

parties to go direct to the Medical Board seeing that ultimately they got there; but legally they were not entitled to go to the Medical Board until they had been through the channel of the medical referee. The second amendment provides that the parties, by mutual consent, can submit their case to the Medical Board instead of first going to the medical referee. There are one or two subsidiary clauses which make the decision of the board, final and conclusive, as it would have been if approach had been made through the channel of the medical referee in the first place. There are only two other small features to which I will draw attention. One is the provision that any special expenses incurred as the result of going direct to the Medical Board—other than the fees of the members of the Medical Board, which under the Act are paid out of Consolidated Revenue—shall be met by mutual agreement. Before deciding to go to the Medical Board, the parties may agree as to who shall pay the special expenses, and in what proportion. Failure to come to such an agreement will mean that those additional expenses shall be paid by the party against whom the Medical Board's decision is given. In Section 20 of the First Schedule of the existing Act it is provided that agreements made between the parties shall be forwarded to the local court for registration. Since the Bill makes provision for a new form of agreement between the parties, to submit the matter direct to the Medical Board, if we do not specially exempt that agreement from Section 20 of the First Schedule, it will be necessary for all such agreements to be registered as before. So provision is made in the Bill that these agreements will not require to be registered by the local court. I move—

That the Bill be now read a second time.

On motion by Mr. McDonald, debate adjourned.

House adjourned at 9.55 p.m.

Legislative Council,

Tuesday, 4th December, 1934.

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

BILL—FINANCIAL EMERGENCY ACT AMENDMENT.

Third Reading.

Read a third time and returned to the Assembly with amendments.

BILL—AGRICULTURAL BANK.

Second Reading.

THE CHIEF SECRETARY (Hon. J. M. Drew—Central) [4.37] in moving the second reading said: This Bill is introduced as the result of the report of the Royal Commission into the activities of the Agricultural Bank. The report of the Commission indicated that many reforms were necessary to ensure the stability of the Bank, and the Government have considered it advisable to submit legislation with a view to reconstructing the institution. The main principles of the Bill are—the Bank will be administered by commissioners; it will be removed from political control; it will be vested with borrowing powers up to a certain point and subject to the approval of the Governor and Parliament; the staff, except in certain instances which will be explained later, are to be engaged outside the Public Service Act and may be dismissed by the commissioners if they fail to give satisfaction; the right to grant or refuse advances under the Act will rest with the commissioners; subject to the consent of the Treasurer, the commissioners may suspend or postpone payment of the whole or any portion of the indebtedness of a borrower; and with the approval of the Governor, they may, in certain circumstances, write off or reduce his aggregate liability.

Hon. J. Nicholson: Do you think that would be wise?

The CHIEF SECRETARY: In certain circumstances it might be.

Hon. J. Cornell: The trustees of the Bank have that power to-day.

The CHIEF SECRETARY: That is a brief outline of the principal features of the Bill, but it is necessary to enter into details in order that members may be assisted to gain a grasp of the measure. It is proposed that the Bank shall be a body corporate and shall be placed under the directorship of three commissioners, one of whom shall be the Under Treasurer ex officio or his deputy, and two other persons. Those two persons will be required to have a sound knowledge of the rural industries of the State, and, moreover, must have such qualifications as will enable them to administer and control efficiently the business which will be entrusted to them. In order that they may be protected against political influence, they will be appointed for a term of seven years. The Government will be empowered to appoint one of the commissioners as chairman and he will be allowed a deliberative as well as a casting vote. It is provided that the two commissioners appointed shall be paid a salary fixed by the Governor, that they shall be full-time officers, and that they shall not be connected with any bank, firm or institution carrying on the business of making advances on the security of any lands used for rural industries.

Hon. H. J. Yelland: Why is that?

The CHIEF SECRETARY: I would be glad if members asked for explanations during their second reading speeches or in Committee. This is a technical and difficult measure.

The PRESIDENT: It seems to me that this measure is largely a Committee Bill, and while it is very desirable during the second reading stage to deal with the broad principles, quite a large number of details might well be left for consideration in Committee. Of course it entirely rests with members, but I suggest that the details of no consequence to the principles of the Bill be left till the Committee stage. I am sure that the Minister will be prepared to give any explanation in Committee.

The CHIEF SECRETARY: I have an abundance of information, but my effort at the moment is to condense it.

Hon. J. Nicholson: It is a very difficult matter.

The CHIEF SECRETARY: Yes. The Royal Commission made a recommendation that the Treasury should be represented on the directorate controlling the Bank's activities, and, as the Treasury will be vitally affected by the provisions of the Bill, it has been decided that the Under Treasurer or his deputy shall be one of the commissioners and shall attend and take part in the meetings of the commissioners.

In the Bill are the provisions usual in legislation of this kind for the suspension of any member on the ground of misbehaviour or incompetence or on the ground of his becoming incapable of carrying out his duties. In the event of such suspension, the responsible Minister must submit a full statement of the circumstances to Parliament within seven days of the suspension, if Parliament is sitting, or within seven days after the commencement of the ensuing session of Parliament. It will then be necessary for both Houses to consider the question of confirming the suspension by resolution. If the resolution, when moved, is not carried, the suspended commissioner will be restored to office as from the date of his suspension. It is also provided that a member shall automatically vacate his office if he becomes bankrupt, or if he absents himself from the business of the commission for more than two weeks without the consent of the Governor, or if he becomes insane or is incapable of managing his affairs, or if he is found to have any direct or indirect pecuniary interest in any agreement with the commissioners, otherwise than as a member of an incorporated company consisting of not fewer than 20 members. Upon appointment, the commissioners are empowered to take over and assume the conduct of the business formerly conducted by the Agricultural Bank. They will consider and determine all applications for advances to persons engaged in rural industries on approved securities. They will have power to enforce payment of money or securities of the Bank. They will be charged with the administration of the Industries Assistance Board and the Discharged Soldiers' Land Settlement Board. In addition, they will take over the control of the Group Settlers' Advances Act, 1925, and the Wire and Wire Netting Act, 1926. In the past the Wire and Wire Netting Act has been administered from the Lands Department, and this fact has often caused confusion to the

Agricultural Bank when dealing with the sale of abandoned or foreclosed properties. It is considered advisable that all activities in connection with rural administration and development should be under the control of one body.

The commissioners will also be responsible for the direction of all special activities in connection with rural industries that the Governor may from time to time entrust to them; but, I wish to emphasise, such duties need only be accepted by them if they approve. This stipulation will ensure that the commissioners shall not be forced to accept responsibilities which might imply that they were prepared to make advances in regions where they might foresee failure. The measure also authorises the commissioners, with the consent of the Governor, to borrow money on the security of the Bank's assets. They may inquire into the suitability of any district or any rural lands, for the purpose of industrial development and with a view to deciding the advisability of making advances on the security of such lands. They have still greater powers, as I have already mentioned. Subject to the consent of the Treasurer, they may suspend or postpone payment, and, with the consent of the Governor, release payment of the whole or any part of the indebtedness of any borrower from the Bank or of transferred activities, such as the Industries Assistance Board, Soldier Settlement Board, and Wire and Wire Netting Act.

To equip themselves for such a responsible task, they may appoint qualified valuers to advise them regarding any applications for the suspension, postponement, or release of payment of any amount owing under advance. They will be enabled to expend money on the provision of suitable premises for carrying on their business or for the erection of quarters for officers. Should they find it necessary to hold any inquiry, they will have power to compel the attendance of witnesses and take evidence on oath or affirmation. The powers of the commissioners are enumerated in Clause 6, and are elaborated under the parts of the Bill dealing with the specific matters mentioned.

Under the financial provisions of the Bill it is set out that the commissioners shall take over the liability for all obligations of the Bank existing at the time the Bill

becomes law. It would be unfair to saddle the commissioners with bad debts. This is recognised. For instance, on the recommendation of the Treasurer, the Governor may grant relief to the commissioners from liability to the Treasury for such debts as an investigation or audit discloses to be lost capital of the Bank, or may suspend the liability of the commissioners in respect of any part of such aggregate indebtedness, and give them relief from interest payments during the period of suspension.

