we imposed an excessive tax we could do injury thereby; for an excessive tax always

injures in some way or other those who impose it. But it is not a question of how the tax is imposed; it is the amount of the tax that counts. It does not matter how we impose a tax, so long as the amount is not excessive, but it is wrong to say that if we impose it on production it will injure, any more than if placed on profits. Of course if the tax imposed on profits were excessive it would injure, while if a tax on production were excessive, it might have the same effect. It is the proportion of the impost that counts, not the basis. I emphasise that the investors who were consulted did not directly contribute to the increased price of gold. As I said on a previous occasion, I do not know where the increased price comes from. There are all kinds of factors, and all we know is that at regular periods the price of gold is declared, that it is now increasing, and that in the opinion of the Minister for Mines it will continue to increase.

The Minister for Mines: That is so.

Hon. W. D. JOHNSON: I hope it will. After all, we have quite a lot of gold in Western Australia, and the higher its price the better opportunity we shall have to grant further measures of relief. The people of this State have contributed very largely to the increased price by means of the exchange, to which I have already referred. I agree that if information were wanted on an important matter like this we could with confidence go to the local Chamber of Commerce to get a basis or to secure information as to how much taxation the industry could stand. The Chamber of Mines in about 1930 took a very prominent part in trying to convince the Federal Government that a bonus should be paid from the national funds to assist the mining industry, which was then suffering under low prices and excessive costs. The Chamber issued in pamphlet form their case. That case is of material assistance to us to-day in arriving at an answer to the question, how much the State should get over and above the amount which the Chamber then said was essential to rehabilitate the industry and put it in a sound developmental position. It is of interest to read what the Chamber then said. On that occasion the facts presented to the Federal Government were disinterested particulars, because there was then no connec-

tion with a proposed tax. The Chamber based their arguments on the fact that the industry was entitled to a bonus on the production of gold. They said this—

The average value of the ore mined and treated in 1923 on the Western Australian goldfields was over 12-dwts. per ton. A bonus of 20s. per oz. or 1s. per dwt. would be equivalent to 12s. per ton. This would enable the mines to treat a very much larger percentage of low-grade ore than now, which would greatly prolong the life of the present producing mines. It would enable mines having 6-dwt. to 8-dwt. ore to work at a profit, and would greatly stimulate the search for new mines. With the increase in tonnage treated it is safe to predict that the population of the goldfields of this State would increase 50 per cent. in a comparatively short space of time. If 50 per cent. more ore were treated, the average grade would drop to 10-dwts. A 50 per cent. increase in the tonnage treated—by adding one ton of 6-dwt. ore to the two tons of 12-dwt. ore—would mean a total of 1,172,653 tons at an average of 10-dwts. per ton.

Again they proceed—

If the tonnage treated were doubled, as it very probably would be, by adding one ton of 6-dwt. ore to one ton of the present 12-dwt. ore, the total would be 1,563,538 tons of an average grade of 9-dwts.

Then it was stated—

In the Chamber's opinion this would eventually be the maximum difference, for it is improbable that, where ore is treated in quantity, the average grade will not exceed 9 dwt.

The Minister for Mines: At the present time they are treating 5-dwt. ore.

Hon. W. D. JOHNSON: That is so. The Chamber of Mines definitely dealt with the working of low grade ore, and in the pamphlet made it clear what quantity of low grade ore was available and the effect that 20s. per ounce would have in the way of increased production. As to the method of collecting the bonus—and this is very important—the Chamber stated—

The members of the Chamber have considered very carefully various methods suggested for the distribution of the bonus payment, and have come to the conclusion that the simplest and best method is that of payment by results, that is, 20s. per ounce of gold actually produced. We should be glad if we could recommend payment on a tonnage basis, or, if we could advise that the whole bonus payable on 12-dwt. ore should be paid on the first 6-dwt. only. But we decided that both these methods would be impracticable and might very easily lend themselves to fraud. The first is emin-

ently practicable, and with it no fraud is possible. The only way in which the bonus might be abused would be by securing sovereigns and adding them to the gold return, but unless the Commonwealth again put sovereigns into free circulation, there is little cause for fear.

Thus very careful consideration was given to the basis upon which the bonus should be paid. After considering all methods, the Chamber of Mines decided that the simplest and most practical way—and evidently the just way, seeing that they recommended it—would be to pay on a production basis. That applies equally to the imposition of a tax. When the mine-owners wanted a 20s. per ounce increase, they desired that it should be paid on a production basis. That is the case I am trying to make out now. The tax should be on production and not on profits, as proposed. Supplementing that statement, Mr. Richard Hamilton said—

Of all the many suggestions put forward for the relief and revival of the goldmining industry, your council consider that the proposal for the payment by the Federal Government of a bonus of 20s. on every ounce of gold produced during the next ten years is best calculated to restore the prosperity of the industry throughout Australia and to ensure its speedy expansion. I need not elaborate, but I may briefly indicate the benefits that would accrue from the payment of such a bonus. As regards the industry itself—and here I speak more particularly of this State—it would be equivalent to a reduction of working costs that would make profitable the treatment of 6-dwt. to 8-dwt. grade ore, of which millions of tons are already known to exist throughout our vast auriferous areas.

Mr. Hamilton was introducing the annual report to the Chamber of Mines.

Mr. Stubbs: In what year was that?

Hon. W. D. JOHNSON: When the bonus was under discussion. Mr. Hamilton continued—

That alone would induce numbers of prospectors to go out and look for new fields; it would encourage companies to tackle low-grade propositions in a big way; it would enable the mines now working to treat quantities of low-grade ore, which they are at present compelled to leave in situ; it would lead, both here and elsewhere, to a great development in mining that would very soon react to the advantage of the Commonwealth. There is no industry that yields wealth so quickly, and which so quickly disseminates it through the community.

Gold at the time was worth £4 5s. per ounce. There we have the statement of an undoubted authority, the best in the land, that low-grade ore could be worked, that mines could exert greater efforts to treat additional tonnage, that capital would be introduced, and that the desired results would be obtained with gold at £5 5s. per ounce. Mr. Hamilton added—

In conclusion, we would urge that if the Commonwealth Government decide to restore the goldmining industry by means of a bonus, it should not do it in a half-hearted way.

That is exactly the appeal I am making to the House. I do not want the tax to be imposed in a half-hearted way. Just as it was urged that the bonus should be tackled in a big way in order to obtain results, so this question of the tax should be dealt with in a big way in order to take for the people that to which the people are justly entitled, so that we may use the increased wealth that came as a windfall to the State for the benefit of the general community. I have already said that Mr. Hamilton subscribed to the opinion that there were many low-grade propositions available, and that a 20s. bonus would result in their being brought into production. As to comparative quantities, Mr. Hamilton said—

The belief which some people seem to entertain that the goldmining industry here is languishing because the ore deposits have approached exhaustion is quite erroneous. On the Kalgoorlie and Boulder mines, ore bodies of a standard value of 6-dwt. to 8-dwt. per ton are known to exist at a depth of 4,100 feet, and there are very large quantities of ore at higher levels which the bonus would make available for treatment, and on other deserted fields there are large quantities of a similar grade ore. It is quite true that a mine is a wasting asset, but the mines which are now working, or which, with a little encouragement, could be worked, have many years of life ahead of them, and he would be rash indeed who ventured to say that all the mines have already been found in the hundreds of thousands of square miles of auriferous country in this State.

All that was said in support of a bonus of 20s. an ounce, and it was claimed that all that expansion would take place if the bonus were paid.

Mr. Patrick: Was not he one of the directors of the mine who wanted to pay 5 per cent. of the profits as directors' fees?

Hon. W. D. JOHNSON: I do not know.

Mr. Patrick: He was.

Hon. W. D. JOHNSON: That is quite possible.

The Minister for Mines: Which mine?

Hon. W. D. JOHNSON: The Great Boulder.

The Minister for Mines: He is not a director.

Mr. SPEAKER: Order!

Hon. W. D. JOHNSON: I am quoting information contained in a pamphlet a copy of which was posted to every member at the time. This information and more was available to the Government. Let me remind members that the Government administer the Mines Department, and that the expert officers of the department are available to the Government. There is no doubt that much more information could have been supplied on this important question. Gold to-day is worth £8 12s. 6d. an ounce. If we could obtain the results that an undoubted authority like the Chamber of Mines stated could be obtained with gold at £5 5s. an ounce—it is not so long since the calculations were made for submission to the national Parliament—how can anyone contend that we would injure the industry, hamper its expansion, drive capital from the State, or limit its introduction if we attempted to take for the people the difference between the £5 5s. and the £8 12s. 6d. an ounce?

Mr. Thorn: Did not Claude de Bernales say they could have all the value over five guineas?

Hon. W. D. JOHNSON: That gentleman has always been an exploiter of the mining industry. I have known him for over 30 years. I would not quote him as an authority, and he would be the last man I would consult on a matter of this kind. Whatever he has stated may be quoted and used by other members, but I would not take it seriously myself. There are other ways by which we can get for the people the difference between the five guineas that was taken as the basis for the rehabilitation of the industry, and the present price of £8 12s. We might give an additional 20s. per ounce to the mining companies, or 2s. per cwt. of ore treated, and let the State take the difference. If we gave the mining companies 20s. more than they said they required at the time—

there are no special circumstances which make the position more difficult than it was then, for the mining industry is practically on the same basis now as it was when the pronouncement was made—that would represent a direct bonus to the industry. We would then be giving the mining companies £6 5s. an ounce, and they would know that all over that was the property of the State. We could say to them, "On your production you can get £6 5s. an ounce, and the balance will be taken by the people." Alternatively, we could do as New Zealand has done, take for the people that value which the people have created, namely the exchange. I am not well enough informed as to the New Zealand position to say how they are collecting the revenue there, but that the revenue does amount to something substantial is well known, and it is based upon the Government taking for Government purposes the exchange on the increased price, instead of allowing it to go to the mining companies. We might also place a graduated tax upon the companies at so much per annum, one that would be reasonable, taking five guineas as the basis. The tax could be arranged on a graduated scale at so much per ounce on production, above the five guineas, so that the State would get a reasonable proportion of the increased value of gold. The last method by which we should approach the matter is that proposed in the Bill. The mining companies were here long before gold was worth £4 5s. an ounce. Before Ford discovered gold in the Coolgardie district, money and mining investors were available for the development of the industry. And so it has gone on ever since. We never had any difficulty in getting money for mining development, or for mining exploitation by companies after the prospectors had done their work. This extra price is not essential to the progress or stability of the industry, or to the investment of capital. These were always with us. Nothing new has been created. No special burden is being newly placed upon the industry. No special inducement can be held out by reason of the increased price, beyond that which existed previously, to suggest that middlemen should exploit the industry, and then be allowed to declare what they will contribute indirectly. That is something to which I cannot subscribe. The Chamber of Mines, in a statement about the bonus, warned the Federal

Government against fraud. They wanted this granted definitely upon production, and gave their reasons. We want to do this in a direct way now if we are going to do it justly, with the least amount of irritation, and in the simplest way. Under Regulations 216 and 217 of the Mining Act of 1904, every producer of gold must report his discovery, and Form 45 is very strictly enforced. The form is a comprehensive investigation into the production of gold. The Mines Department are continually on the alert to see that gold is reported. Very severe penalties are provided if it is not reported, and the department wisely co-operate with other interests to protect the State against evasions. We have a very complete system of arriving at the production. The Chamber of Mines, which appreciated that position, recommended that that be taken as the basis, because it was a definite and practicable way of dealing with the matter. Last year 630,000 ounces of gold were recovered. Valued at £5 5s. per ounce, this would be worth £3,307,500. If it were valued at £8 10s., it would be worth £5,355,000, or a difference of over £2,000,000. That difference belongs to the people of the State. It is their asset, their heritage, their right from any point of view. Parliament has laid down that there shall not be private ownership of this commodity. Parliament would therefore be failing in its duty to the people if it neglected to take for them that increased value, that was never anticipated when the big bulk of the mining capital was invested in this country, which was when the major portion of the development took place. All the greatness of the mining industry was achieved long before we arrived at £5 5s. per ounce. We have advanced since then, because it would be deplorable if that were not so. Far from having stimulated the industry to any great extent, the figures I will quote show that a normal increase has taken place. Indeed the 50 per cent. increase anticipated by the Chamber of Mines has been borne out mainly by the £5 5s. that was reached as a result of the bonus. We complained to the National Parliament about the State's disabilities. The last inquiry by the Commonwealth Commission indicated that we were not making full use of our opportunities, and were not raising the revenue we should

raise. Reference was made to the fact that we were not getting from our mining wealth that which the State should obtain. I ask members to appreciate what it means for a contention of this kind to be advanced. The Disabilities Commission reduced the amount payable to Western Australia. If we fail to make the most of our assets, I question if we are right in expecting that we shall continue to get from other parts of Australia any assistance in the form of a disabilities grant. The Commonwealth Government have neglected this State, but I am not blind to the position we ourselves create by discounting our case against the Federal Government if we fail to make the most of an opportunity of this kind. The Loan Council has to contribute to this State a regular sum—it was £650,000 this year—to square the revenue budget. Sums have been contributed for years past larger than that amount, and the question in my mind is whether the Loan Council will continue to take a liberal view of the State's necessity if we neglect our opportunity in this way. The figures I have taken from Form 45 are approximately correct. I do not think there is any real mistake in them, but I want the House to understand that they were rather hurriedly prepared and may not be absolutely correct. If we check them up, however, I think we will find they are accurate. I took the number of men employed in the industry and the production from those mines that are looked upon as the important contributors to the gold yield. I have taken such mines as the Wiluna Gold Mines Ltd., the Ingliston Consols Extended at Meekatharra, Hill 60, at Mt. Magnet, the Sons of Gwalia, Ltd., the Associated Gold Mines of Western Australia, Ltd., at Boulder, the Boulder Perseverance Ltd., the Golden Horseshoe (New) Ltd., the Great Boulder Proprietary Ltd., the Lake View and Star Ltd., the North Kalgurli (1912) Ltd., the South Kalgurli Consolidated Ltd., and the Broken Hill Proprietary Ltd., at Kalgoorlie. I have taken the number of men employed in 1930, 1931, 1932 and 1933, the quantity of ore treated for those years and also the gold recovered. I will not weary the House with all the details respecting these different companies, but I propose to supply the statement to "Hansard" so that it may be embodied in my remarks and be available for the information of members.

The details can also be checked, if thought necessary. The table is as follows:—

Name of Company.	1930.				1931.				1932.				1933.			
	Production.		Men employed, 31-12-30.	Men employed, 31-12-31.	Production.		Men employed, 31-12-32.	Men employed, 31-12-33.	Production.		Men employed, 31-12-33.	Men employed, 31-12-33.	Production.		Men employed, 31-12-33.	Men employed, 31-12-33.
	Tons.	Fine ozs.			Tons.	Fine ozs.			Tons.	Fine ozs.			Tons.	Fine ozs.		
Wiluna G. M., Ltd., Wiluna	420	25,083	1,448	563	215,003	58,054	769	828	332,769	97,661	828	828	437,466	116,201	828	828
Ingliscon Consols Extd., Meekatharra	85	3,210	1,358	98	26,740	10,080	107	129	35,793	1,152	129	129	41,516	1,036	129	129
Hill 60, (Mt. Magnet G. M.), Mt. Magnet	0	3,210	1,358	12	4,105	1,620	13	65	4,825	1,819	65	65	4,509	1,044	65	65
Sons of Gwalia, Ltd., Gwalia	294	103,920	38,224	318	108,363	41,442	329	329	127,913	42,578	329	329	129,300	43,604	329	329
Associated G. M. of W. A., Ltd., Boulder	160	54,455	23,702	170	54,983	21,700	170	163	56,887	17,384	163	163	54,700	18,300	163	163
Boulder Perseverance, Ltd., Boulder	261	73,283	30,092	293	70,811	38,964	249	310	70,102	34,472	310	310	74,280	31,075	310	310
Golden Horseshoe (New), Ltd., Boulder	28	314,001	124,856	32	400,314	20,172	30	31	303,405	21,413	31	31	421,656	17,030	31	31
Great Boulder Prop., Ltd., Boulder	440	91,168	65,100	474	108,976	48,976	493	507	165,347	61,785	507	507	166,132	61,234	507	507
Lake View and Star, Ltd., Boulder	498	146,707	133,335	905	197,004	135,110	1,169	1,128	335,010	103,883	1,128	1,128	442,316	156,102	1,128	1,128
North Kalgurli (1912), Ltd., Boulder	107	31,107	14,040	119	41,248	20,365	154	187	49,579	21,161	187	187	37,386	16,404	187	187
South Kalgurli Consol., Ltd., Boulder	108	50,184	34,281	213	50,891	29,355	219	220	54,219	32,006	220	220	41,882	24,401	220	220
Broken Hill Prop., Ltd., Kalgoorlie	...	...	...	...	...	...	...	...	1,250	884	68	68	8,009	3,550	68	68
	2,516	897,836	373,051	3,197	1,280,468	442,606	3,730	4,013	1,552,049	504,719	4,013	4,013	1,558,905	513,333	4,013	4,013

\* Sands re-treated.

If we analyse the figures, we will realise how remarkably close the Chamber of Mines were in their estimate of increased activities. The increase was just about 50

per cent., as was estimated at the time. That serves to bear out what I have always appreciated, that the Chamber of Mines is always most careful not to overstate a case. The figures I have show that in 1930 there were 2,516 men employed by the companies I have named. They treated 897,836 tons of ore, and the gold recovered was 373,651 fine ounces. In 1931 the number of men employed increased to 3,197. Here we see recorded the first result of the payment of the gold bonus. The increased activity in the industry was pronounced in 1931, and no doubt that increase was due to what the Chamber of Mines stated would be the result of the augmented payment for gold to £5 5s. per ounce. As I say, in 1931 the number of men employed by the companies increased to 3,197, the ore treated increased to 1,280,468 tons, and the gold production to 442,600 fine ounces. In 1932 the number of men employed rose to 3,730, the tonnage treated increased proportionately to 1,552,049, and the gold production to 504,719 fine ounces. Then in 1933, the latest year for which figures are available, the number of men employed had increased to 4,013, which represents an increase of just about 50 per cent. compared with 1930, the ore treated to 1,826,965 tons, and the gold production to 513,333 fine ounces. Thus the 50 per cent. increase in production that the Chamber of Mines foreshadowed, if an additional 20s. per ounce were paid for gold, is really borne out by the figures I have quoted. I want to emphasise the point to members that we are not out to do anything extraordinary in taxing production. I understand that the South African Government collect over £6,000,000 per annum as a result of the increased price of gold.

The Minister for Mines: Of course you are a long way out of it there.

Hon. W. D. JOHNSON: I may be wrong, but that is the information I received. I do not know exactly what the New Zealand Government collect, but considering the quantity of gold produced in that Dominion, the Government must obtain a substantial revenue, based, as I have already explained, on the exchange rate. The Canadian Government are in receipt of a very high revenue as a result of the re-organisation of their revenue earnings from mines. South Africa did what Western Australia should have done a year or two ago.

New Zealand and Canada have also taken the necessary action. Instead of going to the mining investors, in my opinion we should have been guided by those Governments in other parts of the Empire who imposed taxation, and we should have chosen the most practicable of the systems adopted in order to guide us in doing justice to the mining companies, and, at the same time, no injustice to the State. I ask members to appreciate the kind of taxation we have imposed on the people of this State. Over and over again we have had occasion to protest concerning the basis of taxation. We said it was wrong to tax single girls, and to get down to the low level we have reached in imposing taxation. Why should we continue that which is wrong? Why should we give relief in circumstances of this description? The thing is indefensible, in my opinion. It is so definitely wrong that I appeal to the Government to appreciate the wrong that is being done, and to give the House an opportunity to approach this subject in the way it should be approached. I regret that my speech was not delivered at the second reading stage, but the second reading of the Bill was agreed to in exceptional circumstances. I intended to speak, and it was my intention to speak as I have spoken to-day. I might not have been so well prepared, but that I was ready to speak and intended to do so was known full well to members. I made inquiries and was told definitely that the member for Nedlands (Hon. N. Keenan) was to speak, and I left the Chamber temporarily. Unfortunately for me the member for Murchison (Mr. Marshall) also intended to speak, but he, too, was absent from the Chamber for a few minutes. During those few minutes, the member for Nedlands failing to speak, the second reading was agreed to. Perhaps we misunderstood the position, but we were definitely told that the member for Nedlands was to speak.

Hon. N. Keenan: Who told you?

Hon. W. D. JOHNSON: It was talked about in the corridors.

Mr. Marshall: You yourself told me the day before.

Hon. N. Keenan: I did not say I intended to speak.

Mr. Marshall: That is what you told me.



Hon. W. D. JOHNSON: However, I was told that, and I felt safe in leaving the Chamber for a few minutes. It will be recollected that we had undertaken a fair volume of work at that sitting, and I had taken part in the debate. I left the Chamber for a few minutes purely for a respite, but members know what happened. When the Bill was dealt with in Committee, naturally members' opportunities for speaking were limited. I regret that greater attention was not given to this important Bill. Its importance to the people cannot be over-estimated. It was very disappointing to me and I think it will prove disappointing to the country that Parliament did not give more consideration to the measure at the second reading stage. The opportunities available to members were not exercised to any great extent during the Committee stage. Whether members were indifferent to the Bill, or whether they felt ashamed of it, or what was the reason, I do not know. To think that a Bill of this description could be passed with such a limited debate on its provisions, is a reflection upon this Chamber. I feel it is necessary for me to enter a protest in an endeavour to have a question of this description approached in a manner that will more fully protect the people of Western Australia, and secure the return to them of what they are fully entitled to, the increased value of a commodity owned by them, and to which they so largely contribute in the form of exchange on gold.

**MR. LAMBERT** (Yilgarn-Coolgardie) [5.40]: With the member for Guildford-Midland (Hon. W. D. Johnson), I missed my opportunity to speak during the second reading debate.

Mr. Marshall: It passed that stage terribly suddenly.

The Acting-Premier: You do not want us to stone-wall our own Bill, do you?

Mr. Marshall: No, but it went through very hurriedly.

Mr. LAMBERT: On a question of taxation, I have always held most pronounced opinions. That applies particularly to sectional taxation, whether it be imposed upon gold, wool, or coal, or any other commodity produced in the State. To my mind, such taxation is most unsound. It can be justified only in special circumstances, with the allo-

cation of the amount derived to special purposes. I shall not go over the ground traversed by the member for Guildford-Midland. I am in sharp disagreement with him. If the Government took the step alleged and consulted those mostly concerned in the operating and development of our mines, I think they were wise in conferring with them as to what was a reasonable amount that could be borne by the mining companies at present. I would remind the member for Guildford-Midland that the mining companies of Western Australia are in a different category altogether from the mine owners of South Africa, where mines have been owned and operated for 40 years or more. Practically all the mines there are held and operated. The only decision to be arrived at by the Parliament of the Union of South Africa was respecting what was a reasonable amount to collect from the industry, having regard to the peculiar circumstances attaching to revenue and expenditure in that Dominion, and also as to what was a reasonable amount to expect the mines to pay, particularly as many of them are, in all probability, reaching the limit of profitable operations.

Hon. C. G. Latham: The South African Government collect £2,000,000 from the gold-mining leases.

Mr. LAMBERT: I presume the hon. member refers to the rents paid by the companies.

Hon. C. G. Latham: Yes.

Mr. LAMBERT: I do not know what the Dominion Government collect under that heading.

Mr. Patrick: That was the information contained in the pamphlet.

The Minister for Mines: But no charge is made for rental.

Mr. Patrick: At any rate that statement appears in the pamphlet.

Mr. LAMBERT: I agree with the member for Guildford-Midland that the mining companies in this State have no cause for complaint regarding the treatment meted out to them. When the leases, which had a tenure of 21 years, expired, Parliament readily renewed them without any qualifications or stipulations whatever. It was competent for Parliament to have taken another course, for the leases, having expired, could have been voided.

The Minister for Mines: That is not so.

Mr. LAMBERT: I thought it was so. Generally speaking, that is the accepted idea we have, otherwise it would not have been possible for the leases to have been renewed. At that time when gold mining was at a very low ebb the leases were extended and liberal contributions were made from general revenue in the direction of assisting and encouraging the industry. No one is going to cavil at that, but the main thing that I do feel keenly upon is the establishing of the principle, and to my mind a wrong principle, unless there is a definite and specific reason for sectional legislation of this kind. Why should we not assess the profits of a gold mine or for that matter a coal mine, a copper mine or any other mine?

Mr. Marshall: Why not tax Boans who are adding to their premises every year?

Mr. LAMBERT: Why not pick out successful manufacturers who, possibly on the capital subscribed, are making far greater money and getting greater returns than is the case in the gold mining industry? We could possibly say—and I am not putting this over very seriously, merely by way of comparison—that the man who conducts a hotel and to whom we give the exclusive right to vend liquor, should be called upon to pay 50 per cent. of his profits. Likewise we could say to the grocer that he should pay 10 per cent., and even the very laudable chap who lays the odds on the racecourse who makes 300 per cent. on the capital he has invested, could be legitimately taxed as we propose to tax the gold mines.

Mr. Tonkin: That is done already.

Mr. LAMBERT: Only indirectly. This form of sectional taxation is wrong. If the mining companies can afford to pay, the payment should be based on right lines and on a basis that we can clearly understand. The only possible justification that there can be for this or any other Government to bring down sectional legislation of the description we have before us would be as a kind of recompense for the wastage that has taken place in the industry. Unfortunately there are occupational diseases inseparable from the gold mining industry and if the Government introduce legislation to compensate the sufferers one can support them.

Question put and passed.

Bill read a third time and transmitted to the Council.

## BILLS (2)—THIRD READING.

- 1, Constitution Acts Amendment Act, 1931, Amendment.
  - 2, Sandalwood Act Amendment.
- Transmitted to the Council.

## BILLS (3)—REPORT.

- 1, Financial Emergency Tax Assessment Act Amendment.
  - 2, Financial Emergency Tax.
  - 3, Financial Emergency Act Amendment.
- Adopted.

## BILL—INDUSTRIES ASSISTANCE ACT CONTINUANCE (No. 2).

Returned from the Council without amendment.

## BILL—AGRICULTURAL BANK.

*Second Reading.*

Debate resumed from the 1st November.

**MR. DONEY** (Williams-Narrogin) [5.55]: I agree with certain speakers that there is an unusually large number of minor inaccuracies scattered throughout this important Bill, but because the general construction is good I am not disposed to quarrel with the draftsmanship. To me the intentions of the Bill are plain enough, and I had the impression that when the Minister set out on its construction he was wise enough to seek the assistance of someone who had the history and procedure of the Agricultural Bank at his finger tips. But although the Bill is plain enough and acceptable, it is of course in certain direction not by any means perfect. It is evident to me that throughout the discussion there will be two contending viewpoints, those of the merchant and of the farmers, and that those contentions will rage around, principally the writing down provision, and Clause 50, which is an enlargement of the contentious Section 37A in the old Act. If this House can reconcile those two contentions, I reckon it will have done the State a real service indeed. With regard to Clause 50, already a firm of superphosphate merchants has written to clients informing them that super will not be supplied next year if Clause 50 is passed

in its present form. I have no documentary proof that such letters are going out; I hope they are not, but I am informed that they are and I pass the information on to the House. If there is any member here who thinks this is a new Bill it is because he knows very little about the provisions of the Finance and Development Act and the existing Agricultural Bank Act. That is not to say that I think it unwise to embody in this Bill the principal parts of those two Acts, but I do think it would have been better had there been some marginal references to show that the Bill was built up largely from those two statutes. Moreover, that would have assisted members in their study of the Bill. The Bill is just a measure which will in effect change the title of those who are to control the Agricultural Bank of the future. Just that, and to give the commissioners authority to write off liabilities that are not offset by assets. I think the Bill can be moulded into a worth while measure, and if I had been able to rid myself of the underlying thought of injustice to the trustees and others, or if reconstruction had been undertaken without impugning the honour of the three trustees, three very valuable and able servants, I should have entered upon this discussion with a good deal more enthusiasm. I do not connect the Minister with this phase of my remarks. I have no reason for saying that the Minister has other than the friendliest motives towards the trustees. Now I want to mention a fact which is in danger of being forgotten. When the report of the Agricultural Bank Commission was being discussed, of the 15 members who spoke all but two were united in warmly supporting the work of the trustees. I therefore think it would tend to follow that if the Bill were intended to pre-empt any form of punishment of those trustees, that would be very strongly opposed to the sense and sentiment of this House. I want to stress that point. Members expressing themselves on the report, with the few exceptions I have mentioned, did consider that the trustees have kept within the four corners of the Act. Other than those errors of judgment to which we are all prone, in my opinion the only weakness in the position of the trustees was that they happened to be handy when scapegoats were

needed. For that purpose they chanced to be a real godsend to the Government. Quite likely it is still the Minister's intention to utilise the trustees; I fervently hope it is. It would be wasteful indeed if we were to cast aside the big State interest represented by the knowledge and experience the trustees have gathered over the years. I have indicated that the Bill contains but few real innovations. Such as there are could, in my opinion, quite easily have been grafted on to the existing Act; or, what amounts to the same thing, the present trustees might quite reasonably and properly be given control of the reconstructed bank. Apropos of that, I hold that the Minister might well have indicated to the House something as to the personnel of the new commission. So much hangs upon that personnel that I think the qualifications of the new commissioners might fitly have been made the subject of discussion here; or, having regard to the extremely personal nature of such a discussion, the subject might better be referred to a select committee. That does not indicate, of course, that I do not respect the Minister's judgment. I do respect it; but I also believe that if the appointees, whoever they may happen to be, have first of all successfully run the gauntlet of inquiry by members representing all parts of the Chamber, we shall be all the more likely to secure a commission permanently acceptable to the farmers and to the State generally. Then, moreover, there would be no room whatever for alleging that the appointments were of a political nature. To my mind, nothing is so important as the personnel of the new commission. The personnel of the commissioners will be even greater than the powers to be conferred upon them, and by that I mean that commissioners of the right type can prevent a bad Act from wrecking the industry, which is much the same as saying that not even the most perfectly devised enactment in the world would save the wrong type of commissioner from making a sad mess of his job. I am sure the House will agree that in the selection of the commissioners we are entitled to take every precaution. This business is far too big and far too important for us to run any unnecessary risks. The Agricultural Bank touches the life of the State more intimately than does any other of our institutions. Having regard to that fact, I agree with the Leader

of the Opposition and others that the commissioners might well be called upon to undergo a probationary period before being finally installed. I should have thought the wisdom of that precaution would be obvious; and yet the member for Northam (Mr. Hawke), speaking on Thursday night last, described the proposal for a probationary period as—I think these are his own words—illogical and impossible. He gave no reasons for holding that opinion, but simply made the statement. The hon. member said that the suggestion of a probationary period could not be considered seriously, and that in his opinion it was altogether inconsistent with the dignity of the commissioners that their qualifications should be made the subject of discussion by members of this Chamber. I am surprised that the hon. member should have adopted such an attitude. It can be said that probationary periods are possible, because they are so frequently utilised in the Public Service, when appointments of this nature are made subject to confirmation. As to the suggestion being illogical, surely the hon. member will not contend that it is not sound reasoning to assure oneself of a person's suitability for a highly important post before finally engaging him at considerable expense to the State. I see nothing whatever illogical about a precaution of that nature. Pursuing the idea of the probationary period, perhaps it will be objected that the Bill already makes ample provision for suspending such commissioners as might happen to be guilty of misbehaviour or incompetence. But what does that provision amount to? Extremely little. There is nothing specific about incompetence. It is a vague sort of defect, especially in the Government service, as we all have occasion to know. I know, and so do other members, of more than one public servant notable rather for incompetence than for any other feature; men whom the Government might, but do not, suspend or discharge. We are well aware that once a public servant is seated in a job, it takes a great deal before the Government proceed to any action whatever against him. So, I think, it would be with the commissioners. I cannot see the present or any other Government taking such action as is set out in the Bill against their own appointees. Therefore, as regards inquiries into the qualifications of the commissioners, it is far better to make

them before the appointments are ratified than afterwards. Everyone will agree that seven years would be a long time indeed to put up with a dud commissioner. At this juncture it might be wise to inquire whether the new commissioners should not have individual as well as joint responsibility. Surely they will not all the time be seated, three men at the one table, dealing with the same problems. That would not do at all. All of us have had experience of that type of control. It develops only too frequently into control by the strongest individual member. The commissioners should have their separate responsibilities and their separate sub-departments. My suggestion is that the three commissioners be made each the head of a sub-department. Number 1 might be in control of wheat and wool; number 2 in control of South-West activities; and the third might have control of accounts, inspectorial work, staff and so forth. Therefore, instead of picking the commissioners for all-round excellence, we would be better advised to pick them for their specialised knowledge of one or more of the sub-departments into which we may care to split the work of the bank. The Bill specifies that the Under Treasurer, or his deputy, shall be one of the commissioners. I do not know whether the Under Treasurer is to be the chairman; but, be that as it may, it will be plain to hon. members that he certainly will be the strongest of the three commissioners, irrespective of who the other two may be. He will control the purse, and through that medium will control his fellow-commissioners. I am sure no one questions the all-round capabilities of Mr. Berkeley as Under Treasurer, but Mr. Berkeley as one of the commissioners of the Agricultural Bank is a different proposition altogether. Quite apart from the fact that Treasury control means control by the Government of the day—and is therefore inconsistent with the expressed intention of the Bill—there is the further fact that if Mr. Berkeley's capabilities are spread over those two exacting positions we shall, instead of increasing his usefulness to the State, plainly impair it. Under such conditions we shall be bound to tire his faculties. There is ample proof of such cases in the Public Service of the past. For example, various Governments have over-

loaded Mr. McLarty. About that there is no doubt whatever. They burdened him with the work of three men. They lauded Mr. McLarty to the skies for the excellence of his service to the public, and then a Royal Commission was permitted to disgrace him by declaring that he did not know his job. I shall never cease to lament the particular phase of the commission's report, whilst always ready to admit that otherwise the report is an excellent one indeed. If the Government should decide to appoint to a trusteeship either the Under Treasurer or any other official of the Treasury on account of special knowledge of State finance, that appointee should be given a clear cut away from the Treasury and be just as definitely attached to the Agricultural Bank. There also arises the consideration that Mr. Berkeley's allegiance to the Treasury and to the Agricultural Bank would be in constant conflict. An equal observance of the allegiance to each would be pretty well impossible. I think, indeed I know, it would follow that Mr. Berkeley's major allegiance would be to the Treasury. It may be asserted that Mr. Berkeley could easily be outvoted by his fellow-commissioners. So he could, but the point is that Mr. Berkeley could easily return to the Treasury and there veto the decision of the majority. That is the pith of the objection to such an appointment.

*Sitting suspended from 6.15 to 7.30 p.m.*

Mr. DONEY: I was on the point of asserting that Treasury representation on the Agricultural Bank Commission was not consistent with that freedom from political control that we are supposed to aim at for the Agricultural Bank. I do not see there is any more cause for Treasury interference with the affairs of the Bank than there is with the affairs of any other department or Government activity, and I hope this idea of Treasury representation will not be persevered with. The Government, apparently, are not satisfied with handing over portion of Bank control to the Treasury, but they now seek to even up the position by giving to the commissioners portion of the work hitherto carried out by the Public Service Commissioner, in that they wish the Bank commissioners to have control over their own staff. In my opinion, to take the Agricultural Bank from the control of the Public

Service Commissioner is a retrograde step. The idea of overlapping several functions of the department seems to be bad altogether. If there is an impression that it would be a good thing for the commissioners to engage, deal with and discharge their own officers, then the same argument should apply as strongly to other departments. After all, the Public Service Commissioner's staff are experts in their own line, and it would seem to be reasonable, with the Agricultural Bank as with other Government departments, to continue to let that staff do their own job. In any case, it would not be seriously contended that the new commissioners, of whom as yet we know nothing, could do the job better than the present Public Service Commissioner. Under existing conditions, the Public Service Commissioner deals with the various staffs of Government departments under the same set of regulations, which secures uniformity of treatment and, generally speaking, spells absence of dissatisfaction. I think it is generally agreed that the present Public Service Commissioner has performed his work acceptably all round, and I can see no excuse whatever for taking part of his work away from him. This idea of everyone doing everybody's job instead of their own does not appeal to me, and I cannot see that it can be for the good of the service. One other portion of the Bill likely to provoke a good deal of discussion is that which seeks to limit to 70 per cent. advances upon work done under loan. With most other members, I think this is a very wise provision indeed. It will, in any event, make for a far better balance between assets and liabilities than has obtained lately. We know that, during the last five or six years, there has been on all Agricultural Bank farms and, for that matter, on all farms, a pretty keen race between liabilities and assets, and to our sorrow, we know that in 95 or possibly 96 per cent. of the instances, liabilities have had an easy win. The limiting of advances to 70 per cent. will make the race far more even. Although I do not agree that 70 per cent. is a quite proper limit respecting clearing, well sinking, fencing, grubbing, ringbarking and so forth, I do not think it will act so satisfactorily respecting loans for dams and for the building of dwelling houses. In my opinion, the

two latter jobs are mostly done by contract, and in contracts for such undertakings there is little room indeed for work to be done by the farmer himself, as is the position regarding the other farm work of which I made mention. I think the commissioners should have power, where circumstances demand it, to advance beyond 70 per cent., otherwise I fear those two very necessary farm improvements will frequently not be undertaken at all. The clause concerning compound interest is another that no doubt will be warmly debated. The objection to compound interest, generally speaking, is that the date on which the interest falls due—the 31st December and the 30th June, even with the two months of grace added—all too frequently find the farmer late in his receipts from current produce from which it is customary for him to meet his interest commitments. It would be possible, I suppose, for the end of the half year to be advanced to the end of August and, similarly, for the financial year to end in February. I believe there would be no difficulty in making that change from the standpoint of the various branches of the Agricultural Bank, although I conceive it to be likely that the head office of the Bank and the Treasury would find some difficulty in agreeing to such a change. Personally, I do not so much object to compound interest on that ground as I do on the score of its illegality, as I see it. It will be noticed that in the Bill the stated percentage figure is always set down as at per annum. That, of course, is usual. If there should be a loan of £100 at 5 per cent., I take it the legal interpretation is that at the end of the year, assuming the interest not to have been paid, from that date forward the interest has to be paid on £105. But now, with interest due and not paid at the end of the first six months, the amount is made to carry compound interest during the ensuing six months. I hold that that is not covered by the expression "interest per annum," seeing that the borrower will find himself in the position of paying not 5 per cent. per annum, but 5 per cent. on £100 for the first six months, which will be £2 10s., and for the next six months, 5 per cent. on £102 10s. Thus, in the aggregate he will be called upon to pay interest not at the rate set out but at a rate that will work out slightly above that figure. I submit,

therefore, that the present method of computing compound interest is not altogether in keeping with the terms of the measure. It might be wise to give the commissioners power to forego compound interest in those cases where they felt the penalty was not justified. By far the biggest job designed for the commissioners will be the writing down of excess debts. I hope the attempt to make a start in that direction will succeed. Provided the method ultimately adopted is on a basis that promises real relief to the farmers, the Minister can count on every assistance from this side of the House. But I think that for this job the Minister has put the work on the wrong men. It does not seem right to burden these newcomers with this heavy work of revaluation. They will be entirely new to their job. They will have responsibilities additional to the already large ones held by the trustees, and it is going to take them a long time to settle down. In those circumstances, what chance will they have of successfully coping with this revaluation job, which is the biggest of its kind ever attempted by the State? The point is that this is a job for to-day, not for next year or the year after, and should be started straight away, whereas the commissioners will not have one chance in a hundred of commencing this big work for at least a couple of years. It will be agreed that there is a very trying time ahead of our farmers. They are in a desperate plight indeed. Up north of the East-West line there are heavy losses from rust expected, and further south similar losses from scarcity of rain. Therefore if we were to start straight away on this big revaluation scheme it would give fresh heart to the farmers at a very critical period, but if we are bent upon postponing the job for a couple of years we are likely to break some hundreds of farmers during the period of waiting. It would be far better for the Government to adopt the suggestion put up by this party some two years ago; we then considered there should be a special revaluation board for the type of work to which I have referred. Even now the Government might very well put the prospective commissioners into the country to start this work. I can think of no better way of breaking them in to the new conditions and to a knowledge of their future clients than to send them into the country to start

this work. There is no doubt the present trustees could carry on very well in the meantime. Or, if the Minister preferred it, he could instal the commissioners in office and then send Mr. Moran and Mr. Maley into the country upon this revaluation work. The House will agree that we have no two men better qualified for the work than Mr. Moran and Mr. Maley. And if the Minister would send with them the secretary to the Agricultural Bank Royal Commission, Mr. Brownlie, those three men could make a very good job of it indeed. Finally I have the authority of the Leader of the Opposition for suggesting to the Minister that he refer the Bill to a select committee. We do not for a moment wish to endanger the passing of the measure; on the contrary, we wish to assist the Minister in passing it after first getting it as near to perfection as is reasonably possible. The Minister will have noticed that this party, and the Nationalist Party also, have upon the Notice Paper a long list of amendments. We believe that those amendments, if accepted, will materially improve the Bill and we think, too, the amendments, or a large majority of them, will probably secure acceptance by the Minister.