Subject to the provision of sinking-fund payments in connection with any loan under the Finance and Development Board Act, 1930, and to the due payment of moneys borrowed under the provisions of that Act, all funds received by the commissioners, for, or in administration of, the Bill when it becomes an Act, shall be paid to a special account at the Treasury, and all money required for the conduct of the operations of the commission shall be drawn from that account. No further money is to be borrowed by the Finance and Development Board. Funds for the purpose of the administration of this measure will be as appropriated by Parliament, and such other money as the commissioners may borrow under separate provisions of the Bill. But the amount borrowed is not to exceed £1,000,000 except with the authorisation of Parliament, and then the money may be raised by the issue of debentures. Such borrowings are to be on the security of the assets and revenue of the commissioners. The priority of any charge created under the Finance and Development Board Act, 1930, will not be affected. The repayment of all moneys borrowed by the commissioners is guaranteed by the State.

The assets vested in the commissioners will comprise all the assets of the Agricultural Bank, Industries Assistance Board, and Discharged Soldiers' Land Settlement Board, which were grouped up at the time of the passing of the Finance and Development Board Act, and which were vested in the Finance and Development Board. In addition they will also take in the advances made under the Group Settlers' Advances Act and the Wire and Wire Netting Act, 1926, and also advances due in connection with any special settlements.

The commissioners will have absolute power of discipline, and will be enabled to

engage or dismiss servants as and when necessary. They may retain the services of any officer in the present employ of the Bank that they desire, and such officers shall be assured of the preservation of existing rights under the Public Service Act, 1904, or the Superannuation Act, 1871, and service under the commissioners shall be deemed to be service for the purpose of such Acts. Officers at present employed whose services are not required will continue to be subject to and remain under the control of the Public Service Commissioner.

Hon. J. Cornell: If there is anything for them to do.

The CHIEF SECRETARY: That is always contemplated. Furthermore, in the event of one of these officers ceasing at any time to be a servant of the commissioners by reason of the abolition of his office, he will be eligible for and shall be appointed to any vacancy in the Public Service not lower in classification and salary than that which he held as an officer of the commissioners.

A provision in the Bill debars any member, or wife of any member, of the staff of the commission from obtaining advances under the Act.

The measure sets forth what advances may be made to settlers, and prescribes the form and extent of the security. Advances may be made for improvements or to assist in increased production; for the purchase of machinery, stock, plant, etc.; for the purpose of erecting a dwelling house; or, where it is necessary, to conserve or protect a security. The commissioners must be satisfied that the advance is for one or more of these purposes, and that the applicant has reasonable prospects of developing his lands successfully and is deserving of an advance. The security must be on a first mortgage of the land, although a second mortgage may be taken as collateral security. An old-time principle is now re-introduced. Advances to enable the applicant to purchase machinery, stock or plant, or to excavate a dam, must not be in excess of their value or reasonable cost; and where an advance is required for improvements other than the excavation of a dam, the advance must not be in excess of 70 per cent. of the reasonable cost of the improvements proposed to be carried out. This should leave a fair margin of security for the Bank. Ad-

vances generally are limited to an amount not exceeding £2,000, although, under certain specified circumstances, the commissioners may exceed this amount, subject to approval by the Governor. If, in the opinion of the commissioners, money advanced is not being applied to the purpose for which it was lent, or is not being advantageously applied, they may refuse to pay any further instalment of the approved loan and may call in the whole amount already advanced.

Repayment of money advanced is to be by instalments, to commence at such times and to be payable as the commissioners may determine, provided that the period over which the advance shall be repayable shall not exceed 20 years. Of course, if he so desires, the borrower has the right to pay off the whole of his indebtedness at any time during the currency of his mortgage.

Hon. G. W. Miles: Does that mean any portion of the indebtedness, as well as the whole?

The CHIEF SECRETARY: I would not be too sure.

Hon. J. J. Holmes: The Bank will take anything they can get.

The CHIEF SECRETARY: Before making any advance the commissioners must, of course, take the necessary mortgage. Certain advances and liabilities will automatically become statutory charges and will be a first charge, in priority to all other encumbrances, upon the products of the farm; but the commissioners will have power to waive any such charges, wholly or in part if they consider it is desirable to do so. Under certain circumstances they may also refund instalments of principal and interest to enable a borrower to overcome difficulties due to a failure of crops or of seasonal operations. Such refunds would be subject to the liability of the borrower to repay them as required by the commissioners.

This part of the Bill dealing with statutory first charges takes the place of Section 37A of the old Act. Under the 1906 Act and its amendments, the charge for one year's interest embraced crops only, but under the Bill the charge is extended to cover the major sources of income of other sections of the Bank's borrowers. It will now include, in addition to crops, wool and wool clips, increase in progeny of stock, and butter fat produce. A serious weakness in the old

legislation was that prior to 1930 it gave the Bank no control over the income from its securities. This was partially rectified by the 1930 legislation, which charged a borrower's crops with one year's overdue interest. It is surely reasonable that where the Bank have provided the major portion of the moneys to establish a farm, they should be entitled to a reasonable share of its fruits.

The commissioners are also empowered to acquire from the Crown—if they consider it advisable—the freehold of land, forming part of their securities. This would be done on behalf of the borrower, and any payments made by the commissioners in doing so would be added to and become part of the debt.

Division 4 makes full provision for the enforcement of securities either under power of distress or power of sale, and the commissioners are empowered to do whatever is necessary to provide for the upkeep and maintenance of any property whilst it remains in their possession. Moneys expended in this way will become a charge on the property. The commissioners are granted certain specific powers in connection with selling on default. They may sell in one or more lots, may effect improvements which they consider will enhance the value of the security, and may allow time for the payment of purchase money. They are given further powers. They may lease the whole or any part of mortgaged lands, they may agree with any person to crop the land over which they have security, or they may have it cropped on shares. A lease granted by the commissioners shall be binding on the mortgagor. There can be no valid sale or lease by the borrower without the consent of the commissioners of any land which is part of the Bank's security.

Division 5 makes provision for the commissioners to deal with the indebtedness under old securities, either due to the Bank or in connection with the proposed transferred activities. This is one of the most important features of the Bill, for it gives the commissioners power, with the consent of the Treasurer, to suspend instalment payments and, with the consent of the Treasurer and approval of the Governor, to write down the liabilities on over-capitalised properties, and, when necessary, to consolidate securities. Prior to, and as a condition of, this

writing-down, suspension or postponement, the commissioners may require other creditors of the borrower to reduce and adjust their claims on a basis that the commissioners consider satisfactory.

There are undoubtedly many properties which are over-capitalised, and with such a load of debt upon them, that the farmers, no matter how efficient and hard working they may be, have no possible hope of making a success of their undertakings. Under such circumstances they eventually lose heart, allow their holdings to deteriorate, and finally abandon them. If the Bank takes possession, either by ejecting the borrower, or on abandonment, there is no hope of realising the amount of indebtedness, and the property has eventually to be written down to a reasonable figure to obtain a sale. In the meantime the State may have lost a good farmer, and probably a less efficient one will eventually secure the property. Of course there are many settlers who would never make good, under any circumstances, and in considering the question of postponement or writing down of debts the commissioners will necessarily be required to give earnest consideration to the personal equation. The commissioners will be empowered in necessary cases to adjust payments of indebtedness over such periods as they think fit, and in cases where there are several securities subject to varying rates of interest, they may fix a uniform rate to be paid by the borrower. The provision in regard to outside creditors also applies in these cases; and before making any reduction or adjustment the commissioners may require such creditors, whether secured or unsecured, to enter into a mutually binding scheme or arrangement for the reduction of their claims on such terms and conditions as the commissioners consider reasonable.

Hon. L. Craig: Will that cover repurchased estates?