**MR. BROCKMAN** (Susssex) [7.47]: I support the Bill, and I congratulate the Minister on having made an attempt to place the Agricultural Bank clients on a sounder footing. As to the future management of the Bank, undoubtedly the Minister has gone closely into that question, and if he thinks the trustees are suitable men for the position, no doubt he will consider them the same as anybody else. I have no fault to find with the present trustees.

**Mr. Thorn**: Are you in favour of letting him appoint them?

**Mr. BROCKMAN**: I would rather not express a definite opinion on that. The trustees, particularly the Managing Trustee, has been of great service to the State. As to the future management, I would prefer to see a general manager appointed, a sound financial man, and I would not mind if he had previously been manager of an outside bank. He would, of course, be responsible to the Treasury. Then I would have two commissioners, one representing the wheat industry and the other the industries of the

South-West. Those officials would have to be men of sound ability—

**Hon. C. G. Latham**: Who is going to be the judge of that?

**Mr. BROCKMAN**: —practical farmers and men of business acumen. If we had commissioners of that stamp, undoubtedly they would possess a knowledge of farming generally, and would be able to consider the Bank and its relation to the industries in different parts of the State. To the proposed method of financing the Bank by debentures, I shall not refer extensively. It is a matter that requires expert knowledge, but I hope that whatever is done will be along sound lines. I feel that this is one of the most important questions that has engaged our attention, because it affects nearly all our rural industries. The measure should therefore be considered apart altogether from party politics. I do not intend to deal with it in any party spirit. Those clauses which will benefit the industries I represent will have my support, but the Bill contains some clauses of which I do not approve, and I propose to submit amendments with a view to minimising their effects. I hope the Minister will grant relief from some of the drastic proposals contained in the Bill. The principal clause to which I take exception is Clause 50 dealing with the statutory lien, which is so objectionable. The farmer would not like to have that provision hanging over his head. It will place every client of the Bank in a very awkward predicament. It will deprive settlers of initiative. Farmers would certainly feel an incentive to work if some leniency were extended to them in the matter of the sale of products and stock. Settlers in the South-West have long complained how little control they exercised over the sale of their commodities, and this Bill will deprive them of the rights they did enjoy. I should like the Minister to explain more fully the proposal as it affects soldier settlers, many of whom, in good years, paid their interest and met some of their capital obligations. They feel concerned about their future under this measure. They have had control of their affairs, including stock sales, and they feel that if the Bill becomes law, they will be unable to deal freely and so will be hampered considerably.

The Minister for Lands: Many of the soldier settlers are under the Industries Assistance Board, and subject to a lien.

Mr. BROCKMAN: Those in the South-West?

The Minister for Lands: Many of them.

Mr. BROCKMAN: Many of them have complained that they will not enjoy their previous freedom to deal with outside institutions, such as stock firms. Those firms have assisted them to stock their properties, and probably the freedom of those men to trade with local firms has enabled them to meet some of their obligations to the Bank. I hope that point will be considered because the provision will be detrimental to the settler, and possibly also to the revenue of the Bank. The writing down of valuations will need careful consideration. We are all aware that valuations are enormously high, and doubtless the Minister agrees. Many adjustments will be necessary, but great care will have to be exercised in writing down Bank valuations because of the general effect it will have on property values. The writing down will have to be made on sound business lines, taking into consideration the methods being adopted to farm the properties concerned. Though I should like to see farms valued on their productive capacity, I appreciate that some protection is needed for farmers who have developed their holdings with their own funds. Reference was made on Thursday to the freezing of the balance of the capital debt. Such a scheme would have some redeeming features, but in other respects I am afraid it would be unworkable. I agree with the principle of writing down valuations, because if a settler has a holding on a reasonable capitalisation, he will be able to meet his liabilities on the amount charged against him, and the Bank will be able to function more usefully than in the past. I would not like the Bank's operations to be hampered. The institution has done wonderful work in fostering the development of the country. I was brought into existence for a definite purpose, and it has fulfilled that purpose, though at considerable cost to the country. Still, I believe the time will come when we shall regard the work of the Bank as little short of wonderful, and I hope nothing will be done to retard its activities. We are only on the fringe of development,

and much remains to be done. Because of the low price at which commodities stand we are said to be under-consuming. I am afraid the fact is that we are under-producing. In time to come when our industries revert to full fruition, I think these obstacles will be overcome. On the Notice Paper I have placed a suggested new clause dealing with the dis-possession of settlers' farms. As stated by the member for Nelson (Mr. J. H. Smith), there has been victimisation in cases in which men have been removed from their homes. Many settlers who first joined up with group settlement from the goldfields, and had a few hundred pounds of their own to invest in the holdings, feel that their position is not as secure as it might be under legislation such as is now proposed. I am suggesting, therefore, that a final independent decision be arrived at in all such cases by an independent board. That would not cost the Government anything to speak of. The board would consist of one of the field officers, one of the commissioners, and a man elected by the local authority of the district concerned. Such a tribunal would save a lot of ill-feeling and discontent among the settlers concerning the removal of men from their homes. Those who took up land some ten years ago have had a very hard struggle, and a great many of them have not been able to do any good with their farms. Amongst the holdings are some very nice properties but commodity prices are ruling so low that the earning capacity of the farms is not sufficient to enable the settlers to live and meet their obligations. It is no use camouflaging the position. I hope the Government will very carefully consider that phase of the question. This Bill should be discussed on non-party lines, and all amendments that are brought forward should be well debated with the object of assisting the Government with any knowledge we may have that is not in their possession to make the measure one that will best serve the industries and those connected with them, who are intimately bound up in the operations of the Agricultural Bank. Everything depends on the personnel of those who are appointed to handle all these problems. If they are sound men and know their work, the position of the farmers and their requirements, and understand finance, I do not see why they should not soon be able to put everything upon a footing that will be satisfactory to all con-



cerned. If they are not suitable for their task much hardship will follow for the settlers. Many aspects of the position require to be considered. It is not one that can be lightly treated, nor remedied in a few weeks. A revaluation of all the assets of the Bank will have to be made, and when that is done it will be no light task to put the policy of the institution into operation. Care must be taken that good farmers are not affected to such an extent that they may have to leave their holdings. Good men, those who know how to farm, are few and far between. We cannot afford to lose one of them. This country needs every farmer of any quality, and each and all of them must be kept upon the land. Such men are the backbone of the country. They have developed our primary industries, and are going to be the means of providing employment for thousands of others in our secondary industries. As these secondary industries develop, and produce more commodities, other manufacturers will commence operations in other forms of industry that are brought into being as the result of our successful farming. I hope the Government will fully realise these questions and take them into consideration, so that everything possible is done to keep good men upon the land. I agree that holdings should be linked up wherever that is desirable. The carrying capacity of a single holding is not sufficient to-day to provide a livelihood for the family settled upon it. I hope that linking up will be done, particularly in the case of sons of settlers who may thus work in conjunction with their parents in producing more of those articles that are needed to meet the obligations that have to be met. With regard to the statutory lien, as Clause 50 is worded it will place the settler concerned practically in the position of being merely an employee of the Agricultural Bank, inasmuch as he is not producing sufficient to meet his interest and his living expenses. To my mind, the living is the first consideration. Much is said here about the standard of living. The clause, as it stands, will lower the farmer's standard; and I contend he has as much right to such a standard as has any other section of the community. The matter should be viewed from that aspect. The farmer is working 15 or 16 hours a day, and, with commodity prices as they are, getting very little return from

that work. I refer especially to butter-fat prices, which are dropping month by month. That fact will have a serious reaction on the Agricultural Bank and every other financial institution in the State. If a lien is to be placed upon the holding, as proposed by the Bill, what will be the position of the settler with regard to his stores account? To-day he depends on the local storekeeper, who requires an assurance of a proportion of the cream cheque each month. Under the clause, the farmer's living will be seriously jeopardised; and I hope every consideration will be given to that phase. I am not one to keep a man on a holding if he will not work. That is well known in my electorate, because I have said so on every platform, adding that no settler who will not work need come to me for any consideration. I stand by that. If a cleaning-up is given to the settlers' accounts and they are placed on a sound footing, most of them, I feel sure, will make good. The vast majority of those not suited to a farming life have already left their holdings, together with, I am sorry to say, many who would have made good farmers. The latter have been compelled to walk off because the cleaning-up now proposed did not take place years ago. The Bill is the nucleus of something that will meet the situation of all Agricultural Bank clients. I hope that each of the many amendments forecasted will be thoroughly discussed by the Chamber with a view to securing the best possible Act to meet the situation. I shall have more to say during the Committee stage, but with regard to further advances I may point out that these will have to be given to many of the settlers. I agree that it is wise to place a limit on the value of the work in this respect. The security should be safeguarded from the Bank's standpoint. Therefore I see not much wrong with the provision in question. The Minister in his second reading speech spoke of group settlers as becoming a privileged section of the community. I do not know exactly what the Minister meant by that term, and I hope that in replying he will state definitely what it implies. I fail to see many privileges for anybody to-day, except hard work, if that is a privilege. Finally, I hope the result of the debate will be to remove all anomalies from the Bill, and to produce so useful a measure that another Chamber will have no hesitation in placing it on the statute-book.

**HON. P. D. FERGUSON** (Irwin-Moore) [8.15]: In the minds of many people in the country districts and also, for that matter, in the metropolitan area, there seems to be an idea that the passage of this Bill through Parliament will place the Agricultural Bank and its numerous clients on a firm basis.

The Minister for Lands: That is its purpose.

**Hon. P. D. FERGUSON**: I believe that to be its purpose, but I am of opinion that the mere passing of a Bill through Parliament will not put an end to the troubles of the Agricultural Bank nor those of its clients. I fail to see how the Minister or anyone else has the right to expect that by some magical process the enactment of a piece of legislation will restore the agricultural industry in its various phases to prosperity, at a time when the whole economic structure of the industry has been upset by world economic conditions. I fear there is much work to be done by those directing the activities of the Agricultural Bank before any considerable measure of prosperity returns to the industry. There will have to be a material appreciation of world prices of the commodities produced by the industry in order to bring back prosperity. Closer investigation of the Bill reveals that, after all, save in one or two respects, it does not differ greatly from the legislation under which the Bank has operated. A mere alteration in phraseology does not make much difference. For instance, the existing Act provides for one full-time trustee and two part-time trustees. The Bill provides for two full-time commissioners and one part-time commissioner. There is not much difference in that regard. A mere alteration in the designation of those controlling the activities of the Bank will not make any great difference, and certainly in itself will not achieve any improvement in the position of either the Bank or its clients. "A rose by any other name would smell as sweet."

**Hon. C. G. Latham**: Altering the designation will not make much difference.

**Hon. P. D. FERGUSON**: The Bill proposes to place on the shoulders of the commissioners a heavy task. It would have been better had the measure provided, in place of the two full-time commissioners and some assistance from the Under Treas-

urer, an additional full-time commissioner. Indeed, it would have been more in the interests of the Government and of the State generally had there been four commissioners instead of three. We have ample evidence that the present trustees have had to carry a big job on their shoulders, have been overloaded with work. There is ample scope in the activities of an institution like the Agricultural Bank for the full-time energies of an additional commissioner.

**Mr. Lambert**: The trustees met only once a week.

**Hon. P. D. FERGUSON**: It is a good idea of the Minister to have the Under Treasurer as one of the Commissioners. Notwithstanding what has been stated in Parliament and elsewhere regarding political control of the Agricultural Bank, it seems to me essential that the financial activities of the Bank should not lose contact with the Treasury. After all, the State has to find the money for advances to meet the requirements of the Bank's clients, and although it may be regarded as political control in a sense, it is necessary that political control should be retained by the State, such as we should expect respecting those who are financing such activities. It is wise, in my opinion, that the Under Treasurer or his nominee shall be one of the Bank commissioners. I hope the Minister will make it clear that in the event of the Under Treasurer himself not being available to sit as a member of the Bank Commission, his nominee will be one officer, who will be relieved of his Treasury duties to enable him to devote all his time to the Bank work. I hope it will not be a case of one officer being detailed to attend a meeting of the Bank commissioners this week, and another officer altogether being sent along to the commissioners' meeting for the following week.

The Minister for Lands: It will not be that. The Under Treasurer will train a man for this particular work.

**Hon. P. D. FERGUSON**: I am glad to hear that. The Minister did not say so when moving the second reading of the Bill.

The Minister for Lands: I could not say everything at that stage.

**Hon. P. D. FERGUSON**: I was just wondering whether there was a possibility of the duty devolving upon a representative of the Treasury being regarded so lightly that

anyone might be sent along to represent the Treasury.

The Minister for Lands: It would be foolish to do that, because such an officer would not have knowledge of matters of policy. It can be understood that we must train a man for the work.

Hon. P. D. FERGUSON: I agree with the Minister's contention, but there is no mention of that in the Bill. The Minister did not inform the House on the point during his second reading speech. I notice there is no provision in the Bill for the appointment of a deputy commissioner in the event of the absence of a commissioner due to prolonged illness or any other such cause. I think provision should be made to meet that contingency. The powers of the commissioners are necessarily very wide and in some respects, I think, go too far. One provision gives the commissioners power to write off the whole or any portion of the indebtedness of a borrower. I would not be a party to giving any commission, board or anyone else power to write off the whole of the indebtedness of any individual to the State. I think we can take it for granted that, in respect of any security on which money was advanced by any Government instrumentality, there must of necessity be some value, however small, in that security. To the extent of the value of that security, the commissioners should not have power to write off the indebtedness of the borrower. If the Minister would agree to alter that provision to confine the power to write off the indebtedness over and above the value of the security, I think members generally would be with him, but to give the commissioners power to write off the whole of the indebtedness seems to me to go too far altogether.

The Minister for Lands: You know it can be done only with the consent of the Treasurer. It is well tied up.

Hon. P. D. FERGUSON: It is not frightfully tied up at all. It should be tied up further to limit the power of the commissioners, with the approval of the Treasurer, to write off the indebtedness over and above the value of the security.

The Minister for Lands: That position is all right.

Hon. P. D. FERGUSON: It is not likely that anyone occupying the position of Treasurer will be able to investigate individual cases.

The Minister for Lands: But he has the Under Treasurer to represent him on the commission.

Hon. P. D. FERGUSON: And the Under Treasurer will naturally take the advice of the other commissioners on a point such as this. The borrowing powers of the commissioners are extensive, as they must be, and all debentures issued by the commissioners and all money borrowed by them has to be guaranteed by the State. I presume that would be the only way by which the commissioners could borrow money. It is provided that no officer or his wife may obtain an advance from the commissioners. In view of the abuse of that privilege in the past, it is right that some such provision should be included in the measure, but I notice that a son of an officer or anyone else over the age of 16 years is eligible to obtain an advance. In my opinion, no relative—wife, son, daughter, father or mother—should be eligible for a loan from the commissioners, except on the advice and recommendation of some other officer. Unless we do that, we will merely perpetuate the undesirable state of affairs that exist to-day. I would go further than the provision in the Bill and I would not limit the prohibition to an officer and his wife. I disagree also with the provision in the Bill that fixes the amount of advance the commissioners may make to a borrower for permanent improvements to 70 per cent. of the value of such improvements. Notwithstanding what was said by the member for Williams-Narrogin (Mr. Doney), I think it would be wrong to fix that limit. It will be found that in most instances the commissioners, even if allowed under the legislation to advance up to 100 per cent. on the value of permanent improvements, would not go beyond the 70 per cent. But there will be many instances, and there may be more in the future, where the commissioners might deem it necessary to go a bit further. A borrower may have a farm worth £2,000 on which he may have borrowed £500. He may require another £100 to effect permanent improvements, such as dam sinking or clearing. According to my reading of the Bill, the commissioners will not be able to advance him 100 per cent. on the value of such works. The Minister will probably see the force of my argument. If he retains in the Bill the re-

strictive power prohibiting the commissioners from advancing beyond 70 per cent., he will penalise settlers who are amongst the most desirable we have in the State, men who have a substantial margin of security in their farm and whose equity is far greater than that possessed by the average individual client of the Bank. If the commissioners are restricted in advances to 70 per cent., I do not see how men in the position I have indicated can continue to improve their properties.

Mr. Doney: Do you not agree that advances for dams and houses should be exempt from the 70 per cent. provision?

Hon. P. D. FERGUSON: I think it would be futile to start exempting this and exempting that. I would be prepared to leave the matter to the discretion of the commissioners. I would not limit the power to advance to 70 per cent., but would permit them to advance to 100 per cent. where such advances were warranted by the margin of security available. Surely the commissioners can be trusted not to advance the full 100 per cent. where the security does not warrant it! I notice also that while the commissioners are not to be allowed to advance more than 70 per cent. for permanent improvements, they are to be permitted to advance to the full extent for other things, such as machinery and stock.

Mr. Doney: The merchants would not supply without a 100 per cent. guarantee.

Hon. P. D. FERGUSON: While there may be considerably greater risk in advancing 100 per cent. on securities that are worn out year by year—a harvester, immediately it takes off one crop, is worth considerably less than it was when purchased from the merchants—yet the commissioners are allowed to advance 100 per cent. on that harvester, whereas for permanent fixed improvements their discretion is to be limited to the 70 per cent. I am also greatly concerned about the incidence of the statutory priority lien over all stock, wool, butter fat and increase of livestock to cover unpaid interest. What is going to happen to those farmers who will be looking to the stock agents and other firms for further stocking their properties? I think it would be a move in the right direction, and I commend it to the Minister, that the statutory lien—and I realise there is some necessity for it—

should apply only to that portion of the advance from the Bank which has been used to purchase specified items, and not to items that have been purchased by advances from other institutions, such as the Associated Banks or the stock firms. It is essential in the interests of the stability of the Agricultural Bank, and in the interests of the State, that the statutory lien should apply to all those improvements or other property on the farm which have been purchased by advances from the commissioners, but where advances have been made by outside institutions it is unfair to those institutions that the statutory lien should apply. Moreover, it will place the commissioners in a very difficult position in finding sufficient finance to enable their clients to purchase stock and machinery. It should be the desire of the Minister to encourage other firms to finance those clients, so that if the Government and the commissioners have any funds available they might be able to assist more men than are being assisted to-day. It is desirable in the interests of all concerned that private capital should be used to the fullest extent in supplying the requirements of clients of the Agricultural Bank. I am particularly interested in that portion of the measure which relates to the reduction of surplus debts of Agricultural Bank clients. The clauses referring to that are somewhat ambiguous, and I should like the Minister to explain them a little more fully. For my part, I wish to give the Minister all the support and assistance I possibly can in this regard. But first of all I want to know whether the word "require" in this respect is mandatory, whether the commissioners are to have power to compel outside creditors to do this, or whether it is to be purely voluntary on the part of those creditors. This should apply to all those farmers who find themselves in financial difficulties, not solely to Agricultural Bank clients. I understand the Minister has suggested that there should be a provision in another measure dealing with some other clients. But if in this regard we are going to have the commissioners dealing with the Bank clients, and some other body dealing with the farmers that are under the Farmers' Debts Adjustment Act, and still another body dealing with those farmers not under either measure, where are we going to finish up in regard to the number of boards that will be necessary? As has been said, each

board may take a different view, and we might find the Agricultural Bank client on one side of the fence having his debt reduced, and the Associated Bank client on the other side of the fence not having his debt reduced, according to the different policies the authorities might adopt.

The Minister for Lands: That is where the trouble is.

Hon. P. D. FERGUSON: It is not worth while telling me where the trouble is, unless the Minister can point to some means of redressing the trouble.

The Minister for Lands: The Bank will take the responsibility.

Hon. P. D. FERGUSON: A better provision would be to have the one board to condition the debts of Agricultural Bank clients, and those under the Farmers' Debts Adjustment Act, and also those operating under private institutions. The one board would have the one policy and, moreover, they could devote their whole time to the job and not be overloaded, as the Agricultural Bank commissioners would be. Then it seems to me it is wrong to place in the commissioners' hands the right to advance money to a client and, almost immediately afterwards, give them the right to reduce it if they think fit. If that portion of the Bill were excised, and if the Minister would provide in some other measure for the same thing to be done it would appeal to members much more than does the provision in the Bill. The future success of the Agricultural Bank depends largely on the personnel of the commissioners, and a very grave responsibility devolves on the shoulders of the Minister and the Government in the appointment of those commissioners. A great deal more depends on their fitness for the position than depends on the Bill itself. My main concern at the moment is for those hundreds of farmers who have tried hard over a long period of years to make a success of life on their farms. In many instances they have not been able to do this, due to no fault of their own, but to the extremely low values of the commodities they are producing. They have not been to blame, and I think if the new commissioners can assist in retaining those men on their farms in the interests of the farmers themselves, but more particularly in the interests of the State, so that they

can go on producing the wealth on which the State largely depends, the commissioners will have achieved something worth while. I commend to the consideration of the Minister the suggestion made to-night that the Bill, prior to being finalised, should be referred to a select committee. I should like to see a select committee appointed, with the Minister himself as chairman. If he would agree to that, I believe he would be better pleased with the measure that would then be placed before the House than he is with this one.

The Minister for Lands: Although it is my own Bill!

Hon. P. D. FERGUSON: There are so many amendments on the Notice Paper, and probably so many more that have not yet seen the light of day, that we shall be a long time in finalising the measure, and so time would be saved and a better measure result if the Minister would agree to refer the Bill to a select committee.

MR. SEWARD (Pingelly) [8.40]: It is not my intention to speak at length on the Bill, because as has been pointed out by previous speakers, it is a measure for discussion in Committee rather than on the second reading. In framing this new measure, however, there are certain matters that ought to be borne in mind. We ought to remember that when the depression first overtook us some years ago, we set about evolving means to carry on, and any attempt to investigate the causes of the depression was set aside for the time being. The task then was to evolve measures to carry us through the period of stress. Now when we are considering measures to bring about a reconstruction, it is necessary to bear strongly in mind the conditions that landed the farmers in the position in which they found themselves when the depression arrived, so that in the legislation we draft for the future, the responsibility will not be cast upon the wrong shoulders. The policy of the State for some years was to place on the land men not possessed of capital. Consequently it is only fair that in the measures of reconstruction we bring forward, the State and not the farmers should bear the responsibility for the position in which we find ourselves. In the pre-depression days many of the financial institutions encouraged farmers to borrow

money that possibly they did not want, and might have done without. In addition some of the financial institutions—I do not say all of them—even took second mortgages over Agricultural Bank securities. That was unheard of in the institution with which I was associated. When I first heard of Associated Banks taking second mortgages, I mentioned the matter to a bank manager, and he refused to believe it until evidence of the fact was forthcoming. I mention that because it is necessary for the State as a whole to bear the responsibility for the wrong policy adopted, not the farmer who is the sufferer through it. The member for Williams-Narrogin and the member for Irwin-Moore referred to the proposed percentage of improvements to be financed, namely, 70 per cent. No matter how perfect a measure we place on the statute-book, we have to ensure that the legislation will be suitable to meet the conditions that exist. If we place the most perfect measure on the statute-book it does not necessarily follow that it will fulfil all requirements. The proposed percentage of improvements rather illustrates that point. While in ordinary circumstances it might be safe finance to restrict the advance to 70 per cent. of the improvements, if a farmer at present required to put down a dam or build a house, he would probably be unable to find the other 30 per cent. Consequently a poor quality of house would be built, or the dam would be constructed in an unsatisfactory way. The restriction to 70 per cent. of improvements might be quite justified in ordinary times, but it is not justified at present, and will not be justified until conditions improve. The Bill contains two outstanding clauses, one regarding the commissioners and their appointment, and the other the contentious Clause 50. As to the proposed commissioners, I fail to see that the appointee of the Treasurer will be of any practical use on the board. The Minister certainly enlightened us a few minutes ago by saying that one special officer would be detailed for the duty. I was apprehensive on that score, because the Bill specified the Under Treasurer or his nominee. Now, however, we know that it will be the special duty of a particular officer. Still, I consider that it would be better if we had three full-time commissioners instead of having

one appointed by the Treasurer. As has been mentioned, the provision allowing for that appointment would really give political control in a worse form than we have it today. The special concern of the Treasury official would be finance. If at a meeting he opposed a certain measure, and the other two commissioners outvoted him, he could report to the Treasurer and the Minister could over-ride the decision of the other two commissioners. That would certainly give a worse form of political control than exists at present. Apart from that, I fail to see why it is necessary, in order to get an effective liaison between the commissioners of the Bank and the Treasury, to have a special officer from the Treasury to attend certain meetings. The chairman could get into touch with the Minister and put before him any proposals regarding finance without having the extra man on the commission. It is not clear to me how the commissioners will be expected to act or what kind of control will prevail in the Bank. The Bill does not say whether the commissioners are to be simply a board without administrative powers. If they are not to have administrative powers, I presume, although the Bill does not tell us, that there must be a general manager of the Bank. If there is to be a general manager, surely he should have a seat on the board of commissioners so that he can carry out the policy of the board. I think the member for Sussex indicated that in his opinion each commissioner should be the head of some administrative department of the Bank. That is the policy that appeals to me. The chairman would be the general manager, and he would be in charge of the financial and general administration of the Bank. The other two commissioners should be representatives of the general farming industry and of the South-West industries respectively, and in turn would be the heads of those departments. The commissioners and the Bank management would thus be linked up, so that the policy would automatically be transmitted through the Bank. If that is not intended, we should be informed as to how the administration is to be carried out, whether through a general manager or whether the chairman will automatically fill that position. I believe it is unnecessary to have a board of three commissioners. It would be easier to get one fully qualified

and efficient man to control the Bank than it would be to get three men. Some people take up the attitude that one man is not able to control the Agricultural Bank. With that view I disagree. The Associated Banks are controlled by their general managers, and for the most part they are larger institutions than is the Agricultural Bank. There may be a board of directors, but that board would interfere very little with the management, and in many instances the boards are situated at the opposite side of the world. Generally speaking, these institutions are controlled by one man, and that can as effectively be done in the case of the Agricultural Bank. I admit that the Agricultural Bank is in need of a certain amount of reorganisation. I do not wish to pass any criticism on the trustees. They have carried out their work faithfully and well with due regard for the requirements and welfare of the man on the land, and for the interests of the State. The institution has grown from a very small affair to one of large dimensions, and it is only natural that certain anomalies should have crept in that need to be rectified. Those anomalies can be rectified without a Bill of this nature. The Minister, when introducing the Bill, referred to a case in which the plant had been removed from a vacated farm. The inspector had arrived just in time to see the harvester being taken through the gate. That merely suggests lack of control on the part of the district inspector. Most of the officials have their cars, and they should be in a position to watch these things, to know when a farm is likely to be vacated, and to be able to take the steps necessary to protect the property.

Mr. Patrick: That is not easy in every case.

Mr. SEWARD: I know of another glaring lapse of duty on the part of an official. I met a man who bore an excellent reputation, and who asked me whether I could do anything to get him an abandoned farm about two miles away from where he was share-farming. He had his own plant and everything to enable him to carry on for 12 months. I saw the trustees, and eventually learned that he had been granted a farm. A few weeks ago I met him and asked him how he was getting on, and he said he was in no better position than he had been six months ago. He told me that all the documents had been sent to the local

inspector, who had kept possession of them for a month, and that he only learned that he had got the block when it was too late for him to carry out following operations. He thought he would be exceedingly lucky if he did not lose the block, simply because of the carelessness of the Bank official. Such things as these can be rectified without a Bill of this nature. I take great exception to the clause which gives the commissioners power to employ outside valuers. That will merely incite the inflation of values. There is no better authority than the Bank officials when it comes to valuing the properties they control. They know the type of land and what it is capable of producing, and what it has produced. It would only lead to inflation of values if the commissioners went to any other authority. In the years gone by I have seen local valuers valuing land. Their first consideration is to preserve the value of the land in the whole district at as high a figure as possible. I have seen them drive around in a motor car and do their valuations in that way. That is not the right method to adopt. The Bank officials are in a better position to know the true value of the land than is any outside man. It is my intention to oppose that clause in Committee. Then there is the right which exists to-day of the client to appeal to the trustees over the head of the district manager. Any institution that allows that sort of thing is courting disaster. I cannot imagine any district manager of a bank carrying out his duties conscientiously when he knows that, if the client is dissatisfied, he can appeal over his head to the managing trustees and have his case heard in the absence of the district manager himself. That is a very bad practice. I hope something will be done to alter that in the interests of the Bank and of the clients. Although that may result in the refusal of the client's application for the advance he is seeking, very often it would mean doing a great service for the client and be wholly in his interest. Then there is the question of the commissioner having the authority to revise the writing down of debts. That brings up the point regarding the power of the commissioners and the large amount of work with which they are to be saddled. Their first duty will be to reorganise the Bank. That task alone will keep them fully

occupied. If in addition they have to examine the accounts of all clients, with a view of writing down and a general re-portionment of the debts, to say nothing of valuing the securities, that will take them two or three years. At the end of that time they will have to start upon the task of reorganising the Bank. There is far too much in these points alone for three men. One member thought that task should not be given to the commissioners. In my opinion the job of revising the position of each client, with a view to writing down his debts where necessary, should be given to the highest and most competent officials, with due regard to seeing that the farmer concerned is present when his case is being dealt with. If the commissioners do their duty properly, they will have a large volume of work to handle. It will be necessary to have at least three commissioners if they are to deal thoroughly with all these questions. I cannot see why in this Bill authority is to be given to persons 16 years of age to execute legal documents. It is not done in other circumstances, and I fail to see why a provision of that nature should be inserted in this measure. I will deal with that in Committee. Clause 50, giving the Bank authority over the various forms of farm produce, will do a great deal of harm to many farmers who at present depend upon unsecured creditors to carry them on. Stock agents have put sheep on many properties which but for that fact would have had no possible chance of securing them, the Agricultural Bank not having the necessary capital available. As is generally known, especially in the case of settlers who have been farming for five years or more, sheep are a necessity for keeping down weeds. In one area of my district, which I hope to have the pleasure of showing the Minister in the near future, I saw the fallow, and when finished it was almost like a growing crop. Sheep are absolutely necessary to those settlers to keep weeds down and give the farmer a chance to get a decent crop. Stock agents have put sheep on such properties, and of course have received the proceeds from them. In many cases the farmer has needed those proceeds to carry on, and the agents have given the proceeds back. I fully recognise that the Agricul-

tural Bank has a right to some of the proceeds of the stock, because, after all, had it not been for the Bank enabling the settler to clear the land the stock could not have been carried there. However, that is more a matter of administration to be settled between the stock agents and the new authorities of the Bank. Under such an arrangement the Bank will probably receive a certain percentage of the proceeds. The proposal to take a lien over all the produce mentioned in the clause seems rather hard, and will tend to dry up that small amount of credit which has enabled some of the farmers to keep going during this period of depression. The clause in question is difficult to understand, because it speaks of "butter-fat and increase in progeny." Probably "increase and progeny" is meant, because to wait for "increase in progeny" might mean waiting for many years. That is another point which can be dealt with better in Committee. A further matter mentioned by the Minister when introducing the Bill was the desire to keep down charges to clients as far as possible. That is a natural wish. In the past Agricultural Bank clients have been placed at a disadvantage as compared with Associated Bank clients, inasmuch as the former had to execute a new mortgage for every advance they received. That is not so in the case of Associated Bank clients. I hope that under the new measure it will be possible, as the Minister indicated, to have one mortgage covering all Agricultural Bank advances. The succeeding clause provides for the taking of a special mortgage when the land is converted from leasehold to freehold. That provision possibly clashes with the Land Act, and the clause may require amendment so that the cost to the client may be kept down. As I said earlier, the Bill will be better discussed in the Committee stage. Therefore I shall take up no further time except to express the hope that in finalising the measure we shall be able to evolve an Act sufficiently elastic to meet the extraordinary conditions now existing, and that we shall ensure that the cost of rehabilitating the agricultural industry will be thrown on the community in general and not on the farmer, who in most cases through no fault of his own, finds himself in his present unfortunate position.



**MR. SAMPSON** (Swan) [9.5]: I share the interest which has been shown by most members in the Bill. Undoubtedly it is the most important measure that has come before this Chamber during the current session, and probably it will prove the most important to be considered for a long while to come. The general opinion is that reformation of the Agricultural Bank is necessary. In saying that, I make no suggestion of lack of earnestness and sincerity on the part of the trustees. In fact, as I said when the Royal Commission's report came before the House, there is no doubt that the State does owe a good deal to the trustees. I feel now, as I expressed myself then, that the trustees have never had what should be theirs by right, namely, full and complete control of the Bank. They have always been subject to influence from Premiers, Ministers, and members of Parliament. Thus, as was inevitable, advances were made which should not have been made. Who is to be blamed? Undoubtedly, when we look at the matter fairly and honestly, the State does owe a great deal to the work of the trustees. That has been generally admitted, and I suggest that there has not been the slightest indication during this second-reading debate of any variation from that expressed belief. The Royal Commission's report could not wisely or safely be ignored; and the Minister's decision to do what is being done will, as I said earlier, meet with general support. The Bill vitally affects thousands of settlers. It affects the wheat farmer, the group settler, and the soldier settler; so that practically the whole of those concerned in primary production are more or less interested in the measure. From what was brought forward as the result of the Royal Commission's report, and from the arguments advanced during this debate, it is clear that reconstruction of our Agricultural Bank is overdue. Some members will have read the story "This Worry of Wheat." Undoubtedly throughout the world the problem of wheat is most serious.

**Mr. Marshall:** The want of wheat is a worry in some cases, too.

**Mr. SAMPSON:** The trouble is that we have more wheat than there is opportunity to distribute to the people who, it is continually being stated, need it. In view of world conditions, it is impossible to say when the problem will be solved. If we could say when the price of wheat will again become reasonable, our difficulties

would be greatly lessened. It is certain that earnest thought and resolute effort are needed to bring about any solution.

**Mr. Marshall:** Why should we worry about feeding foreigners when some of our own people are starving?

**Mr. SAMPSON:** The hon. member had better keep to gold. It is no use talking about anyone starving here. I am not a whole-hearted admirer of the Government, but I certainly do not think there is anyone starving in this country. If it were so, we would know of it. I agree that a general advance of 70 per cent. of the value of work or improvements should be sufficient, but exceptional cases will arise. Therefore I say definitely that the Bill should provide an opportunity whereby, in exceptional circumstances, and moreover with due safeguards, the margin of 70 per cent. could be exceeded. Advances are a community matter, and many farmers may be saved if, in such circumstances as I have indicated, the percentage advance can be increased. We cannot too often say that political influence should be curbed. It is most unfair to expect trustees or commissioners to do what is necessary if they are to be subject to the whim and caprice of the Minister for the time being. I hope, whatever else may be done, that care will be taken to see that the independence and control of the commissioners is 100 per cent., and that this is not merely a pious statement resting upon no definite provision in the measure. The position in the past has been so dangerous as to be largely responsible for the difficulties that have arisen. I do not desire to be unfair when I say that such interference has caused a considerable increase in the loss the State has had to suffer, because of advances made to farmers who were incompetent or whose land was not suitable for the production of wheat. The community generally must put up with the consequences. The position is one the burden of which must be carried by the State for many years to come. While losses represent a community matter, there should be no interference with the work of the commissioners, whose duty it will be to endeavour to carry out the difficult task that Parliament will place upon their shoulders. The sovereign remedy in all such problems is, it is contended, to refer the measure to a select

committee. I am inclined to support that view. From a review of the Bill and the many problems with which it bristles, the Committee stage of the Bill would be made much shorter, and the resultant measure more useful.

Hon. P. D. Ferguson: And the select committee should be entirely non-party.

Mr. Thorn: The Minister is not listening!

Mr. SAMPSON: The Minister has the faculty of being able to talk to his Ministerial colleague, and still hear everything that is being said. I hope he may find it in his heart to be sufficiently generous to say that, with all its virtues, the Bill could be improved as a result of consideration by a select committee.

The Minister for Lands: I hear and appreciate what you are saying.

Mr. SAMPSON: If the Minister approves of what I say, I hope he will translate his approval into agreement to the appointment of a select committee. It may mean the delay of a month——

Members: No.

The Minister for Lands: After a Royal Commission sat for nine months!

Mr. SAMPSON: I will say that the delay might mean a fortnight, but, as a result of that further consideration, the measure might be framed in a more useful form than it now presents. I readily acknowledge the work that has been put into the drafting of the measure. On all hands, congratulations have been expressed because of the provisions it contains. Nevertheless, the Bill is not so good that it cannot be improved.

The Minister for Lands: It is generally approved throughout the country districts.

Hon. P. D. Ferguson: They do not know what it contains, as they have not seen it.

Mr. SAMPSON: Possibly that approval is because the people in the country have not read the Bill.

Mr. Wansbrough: But they know who are their friends.

Mr. SAMPSON: The Bill has been presented to make possible a continuance of the work that has been undertaken in the past, and naturally those who are so hard-pressed—there are none so hard-pressed as those who are on the land—see in it the means by which can be secured their economic salvation. It would pay the Minis-

ter to agree to the reference of the Bill to a select committee, from the standpoint of securing a Bill that will be less subject to criticism.

Mr. Thorn: And he will be able to understand it better himself.

Mr. SAMPSON: If the Minister agrees to that course, he will not regret the step; if he does not agree, he will have to face the criticism that will be levelled at him. Before I conclude my remarks, I wish to draw your attention, Mr. Speaker, to the lack of generosity regarding road boards evidenced by the Minister in the Bill. Those boards make it possible for produce to be conveyed from the farm to the railway station or siding, yet the Minister seeks to perpetuate the principle that has operated for so long under which local authorities are deprived of rates. No wonder, Mr. Speaker, you look astonished!

Mr. SPEAKER: I was merely wondering whether the House was still discussing the same Bill.

Mr. SAMPSON: We are discussing the same measure. Road boards generally should not have experienced this act of disservice by the Minister for Lands. I hope, Mr. Speaker, that provision will not remain permanently in the measure. I shall be prepared to move that the clause be struck out. If road boards are still to be deprived of the rates they should receive, how can the boards in the wheat areas continue to function? For years past those boards have been hard put to continue operating because that source of income has been denied them. The Agricultural Bank, suffering from grave disabilities, have found it impossible to do what the trustees desired. Now the Minister, making a virtue of what has become a habit, seeks to perpetuate that system in the Bill.

The Minister for Lands: Making a habit of what is a virtue?

Mr. SAMPSON: The Minister intends to make it a definite right to deprive the boards of their rates by inserting this provision in the Bill. The Minister knows that the work of road boards is essential. They must provide roads that are necessary in the country areas. I do not desire to labour the question. If the Minister is responsible for inserting this provision in the Bill, I hope he will agree to its being struck out.

The Minister for Lands: But the provision is in the present Act.

Mr. SAMPSON: That is what the Leader of the Opposition said. The Bill bears a strong resemblance to the previous Act and, in some respects, that may be all right, but this particular clause is quite wrong. I ask that consideration be given to this. Under it there is to be no payment to road boards. That is the idea at the back of the clause, and that is wrong. If they cannot get the whole of the rates due, I hope it will be made possible for the boards to receive some consideration. In most instances board members are farmers themselves, and I trust we are not going to render it impossible for them to carry on. I will support the second reading, but I should like to see the Bill referred to a select committee, for if that were done many of the difficulties that are bound to arise in Committee would be solved.

MR. PATRICK (Greenough) [9.22]: This is a Bill to reconstitute the Agricultural Bank. It is not the first time the Bank has been altered by legislation; in fact some of the alterations made in the past were even more revolutionary than those proposed in the Bill. Originally the Bank was purely a land improvement bank. The advances were small, and the idea was that the settler himself should do the work and draw the money, and continue improving his farm. It was a good sound policy, and while it remained the Bank was in a very sound position. After that, some revolutionary changes were made. The Bank became an instrument for the land policy of successive Governments, and in some instances it became an instrument for relieving the unemployed. Then, according to the Royal Commission, the Act of 1912 turned the Bank into an ordinary mortgage bank, although it continued to function as an improvement bank. The Royal Commissioners seem to think that if it had been continued as an ordinary mortgage bank, probably it would not have been in the difficulty it is in to-day. Personally, I think it might have got into an even worse state than it is now. I do not know how the South Australian State Bank is functioning, but I remember that soon after it was inaugurated a lot of the leading businessmen declared that all the bad securities were drifting over from the Associated Banks

to the State Bank. I do not know how that State Bank stands to-day, but it is purely a mortgage bank. Farm mortgage banks have not been very successful in the United States, where they have crashed by the thousand. In one State alone over 1,100 closed their doors last year, and I understand that 90 per cent. of them are not likely to re-open. We are told that the Bank commissioners will be free from political influence. But the Minister himself said that if it became Government policy to throw open any particular settlement, the Government would have to guarantee the payment of interest to the Bank before the settlement would be taken over. That being so, surely political influence is likely to creep in. Take the Esperance land settlement. We could not have had any stronger reports than were made against that settlement. Dr. Teakle to-day is merely confirming statements that were made by the then Government Analyst about the salinity of the soil. The whole settlement was generally condemned. If at that time the Agricultural Bank had stood out against that settlement, there would have been no difficulty in getting the Government to guarantee the interest.

The Minister for Lands: The Bank did stand out.

Mr. PATRICK: The Royal Commissioners say it did not.

The Minister for Lands: Two of the trustees were against it, and one stood right out.