The CHIEF SECRETARY: It will not cover estates purchased, for instance by the Lands Purchase Board. The commissioners are empowered to employ efficient valuers to assist them in determining their action in regard to postponement or writing-down of indebtedness, and the valuers will have power to examine witnesses and administer oaths in order to obtain evidence they may deem to be necessary to enable them to carry out

the valuation. Authority is also given for the commissioners to consolidate securities where it is practicable and convenient to do so.

Division 6 deals with accounts and audit provisions. The provisions follow closely on the lines of those in existing legislation, but there are certain additional requirements. One of these is in regard to furnishing a balance-sheet. The commissioners, when doing so, will be called upon to show all contingent liabilities and will make due allowance for all debts or depreciated securities. This will obviate the evil of carrying forward large accumulations of arrears of interest that are irrecoverable. It will also be necessary for them to submit an analysed cash account that will enable Parliament to see exactly the amount of cash that the commissioners have received in each year and the way in which that cash has been utilised. It is provided that the Bank will have its own internal auditors continuously employed, and that an officer from the Auditor General's office will be assigned to audit the commissioner's operations. He will report to the Auditor General, and the Auditor General will forward accounts and a copy of his comments to the Minister before they are tabled in Parliament.

Hon. J. J. Holmes: Will the Auditor General have the final scrutiny of the accounts?

The CHIEF SECRETARY: Yes. An attempt has been made in this measure to carry out the principal recommendations of the Royal Commission, and their acceptance by Parliament should tend to place the Agricultural Bank on a solid foundation. I move—

That the Bill be now read a second time.

On motion by Hon. A. Thomson, debate adjourned.

BILL—LOAN, £3,938,000.

Second Reading.

Debate resumed from 29th November.

HON. J. J. HOLMES (North) [5.16]: I have very few words to say on the Bill, which is one for the raising of approximately £4,000,000 of loan money. According to my calculations, this measure will increase our interest bill by approximately

£400 a day. The Financial Agreement Act was evolved to enable Australia to meet her liabilities and thus avoid repudiation. That was what the Premier's Plan was arranged for. The Financial Agreement was part of that plan, and was brought into existence as from the 30th June, 1931. At that date Western Australia's liabilities were 75¼ millions, and on the 30th June, 1934, its liabilities had risen to 85½ millions. Since the Premiers' Plan came into existence, our liabilities have increased by 10¼ millions. The worst feature is that during that period our deficit has increased by £3,125,000. That is an alarming position in view of the fact that the plan was brought about so that the budgets might be balanced. At the commencement of the Premiers' Plan, in June, 1931, our revenue was £8,700,000 but on the 30th June last our revenue was £8,500,000. It will thus be seen that, whilst our liabilities have increased by 10¼ millions pounds, our revenue has decreased by £200,000, although we have imposed an emergency tax estimated to produce half a million of money. The emergency tax was introduced to enable us to balance the budget, and 10¼ million was spent to produce more revenue. The fact remains that we really suffered a loss of £200,000 in revenue. We imposed an emergency tax of approximately half a million of money per annum, and we have increased our deficit by £3,125,000. It will thus be seen that the greater the loan expenditure, the less is the revenue, on these figures. The fact is also disclosed that no attempt has been made to carry out the provisions of the Premiers' Plan. Instead of putting the State's finances in order, as was intended, we are drifting from bad to worse. In view of the fact that the more loan moneys we spend, the less revenue we seem to produce, I have no alternative but to oppose the Bill.

HON. J. CORNELL (South) [5.22]: I have not much to say on the Bill. I realise that the day is not far distant when we shall have to consider the toning down and the sweetening up of that word "repudiation," particularly with regard to some of the States. According to bulletin No. 24 issued by the Commonwealth Statistician, and covering the last 11 years, the combined States' deficits have risen from £546,976,000 to £807,852,000. During the last six years both Western Australia and

South Australia have received numerous grants from the Federal Government, which they have taken into revenue. I have here some interesting figures showing how the deficits of those two States have risen in the last six years, despite the fact that they have had these donations from the Commonwealth Government. In 1928-29 the deficit of South Australia was £903,838, and that of Western Australia was £275,968. In 1929-30 the South Australian deficit was £1,625,824, and the Western Australian deficit was £518,000. In 1930-31 the South Australian deficit was £1,813,857, and the Western Australian deficit was £1,420,539. In 1931-32 the South Australian deficit was £1,063,360, and the Western Australian deficit was £1,557,896. In 1932-33 the South Australian deficit was £1,008,898, and the Western Australian deficit was £864,081. In 1933-34 the South Australian deficit was £844,000, and the Western Australian deficit was £788,912. During the period under review, these two States had in the vicinity of £5,000,000 by way of Federal donations, and yet they went behind to the tune of £12,685,197. Nevertheless, we are cheerfully sitting up and agreeing to borrow another £4,000,000. The Minister says it is necessary to borrow money in order to keep the unemployment figures as low as possible. If every year that goes by we mount the ladder with greater vigour and continue to increase the public indebtedness, the time is not far off when, unless our population increases in the same ratio as our indebtedness increases, members representing the Labour Party will not be asleep in their seats but will be working hard in the endeavour to produce enough income to pay their interest bill. I am under no delusion as to where Australia is drifting. It is said we have rounded the corner. When we get two States in the Commonwealth in a period of six years, failing by £12,000,000 to square their expenditure with their income, we must admit we are rounding the repudiation corner and not the prosperity corner. I agree to a large extent with the necessity for providing money for a comprehensive sewerage scheme in the metropolitan area. That will provide work for the unemployed. I listened to the able speech of the Minister as to what it is proposed to turn the Agricultural Bank into, who shall manage it, and how it shall be managed. What steps

do the Government intend to take to equip the greater part of the agricultural industry with water supplies? There are thousands of farms in this State without any water supply.

Hon. R. G. Moore: Why do not the farmers provide their own?

Hon. J. CORNELL: They are not all plumbers like the hon. member; they do not live as close to a water scheme as he does; and they are not as well endowed with the world's goods as he is. That is why the hon. member has been able to provide his own water supply. I venture to say he did not provide it prior to the united efforts of this country being made to provide it. He went to a condenser and allowed someone else to provide water for him.

Hon. J. J. Holmes: We looked after the goldfields water supply.

Hon. J. CORNELL: Thousands of farms have no water supply.

Hon. T. Moore: That is the point.

Hon. J. CORNELL: And the owners of the properties have no money with which to provide it. All those farmers, with the exception of possibly 50, are right up against it in their endeavours to grow wheat and cope with the growth of weeds. Anyone having a knowledge of the agricultural industry is aware that it is impossible after the first three or four years, to go on turning the same land over and over again in order to crop.

Hon. R. G. Moore: Will not the Agricultural Bank advance for water supplies?

Hon. J. CORNELL: That has been a power of the trustees of the Agricultural Bank for the past 20 years, but one tragedy associated with the Bank and the various Governments who have stood behind it has been that instead of advancing money to sink dams, they have enabled pot-holes only to be dug. By that means, one essential feature of the agricultural industry has been starved. It will be a long time before the new commissioners will be in a position to furnish ways and means to enable the farmers to provide adequate water supplies. Unless something is done speedily in that direction, many of the farmers will be doomed to cease operations. Unless that is done, at least half the men who have hung on to their holdings through the years of adversity will have no possible chance of

continuing their operations. Mr. T. Moore knows the position as well as I do. In addition to fallowing, farmers require stock to keep the weeds down. That cannot be done unless adequate water supplies are provided. You, Mr. President, are well aware that in parts of your province farmers have been promised an extension of the water supply from the goldfields main, and that promise has been given to them year after year for the past seven years. The farmers there could not get £100 from the Agricultural Bank for that purpose, and without it the settlers might just as well go off their blocks.

Hon. H. J. Yelland: An advance of £100 will not provide an adequate water supply.