Mr. PATRICK: Under the direction of the Government the Bank made advances for improvements. If the Minister says it is necessary for the Government to guarantee the Bank against loss, he must readily admit that the Government would be prepared to do so. But how the Bank is to be protected from political influence in those circumstances, I do not know. I do not agree with the proposed constitution of the commissioners, because the proposed commission does not precisely follow the recommendation of the Royal Commissioners. They recommended three permanent commissioners.

The Minister for Lands: No, only two.

Mr. PATRICK: The Royal Commissioners said the Bank should be vested in a board of management consisting of three men, and should be free from political control. Those commissioners were to be appointed for seven years. The recommendation

tion of the Royal Commission was that all three commissioners should be a permanent board. I strongly support that recommendation, because if the Treasury is going to train an official it is just as necessary that he should be a permanent member of the board as it is that the others should be so. If the other two members are to constitute the board, and if the chairman is to have a casting vote and a deliberative vote, then the chairman will practically constitute the board. I should like to have seen in the Bill some provision for retaining good clients. That is perhaps impossible, but in the past the Agricultural Bank financed many good farmers, and those farmers when they got on their feet transferred from the Agricultural Bank to the Associated Banks, who thus secured the cream of the clients. It would be difficult for the Agricultural Bank to retain its good clients, but it might be done through a system of debentures. If debentures were issued in small amounts and listed on the stock exchange they would be valuable securities that could be bought and sold, since they would be guaranteed by the Government. So it would be possible for a client having a surplus of credit to use that surplus for the purchase of the debentures. I notice in the Bill no reference to the need for banking experience in the commissioners. The members of the Royal Commission were very insistent upon that, and sneered at the present trustees because, when the Bank was turned into a mortgage bank, it was controlled by men who had no banking experience. The Bill says nothing about the necessity for the commissioners to have banking experience. Presumably the Minister is not going to attempt to follow the advice of the Royal Commissioners. Also there should be a definite limit to the advances that can be made. Under the Bill there is no such limit. If there be no definite limit to the maximum advance, we shall have the advances rising from £2,000 to £7,000 or £8,000, as in the past. I am inclined to agree with the proposal to limit advances to 70 per cent. of the improvements, although I agree also with the member for Irwin-Moore that advances could be made to the full extent of the improvements where farmers already had fixed improvements on the land considerably in excess of the value of the mortgage. It seems to be risky finance to advance the full 100 per cent., especially on machinery. It may be necessary to do it in some instances on

stock, as was done by the stock firms, though even that can be risky finance, as was proved when sheep made a sudden rise a year or two ago and then collapsed to very low prices. Provision is made for a client to pay off his advances at any time. I think provision should also be made that such money might be re-advanced in case of necessity. A farmer might be in a position to pay off a considerable amount of the advance, but later on he may find that he requires more accommodation, owing to an outbreak of drought or rust. If provision were made for money repaid to be re-advanced, he could secure such accommodation. I believe that provision for seasonal credit could be made under Clause 37, which empowers the commissioners to advance for any other purpose. The Royal Commission was emphatic that the Bank commissioners would have no time to deal with matters of that sort. The Royal Commission stated—

Should the Bank board be asked to undertake the arrangements for the provision of seasonal credit for the 1935-36 season for clients of the Bank, the disposal of the crop, and the distribution of the proceeds? Your Commissioners are finding that the debts of the Agricultural Bank clients should be adjusted or conditioned. In order that such adjustment or conditioning may be carried out, the securities of the Bank must be valued.

Should the Bank board be asked to undertake, in addition to their ordinary duties, the work which would be occasioned by adjusting or conditioning the liabilities.

In the history of the Bank, as investigated by your Commissioners, it is found that an amount of work was imposed upon the previous trustees which was beyond the power of such trustees to perform successfully. 'Your Commissioners are further of opinion that the Bank board should be relieved of the difficulties of providing seasonal credit, and a credit board should be appointed by the Government for the purpose of providing such credit for the farmers who are clients of the Bank, handling their crops and voluntarily adjusting their liabilities.

I agree with that recommendation. It certainly seems absurd, in view of the work the commissioners will have to do in the matter of reconstruction and revaluation, to ask them to deal with the conditioning of debts and so forth. I urge the Minister to adopt the recommendations of the Royal Commission and appoint a separate credit board.

The Minister for Lands: You know that we are re-enacting the Industries Assistance

Board this year and that the Royal Commission recommended its discontinuance.

Mr. PATRICK: Yes. The recommendation I have quoted is sound, because in the revaluation of securities alone the commissioners will have a tremendous amount of work. On the matter of revaluations the Royal Commission further pointed out that as regarded private mortgages, it would be at once apparent what length of time the work would take. If that is correct, it would take as long to revalue the securities of the Bank, and that work alone. I think, would keep the commissioners busy for quite a considerable period. The Lands Department should play a part in affording relief to the farmers. That also was recommended by the Royal Commission, who said—

Owing to (a) the high prices of wool and wheat existing at the time of purchase, and (b) the insistent demand of the soldier settlers to be settled on the land, many of the properties purchased for repatriation were purchased at excessive prices, and the rents payable to the Lands Department in respect thereof should be reduced.

Mr. Marshall: So should the cost of some of the motor cars they bought at that time.

Mr. PATRICK: I hope the Minister will hear that recommendation in mind and see that his department gives considerable relief to settlers, not only in respect of repurchased estates but in respect of ordinary land rents.

The Minister for Lands: I have asked in the consolidated Act for an extension over 30 years.

Mr. PATRICK: The field officers of the Bank are doing a considerable amount of work for the Lands Department and the Department of Agriculture. I do not know whether the new board would undertake such duties as the inspection of properties for the Lands Department or do work for the Department of Agriculture. Presumably, if they did so, they would require to be paid for it.

The Minister for Lands: What is done now for the Department of Agriculture?

Mr. PATRICK: Collecting the subsidy for the registration of bulls and other work of that kind.

The Minister for Lands: That is a small matter.

Mr. PATRICK: It may be.

The Minister for Lands: The police do more than that.

Mr. PATRICK: The commissioners might ask to be paid for such services. To arrive at new valuations will be a tremendous task, and, in my opinion, it will take years to do the work properly. The Royal Commission must have anticipated that though it would take a tremendous time to revalue properties under private mortgage, the revaluing of Bank mortgages could be done in a short space of time because they believed that some workable scheme could be arrived at with the commercial community for the supply of credit, the adjustment of debts giving the necessary security. How the Royal Commission arrived at that conclusion, I cannot understand. Clause 64 is one of the vital provisions of the Bill. It rightly provides for the writing down of debts of outside creditors before the Bank writes down its debts. Whether the reference to requiring other creditors to reduce their claims bears the interpretation placed upon it by the member for Irwin-Moore, I do not know. I do not think it does. Perhaps it would be a good thing in some ways if it did.

Hon. W. D. Johnson: It could not.

Mr. PATRICK: It could not possibly be done. Mr. Donovan, a member of the Royal Commission, recommended a board of three, one representing the creditors, one representing the farmers and one representing the Government, to deal with the adjustment of debts. If we are to have a rehabilitation of the farming industry, it will be necessary to deal also with the debts of farmers who are not clients of the Agricultural Bank. Most of the settlers along the Midland railway line have never been clients of the Agricultural Bank, but many of them need to have their debts adjusted just as much as do clients of the Bank.

Hon. W. D. Johnson: That is one of the outstanding weaknesses of the Bill.

Mr. PATRICK: When it comes to a question of the commissioners taking over the debts under the various headings under which they appear, a tremendous amount of adjustment will have to be made. This legislation will not solve the farmers' problems. The condition of things as revealed in the Agricultural Bank is not confined to Western Australia. Not only is it Australia-

wide, but world-wide. The Bank has been blamed for getting into a mess with regard to farming securities, but that sort of thing is happening the world over. I need only quote some of the recommendations of the Royal Commission that is inquiring into the wheat question to indicate what I mean. They say that notwithstanding the financial assistance given by the Commonwealth and the States, wheat-growing has been unprofitable since 1930. The commission regard it as proved beyond doubt that large numbers of producers are carrying a debt burden that is overwhelming. It is obvious that present-day values cannot carry the debts that were carried in boom years. The commission, in those remarks, is dealing with the position in Australia generally. I should like to quote some extracts from an article on farming in the United States. Some States in particular are referred to namely, Minnesota, Wisconsin and the Dakotas. The article deals with clients who are in the hands of State banks such as the Agricultural Bank in Western Australia. I will quote the following paragraphs:—

The farmer is broke; the drought has capped a climax. The smell of bankruptcy was in the air before nature stepped up with its crushing blow. In 1919 in U.S.A. the income of the farmers was 17,000 million dollars. Last year it was 6,000 million dollars. The upsurge came so quickly, and the recession so quickly; this made the calamity. He could no longer pay interest on his mortgages. In North Dakota 99 per cent. of the banks closed without reopening. Their affairs were taken over by the State bank. Since that time 40 million dollars of securities have been treated as delinquent, and the credit of the whole State government subjected to an intolerable strain. Anything might have happened if the Federal Government had not come forward to take over most of the paper. Again, in Minnesota, the Government established a rural credit bureau. The world collapse found the bureau with fifty millions of dollars outstanding. Interest payments grew irregular and then ceased altogether. The situation was critical when the Federal Government came to the rescue.

It will thus be seen that the conditions associated with the Agricultural Bank are found to exist in many other parts of the world. Legislation of this nature will not solve our present troubles. All our efforts will have been in vain if prices do not increase. Even if our farmers are put on an apparently sound basis, if the present situation continues there will have to be a further writing down. It is impossible to

put a farmer on a sound basis when the wheat is fetching only 2s. a bushel.

The Minister for Lands: Even at those prices numbers of farmers are paying their way and paying income tax.

Mr. PATRICK: I do not know of many. I know of some who have paid income tax, but it has not come out of their farming operations. I also know of people who four or five years ago were substantial farmers and paying income tax, but during the past four years have burned up all their assets.

The Minister for Lands: I know of people who have been paying their way since the depression started.

Hon. P. D. Ferguson: They probably had no interest to meet.

Mr. PATRICK: The report I have read mentioned one or two cases of that nature, men who owned their own farms and had everything paid up.

The Minister for Lands: Thousands of farmers in this country were able to sell their wheat at good prices over a period of 12 years.

Mr. PATRICK: There have been farmers who were like Governments, and anticipated that the good times would continue. I know of Governments who, when prices were high, piled up big deficits and borrowed money to pay their way.

The Minister for Lands: Evidence of that is shown by the fact that the Agricultural Bank is owed arrears of interest amounting to two million pounds. That is where Governments went wrong.

Mr. PATRICK: It is sound finance for a farmer or Government to set aside a reserve in good years. There are plenty of firms in this country who would have gone out of business long ago but for the reserves they built up. Since the depression they have been living upon those resources.

The Minister for Lands: Their business has decreased.

Mr. PATRICK: Farmers have been no worse in this respect than Governments and other people. The citizens of Australia should be heartily ashamed of the sweated prices at which they have obtained wheat and other food supplies since the depression started.

The Minister for Lands: That can be said of other things too.

Mr. PATRICK: An Australian price for wheat should have been fixed, just as has

been done in other great agricultural centres, such as are on the Continent. They look after the interests of their farmers, and that has not been done in Western Australia. Many of the farmers themselves, while they have worked for practically nothing during the past four years, have been carrying thousands of other men at remunerative wages. I know some farmers who this year put in crop and who may not be able to pay their employees anything at all, because not a single bushel of wheat will be reaped as the result of the year's work. To show the effect of the depression on Government finance, it is only necessary to go back to Western Australia's peak year, when we grew 53,000,000 bushels of wheat. That was the period when there appeared on posters the mystic words "Grow More Wheat!" This year there has been an enormous fall in wheat acreage, but I should say the year's crop will be from 23,000,000 to 25,000,000 bushels, a drop of about 30,000,000 bushels as compared with the peak year. Those 30,000,000 bushels represented 800,000 tons of freight for the railways, equal to nearly half a million of money in railway charges. From that fact the enormous effect of the depression on State finance is obvious. The misfortune, therefore, has been not only that of the farmers but of the whole State. I regard this Bill as purely one for Committee discussion. A great deal more than what is proposed in the measure will have to be done by both State and Federal Governments if the farmers are to be put on what the Minister calls a sound footing. How that is to be done at present prices I do not know; but if it is to be done, both State and Federal Governments will have to play considerably larger parts than they are playing at present. That is the only means by which order can be evolved out of the present chaos. I have much pleasure in supporting the second reading of the Bill.

**HON. W. D. JOHNSON** (Guildford-Midland) [9.53]: I regret that I have to begin to speak so late. I have a good deal to say and will be sorry if I weary hon. members by keeping them unduly long. But if one has to speak, one cannot reduce what one has to say. The Bill proposes to transfer the powers of administration of

an important State instrumentality from Parliament to persons called in the Bill "commissioners." I do not see the Bill as hon. members in general see it. I do not think the Bill contains that which hon. members in general assume it contains. I do not think it is possible for the commissioners to do what hon. members who have spoken, largely believe can be done. I do not believe that the commissioners, if they had the requisite power, would administer the affairs of the institution any better than Parliament and the Ministry. I do not hold with giving over any activity directly affecting the welfare of the people to nominee individuals for the purpose of administration. It is wrong, in principle, to transfer such an institution from the control of the people. To hand the control over to an elective board would be bad enough, but it is far worse to transfer that control to nominees, involving as it does the destinies of people who are tied to a given industry. Their standard of comfort should not be fixed by nominated individuals. I have heard it stated over and over again that there are 10,000 Agricultural Bank clients. In connection with recent mining legislation I quoted from a Chamber of Mines report a statement that the number of miners employed in the industry can generally be multiplied by six to arrive at the number of persons dependent on the industry. The report stated that where one miner is employed, there are usually six others involved. If that is so in mining, it will be the same in agriculture, or perhaps more so. The figure relating to miners has been well considered. It was submitted by a responsible body. Thus it appears that the Bill proposes to hand over to a nominee board some 50,000 or 60,000 people, whose welfare and whose standards will be governed by that nominee board. Let us remember that the administration of the board will be for a term of seven years. The administration will not be reviewed annually, as the past administration of the Agricultural Bank has been reviewed. There will be a nominee board whose function it will be to introduce a policy to be administered over a period of seven years. We have to bear in mind that the Agricultural Bank, as already emphasised, fulfilled a highly necessary part in the land policy of West-

ern Australia. Thousands of the 10,000 clients of the Agricultural Bank would never have been farmers had it not been for the encouragement and assistance rendered to them by the institution. It was the definite policy, public policy, State policy that every effort should be made to encourage people to settle on the lands of Western Australia, which had been largely misrepresented from the productivity point of view. Had that matter been left to the ordinary course of events, our lands not being as productive as other lands, and not understood as other lands were, it would have taken a considerable time for Western Australia's agricultural industry to be developed. Therefore a special organisation was created for the purpose; and that organisation set out to encourage people who otherwise would not be farmers to become farmers, and assisted them by financial support to establish themselves. It is true that the Agricultural Bank Act was repeatedly amended and extended. There was strong reason for that. Public opinion was behind it, because after a certain period there were so many farmers who had become producers, and it was found that after State funds had been used to make them producers, the private banks were picking out the sound clients and using them for the purpose of increasing the profits of private banks.

The Minister for Lands: The private banks got some unsound clients too.

Hon. W. D. JOHNSON: That may be, but the fact remains that public opinion so ridiculed a position of that kind that Parliament unanimously agreed that such a state of things must not continue and that it was economically sound to proceed on the basis of the Agricultural Bank. Accordingly an extension of the Bank's activities was decided upon. In discussing the Bill we must remember that we are dealing with a large number of people, and that, generally speaking, those people were encouraged to go on the land by the various Western Australian Parliaments and through the institution created, maintained, and fostered by those Parliaments.

The Minister for Lands: Those people went on the land because the price of wheat induced them to do so, just as the price of gold has induced people to rush back to the fields.

Hon. W. D. JOHNSON: The price of wheat was not an inducement when the

activity of the Agricultural Bank was at its height. The Agricultural Bank was carrying out a tremendous service in the development of our rural areas, and was doing so purely because so many men desired to become farmers and realised they could do so without possessing capital. Sons of farmers, in their thousands, came from the Eastern States where they could not secure land, because the need for capital limited their opportunities. They came to Western Australia and were encouraged to become farmers. There was no inducement from the standpoint of commodity prices at all during the period up to 1910, when the Bank was functioning to its utmost, land was being selected here, there and everywhere, when the Lands Department officials were working overtime, and special boards were created to cope with the demand. It was not a question of commodity prices at all; it was the sequel to advertising throughout Australia, particularly in this State, that land was available for men without money. I emphasise the fact that this is in total conflict with the trend of the world to-day, unless we are prepared to subscribe to Fascist policy. The Bill is a contribution towards Fascism, purely and distinctly. Fascists of to-day say that Parliament, from the standpoint of representative Government, has failed; that no longer can the people trust members of Parliament to administer, and that representative Government cannot cope with advanced thought and progress. They claim that modern forms of development and advancement cannot be entrusted to the elect of the people. That is not the British conception, but decidedly it is the Fascists' conception. Their idea is to do away with Parliament, and to set up a dictatorship. This Bill represents a form of dictatorship, from the standpoint of a financial instrumentality.

Mr. Patrick: The Treasurer will still control the cash end of it!

The Minister for Lands: Of course he will.

Hon. W. D. JOHNSON: It is questionable whether the Treasurer is not setting up a buffer to accept responsibility. It is a glorious opportunity for the Government to get out of a difficult position by saying, should the Bill be passed in its present form, that they cannot get the commissioners to approve. Everything has to go to



these nominee commissioners, and the Government will not do anything on their own. Government action will be purely one of initiating and submitting the idea to the commissioners.

Mr. Patrick: The present trustees are supposed to be in that position.

The Minister for Lands: Of course they are.

Hon. W. D. JOHNSON: The trustees are the servants of the Minister.

The Minister for Lands: They are not.

Hon. W. D. JOHNSON: They are the servants of the Government.

The Minister for Lands: You do not know the Act.

Hon. W. D. JOHNSON: I know the Act sufficiently well to be aware that every Minister has given the trustees directions, the policy of the Government has been discussed by the trustees with the Minister, and the Government's policy has been carried out.

The Minister for Lands: That is not so. Under the Act they are their own authority.

Hon. W. D. JOHNSON: The Minister can hold that opinion if he likes, but I disagree.

The Minister for Lands: Of course you would.

Hon. W. D. JOHNSON: I say distinctly that successive Governments have conveyed to the trustees their views regarding the policy to direct agricultural development and activity; the trustees, generally speaking, have abided by that policy and have endeavoured to give effect to it. I will admit that that did not apply with reference to group settlement. Another organisation was created for that purpose, and when it got into a mess, its affairs were handed over to the Agricultural Bank. Possibly we will now be told that the calamity associated with that development of the south-western areas was due to the Agricultural Bank. Members know full well that the Agricultural Bank was not consulted regarding that developmental scheme.

The Minister for Lands: I say again that no one suggests that the Agricultural Bank was responsible for group settlement, but the managing trustee was chairman of the Group Settlement Advisory Board for years.

Hon. W. D. JOHNSON: If the Minister will go a little further into that matter, he will realise exactly what opportunity the

managing trustee of the Agricultural Bank had to direct the affairs of group settlement.

The Minister for Lands: But he was chairman of the advisory board.

Hon. W. D. JOHNSON: And a nice time he had during that period!

The Minister for Lands: I do not know about that.

Hon. W. D. JOHNSON: He was told many times that his judgment was warped, and that he was not doing that which the Government of the day thought should be done.

The Minister for Lands: By whom?

Hon. W. D. JOHNSON: The Minister probably knows better than I do.

The Minister for Lands: He was not told by me.

Hon. W. D. JOHNSON: The Minister was not in office at the time. Fortunately for the State he reformed the group settlement administration later on and amended it to a very large extent. The sad part of it is that Ministers who preceded him neglected to do what he ultimately did, and that is greatly to his credit. I start off with the definite declaration that I am not prepared to support commissioner control. I take strong exception to that part of the Bill. I never stood for that type of control, and I never will. The best form of control is by the people's representatives, and unless those representatives are elected by the people on the same basis as members are elected to Parliament, I will never agree to the people's will being denied by any nominee board or commissioners.

The Minister for Lands: You suggest they should be elected by the clients of the Bank?

Hon. W. D. JOHNSON: I am prepared to admit that circumstances at the time called for a special investigation regarding the position of the Agricultural Bank. We knew from the annual reports that the affairs of the Bank were not as sound as we could wish, but, as has already been pointed out by other members, what institution that has been connected with agricultural development during the last three years, is in a sound condition? The Associated Banks have liabilities that give them a headache every time they scan them.

Mr. Patrick: They are carrying as much as the Agricultural Bank.