Hon. J. CORNELL: Of course not. East of Bruce Rock and at other centres there are hundreds of farmers who cannot possibly continue and cope against the weeds unless adequate assistance is rendered. During last week-end I inspected thousands of acres of some of the best-grassed agricultural land in Western Australia, but the areas were without adequate water supplies. The Bill contains no provision for a comprehensive water scheme for the agricultural areas east of Merredin in particular. A sewerage scheme to provide for the requirements of the city is quite all right, but I think the Government of the day should look further afield. No other part of Australia is so backward as Western Australia in the provision of agricultural water supplies. I know that in some parts attempts have been made to overcome the difficulty by means of rock catchments, but the wheat belts of South Australia, New South Wales and Victoria have been built up by means of the most adequate water supply system of all—the farmer's own supply on his own property, adequate for 12 or 15 months' requirements. This story of mine regarding the absolute necessity for adequate water supplies throughout the agricultural areas is a very old one, but it is worth re-telling. I support the second reading of the Bill.

HON. T. MOORE (Central) [5.35]: My remarks on the Bill will be brief. It strikes me as a remarkable fallacy and the outstanding tragedy of to-day that we act as though we can borrow our way back to prosperity. That sort of thing has been going on for years, and despite the fact that cer-

tain members of Parliament draw attention to the matter now and again, no finality is reached. We continue, year after year, to pile up our interest bill. That is what a loan amounts to. It means that next year we have a still further commitment and more interest to pay to the banking and financial institutions. This at a time when already practically half of our revenue, which in itself is very small, has to be spent in paying interest on loans already incurred! One wonders how much longer this system can possibly continue. From time to time we read in the returns furnished by practically all our financial institutions—under that heading I include, in addition to banks, insurance companies, trustee companies and so forth—attractive reports, and, in fact, all the institutions that live by finance paint a rosy picture. They tell their shareholders, "It is all right; we have had a fairly decent year and your dividend is so much."

Hon. J. J. Holmes: Because they manage their businesses properly.

Hon. T. MOORE: Yes, at the expense of the unfortunate slaves in our rural industries of to-day. Seeing that the very stability of the financial institutions has its foundation in the agricultural and pastoral industries of the State, I cannot understand how a rosy picture can be painted. I know that figures can be juggled to prove anything, but, seeing that the stability of the financial institutions is based on the pastoral and agricultural industries, in which practically 70 per cent. of the producers are in difficulties and getting behind in their financial position, I cannot understand how such reports can be placed before shareholders. I want members of this House to get away from the idea that Parliament controls the affairs of the State or the purse strings. Parliament, and, through Parliament, the Government of the day are merely handling the money that the financial institutions think fit to provide each year. In those circumstances we have lost control altogether. The banks and the financial institutions tell Governments exactly what they are to do. Seeing that the control has passed to the banks and the financial institutions and that there are members, particularly in this Chamber, who believe that those institutions are capable of handling the affairs of the State, surely it is up to them to point the way out to us.

Hon. G. W. Miles: They should limit our borrowing powers.

Hon. T. MOORE: In that event we shall cease to borrow.

Hon. J. J. Holmes: When we secede, we shall cease to borrow, because no one will lend money to us.

Hon. J. Cornell: When we secede, we will die of starvation.

Hon. T. MOORE: Mr. Holmes said that he would oppose the Bill and would vote against it.

Hon. G. W. Miles: That is the best thing we can do in the interests of the State.

Hon. J. J. Holmes: If we do not, where will the interest come from?

Hon. T. MOORE: If we throw out the Bill, what will happen? We are carrying on under a system that has grown old. I maintain it has had its day of usefulness. I want it to be placed on record, so that those who come after me shall know, that I do not stand for this system of finance.

Hon. J. J. Holmes: Then why are you supporting the Bill?

Hon. T. MOORE: Because I know of no alternative. Certainly no member has submitted one. If we were to throw out the Bill there would be chaos in less than a month's time. I am not prepared to throw out the Bill so as to create chaos. I did not create the system that has grown up. I have spoken against it and have disbelieved in it ever since I was able to think on such matters. Since I have been a member of this Chamber I have opposed it and said that the interest bill would spell ruin for us sooner or later. When interest at the rate of seven per cent. was imposed on the farming industry, I said it was impossible for farmers to carry on and provide for their own requirements. On top of that, the farmers had to pay 10 or 12 per cent. to the machinery agents and private people imposed similar rates of interest, if they were able to get those rates. I have always been opposed to our present system of finance. I do not believe in it. While we continue such a system, we will merely pile up the interest bill year by year. The banks are in control and while those engaged in our primary industries are struggling to maintain their position, the financial institutions and everyone who has anything to do with providing for the requirements of the farmers, are taking something

out of the industry. While the farmers are losing heart and leaving their holdings, the financial institutions that handle their products are able to show profits. How long can that sort of thing continue? The day of reckoning will come. I want members to awaken to the necessity for a change.

Hon. J. Cornell: Why perpetuate the system?

Hon. T. MOORE: That is what I want to know. If I could suggest an alternative I would do so, but the hon. member would not adopt any method I would suggest. I believe in the nationalisation of all credit. That is what I believe in.

Hon. G. W. Miles: The printing press business!

Hon. T. MOORE: We know all about that. When a similar proposition was put up, which was the commencement of the Commonwealth Bank, it was said the printing press was going to get to work. But I am convinced that had the Commonwealth Bank been allowed to extend its operations we should be in a much better position to-day, despite all that members here may say.

Hon. J. Nicholson: Do not you think we would have been borrowing even more, and that our interest bill would have been larger than it is?

Hon. T. MOORE: No, I do not. Still I know it is of no use arguing with my friend for a change; I look to the younger generation to bring about that change.

Hon. V. Hamersley: But do not you think that our interest bill should be reduced?

Hon. T. MOORE: Certainly I would cut down my friend's interest as low as possible.

Hon. V. Hamersley: Would you have any friends left?

Hon. T. MOORE: I certainly do not believe in any blood-sucking activity by financial institutions which imposes on my friends outback. Regarding the amount of loan money to be doled out this year by the banks and financial institutions, I should say the Government by their proposals are handling it very ably. I cannot find cause for complaint in the way they propose to spend the money given to them this year. I would join with Mr. Cornell and say, regarding the state of the country, that there is necessity for the Government to get the idea that to carry on farming to-day the

farmers must have water supplies. I will not enlarge upon that, because I have done so on many previous occasions.

Hon. G. W. Miles: Would it not be better to provide water supplies than to build railways?

Hon. T. MOORE: Yes, much better. To-day it is only possible to carry on farms by carrying them on as mixed farms. For the present no wheat farm can be regarded as a profit-making proposition. But wherever we have a farm capable of being carried on, we must spend money in providing water for that farm. Boring parties are out, and while that is all right for the establishing of a district, yet to put down bores such as we have in the northern areas and equip them with a windmill and tanks, costs over £600 each. That is possible only in a limited way. We have to get past that; we have to come to the stage where every farmer must have water on his farm. He will then be in a position to carry on.

Hon. J. J. Holmes: Do you say bores cost over £600?

Hon. T. MOORE: Yes, big bores, fully equipped with casing.

Hon. J. J. Holmes: But you could sink a well and erect a windmill for half that amount.

Hon. T. MOORE: But that could not be done, for a farmer might have to sink three or four wells before striking good water. In one district which I visited recently three bores were put down without success, and only with the fourth did they get water. This means considerable expense.

Hon. G. W. Miles: Have not the Government a water diviner?

Hon. T. MOORE: Some people do not believe in water divining. However, reverting to the Bill, while I disapprove of the present methods, I wonder how long this system of borrowing is going to continue? The bigger the load every year the harder is it for a small community to carry on. I disapprove of borrowing, but unfortunately I can offer no alternative. The banks and financial institutions have resolved upon a certain policy, and I believe that while they are prepared to advance us money, we have to keep on borrowing. I will support the Bill.