Hon. W. D. JOHNSON: Undoubtedly, and private merchants and firms are carrying loads, most of which will ultimately have to be written off. It is quite wrong for us as a Parliament to assume that the time is opportune for carrying out reforms to improve the position along the lines suggested. The position to-day is that the Agricultural Bank and the agricultural industry itself are not operating under normal conditions. Nowhere in the world is the agricultural position normal to-day, yet we are asked to use an abnormal position to justify a legislative proposal of this description. An alteration may be necessary, but the people most competent and reliable to assist the Government in bringing about reform were the trustees, who have been doing the job for so long. To ask me to believe that three Royal Commissioners should guide this House in reform when we had three highly capable Government officials, is asking me to believe too much. We had the Agricultural Bank trustees, three men who have put years into the work. They knew all the weaknesses. How many times did they tell us to be careful about the Esperance settlement? Did not they try to delay the development of the Lake Brown area? Ultimately they closed down on that and were glad to cut their loss. And there are other records showing that they have tried to do that which the Royal Commissioners now recommend. All that the Royal Commissioners discovered was available to us if we had had the energy to search and the ability to discriminate. The trustees were there to give us advice, and they did so over and over again. It is a mistake to believe that any service has been done by the Royal Commissioners which could not have been done just as well by the trustees. After all, the Bill is largely emergency legislation. Every member agrees that the agricultural conditions are abnormal. The agriculturist is worried about his position, he does not know exactly what is going to happen, and so he cannot judge whether he should go on or stop. Year after year he has been growing wheat at a loss. But in this country, if you are not a wheat farmer you are nothing. I have heard members talk of turning wheat farms into stock propositions. But you cannot carry one head of stock in this country unless you are cropping. You may do it for a year or two, but to transfer perman-

ently a wheat belt farm from wheat into stock is not practicable.

Hon. P. D. Ferguson: The two must go hand in hand.

Hon. W. D. JOHNSON: Of course. So the farmers have been going on in the production of wheat at a loss. They have become alarmed and depressed, and unable to judge the future. In those circumstances the Bill is launched. Possibly it is quite right to launch the Bill as an indication of the way in which the Agricultural Bank might be administered, but the Bill should not be passed until it is understood in the agricultural districts. It is not understood there to-day. A very grave wrong has been done to the farmers by the eulogy contained in "The Wheatgrower," the official organ of the Wheatgrowers' Union. Farmers generally, if they read in the "West Australian" anything about the industry, read between the lines and believe just as much as it suits them to believe. Therefore they will not take as being a correct representation of the position anything from the columns of the daily Press or the weekly Press. But when it comes to their own organ, an organ specially created to watch developments of this kind, controlled by the union responsible for the Bill—I will prove that before I sit down—when they read in their own paper the statement that the Bill is a wonderful production, and that its sponsor is the Roosevelt of Western Australia, then the farmers believe that the Bill contains something that is going to improve their conditions, liberalise the position, lift their standard of comfort and give them a little more sunshine than they are getting to-day. But the Bill does not contain anything of the kind. It indicates many things, but gives no power for them to be carried out. I want the agriculturists to understand the Bill in detail and not be misled by reading into it that which is not there. What is contained in the Bill which is not in operation to-day? The Bill, generally speaking, is merely a transfer from the trustees to the commissioners of the authority to administer. But the difference is that the commissioners cannot function as the trustees could; they cannot go on to administer the Bill when it becomes an Act without establishing a very rigid policy of equality of treatment to all agriculturists in the country.

The Minister for Lands: That is what we want.

Hon. W. D. JOHNSON: There cannot be any district inspectors, or judgment by district inspectors, as under the Agricultural Bank Act. It was not incumbent on the inspector at Bruce Rock to administer and operate identically with the man at Norham. It is true that, generally speaking, the direction was there, but wide latitude was granted to the inspectors to meet the local situation in such a way as would enable the farmer to carry on in the greatest freedom from irritation. The commissioners cannot do that. Members opposite overlook the fact that Parliament will cease to construct, but will simply hand over to the commissioners provided they agree to accept. If they do not agree to accept, the scheme will not be continued unless another tribunal is established. Therefore even if we nominate, there is no guarantee that the commissioners will endorse. If we nominate and the commissioners endorse, they must act on an absolutely uniform basis. If they vary their treatment, we will be critics. Our function in future will not be that of constructing; it will be limited to criticising. We shall become critics. When we go through the country we shall not be able to listen to representations with a view to going to the Bank and submitting proposals. The representations, however, will still be made to us. One man will say, "I am denied certain things by the commissioners whereas Jack Jones has been granted them." We will have no power of investigation and no right of approach, but we shall be able to voice the opinion that the commissioners have not a uniform policy.

The Minister for Lands: You have not that right now under the Act.

Hon. W. D. JOHNSON: But we have exercised the right to the advantage of the State. I believe that is the Minister's honest conviction and because of that this Bill has been introduced. But the Minister's ideas and mine are as wide apart as the poles. I know a good deal about the farming industry; I know what difficulties have heaped up during the last three years, but I regret that the Minister is allowing the difficult times to influence him to do something which in a few years he will

regret. I want members fully to appreciate the point that we will become critics of the administration, critics of the three commissioners, or really only two. Members representing agricultural districts will not be able to remain silent on a matter of this kind. They know it is part of their daily responsibility to meet farmers and discuss with them problems associated with land settlement as directed by the Agricultural Bank. That will not cease.

Mr. Piesse: And some people call that political control.

Hon. W. D. JOHNSON: It is called political control, but that is done to try to discount members and to limit their opportunity to help along the development of the country. The opportunity of members to play a constructive part will not be possible under a measure of this kind. Let us look at some of the proposals. I read in the Bill that those farmers who have received the limit of £2,000 will be gradually but surely forced off the Bank. Their connection as clients will cease or, if it continues, it will be simply as debtors. They will not be able to get any further accommodation. The commissioners will encourage those men to pay up and the private banks will again become active. I admit that, generally speaking, the man who has an advance of £2,000 on a well developed farm has a second mortgage, possibly for more than £2,000, but he remains a client of the Bank and has a connection with the institution. What will happen under this measure? The Associated Banks will select those men and, as I read the Bill, they will be encouraged by the administration to transfer to the private banks. As a result of this legislation, the private banks will profit because the eyes will once more be picked out of the list of successful farmers, although their debts to-day may be fairly heavy. Whether my anticipation that they will go to the private banks be right or wrong, they will cease to be clients of the Agricultural Bank and will simply become debtors. The provisions empowering the commissioners to call up interest on 21 days' notice or distrain, or to call it up within a month or so and then sell, will operate against the £2,000 men. I do not say that is wrong, but I want the farmers to understand what the Bill means. It is a provision that has not been fully

explained and is not understood by the agriculturists of the State. Those farmers with advances of less than £2,000 but on established farms and with second mortgages will not be encouraged to look to the commissioners for further funds. The clear indication in the Bill is that the farmers who are established must not be further assisted. The Bill indicates that the commissioners, in order to get uniformity, must mete out equal treatment. Otherwise their position as administrators will become positively hopeless. Those men will be carried on provided their yearly budgets are satisfactory and that they regularly meet their commitments. It is quite right that everyone should meet his commitments. The commissioners, however, will not be able to extend any latitude because their treatment must be general. They will not be able to extend the kind of consideration that has been given in the past. If a special difficulty arose in the past, the trustees of the Bank made representations to the Minister, who took the matter to Cabinet, and Cabinet arrived at an understanding as to the policy to be adopted. The trustees carried out the policy and the Minister approached Parliament, knowing full well that if he had a good case, Parliament would endorse it. Under this Bill, those days will disappear. Latitude of this description will no longer be allowed. The commissioners will administer the Act, and that will be done on the basis of a seven years' policy. I admit that if a special calamity arises the Government will have to do something, but they will have to do it through the commissioners. How are the commissioners going to work in with the Commonwealth Government? To-day the matter is a simple one. It is the practice, and must continue to be so, for the National Parliament and the National Government to make advances to assist special industries over special difficulties. That has to be done through the Government. It is initiated through the Government and not through anyone else. The whole thing must, therefore, be thought out as to whether we are doing a good service, seeing that we have to continue to lean more and more upon the national Parliament, by adopting some other practice. We have to go to the national Parliament for every kind of help. We are

appealing to it in connection with the calamity that has overtaken the farmers in the northern parts of the State. We can make representations through Governments, and cannot make them in so convincing a way through commissioners. I can say definitely that no Government of the Commonwealth is likely to negotiate or deal with Agricultural Bank commissioners who are free from Parliamentary direction, and can exercise their own judgment, as is proposed by the Bill. That has a direct bearing upon the general welfare of our agriculturists, and we have to think out everything very carefully before we hand over power of this kind.

Hon. P. D. Ferguson: The Commonwealth will still deal with the State.

Hon. W. D. JOHNSON: The great trouble is with regard to the State Government giving an undertaking that the commissioners will carry out, in any promise that is given to the national Parliament. This Act will be under the administration of the commissioners.

Hon. C. G. Latham: You mean the policy of the Government may not be the policy of the commissioners.

Hon. W. D. JOHNSON: The Bill definitely states that the commissioners shall have the right to review.

Hon. P. D. Ferguson: The Commonwealth directions would have to be carried out.

Hon. W. D. JOHNSON: Not necessarily.

Hon. P. D. Ferguson: Or they could not spend the money.

Hon. W. D. JOHNSON: I see a weakness, a danger and a difficulty there, that must be thought out before we pass clauses such as those contained in the Bill. The commissioners will be given certain funds that will be appropriated by Parliament. Generally the money they spend will be raised from debentures. I do not know how the Loan Council will view that method of finance. The State directly accepts the responsibility of repayment. The loan is guaranteed by the State. I am not well enough up in the constitutional aspect to know whether the clauses dealing with the acceptance by the State of the responsibility for the loan will bring it under the purview of the Loan Council. It will do so to-day by the honourable understanding that exists, but, if that is not observed, the question arises whether it will not come

within the scope of the restrictions of the Loan Council.

Hon. C. G. Latham: They will have to get permission to raise the money.

Hon. W. D. JOHNSON: They have to get permission to raise money by debentures on the honourable understanding that exists. The fact, however, that the loan will be guaranteed by the State brings the whole thing under the purview of the Loan Council, and it will be subject to the direction of that body. Another matter is the reconditioning of debts. This is no new provision. The debts of the clients of the Bank have been reconditioned over and over again throughout the years. That has been done with very great care by the trustees, and consideration has been extended to various people because of special circumstances that can be justified to Parliament. The commissioners will have great difficulty in doing work of that kind. It has to be a uniform policy. They cannot, as the trustees have done, meet special circumstances. They cannot deal with the individual, because if they do so and vary their policy in the slightest, they will get back to the complaint by members of Parliament that one client has had a pound more than another. The commissioners will, in duty bound, in order to maintain their grip of the administration, have to get out a uniform policy of reconditioning all the debts of the clients of the Bank. Grave difficulty is bound to arise in that regard. I sincerely believe that the Agricultural Bank clients and settlers generally are relying upon that as being a means of their salvation. That is nothing different from what the Bank does to-day. It is the practice to-day, and has been so for years, but it will be rendered more difficult by the fact that the commissioners cannot do under the Bill what the trustees have been doing under Ministerial direction and with Ministerial approval.

The Minister for Lands: The trustees have no power to write down the debts of any person holding land, though they may write down the debts due upon some abandoned holdings.

Hon. C. G. Latham: They could do so under the Industries Assistance Act.

Mr. Patrick: Only in the case of a new man.

Hon. W. D. JOHNSON: I do not know how it is done, because when I was a Minis-

ter there was no need to do it. During the last few years there has been pressing need for it to be done, and the trustees have functioned along those lines.

The Minister for Lands: The trustees have no power to do it.

Hon. W. D. JOHNSON: In that way they afforded great relief in many directions.

Hon. C. G. Latham: That was in connection with the Industries Assistance Board advances.

Hon. W. D. JOHNSON: I have met many farmers who have been most grateful to the trustees for the relief extended to them. At any rate, the commissioners will not be able to do this. The difficulties attendant upon doing it will be so great that they are not likely to undertake it. It is an impossible idea that the commissioners should be able to influence outside private creditors to recondition their accounts. The Bill does not give any authority beyond that of approaching the creditors, just as the Farmers' Debts Adjustment Act gives the authorities that power. They can suggest to the creditors the amount of writing down.

The Minister for Lands: That cannot be done under that Act.

Hon. W. D. JOHNSON: That is done as a means of carrying on in cases where there is grave risk of money being lost. In other words, a farmer cannot be carried on without the good graces of the creditors. But under the Agricultural Bank that cannot be done. The farmer who goes under the protection of the Farmers' Debts Adjustment Act, deliberately does so to obtain protection against creditors. If the creditors say, "We are going to enforce our conditions, and we want full payment," then of course the farmer is finished; he goes out of existence. But the idea of the Farmers' Debts Adjustment Act was to enable some central authority to get all the creditors together and say to them, "We believe that this man under a trustee can rehabilitate himself and get through." Then it is left to the judgment of the creditors whether they will carry the man on with a view to getting something, or let him be wound up without their getting anything. But that cannot be done under the Bill. It is true that the commissioners, or the Minister, or the Leader of the Opposition, could go to

private creditors and ask them to relieve a particular man; but those private creditors could not extend to Agricultural Bank clients consideration which they would deny to clients outside the Bank. A business cannot be run on those lines. The private creditors have to make a general policy which will be applicable to all their clients, or none at all. What a position merchants would get into if they were granting consideration to one section of their clients and denying it to another! Therefore, though under the Bill the commissioners have the power to make a suggestion of that kind, it is wrong to lead the farmers to believe that the measure represents something in the way of rehabilitation.

The Minister for Lands: It does.

Hon. W. D. JOHNSON: Nothing of the kind.

The Minister for Lands: It is something definite.

Hon. W. D. JOHNSON: To make that representation is to mislead the farmers, because the commissioners will not be able to effect rehabilitation under the Bill.

The Minister for Lands: Will they not?

Hon. W. D. JOHNSON: In Committee that aspect can be considered in greater detail.

The Minister for Lands: The farmers think the commissioners will be able to do that.

Hon. W. D. JOHNSON: The farmers think the Bill contains a lot that I cannot find in it. I simply raise my voice in protest against the measure being forced through. I suggest to the Minister that he launch the Bill this session, let it be thoroughly understood, let it sink in, let the farmers of Western Australia know what is proposed. They deserve so much consideration. After all, they are the main factor in the stability of Western Australia. If we had no farmers, if our agricultural industry was not carrying on, I do not know where we would be to-day. I recognise the part mining has played in this State. I did not talk on the subject of mining for an hour to-day without knowing something about it. However, I wish to remark that our stable industry, the industry that will pull this country through, is agricultural. We should not interfere with an instrumentality which has been used so successfully that its financial position is no worse than

that of hundreds of other financial institutions throughout Australia. Its condition is not due to any lack of capacity on the part of the trustees. Its difficulty, just like the difficulties of all similar institutions, consists in the fall in commodity prices. Therefore we should ensure that the people have adequate time to analyse this legislation. We are not dealing with a mere handful, but with thousands of our best citizens. To hurry a Bill of this nature through would be wrong. After all, the measure is based on the report of a Royal Commission. The Royal Commissioners were not as capable as the Bank trustees of advising Parliament. The Royal Commissioners did not convey to the trustees anything they did not know. All they did was to give to the world that which the trustees thought it wise, in the circumstances, to keep quiet. I venture the opinion that successive Ministers have understood the position. Wisely, I suppose, it was decided that we must not disclose all that the Royal Commission have emphasised. In many respects the Commission have painted the position as black as they could, and then we are to go to the money-lenders and ask them to assist us by taking up our debentures. We have, as it were, fouled our own nest, and then we expect to receive patronage. I state definitely that the Bill is quite all right for launching as a far-reaching and revolutionary measure, but that it should not proceed beyond the stages of being thoroughly ventilated and thoroughly understood. Doing that this session will enable us to get away from our tongue-tied position and complete the measure next session. We shall then have the report of the Federal Royal Commission, which will have far-reaching effects upon farming in Western Australia. We are wheat farmers, and the Federal Royal Commission devoted the major portion of their investigations to wheat farming conditions. We should await the report of that Royal Commission, and see how best we can assimilate conditions here with that Commission's decisions and recommendations, and with the legislation ultimately to be passed by the Federal Parliament. It would be utterly wrong for us to attempt reform to-day, in view of what is coming. I trust there will be sufficient support for the contention, not that there should be a select committee on the Bill—because there has been sufficient

investigation already—but that there should be delay for the reasons I have outlined, and especially because reform of a national character is pending. That national reform must come. The Federal election was fought on the basis of rehabilitation of the wheatgrowers and farmers generally of Australia. All parties are pledged to reform, to reconstruction on some better financial basis. Therefore let us be wise and decide that we will not attempt to reform our Agricultural Bank until we know how it will be affected by the wider report and the decisions of a Royal Commission working upon a national basis.

**THE MINISTER FOR LANDS** (Hon. M. F. Troy—Mount Magnet) [10.49]: I thank members for the attention they have given to the Bill, and for the interest they have shown in the discussion. I also thank those members who promised support for the measure, and who have appreciated its principles insofar as those principles tend towards the rehabilitation of the farming industry of Western Australia. The hon. gentleman who has just sat down set up a lot of bogies. In every avenue he saw a lion, in every clause he saw some impossibility. He made some extraordinary statements—extraordinary because they do not represent facts. First he said that this legislation was not different from existing legislation. Then he said that six months' time was required to think it over.

Hon. W. D. Johnson: Purely the administration of it.

The **MINISTER FOR LANDS**: It is neither the one nor the other. In my opinion, this is an absolutely constructive measure, simple enough for any member of the House who has any knowledge of farming to understand, and it is calculated to bring about a better state of affairs for farmers generally. The hon. member spoke of the Bill as being Fascist legislation. If under the administrative control of the Treasurer and of the Under Treasurer, the legislation cannot reflect the opinion of this House, nothing can. The Bill does not represent, in any sense, Fascist administration, nor does it embody Fascist principles. I tell the member for Guildford-Midland (Hon. W. D. Johnson), however, that if we allowed the position to drift in the country as it has been drifting, with

a body of men thoroughly disheartened regarding their prospects, and permitted the whole community and the interests of the State to become thoroughly demoralised because of the hopelessness of the outlook, then we would be courting an application of Fascist principles. What has happened in other countries where Facism has predominated was due to Governments allowing matters to drift too far, thus causing a tremendous reaction. So it will be in this country. If we allow demoralisation to become rampant, there will be a reaction either towards Fascism or towards Communism. Such a time came in other countries, as it came in Germany the other day, when the great majority of the people, in order to protect themselves and to obtain security, welcomed a move that promised safety to themselves and to their country.

Hon. W. D. Johnson: We can be saved only by national Parliament, not by ourselves.

The **MINISTER FOR LANDS**: Here is an opportunity for Western Australia not to give the farmers all they hope for, but to give them something that will enable them to walk along the path to reconstruction and better things. Members who oppose the Bill because of political prejudices will not act in the interests of their constituents, particularly those in the farming areas.

Mr. Doney: You have not noticed that tendency in the speeches of members, have you?

The **MINISTER FOR LANDS**: I was not impressed by the hon. member's speech.

Mr. Sampson: There was no suggestion of party bias in his speech.

Mr. **SPEAKER**: Order!

The **MINISTER FOR LANDS**: To continue my reply to the statements by the member for Guildford-Midland, he desires an elective board.

Hon. W. D. Johnson: No, by thunder, I do not.

The **MINISTER FOR LANDS**: What is the difference between the nominating of commissioners, as proposed in the Bill, and the principle that governed the nominating of the present trustees of the Agricultural Bank? They are nominated by the Government, as a matter of Government responsibility. The Commissioner of Railways is

nominated by the Government to hold his position for a period of five years. Judges of our Supreme Court are nominated by the Government to hold their positions for life. What is the difference between legislation under which those actions can be taken and the Bill now under discussion? The member for Guildford-Midland wants the commissioners to be elected. Can members conceive anything likely to be more disastrous than the commissioners of the Agricultural Bank having to be elected, by whom? By their clients!

Hon. W. D. Johnson: No one suggested that.

The MINISTER FOR LANDS: What a wonderful proposition that was. Could anything be more disastrous either to the farmers or to the State?

Hon. C. G. Latham: I do not think the member for Guildford-Midland suggested that.

Hon. W. D. Johnson: Of course not.

The MINISTER FOR LANDS: Just fancy men who are to occupy such a position being made dependent upon the whims of the people. It must be remembered that elections in the country districts would, in such circumstances, largely be dominated by personal considerations, and would be influenced by the actions of the commissioners. Such a position would be utterly impossible.

Hon. W. D. Johnson: You are the only one who has suggested it.