HON. H. SEDDON (North-East) [5.50]: I am sure we are all appreciative of the way in which the Minister, in moving the second reading of the Bill, placed before us information as to how the money is to be expended. And he said that if any further information was required for the House, he would be only too pleased to supply it. The debate has taken a rather interesting turn, especially in view of the remarks of the last speaker, and of the speaker whom he followed. It seems to be recognised by the community that there is necessity for finding some method of providing for relief works other than this annual authorising of a Loan Bill. I was struck by remarks made in regard to the position the Government are really in when spending this money. After all, if the Government wish to borrow, they will bring in a Loan Bill, and so of course they have to take the responsibility. But my principal object in rising this afternoon is to draw the attention of the Chief Secretary to a most serious charge which has been made against the Government in regard to their borrowing policy. That charge is made in the public Press of the State, in a newspaper widely circulated. And although it was made nearly a fortnight ago, I have seen no attempt on the part of the Government or responsible Ministers to refute the charge.

The Chief Secretary: In which paper was it made?

Hon. H. SEDDON: In a paper circulating in the State. I will read the article, and I feel sure that after he has heard it the Chief Secretary will make reference to it in his reply to the debate. Under date the 16th November and headed "The National Debt and its Purpose," the article reads as follows:—

The national debt has been increased, not because it was absolutely necessary that it should be, or because the Governments responsible were not in a position to raise the money they required by other means, but mainly because the lending of money to Governments was a more profitable alternative for money-lenders or finance capitalists than being taxed. In addition, it can be taken for granted that so long as the lending of money to Governments is profitable to money-lenders or finance capitalists, it will be borrowed by Governments, no matter how much the national debt is increased. When it is ceasing to be profitable, as is the case nowadays throughout the capitalist world, Fascism or the more rigid form of political dictatorship,

accompanied by a general lowering of the workers' living standards, immediately begins to make its appearance. Fascism represents the greater measure of political control over, and the more intensified form of exploitation of, the workers by money-lenders and the capitalists of finance, when compared with the control and exploitation existing previously. The deliberate increasing of the national debt and interest obligations to the point of reducing the nation to apparently hopeless insolvency represents in the main, the process through which Fascism is made economically possible and acceptable to a large section of the people who do not know any better. Actually Australia's national debt of £1,222,000,000, represents national assets which, in the name of the State, have been knowingly and deliberately legislated into the hands of money-lenders by the various Governments responsible.

There is a very definite charge laid against the various Governments, and I think it should have been replied to by members of the State Government long ago. The article proceeds—

It is not a debt in the sense that the people themselves actually owe the money; it is one that has been contracted or manufactured in their name in order to strengthen further the right of private monopoly ownership of national assets in the interests of and in order to save money-lenders from being taxed to the extent necessary for national purposes.

Hon. G. W. Miles: The alternative is to increase taxation and cease borrowing.

Hon. H. SEDDON: The article continues—

The easily gullible among the people, of course, are taught to believe that they are individually and collectively responsible for the liquidating of the national debt at so much per head—£181 per head in the case of Australia's national debt. The deception has served its purpose in the past, but it is destined to be challenged successfully in the future when it becomes more widely known, as it will be, that the national debt has been created wholly and solely for the political purpose of anti-labour.

There is a very serious accusation made against the Governments, and I think the Minister in the course of his reply to the debate should tell us what he has to say to this accusation that the workers are being exploited by money-lenders and the capitalists of finance and by Governments. That is the charge made in a responsible paper, indeed the official organ of the party to which the Government belongs, namely, "The West-Australian Worker." It can only be concluded that those members who in the House from year to year have opposed borrowing, have

really been opposing this exploitation of the workers by the money-lenders and capitalists of finance. In those circumstances I think there is a certain amount of credit due to the House as perhaps the workers will realise on reading that article and noting the stand so frequently taken by the House, at least they will come to see that this House is not really the bugbear that many of their leaders would have them believe. I will await with interest the reply by the Chief Secretary to this very serious accusation against the Government. The Bill provides for the raising of a loan of £3.9 millions. As explained by the Chief Secretary, part of it is for the purpose of providing relief work, while another part is for financing our debts. Mr. Cornell this afternoon put some very interesting figures before the House and I wish to refer to figures that I have taken from the yearly statistics of the Government published in the financial returns. I have tabulated figures for the last five years to show the increase in the public debt of the State, the earnings of the activities in which the Government have invested the loan money, and the loss incurred from year to year. Those figures show a significant trend which has been referred to by Mr. Moore and Mr. Cornell. The figures are—

Year.	Public Debt. Million £	Loan Liability on Works. Million £	Earnings. Million £	Loss. Million £	Loan Expenditure on Works. Million £	Deficit on Consol Revenue. Million £
1929-30	74.4	72.4	2.2	1.07	3.7	.5
1930-31	76.5	76.5	2.3	1.06	1.7	1.4
1931-32	79.7	76.8	2.5	.72	1.38	1.5
1932-33	83.5	78.8	2.07	1.16	2.2	.86
1933-34	85.8	80.1	1.03	1.32	2.66	.738

I am unable to reconcile the loan liability on works in 1930-31 with the amount of the public debt, because a certain amount of the annual expenditure was to meet the deficit, and the loan liability on works could not have been equal to the public debt. The ex-Premier told us on one occasion that loan money used to finance deficits was a distinct loss to the State. However, I have taken the figures from the returns, and must accept them.

Hon. J. J. Holmes: For that reason a 4 per cent. sinking fund was imposed on deficits under the Financial Agreement.

Hon. H. SEDDON: That is so.

Hon. J. J. Holmes: What is the amount of the accumulated deficit?

Hon. H. SEDDON: In return No. 11 attached to the Budget speech, the amount of advances to Consolidated Revenue was shown as £3,623,000, and the balance of general loan fund £2,052,470. Those two sums total just over £5,600,000, which I take it, represents the accumulated deficit to the end of June last. The figures show that the losses on loan investments are increasing rapidly, and it appears to be only a question of time before we shall be faced with the position of being unable to meet interest payments on borrowed money.

Hon. J. J. Holmes: The Acting Premier pointed that out when delivering the Budget speech.

Hon. H. SEDDON: Yes; it is a very serious state of affairs. We are being forced into the position of borrowing more and more in the hope of catching up the serious leeway being made year by year. It has been suggested that there are ways of raising money other than by borrowing, although members who have made the suggestion have not been very definite in their proposals. It was suggested that money might be raised by taxation. The Government, in introducing the financial emergency tax, announced that they expected to raise from it this year £550,000. That estimate was based on an average return of 6d. in the pound of salary earned; it was the basis on which the Commissioner of Taxation assessed the tax ranging from 4d. to 9d. in the pound. On that basis, we would have to raise additional taxation at an average rate of 3s. in the pound to secure the money necessary to carry out the public works programme and meet the amount of the deficit. Members can imagine the squeal that would be heard from the whole of the community if anything like that were suggested. I think we should express our thanks to the "Westralian Worker" for having exposed the dark deeds of Governments, and I hope the Minister will reply to the accusation that the Government are exploiting the workers as a result of the borrowing of money. The Honorary Minister, in his speech, said that no alternative had been suggested to the scheme of relief work for unemployed embodied in the Bill. I consider that suggestions could be made. The Government, to my mind, have been pro-

ceeding along right lines by endeavouring to encourage, by all means in their power, the development of local manufactures and local production. Every additional person employed permanently as the result of the establishment or extension of manufacturing in this State is all to the good; it represents one person less on the charge of the State. There is another suggestion that might come within the scope of the activities of the present Government, namely that steps be taken by the Government to enforce the basic wage standard established by the Arbitration Court. Let me explain what I mean. The basic wage is about £3 11s. 6d. and that is fixed on certain factors. It would be interesting to analyse what proportion the factors bear to the basic wage and ascertain how far the standard is being adhered to by the people receiving the basic wage. A certain percentage is allowed for food, a percentage for housing, a percentage for recreation, a percentage for medical expenses, and so on. When we consider the various directions in which the earnings of the people are being expended, we realise that the standard is not being adhered to. I am inclined to think that a great deal more money is being spent on amusements and in directions not provided for in the standard laid down. The Government might well explore that avenue because, if the standard as laid down were observed, considerable purchasing power would be provided in the community, and consequently increased employment.