The MINISTER FOR LANDS: In such circumstances, no commissioner could survive. Can we imagine men of capacity—and men who occupy the positions of commissioners of the Agricultural Bank will have to be men of capacity-accepting appointments under such conditions, seeing that they would be liable to be held up to the contempt and ridicule of the people? Of course we would probably get people to accept them, but they would not be of the type Parliament would desire.

Hon. C. G. Latham: You have a good imagination.

Hon. W. D. Johnson: I did not suggest anything of the kind.

The MINISTER FOR LANDS: Then the member for Guildford-Midland said that the Commonwealth Government might have a proposal for the reconstruction of the agricultural industry, and that they might be

asked to give effect to it. The Commonwealth Government will not be asked to do that. The Commonwealth Government will leave the matter to the State Government. Can we imagine any body of men being so constituted as to refuse assistance from the Commonwealth Government, or from any institution willing to assist in the circumstances? What sort of conception has the hon. member of men who occupy positions of trust as do Ministers? How can he conceive that when the Commonwealth Government would come forward with gifts, we would refuse them. I will leave it at that. I listened to the hon. member closely. I must confess he raised many objections, but I do not think they applied to the principles embodied in the Bill. My last word to the member for Guildford-Midland is that this legislation has not been rushed through. The Government appointed a Royal Commission to inquire into the affairs of the Agricultural Bank some 12 months ago. The Commission conducted a thorough inquiry over a period of nine months. The Bill is consequential upon the Royal Commission's report. The legislation was held up while Parliament discussed the Commission's report. Members had the fullest opportunity to discuss it. In those circumstances, it cannot be said that this legislation has been rushed forward. It has been before the country ever since the Royal Commission reported, and members have had every opportunity to get in touch with its provisions. No objection can be taken to the speech of the member for Irwin-Moore (Hon. P. D. Ferguson). His remarks represented his point of view, and he is generally very fair. He said the Bill will not give the farmers all they want. Does he know of any legislation that ever gave the people all they expected? It will not do that, but it will give them hope and expectation of due consideration. That is what the Bill provides. If they avail themselves of the opportunities that are provided under the legislation, there is no reason why farmers should not be able to face the future in a far happier frame of mind than is possible to-day.

Hon. P. D. Ferguson: Results never come up to expectations.

The MINISTER FOR LANDS: They never did and never will. When the hon.



member first became associated with this House, doubtless he expected to do wonderful things, but his realisation has not been so satisfactory to himself. He has done his best, as we all have done, but the realisation of the individual is never up to what he expects. Members will not be justified in refusing to consent to legislation of this description, which will give to the farmers the opportunities they seek. Regarding some of the principles of the Bill, to which, according to the member for Guildford-Midland, effect cannot be given, I would point out the principles are there in the Bill and they represent what the wheatgrowers have asked for, and what the Primary Producers Association have asked for.

Hon. C. G. Latham: If they asked for them, then it is all right.

The MINISTER FOR LANDS: Their association is satisfied, but these members of Parliament are not satisfied. Now I will deal with the remarks of the member for West Perth (Mr. McDonald), who made a very fair speech, as did the member for Greenough (Mr. Patrick), whose speeches I am always glad to listen to. The latter is an old friend of mine but we have always disagreed in politics. We did so even in Cue 35 years ago.

Mr. Patrick: You should not mention so long back as that.

The MINISTER FOR LANDS: The member for West Perth objected to the clause in which the Bank commissioners are given power to distrain from instalments of interest or principle, or of both, and said that nowhere else had any such power of distraint been given. He suggested that that clause required reviewing. The hon. member will be surprised to learn that there is nothing new about that provision; we have had a similar provision for nearly 30 years, ever since the passing of the Agricultural Bank Act of 1906. Since the Leader of the Opposition put up most of the carping criticism that has been heard, I propose to reply to some of his statements. He could not see anything right in the Bill and he referred to it as a very sloppy measure. I retaliate by saying I thought it was a very sloppy remark to make, and that indeed the hon. member made a very sloppy speech. Also he showed in the course of that speech that he did not know much about the Bill. I did not expect him to know much on the subject, because he has not had the

opportunity to learn. Nevertheless some of his criticism was entirely unwarranted. He made certain remarks to which I took strong exception, remarks that no fair-minded man would have made. Amongst other things he made the extraordinary assertion that this Bill—which, Mr. Speaker, has been approved both in the country and in the city, for quite unexpectedly I have received hundreds of letters and telegrams approving of the measure.

Hon. C. G. Latham: Perhaps the senders of those communications had no better opportunity for understanding the Bill than I had.

The MINISTER FOR LANDS: Yes, they know what they want.

Hon. C. G. Latham: Then I am afraid they will be disappointed.

The MINISTER FOR LANDS: The hon. member said it seemed to him the main object of the Minister in bringing down the Bill was to get rid of certain officials of the Bank. If I had wished to get rid of certain officials in the Bank, I could have done it. For instance, Mr. Moran's term expired on the 1st December last, and so I could have retired him without question. I could have said to him, "Thank you for your services, but there is another man who I think can do the job as well as or better than you can, and since I want to impress my point of view on the Bank I will put my man in your place." Mr. Maley's term of office expired on the 20th May last, and so I could have retired him, making the same observations to him and perhaps adding, "for the future I will have my own trustees." There was no reason why this Government should not have appointed a trustee, just as the previous Government had done. This Government were not consulted when Mr. Maley or Mr. Moran, Mr. Paterson, Mr. Richardson or Mr. Cook were appointed. Yet this party never took the slightest exception to any of those appointments. The Government of the day appointed the men they thought suitable. When Mr. Maley was appointed, the Government of which the Leader of the Opposition was a member did not consult Parliament; they appointed him without consulting anyone, and the present Government have the same perfect right to appoint whom they like. If a trustee has a term of office of two years, the Government at the expiration of that term have a

right to appoint anyone they think fit. Yet the Leader of the Opposition declared that the Minister wanted to get rid of those men and had brought down the Bill for the purpose. I now say to the House that I could have got rid of them months ago. The Leader of the Opposition said I could not get rid of them, because they were eligible for reappointment. Yes, eligible, but no more eligible than anyone else. As for the Managing Trustee, he can be retired by the Government because, although a public servant, he is not under the Public Service Act.

Hon. C. G. Latham: Yes, he is.

The MINISTER FOR LANDS: He is not, I am informed.

Hon. C. G. Latham: Then your informant is wrong.

The MINISTER FOR LANDS: The Act says, "The Managing Trustee shall hold office at the Governor's pleasure." Yet the hon. member told the House and the country and the Primary Producers' Association that my object in bringing down the Bill was to get rid of those men. I could have got rid of them months ago. Instead of that, I told them there was a Royal Commission inquiring into the Bank's affairs and we did not propose to make any appointments until that Royal Commission reported. and that in the meantime they could carry on. Yet the hon. member says it was my intention to get rid of them.

The Minister for Employment: But people do not take the hon. member seriously.

The MINISTER FOR LANDS: I admit that sometimes I impulsively express opinions about men, but certainly I have never done a mean thing towards those men, nor have I ever had an angry word with any of the trustees. The hon. member said he was much concerned for the staff of the Bank, that they would lose their opportunities and their seniority. But the previous Government, of which he was a member, picked up a man from outside and put him over the heads of the other men, some of whom had served the Bank for 30 years. All those officers deeply resented it, and justly so. Even that has not been objected to in the Bill, and that officer still retains his position, and everything he is entitled to.

Hon. C. G. Latham: Did not his salary justify his appointment there? You could not regress him very easily.

The MINISTER FOR LANDS: The salaries of other men have justified their appointment, as for instance Mr. Wardle, of Katanning, whom the Royal Commission declared to be the best officer in the service. Also there was the salary of Mr. Mitchell of Narrogin. All those men were senior men. Yet the previous Government appointed an outsider over them. Of course that was due only to political influence.

Hon. C. G. Latham: It was not.

The MINISTER FOR LANDS: It has been admitted to me by those who know; that was when I asked how this man came to take precedence over all the others. I do not propose to follow that up, for I am getting too old to be vindictive towards men, although I might express opinions about them. So I have no desire to deal with any of those men, but I resent the statement that that is the purpose of the Bill, for without the Bill I could have achieved that purpose. The Leader of the Opposition took exception to one of the commissioners being a deputy of the Under Treasurer. That point was discussed from every angle before the Bill was drafted. In the preliminary discussion, I had the assistance of a committee representing all the head officers associated with the Bank's activities, and I am indebted to them for their services. The Treasury ought to be represented. The commissioners are to be empowered to do a lot of writing down and suspending of payments, and all that will be done at the expense of the Treasury. Therefore it is absolutely necessary that the Under Treasurer, who is in touch with the finances of the State, should have representation.

Hon. C. G. Latham: I did not object to that.

The MINISTER FOR LANDS: We pointed out to the Under Treasurer that it would mean a lot of work, and he replied that he would train a man for the job. That satisfied me and I think it a very good arrangement. The Under Treasurer has a very good man who can be trained for the work.

Hon. C. G. Latham: The Bill does not say that the representation of the Treasury is to be confined to one man.

The MINISTER FOR LANDS: If we provided for a representative of the Under Treasurer, there was a danger in that in course of time he might adopt the Bank as-

pect as against that of the Treasury and make the Bank position appear right on paper at the expense of the Treasury. It is advisable that that should not happen. That aspect was considered and we determined that the best thing to do was to have an officer of the Treasury who could be trained for the work. The hon. member said we should not appoint commissioners without having a knowledge of their qualifications. The Bill provides for their qualifications.

Hon. C. G. Latham: What are they?

The MINISTER FOR LANDS: They have to be competent to do the work, and must possess a full knowledge of the rural industries of the country. That expresses, so far as can be expressed, the necessary qualifications for the work. The hon. member said the appointments should be ratified by Parliament. Where did the hon. member get that idea? Has Parliament been asked to ratify former appointments? Did previous Governments say to Parliament, "We have appointed Mr. McLarty, Mr. Moran and Mr. Maley, and we want your ratification"?

Hon. C. G. Latham: You yourself said two of them were two-year appointments, and they carry a salary of £250 a year.

The MINISTER FOR LANDS: Now the hon. member suggests that the commissioners should be appointed on probation. Can he suggest any competent man who would undertake such a position on probation?

Hon. C. G. Latham: You have done it with the Commissioner of Railways.

The MINISTER FOR LANDS: The administration of one of the commissioners might cause dissatisfaction in some parts of the country, and would any decent man accept the position under those conditions? Would he accept the position for two years and then be the Aunt Saily at a general election? Any man who accepted a position on those conditions would be extremely foolish.

Hon. C. G. Latham: I do not think we should take a risk he is not prepared to take.

The MINISTER FOR LANDS: The Government will take the risk, just as the hon. member's Government took the risk. Under the Constitution, that is the prerogative of the Government, The Government

are responsible to Parliament, and the Government take the risk. The Government appointed a Lieut.-Governor, a Supreme Court judge and a Commissioner of Railways, and took the risk. That is entirely the responsibility of the Government. The hon. member said no provision was made for the absence of commissioners and that if two of them fell ill, the whole business would be held up. If the hon. member consulted the Interpretation Act, he would find the necessary provision there. Section 34 provides for temporary appointments in cases of sickness and there is no necessity for the hon. member's amendment. He said the commissioners would be appointed for seven years, and would be removed from the control of Parliament. They will not be removed from the control of Parliament. If the commissioners fall into error, or become incapable of carrying out their work, or do anything that gives rise to serious complaint, Parliament can deal with them. They will be no more removed from the control of the House than is the Commissioner of Railways or the Managing Trustee. Any complaint can be made against the Managing Trustee at present, and he may be removed by the House, if necessary. I want to see the commissioners, as recommended by the Royal Commission—and this Bill follows very closely the recommendations of the Royal Commission—guaranteed permanency. I want to see them removed from those influences which have brought disaster to large numbers of settlers. We have been told that members of Parliament and Ministers went to the Bank. In the face of what has happened, is it wise to allow that sort of thing to continue? Hence we are deliberately asking that the commissioners occupy a position of permanency and, having some security, they will be able to do the work required of them. It cannot be done otherwise. No man could undertake this work and accept the risk of dissatisfaction and criticism that would arise from insisting upon proper respect by settlers for their obligations and decent business morality unless he had such permanency. The Royal Commission's report was based on evidence given by Bank officials, and if Parliament does not give the proposed commissioners security and permanency, this legislation will not be of much avail. The hon. member said the commissioners would be able to borrow all the money they desired. They

will not. They will be subject to Executive control in their borrowing powers. The new commissioners will really be taking over the powers of the present trustees under the Finance and Development Board Act, a measure introduced by the Government of which the Leader of the Opposition was a member. The commissioners will not have the power to borrow to an unlimited extent, but the Finance and Development Board, created by legislation introduced by the hon. member's Government, did have unlimited power.

Hon. C. G. Latham: Two wrongs do not make a right.

The MINISTER FOR LANDS: So it is only a wrong when viewed from the Opposition side of the House? When the hon. member sat on this side of the House, evidently it was all right.

Hon. C. G. Latham: Who said that?

The MINISTER FOR LANDS: The Finance and Development Board had unlimited power.

Hon. C. G. Latham: If you had seen it you would have objected, but you did not see it.

The MINISTER FOR LANDS: Money was borrowed by the Finance and Development Board for the same purpose as money will be borrowed by the commissioners.

Hon. C. G. Latham: But they did not issue debentures.

The MINISTER FOR LANDS: The hon. member said the commissioners are to determine the agricultural policy of the State for the future, that the representatives of the people will not have any say in it, and that it will be left to the commissioners to determine. That is not correct either.

Hon. C. G. Latham: No?

The MINISTER FOR LANDS: The commissioners will have power to take over all Agricultural Bank securities at present existing, but they cannot be forced into any new scheme against their will.

Hon. C. G. Latham: They have other powers also.

The MINISTER FOR LANDS: Nothing like that can be forced upon them. The Government and Parliament can initiate any settlement scheme they desire, but must accept the responsibility for it. It has been said that the trustees were forced to take up the Esperance settlement. They need not have been forced if they had taken the protection afforded by the Act. There is

no power in the Agricultural Bank Act to force the trustees to do anything they do not want to do. Members have said that the trustees have done what Ministers required of them. When the Government have initiated any new policy of land settlement, the trustees have gone into it. The trustees absolutely deny that they have had any Ministerial interference as between themselves and the clients of the Bank. For my part I have never given any instructions to the trustees concerning their conduct or their administration in respect of any of their clients. That has been a matter entirely for the trustees. This Bill provides that the commissioners shall be able to express their opinion. They will have that protection which the trustees have to-day if they desire to use it. The commissioners must have full power over their officers. In their report the Royal Commissioners draw attention to the lack of administration and have shown up the scandals that have existed. It is necessary that the Commissioners should have control over their officers. It is competent for these officers to join a union. I believe they can affiliate with the Bank Employees' Union, and in doing so can secure the conditions which obtain in the case of the bank employees. The Leader of the Opposition said the Bank had been removed from political control, and in the next breath he said the Treasurer would have all the say in that they would have to go to him, and that consequently any real control would be with the Government. He declared that the Royal Commission insisted that the institution should be removed from such political control, but that the Minister was not doing that. He cannot have it both ways. He cannot say, "The Bank is being removed from political control," and later on say, "It will definitely be under the control of the Treasurer and the Government." In other respects, too, he was incorrect in his remarks. He said that the administration of the Bank would probably be worse under the Bill, which sets up commissioners who will not be responsible either to the Treasurer or to Parliament, but only to themselves. On the one hand he said they would be dominated by the Treasurer, and in the next breath he says they will be responsible to no one. That is very loose and slipshod.

Hon. C. G. Latham: You have only taken extracts from my speech. If you would read the lot you would get at the proper position.

The MINISTER FOR LANDS: I have taken the lot.

Hon. C. G. Latham: We will deal with it in detail when we reach the Committee stage.

The MINISTER FOR LANDS: It is an extraordinary attitude for the Leader of the Opposition to take up when he objects to the commissioners having power to write down. He complained about the power given to the commissioners to postpone payments, release payment of the whole or any portion of the indebtedness, or any indebtedness on transferred properties. He asks whether we are going to hand over these great powers to two men over whom we are to have no control. He claims that the commissioners will have the power to write off every penny of debt on any farm, or any advances for wire netting, permanent improvements, and for stock and plant. Is it to be supposed that the commissioners will wipe off every penny of debt, as he suggests?

Hon. C. G. Latham: They will have power to do so under the Bill.

The MINISTER FOR LANDS: Does he think that will be popular with the clients of the Bank?

Hon. C. G. Latham: That is not the question. The State must be considered.

The MINISTER FOR LANDS: The Government have considered the State. The commissioners will be unable to do any of these things without the consent of the Treasurer. He is the person responsible for the writing down. The Under Treasurer will be a representative of the Government, and the Treasurer must be consulted in regard to all these matters. The Bill does give the commissioners power to write down. The trustees have not that power now except with regard to abandoned properties, on which they wrote off £748,000.

Hon. C. G. Latham: Not until they had offered them for sale by tender.

The MINISTER FOR LANDS: The commissioners will have power to write off the debt not only on abandoned properties but on properties on which the settlers are still living and carrying on.

Hon. C. G. Latham: Without calling tenders and ascertaining the true value of the holdings?

The MINISTER FOR LANDS: Does the hon. member complain at the commissioners having power to write down or suspend?

Hon. C. G. Latham: I did not say anything about suspending. I was talking about writing off.

The MINISTER FOR LANDS: Does he object to the power to write off?

Hon. C. G. Latham: It is wrong that the people who make the advances should have the power to do the writing off.

The MINISTER FOR LANDS: They have not got it. The commissioners have no power to write off new advances; they will only be dealing with the existing state of affairs. The hon. member said that Parliament alone should have power to write down, because Parliament finds the money. Parliament will have that power. The Treasurer will tell Parliament all about it in his Budget, and Parliament can give its approval or otherwise. But the Government must take the responsibility.

Hon. C. G. Latham: The Treasurer does not tell us to-day what amount he writes off.

The MINISTER FOR LANDS: The Auditor-General's report which is placed before members deals with all those transactions.

Hon. C. G. Latham: Even there it is not all explained.

The MINISTER FOR LANDS: How can members of Parliament be expected to write down a farmer's debt? Such a matter must be left to the Government. Under the Constitution the Government are the executive. The administration is left to the Government of the day. They must take the responsibility, and Parliament knows that. The writing down must take place with the consent of the Treasurer, for in that way alone is the State properly safeguarded. I have replied to the hon. member's statement. Legislation of the previous Government, the Finance and Development Board Act, has the same provision as is embodied in the Bill. The hon. member made another extraordinary statement—

They (the commissioners) can pay what interest they like, and there is no limit to the rate they may charge. Under the Agricultural Bank Act it is provided that in the early stages the rate of interest shall not exceed 5

per cent. in the case of permanent improvements, or 6 per cent. in the case of stock and plant. Subsequently it was provided that the rate of interest should not be more than 1 per cent. above the amount which the Crown was paying for the money advanced.

Hon. C. G. Latham: Is not that true?

The MINISTER FOR LANDS: No. All they do is subject to the approval of the Governor-in-Council.

Hon. C. G. Latham: Have they to go to the Governor-in-Council to find out what interest they can charge?

The MINISTER FOR LANDS: The commissioners cannot charge what interest they please. The rate of interest now charged by the Bank is determined in the same way. Nearly all the existing Agricultural Bank legislation is contained in the Bill. The principles are very similar. The hon. member has not read the Agricultural Bank Act Amendment Act of 1917, which provides—

Notwithstanding any provisions of the principal Act and its amendments to the contrary, the interest on advances made after the commencement of this Act shall be at such rate, or at such differentiated rates, per annum, as may from time to time be prescribed . . .

Clause 45 of the Bill, therefore, is very similar in all respects to what operates to-day, except that the Bill provides that the rate to be charged shall be limited to a rate not exceeding by more than 1 per cent. the rate which the Bank is paying for its funds. The hon. member referred to the subject of wire and the wire netting fund. He said—

Is it intended to vest in the commissioners any moneys that are to the credit of the wire and netting fund?

Yes. The whole of the business will go under the control of the commissioners. However, there is not much lying to the credit of the trust fund. At most it amounted to £11,000, and that amount has been expended in the purchase of wire netting. The hon. member said—

It is provided that the commissioners may make advances for permanent improvements, stock and plant to work the land. Does "stock and plant" mean stock for working the farm only, or does it embrace sheep also? Sheep are not usually utilised for working the land, so I take it to refer only to working horses.

What does the hon. member call stock and plant?

Hon. C. G. Latham: But the Bill says "stock and plant to work the land."

The MINISTER FOR LANDS: What does he call stock and plant to work the land? I call horses and machinery stock and plant.

Hon. C. G. Latham: I wanted to know whether it included sheep.

The MINISTER FOR LANDS: Clause 47 makes it clear enough. Stock can be either brood mares or working horses.

Hon. C. G. Latham: Some of those terms are ambiguous.

The MINISTER FOR LANDS: The hon. member asks whether it is intended that the Agricultural Bank shall make short-term advances for the purchase of fertilisers and cornsacks, or will the Industries Assistance Board be used for that purpose. It is not intended to use the Agricultural Bank in that connection. The intention is to start off the commissioners with a clean sheet, and henceforth to operate the institution for the purpose for which it was first established. Therefore advances for fertiliser and other things will be made under the Industries Assistance Act, the continuance Bill relating to which has passed this House and is now before another place. Again, the Bank does not to-day purchase fertiliser. What the institution does is to make arrangements with commercial firms to supply fertiliser, and to give the firms a first lien. Under the Bill the commissioners have power to waive their liens to enable that to be done. Commercial firms may grant seasonal credit, and the commissioners will follow the same practice as is being followed to-day. Some objection has been taken to the commissioners' lien in priority. That is highly necessary. To-day the trustees stand aside and allow the merchants to come in and provide stock, fertiliser, bags and other requirements. The liens of these firms take precedence over the Bank's lien. The tightening of authority will enable the commissioners to compel the stock firms and merchants to put their cards on the table. At the present time the stock liens on Agricultural Bank properties number no fewer than 1,756; and in the vast majority of cases the merchants and the farmer have taken the whole of the proceeds and the trustees have got nothing, not a shilling. That cannot be allowed to continue indefinitely.

Therefore, if stock firms want to make advances in future, they must go along to the commissioners and lay their cards on the table. That is the proper way in which the business should be done. It is most unsatisfactory that these stock firms have had priority for the last three or four years, utilising properties on which the Bank has advanced thousands of pounds for improvements. The stock firms put stock on those properties, and the Bank gets nothing whatever. That has happened in a very large number of cases, and it cannot go on indefinitely. The Bank has power to raise its liens, but the merchants must come along and put their cards on the table. Again, the merchants cannot supply machinery if there is a prior lien. Many of these merchants have been responsible for putting the farmers in debt. In the good days there were thousands of travellers on the roads, encouraging farmers to buy on terms. This will not happen in the future. The farmer has been bitten. Recently I was informed that a machinery firm approached the Bank and said, "This farmer wants a header at £200. We will provide the header if you agree to waive your statutory lien." The Bank said, "We must inquire first." In the result, I am assured, the Bank found that the farmer's harvester could be repaired for £20; and thus the purchase of new machinery was obviated. It is necessary that the commissioners shall have that discretion. Its existence will be to the interest of the farmer himself, and to the interest of the State as a whole. Hon. members know that many people cannot help buying. In the past, many of the farmer's difficulties have been brought about by the fact that he has been induced to buy things he did not need, buying them on terms. If this power had been given to the trustees, many of these things would not have happened. Now regarding advances to an inspector or his wife. The Leader of the Opposition said that advances should not have been made to an inspector's son or daughter. I am not very particular about that.

Hon. C. G. Latham: Not on the recommendation of the father.

The MINISTER FOR LANDS: Can one imagine any administration allowing that sort of thing, permitting an inspector to recommend advances to his own family?

In one case mentioned by the Royal Commission the inspector advanced to his own wife, and for that purpose he increased the first-class acreage of the land from 290 to 1,000 acres. He advanced £1,500 of the Bank's money to his own wife. The Bank authorities became aware of it. What should happen to the inspector? The manager now says that that was a very unsatisfactory business and further that when he measured up the improvements, they did not correspond with the advance made by his inspector on his wife's property. What happened to that manager? What happened to the inspector? The manager is still in his position, and the inspector held his position for two years until the Royal Commission conducted their inquiries. Can administration of that description be justified?

Hon. C. G. Latham: Of course, that is likely to happen again.

The MINISTER FOR LANDS: No. I have always held that the trustees, because of the uncertainty of their position and the character of their task, were not able to get into personal contact with what was going on in the country areas. In my opinion, what has happened in the past has been due to the fact that the administration has been loose. The trustees have been appointed temporarily. To-day I was looking through a return showing their attendances at meetings. How can they expect to get into contact with what is happening in the agricultural areas? What do the trustees do? They attend the office, and look at files all day long. What time have they got to attend to the business in the country? They have their managers who should report to them. In such a case as that I have cited, action should be taken against the manager. An instance came under my notice the other day regarding an inspector at another centre. He advanced money for improvements not made. What did his manager do about it? Did he report to the trustees? The Leader of the Opposition was very unfair when he said that I was responsible. If I am to conduct the affairs of the Bank, I do not want trustees. If I am to be held responsible, why should we pay a managing trustee £1,500 a year and employ two trustees as well?

Hon. C. G. Latham: I said you should see that the trustees did their job.

**The MINISTER FOR LANDS:** The hon. member knows that under the provisions of the Agricultural Bank Act, I have no power beyond appointing the Managing Trustee and the two trustees. The whole of the power is vested in the trustees and in no one else. I have never gone through the country areas without having discerned evidence of looseness in administration, but I do not blame the Managing Trustee or the trustees for that. The Managing Trustee cannot know what is going on in the country areas, and that is why I want the commissioners, who will be appointed, to be full-time officials. I do not suggest that the commissioners will spend their time poring over files. I do not suggest that they will come into personal contact with their clients. They will have their manager and he will put the position before them, and on his representations the commissioners will arrive at their decision. The officials will do all the poring over files that will be necessary.

Hon. C. G. Latham: The self same thing will happen even under those conditions.

**The MINISTER FOR LANDS:** Do the directors of the Associated Banks spend their time poring over files and interviewing clients? Of course they do not. Nor will the commissioners of the Agricultural Bank.

Hon. C. G. Latham: The business of the Associated Banks is totally different.

**The MINISTER FOR LANDS:** The commissioners' manager will submit his recommendations, and the commissioners will have time to devote attention to affairs in the country. The hon. member also said that I had been in charge of the Agricultural Bank for 4½ years and that I should have some control over the staff.

Hon. C. G. Latham: I did not say anything about the staff.

**The MINISTER FOR LANDS:** I wrote down what the hon. member stated. I had a copy of his speech from "Hansard," and wrote the hon. member's words down. I say again that I am not in charge of the Bank. I have no control over one of the Bank's clients and I have not interfered with them either. When the trustees came to me for support at times when criticism had been aroused because of their administration, I always told them that if their actions were sound I would state the fact publicly. That

is as far as I was asked to go, and that is as far as I could go in the circumstances. The hon. member said that I proposed to make advances of 70 per cent. only on permanent improvements and 100 per cent. advances on wasting assets such as machinery and stock. The member for Greenough (Mr. Patrick) accurately described the situation when he said that the Bank at the outset was properly controlled and had been operated on sound lines. It did not make unduly liberal advances, and settlement at that stage was always sound. Immediately the Bank trustees secured power to advance up to 100 per cent. on improvements, the business was no longer sound. That summary of the position was quite correct. I have always held the opinion, and it has been borne in upon me more and more with added experience, that in these days there are too many men on the land who think they are working for the Government. If such men effect an acre of improvements, they will turn round and say to a Minister of the Crown, "See what I have done for you, I have not been paid for it." Not in the wheat belt but elsewhere, I have met settlers who have told me that they had done such and such a thing and had not been paid for it. Those settlers fail to realise that what they have done represents their own assets. I want the farmers to look at the position from that standpoint and to appreciate the fact that money they receive from the Agricultural Bank represents an advance that they must pay back plus interest. They must appreciate the fact that the block is theirs, and every improvement they make means added value to their asset. If a farmer does the work himself, it is so much to the good. He can do that work and he can receive up to 70 per cent. advance in respect of such improvements. On the other hand, the farmer cannot manufacture machinery or stock. He must pay cash for them. In those circumstances the Bank will be authorised to make the full advance. It will be seen, therefore, that it is necessary to advance the full 100 per cent. for the purchase of stock and machinery. Certainly the machinery is a wasting asset, but the stock is not. Stock cannot be regarded as a wasting asset, because stock reproduces itself. Sheep, in addition, produce the wool that can assist the farmers so much.

Hon. C. G. Latham: Horses represent a wasting asset.



The MINISTER FOR LANDS: Not always.

Hon. C. G. Latham: Of course they do.

The MINISTER FOR LANDS: My experience of horses is that they are not a wasting asset, because in the course of ten years I have produced three full teams from my horses.

Hon. C. G. Latham: I know of a team of horses that were bought in Perth with strangles and two of them died when they reached the farm.

The MINISTER FOR LANDS: The farmer cannot make horses, but has to buy them for cash. Therefore the Bank will have to advance the full 100 per cent. required. The hon. member said that the Bill does not provide for advances limited to £2,000. Of course it does, but it also provides that the commissioners, if they deem it necessary, can advance further money on amalgamated holdings, for the provision of stock—

Hon. C. G. Latham: Or for any other purpose.

The MINISTER FOR LANDS: That phase should be left to the discretion of the commissioners. That is what the trustees have done in the past.

Hon. C. G. Latham: Advanced over £2,000.

The MINISTER FOR LANDS: Yes. There are holdings in the Esperance district and in other areas where holdings will have to be amalgamated. Already £2,000 has been borrowed on account of many of those holdings, and it may be necessary for the commissioners to advance further money in order that stock may be put on the holdings. If that is not provided for, progress in those parts of the State must cease now. Furthermore, there is in the Bill a proviso that the commissioners cannot exceed £2,000 without the consent of the Governor-in-Council. The Bill has all the protection the hon. member asks for.

Hon. C. G. Latham: Tell the House what that means.

The MINISTER FOR LANDS: It means that they must have the consent of the Minister and the Treasurer, and that the Minister must submit a minute for approval by the Executive Council.

Hon. C. G. Latham: And the Lieut.-Governor signs them one after another without knowing what they are.

The MINISTER FOR LANDS: The limit, of course, is as directed by the Minister, and then by Executive Council. Now I come to Clause 50, to which a lot of objection has been taken. The hon. member, with his usual extravagance, said the farmers would not be permitted to take a pound of butter to the store and sell it, nor take a pig to the butcher. That is exaggeration. The Bill says nothing about that. Of course, when first that clause was framed I anticipated that criticism, but have the commissioners no sense? Under the existing Act the Bank has a first mortgage over all crops on the land. Yet the trustees never bother about the oats and potatoes and poultry and fruit on the land. What they look to is the wheat. I have seen crops fed off and the explanation given that it was a bad season, and I have known sheep and wool sold away when they were not under the lien. The commissioners will have full discretion, and they ought to have power to have a lien over the major produce of the farm. That means wheat, when wheat is the chief production, and butter when butter is the chief production. So too it means sheep where they represent the main production of the farm, or sheep and wheat. And it ought to, because the officials of the Bank, who have had a lot of experience in these matters say they require this power, and that there is nothing to the prejudice of the settler in the giving of that power, for the commissioners are to have also the power to waive the lien. All that the stock firms need do is to come along and put their cards on the table. If the commissioners can provide the sheep, would any body of men in their right senses refuse stubble to put them on, or neglect to use them to keep down the weeds? I am afraid the hon. member, like the member for Guildford-Midland, is raising up bogeys.

Hon. C. G. Latham: Nothing of the sort.

The MINISTER FOR LANDS: The proviso says the commissioners may agree to set aside the lien. The hon. member pointed to the fact that the trustees have a lien over the crop and that the sheep that graze on the crop are under lien to someone else, and that the trustees get nothing. But, under the Bill, the farmer will have his debts written down and no doubt he will reciprocate. Possibly the hon. member will agree to that.

Has any client ever had the slightest trouble with the Bank when he played the game? No man ever played the game with the Bank without getting generous treatment in return. The hon. member said the Bill gave power to make re-advances. The Bank has power to do that now under Section 37 of the Act, but of course certain safeguards have been inserted in the Bill, inasmuch as the commissioners may re-advance only on occasion, as when there is a failure of crop. The hon. member said the House should know that the Bill proposes to empower the commissioners to farm any land themselves, or to put men on the land, to make advances to lessees and charge the amount against the land. But the existing trustees have that very same power and can indeed crop the land, which the commissioners will not be able to do, for they can only arrange to have it cropped. The hon. member said that, moreover, the commissioners can lease a farm with all implements, equipment and stock on it, and that the present practice is to sell the stock and try to lease the farm for a short period. The trustees have all that power to-day. In the Beverley electorate, a farmer is leasing a property from the Lands Department and is working that property with equipment, horses and other Bank property, and that with the consent of the trustees. That came under my observation only to-day. What I want to know is, what is the cure for the trustees having horses and equipment, and what provision is being made for any losses, depreciation and interest. However, there is an instance of a farmer who gets the equipment from another farm. The commissioners will have no more power than the trustees have to-day. Under the Act the trustees have power to lease for seven years. The hon. member said the commissioners would be able to send people out to clear land in order to convert it into farms, and then write down the cost and sell the properties. The commissioners would have no power to do that. Their powers would extend to the preservation of existing securities only. He also said that the commissioners would have power to lend their funds and then write down the securities created with those funds. That is nonsense. The Bill states plainly that the writing down provisions apply only to existing indebtedness, and not to new indebtedness. The hon. member described the Bill as

sloppy, but he did not appear to know much about it. He also said that it was the limit of anything he had ever heard of, but I consider that his powers of observation were limited. I hope now that he has been corrected he will revise his opinion. He said he wanted an independent board to write down debts, the board to consist of a representative of the farmers, a representative of commercial interests, and an independent chairman. Did he mean to write down the Bank debts?

Hon. C. G. Latham: I said for the writing down of debts generally.

The MINISTER FOR LANDS: What right would such a board have to write down Bank debts? The only right of that kind would have to be exercised by an authority representing the Bank, and that will be done by the commissioners. The hon. member asked if it was not a fact that I could not dispense with the services of the trustees under the Agricultural Bank Act because of certain words at the end of one of the sections. I do not want him to accept my assurance, but I repeat that if I had wished to dispense with the services of the trustees, I could have done so months ago. Had I done so, I would have been exercising no other right than that which was exercised by the Government of which he was a member. I further repeat that that is not a fair way to approach legislation of his kind. The hon. member said I had introduced this legislation with a desire to relieve myself of the responsibility involved in administering the institution. He added—

The Minister desires to clear up group settlement matters as well as miner settlements and the 3,500 farms scheme. He should not be allowed to hand them over to the commissioners of the Agricultural Bank.

All those activities have been handed over to the Bank long ago. They are not my responsibilities; they are the responsibilities of the trustees. I have no responsibility for the administration of group settlement or any other settlement. The hon. member referred to "my" group settlements. I do not know why. I have always tried to repudiate the group settlement scheme so far as was possible, not because I did not wish to do my best for the scheme, but because I did not agree to its initiation. If those responsibilities were mine, I should not want any trustees. The hon. member asked

who the commissioners were to be and what salary they were to be paid. They must be paid an adequate salary in keeping with their great responsibility. The managing trustee of the Bank receives £1,500 a year, which is not too much, and the trustees receive an allowance. I think I have effectively replied to the hon. member's statements. Evidently he had not read the Bill very clearly, and I regret that he expressed what I consider was a very jaundiced view. My party did not expect any very great congratulations for introducing this legislation, but we are out to do what we deem is our duty. We appointed a Royal Commission to inquire into the Agricultural Bank, and the report disclosed a condition of affairs that every man in this country knows exists. Members opposite have said it is impossible for farmers to carry on because of the burden of debt. The member for Greenough stressed that point to-night. Am I to understand that members opposite, because they did not introduce this legislation, are going to oppose it?

Hon. C. G. Latham: We have not opposed it yet.

The MINISTER FOR LANDS: The hon. member's speech was opposed to it.

Mr. Patrick: Did I oppose it?

The MINISTER FOR LANDS: The Leader of the Opposition asked that the Bill be referred to a select committee. For nine months the Royal Commission sat and inquired thoroughly into the whole of the affairs of the Bank. Every provision in the Bill is either contained in existing legislation or has been recommended by the Royal Commission. The following suggestions were made by the Commission:—A board of management to be appointed for seven years, the chairman to have a deliberative and casting vote, two members to form a quorum, salaries to be commensurate with the onus and responsible duties, members of the board to devote their whole time to the business, any member liable to be removed on joint vote by both Houses of Parliament, the board to take the place of the present trustees under existing legislation, and increased powers to be conferred on them.

Hon. C. G. Latham: Because the Royal Commission made those recommendations, it does not follow that they are right.

The MINISTER FOR LANDS: We employed the commissioners for nine months, and now the hon. member wants the Bill referred to a select committee. In making that proposal he can have only one object, and that is to delay the measure still further.

Hon. C. G. Latham: We will withdraw that if you like. It is entirely in your hands.

The MINISTER FOR LANDS: We will judge whether the hon. member is in favour of it, or whether he does not want this legislation at any price. A select committee would only hold the matter up. The Royal Commission's report is before us; members have had an opportunity to discuss it, and now we have brought down legislation. What we are proposing is contained in existing legislation, plus the recommendations of the Royal Commission.

Hon. C. G. Latham: We will withdraw our request for a select committee. Let it go.

The MINISTER FOR LANDS: We will see whether the hon. member will hold up the Bill or whether Parliament will pass it through and so enable us to get these men to work. On the whole the Nationalist Party has supported the measure, and spoken in favour of its principles. They have objected to some of the principles which I must defend. Generally its acceptance has been satisfactory. I hope members opposite will not raise objections that are not justified in all the circumstances. This legislation is in the interests of the people they represent. They would be wise to accept it, because it will put the institution, which has done so much for the agricultural industry, on a sound basis. It will enable the commissioners to give concessions. In return for those concessions my ideal is that the farmers shall play fair by the State, and shall have additional regard for their obligations, and if that happens their future and that of the State are assured. I have been asked why I have referred to the group settler as a privileged person. Group settlements have been in existence for 11 or 12 years. The group settler lives in the midst of other Agricultural Bank clients. All the clients are expected to pay their interest and we make no concessions to them. They have paid their interest up to a point, and last

year they paid 48 per cent. of what was due. Many of them are not in happy circumstances. With the group settlers we have in some cases, justifiably because they are still new, found more money for them. Then we have had to supply superphosphate and so on, and although we expect it, they do not pay an appreciable amount of interest. Surely the group settler does not expect to receive any more consideration than any other man, but he gets it. I want to get him on a definite basis. If his capitalisation is too high, let us admit it. Let us put him on the basis where he will be able to stand on his own feet and pay his way. He is not entitled to get what other men do not get, but he does get it. That condition of affairs cannot obtain always, because other settlers will want to know why they do not receive the same consideration. If it could be provided it might be provided, but the State cannot do all that.

Question put and passed.

Bill read a second time.

*House adjourned at 12.15 a.m.*

*(Wednesday).*

## Legislative Council.

*Wednesday, 7th November, 1934.*

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

### LEAVE OF ABSENCE.

On motion by Hon. J. M. Macfarlane, leave of absence for six consecutive sittings granted to Hon. J. George (Metropolitan) on the ground of ill-health.

### BILL—FORREST AVENUE CLOSURE.

Read a third time, and *passed*.

### BILL—GOLD MINING PROFITS TAX ASSESSMENT.

*Second Reading.*

**THE CHIEF SECRETARY** (Hon. J. M. Drew—Central) [4.36] in moving the second reading said: The proposals contained in the Bill aim at the imposition of a tax on the net profits derived from gold by companies operating in Western Australia. At the outset I desire to impress on hon. members the fact that the tax will not apply to individuals or syndicates.

Hon. J. Nicholson: You do not mean a limited liability or no liability syndicate, though?

The CHIEF SECRETARY: No. That is a company. In the case of companies, naturally, there will be no tax if profits are not being made. Under the Land and Income Tax Act syndicates and individuals pay up to 4s. in the pound, less a 20 per cent. rebate, thus leaving a net maximum charge of 3s. 2.4d. in the pound, whereas incorporated companies—including gold mining companies, which represent the vast majority of companies—are taxed on profits at the rate of 1s. 5½d. in the pound. Even with the addition of the proposed tax of 1s. 4d. in the pound, the total tax on gold mining companies will be only 2s. 9½d. in the pound, or practically 5d. in the pound less than the maximum imposed on individuals and syndicates. During the years when the gold mining industry was struggling, the State assisted it in every way possible; and now that it is enjoying prosperity and the price of gold has soared to heights never before attained, it is only right and fair that it should be asked to contribute on a more liberal scale than heretofore to the financial needs of the State. More especially are we entitled to ask this at a time like the present, when the State itself is passing through a stage of economic and financial depression.

Successive Governments have fully realised the value of the industry to the State, and have done all in their power to foster and encourage it in every way. Never have they taken any steps which would tend to indicate that they were treating it as a milch cow to be squeezed dry. Other coun-