Hon. T. Moore: You do not believe in amusements for the workers?

Hon. H. SEDDON: A percentage is provided for amusements, but my argument is that a great deal more than that percentage is being expended on amusements. It appears that the more essential things are being neglected for unessential things. The Government might well investigate this point with a view to increasing employment. I recollect having read of Mr. Ford's action some years ago in establishing a high basic wage in his motor car factory. He raised the amount to about £1 per day, but subsequent investigation showed that instead of the money being profitably employed by the workers in establishing for themselves a higher standard of comfort, a large proportion was being expended unwisely and in directions that produced no

permanent benefit to the people who had received the money. Evidently quite a wide scope is offering to social workers to educate people in the way to spend their money properly. A conclusion I have arrived at after considering the effects of the depression is that we might do a great deal more in the way of raising the standard of the basic wage. There appear to be two classes of workers in Western Australia, those who are receiving their remuneration from the goods they produce and sell outside Australia, and those more fortunate workers who have their rates fixed by the Arbitration Court. Many of the latter are in occupations that give them regular employment—some are in the Government service—and there is a wide divergence between the amount received by the men who are producing export commodities and the men who are rendering service to assist in marketing those commodities. If we are going to establish a basic wage standard, let it be applied to everyone, and let all the factors be taken into consideration. If that were done, we might be able to accomplish something along the lines of raising the standard for the whole of the community. While we have two standards, as prevail at present, the whole system is an indication of the slipshod muddling that has characterised most of our efforts in the past. Earnest attempts have been made to raise the standard, but the trouble is that it has not been raised all round. Although we fix a basic wage, it does not really apply, considering what should be received by the men who are producing the commodities that pay our commitments abroad and whose work is so essential to the welfare of the State.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. H. SEDDON: I wish to draw attention to the figures contained in Table 20 of the "Statistical Abstract" for the quarter ended 30th June last. I would like hon. members to study those figures for themselves. They are highly illuminating as disclosing the progress that is being made in the direction of encouraging local manufactures. Comparing the figures for 1933 with those for 1934, we find that proportionately not much improvement has been made in the local manufacture of textile goods, apparel, and certain descriptions of machinery—

directions in which we might have reason to expect considerable improvement as a result of the propaganda in favour of the local manufacture of goods hitherto imported from the Eastern States. Again, I may refer to the table dealing with production. There we have further confirmation of the same fact, the lack of improvement in local production. In the column referring to manufactures for the last year quoted, 1933, there is an increase of £340,000. The total for the year 1933 was £5,061,000, which is below the figure of any previous year, except 1932, as far back as 1923. It will be seen that there is a deal of ground to be made up before we can say that we are supplying anything like our requirements by local manufactures. Now I wish to refer to one or two items in the Schedule to the Bill. The amount for assistance to the mining industry has been quoted by the Minister. It would be interesting if the Minister could inform us just exactly what amount was spent last year in assistance to sustenance workers who had been sent out prospecting, and also what amount has been returned to the Government as the result of their activities, since the funds have been found from Loan. I have always contended that such expenditure should be a charge against Consolidated Revenue, because it cannot be regarded as a directly reproductive work returning interest and sinking fund. Under the heading of "Workers' Homes Board" there is an item "Working capital, £35,000." I should like to know what the Government intend to do regarding the suggestion which has been made to set aside a capital sum of £10,000 to be used as a fund for the provision of workers' homes in outback towns. This is a pressing problem, and it appears to me that the suggestion is a step in the right direction. The necessary safeguard for payment of interest and repayment of principal could be provided in connection with the proposed allocation of £10,000 to give much needed assistance in establishing the nuclei of homes for workers on the fields. I see no reason to depart from my attitude of previous years as to a great deal of money being provided from Loan whereas it should really be a charge on the general public. Although this might mean imposing a fairly heavy burden on the public, yet the present system means that a much heavier burden will confront them later

from the Loan charges accumulating from year to year. This difficulty must prove far more serious than the difficulty of meeting emergencies as they arise. I must oppose the Bill.

THE CHIEF SECRETARY (Hon. J. M. Drew—Central—in reply) [7.37]: I have listened attentively to the criticisms of hon. members on the Bill. Some of them have been of assistance, and others apparently are not too serious. Further, it appears to me that the criticisms are not directed specifically to the Government of this State, but tend to apply to all Australian Governments. There is no denying that from the tenor of the speeches, and it is properly so. It will be remembered that in 1930 a Financial Emergency Act was passed by the Federal and by all the State Parliaments. That legislation was based on what was called the Premiers' Plan. When the legislation had been enacted, the State Governments could sit down; but the Commonwealth Government rose and said, "It is necessary to go further; a supplementary plan is needed, as we must get men back to work." Accordingly the Commonwealth Parliament passed an Act to achieve that object. The Commonwealth decided to raise money per medium of the Loan Council and distribute it in the form of loans throughout the Commonwealth. The course has been pursued ever since. If it had not been done, what would be the position? Could the Commonwealth have financed the situation out of Revenue? Could any of the States have done so? At that time there were in Western Australia as many as 14,000 persons out of work, the great bulk of them on sustenance. It has been suggested that the necessary funds could have been provided out of Revenue. What taxation would have been necessary in order to provide the money out of Revenue? The suggestion is impracticable, as every hon. member knows. It was decided to raise money for the purpose of providing relief works; and it was expected, although there was no direct stipulation to that effect, that those works should, in the main, provide interest and sinking fund. I do not know what other Governments have done, but our Government have done everything possible in the direction of meeting that essential condition. What alternative is there to the proposal before the House? No alterna-

tive has been suggested that would bear one moment's consideration. Mr. Seddon seemed to suggest an alternative. He said, "Let us develop our manufactures." Are people to starve pending the development of our manufactures? Our Government have done all that is possible, with the assistance of the Loan Council, to develop our manufactures. Those efforts have been attended with some success—I may say, with considerable success. But even with the greatest possible success, it would take years to develop our secondary industries on the scale needed to give work to the whole of our unemployed. What is the alternative if the Bill is not passed? This is practically a relief works Bill. Are the unemployed to go hungry and to go without clothing? Rejection of the Bill means that, and nothing less. Or are the unemployed to receive a miserable dole with no work attached? I do not think any hon. member would back such a suggestion. Mr. Seddon made some reference to the basic wage. He did not favour a decrease of the basic wage, but he considered that some of the elements which go to make up that basic wage should be crystallised in expenditure in order to do good all round. What good could that possibly do in the situation which has existed in Western Australia since the end of 1929? The most important question for hon. members to answer is, are the works set forth in the Schedule to the Bill likely, in the main, to provide interest and sinking fund? I will not say that every one of those works will return interest and sinking fund at present or in the near future, but I do say that in the main they will do so eventually. There is an item of £300,000 for additions and improvements to open railways. The railways were in a shocking condition when the present Government took office. I stated the position exactly to the House, and I think more than once. We were informed by the Commissioner of Railways that the lines, unless repaired, would soon become dangerous to traffic. Rolling stock also required extensive repairs. The item is to come out of Loan, but hon. members should bear in mind that a certain proportion of the £300,000 will be debited to Revenue. Speaking from memory, one-third of such an item is recouped to Loan every year. Then there is an amount of £350,000 for the electric power station at East Perth. The City of Perth will meet that expenditure and pay interest and sink-

ing fund on it. That is beyond question. Then there are the Bunbury harbour works. I remember three or four years ago complaints being made that the harbour was silting up. I suppose that was the actual position; anyway, it was such that it had to be met, and the item on the present Estimates is £30,000. I remind members that this is not a Bill to authorise the expenditure of money; it is to authorise the raising of money, and the money so raised will be expended during the financial year. When we are dealing with the Loan Estimates I will give an explanation of every item that appears on those Estimates. Another item in the schedule is the Geraldton Harbour Works, £55,000. That money is required to complete the harbour and to provide 28 feet of water. There has already been considerable expenditure on the harbour, and it will not be a harbour until it is completed. Another item relates to improvements to harbours and rivers, £30,000. That refers to the different harbours. The next item deals with the Ashburton jetty, £30,000. That, too, is a necessity if the development of that part of the North-West is to continue at a normal rate. Next there is an item relating to the boring for water along stock routes, £2,500. That is justifiable. Again, under the heading of water supply there is an amount of £8,000 for the eastern goldfields. That will be required to provide water for prospectors.

Hon. J. Cornell: And none for the farmers.

The CHIEF SECRETARY: We will come to them presently. Another item is Goldfields Water Supply, £325,000. That is for renewing the pipe line and making it better than it has ever been. Then we have a sum of £435,000 for the metropolitan water supply. Interest and sinking fund on that will be found by the metropolitan area. Next there is the sum of £650,000 for sewerage and drainage of Perth and Fremantle. A similar explanation can be made in respect of that. For Water supply for towns generally, £40,000 is provided. All those towns pay rates and that expenditure is sound. Water supply in agricultural districts, including drainage and irrigation £100,000, will return interest and sinking fund indirectly. I was, however, informed the other day by one of the Ministers in control that ever since these schemes were completed

there has been hardly any contribution to revenue. I think our Government spent about half a million or more on country water supplies without getting any return. But one could understand such an event, remembering what we have passed through during the last three or four years.

Hon. L. Craig: There will be a return on the irrigation scheme.

The CHIEF SECRETARY: On paper.

Hon. L. Craig: No, in cash. Unfortunately I had to draw a cheque yesterday. You cannot use the water until it is actually paid for.

The CHIEF SECRETARY: Next we come to the development of goldfields and mineral resources and we find that £20,000 is provided. That is not a huge sum. For the erection of State batteries and the provision of treatment plants the amount is £10,000. In my opinion that could be a good deal more and some of the other items could be reduced. Next in connection with the development of agriculture, £10,000 is set down for abattoirs, cold storage, freezing, chilling and canning works at Wyndham, etc. The existing chilling works at Wyndham are on a very small scale and require to be extended. If they are extended they will be a great boon to the pastoralists in that part of the State.

Hon. J. J. Holmes: You will want the pastoralist to pay interest and sinking fund on that.

The Honorary Minister: They have not done so for many years past.

The CHIEF SECRETARY: For agricultural group settlement and migration £35,000 is provided. That will have to be spent on the groups. For the development of agriculture the amount is £175,000. I presume there will be no objection to that. For pine planting £145,000 is the amount set out. There has been a lot of discussion about pine plantations and forest regeneration. I am a firm believer in raising money for the planting of pines, but as we are making an investment, not for ourselves but for posterity, then posterity should be asked to pay a portion of the expenditure.

Hon. C. F. Baxter: Unfortunately they planted pines in impoverished land.

The CHIEF SECRETARY: Until the present session I never heard that pines should be grown on good land. Some years ago we were asked to grant a concession

to a company and that concession applied to sandplain. The expenditure of the £145,000 will mean work for the unemployed. It is better that men should be engaged on this kind of work than to be receiving the dole. The work will be carried out under the supervision of the Conservator of Forests. For roads and bridges throughout the State, including feeders to railways and grants to local authorities, the amount is £225,000. How could money be better spent? Loans and grants to local authorities account for £25,000. In all these instances, interest and sinking fund is met. There has never been any default by road boards, mechanics' institutes or those controlling agricultural halls. An amount of £25,000 is provided for working capital for the Workers' Homes Board. Some hon. members suggested that that amount was not sufficient. Anyway, £25,000 is the figure that has been provided. For short term advances to meet expenditure pending the receipt of revenue, £750,000 is provided. This is for the purpose of financing the deficit. There was not sufficient to finance last year's deficit; there was a balance and that balance will be a debit against the amount set out in the loan schedule.

Hon. E. H. Angelo: It is not very clear in the schedule.

The CHIEF SECRETARY: It is not.

Hon. J. J. Holmes: Did you refer to the Fremantle Harbour Works, £70,000?

The CHIEF SECRETARY: Yes. I explained that revenue would be recouped out of loan. That has been the system practised for some years. When money is spent out of loan, which is properly chargeable to revenue, it is afterwards recouped. The previous Government spent a fairly large amount of money in 1924 out of revenue, and the revenue was recouped, not of course, for the whole amount spent in the one year, because that would not be fair. I have dealt only briefly with the criticism of members, but later on with the permission of the President, I shall make a statement giving all possible information to the House. That, of course, will contain no criticism. It would not be fair to offer criticism in such a statement because there would be no opportunity for members to reply. It will be merely a statement of facts in connection with all the activities upon which the Government are engaged.

Question put and passed.

Bill read a second time.

In Committee.

Hon. J. Cornell in the Chair; the Chief Secretary in charge of the Bill.

Clause 1—agreed to.

Clause 2—Power to raise money for certain purposes:

Hon. G. W. MILES: In this clause the amount of £3,938,000, the sum to be raised, is set out, and as a protest against the Government taking money from the Fremantle Harbour Trust and using the Trust as a taxing machine, I intend to move in the direction of reducing the total sum.

The CHAIRMAN: The proper course for the hon. member to follow would be to reduce an item in the schedule.

Hon. G. W. MILES: I desire to make my protest on this clause and the only effective way of entering that protest would be to cut down the item. I move an amendment—

That the figure £3,938,000 be reduced by £1,000.

The CHAIRMAN: The hon. member had better move to reduce a particular item in the schedule by that sum.

Hon. G. W. MILES: Very well, and if the amendment succeeds we can recommit the Bill and amend Clause 2. Meanwhile, I will withdraw my amendment.

Amendment by leave withdrawn.

Clause put and passed.

Clauses 3 to 7—agreed to.

First Schedule:

Hon. G. W. MILES: I move an amendment—

That the Item "Fremantle Harbour Works, £70,000," be reduced by £1,000.

Hon. J. J. HOLMES: If the hon. member had moved to strike out the whole item, I would have supported him. The Chief Secretary has admitted that the Government have taken enormous sums of money from the Fremantle Harbour into revenue, and then borrowed money for repairs. This system of paying money into Consolidated Revenue, and borrowing money with which to do work that is really chargeable to rev-

enne, has landed us in our present position. We have now reached a dead-end. A few years ago the Government had an alternative, that is to say, they could have tackled the proposition and insisted on sound finance. If we struck out the item, and insisted on the Government carrying out this work from revenue, there might be some sense in the step that is proposed.

Hon. G. FRASER: This money is urgently required for the Fremantle Harbour. If the amendment should be carried the work could not be proceeded with.

Hon. G. W. Miles: The Government could do it out of revenue instead of out of loan money.

Hon. G. FRASER: The expenditure provides for the extension of the harbour and extra berthing accommodation on the north side. I do not agree that profits should be taken into Consolidated Revenue, and money borrowed for the carrying out of revenue producing works, but it is too late to alter that, seeing that the works are already half way to completion.

Hon. E. H. ANGELO: I cannot support the amendment, because I see no difference between the principle governing this item and any of the other items. The sewerage works will bring in certain revenues which will pass into Consolidated Revenue, which in turn will pay the interest on the borrowed money. The same thing happens in the case of the Fremantle Harbour. The work is paid for out of loan, but the interest is met out of revenue.

Hon. V. HAMERSLEY: The remarks that have been made apply to opened railways. The Government impose extortionate charges with the object of keeping them up to standard. The community is paying for the work, but the Government are using the profits to add to their revenue, and at the same time asking for further loan moneys to carry out works which should be a charge upon revenue. The same thing applies to our harbours. It was understood that the Fremantle Harbour Trust were to carry out improvements from revenue, but the Government took over the revenue. Apparently the users of the harbour, who are paying high charges for the improvements effected to it, will have to pay still higher charges to meet the interest on the new loan. I support the amendment.

The CHIEF SECRETARY: It is ridiculous to suggest that the improvements at

the Fremantle Harbour could be effected from profits made out of the Trust. Some years ago the profits from the harbour were only about £25,000 a year.

Hon. G. W. Miles: You said the Government had taken £80,000 into revenue from the Fremantle harbour.

The CHIEF SECRETARY: The cost of carrying out improvements to the harbour during the last seven years has been enormous. It could not have been met out of revenue. Is it expected that all improvements there should be paid for out of revenue? How far would the revenue go, and what would happen if it was all spent in that direction? Would not the harbour dues be increased?

Hon. G. W. Miles: Not necessarily.

The CHIEF SECRETARY: Surely the hon. member is not serious in his amendment. In the case of opened railways, the cost of repairs always comes out of revenue, and only the improvements are met out of loan money.

Hon. A. THOMSON: I support the amendment. If members turn to the annual report of the Fremantle Harbour Trust Commissioners for the year ended the 30th June, 1934, they will find that instead of having to increase port dues and charges, as the Chief Secretary suggested would inevitably be the result of the amount being struck out of the Schedule, those dues and charges could be reduced because the harbour trust commissioners are making abnormal profits. The surplus made for the financial year was disposed of by paying £119,010 in interest, contributing £10,580 to a sinking fund, £2,000 to a renewals fund, £87,261 to Consolidated Revenue, and £1,900 to capital expenditure. The commissioners also point out that the amount debited to capital account from loan funds for the year was £91,674, practically all of which was accounted for in the re-organisation and reconstruction of North Quay. The loan expenditure account is shown as now standing at £2,702,697, and the revenue capital account at £37,948. The sinking fund, which was reconstructed as from the 1st July, 1927, under the terms of the Financial Agreement, now amounts to £74,926, contributions being £64,850 and interest accretions £10,075. The commissioners go on to state—

The renewals and replacements fund, which stood at £65,759 2s. 5d. at the beginning of the

year was increased by a further contribution of £2,000, and interest on investments of £2,409 0s. 5d. now stands at £70,168 2s. 10d. In previous years attention has been drawn to the necessity for making adequate provision for the replacement of all depreciating property purchased out of loan moneys by appropriating annually from revenue a sufficient amount to meet this need. This matter is still before the Government.

It will be seen that for years the Harbour Trust Commissioners have been asking for replacements to be carried out from revenue instead of from loan funds, with the consequent increased charges to be met by the commissioners. I speak subject to correction, but I have been given to understand that Fremantle is one of the dearest ports in Australia.

Hon. G. Fraser: It is easy to make statements that cannot be proved.

Hon. A. THOMSON: That is what I have been informed.

The Honorary Minister: You made another statement some time ago that was proved to be untrue, and you have not corrected it.

Hon. A. THOMSON: The Honorary Minister himself may have done so, and I do not know that that is peculiar to myself.

The Honorary Minister: You made a similarly serious statement some time ago, and it was quite wrong.

Hon. A. THOMSON: In this instance I am quoting the remarks of the Harbour Trust Commissioners themselves, and they have asked for these works to be undertaken from revenue and not from loan funds. Despite the figures I have quoted, when we asked for a reduction of the surcharge of 20 per cent., we were told that the State could not afford it. Unfortunately the Fremantle Harbour Trust has become a taxing machine instead of being confined to the function for which it was appointed, namely, to provide proper facilities at as cheap a rate as possible. I do not cast any reflection upon the administration of the Fremantle Harbour Trust Commissioners but merely desire to comment on the fact that these works should be undertaken from revenue and not from loan funds, with the consequent increase in interest and sinking fund charges.

Hon. G. W. MILES: On one occasion the Chief Secretary assisted me in securing the passing of a motion regarding the purchase of the Golden Eagle nugget. In pur-

chasing that nugget, the then Government utilised loan funds and sold the nugget at a profit of £700, subsequently taking the whole £6,700 into Consolidated Revenue, and the State will have to continue paying interest and sinking fund charges on the £6,000 for the next 54 years. It is a continuance of that principle that Mr. Angelo has advocated this evening. The works required in connection with the Fremantle harbour should be paid for out of revenue and not from loan. We have an opportunity to protest against the continuance of the pernicious policy of borrowing to do work that should be paid for out of revenue. I have previously spoken about the equally pernicious 20 per cent. surcharge that was levied as a wartime impost, and has been continued by successive Governments since then. People in the North have to pay that surcharge three times over; twice at Fremantle, once coming and once going, and again at the northern ports. I enter a protest on this occasion to indicate to the Government that we desire a better system.

Amendment put, and a division taken with the following result:—

Ayes	..	..	..	..	8
Noes	..	..	..	..	18
					—
Majority against	..	..	..	..	10
					—

AYES.

Hon. V. Hamersley	Hon. J. Nicholson
Hon. J. J. Holmes	Hon. A. Thomson
Hon. J. M. Macfarlane	Hon. H. J. Yelland
Hon. G. W. Miles	Hon. H. Seddon
	(Teller.)

NOES.

Hon. E. H. Angelo	Hon. W. J. Mann
Hon. C. F. Baxter	Hon. R. G. Moore
Hon. L. B. Bolton	Hon. T. Moore
Hon. A. M. Clydesdale	Hon. H. S. W. Parker
Hon. L. Craig	Hon. H. V. Piesse
Hon. J. M. Drew	Hon. H. Tuckey
Hon. C. G. Elliott	Hon. C. B. Williams
Hon. G. Fraser	Hon. C. H. Wittenoom
Hon. W. H. Kitson	Hon. J. T. Franklin
	(Teller)

— Amendment thus negatived.

First Schedule put and passed.

Second Schedule:

Hon. J. J. HOLMES: In 1928 the sum of £40,000 was appropriated for the building of Port Phillip jetty, King Bay, in the Roe-bourne district. The Labour Government started the work, and it was well under way. Mr. McCallum told me they were cutting timber in the bush for the jetty, and were making the iron work at the State Imple-

ment Works, North Fremantle. Then the depression came, and we had a change of Government, and so the jetty was not built. I see in this Schedule that of that £40,000 there is an amount of £39,231 reappropriated. Then in the Third Schedule we have the same item again, £39,231 reappropriated. So they are reappropriating it twice.

The Honorary Minister: No, in the Third Schedule it is reinstated.

Hon. J. J. HOLMES: Oh, well, if that is so, I am satisfied.

Second Schedule put and passed.

Third Schedule—agreed to.

Preamble, Title—agreed to.

Bill reported without amendment and the report adopted.

BILL—MINE WORKERS' RELIEF ACT AMENDMENT.

Second Reading.

Debate resumed from the 27th November.

HON. C. G. ELLIOTT (North-East) [8.36]: In considering the amendments to the Mine Workers' Relief Act, it may not be out of place to remind members that the only amendment dealing with compensation is in Section 5. This section provides that if a beneficiary receiving £3 10s. per week or less compensation finds the amount insufficient to provide for the needs of his family, he may, provided his wife is living with him, apply to the board for an additional £1. per week, so long as the additional sum does not bring the compensation being received above the basic wage of his district. The effect of this apparent privilege is that, in return for the little added comfort, the £750 compensation cuts out very much more quickly, bringing him nearer to the fatal day when his compensation will be the munificent sum of 25s. per week for himself, his wife and his family. In contrast to our miserable provision for mine workers in the last stages of their dread condition, is the compensation paid to sufferers on the Rand. There, when a man develops advanced silicosis, or silicosis plus tuberculosis, he receives £200 per annum for life, including compensation for his family; and the allowance to his widow and family on his death is an average amount of £120 per annum. The mines find

the whole of the funds to meet these payments. Incidentally, another provision for mine sufferers which this State could well copy is the Silicotic Employment Bureau, which endeavours to find work for silicotic miners leaving the industry. I desire to express my keen disappointment that the Government have not seen fit to take advantage of the opportunity offered to provide better conditions by way of more adequate compensation for the sufferers from industrial diseases through their work in the mining industry. I propose to show that added provision could be made for these men without the taxpayers having to bear the burden. It was very noticeable during the discussion on the Gold Mining Profits Tax Bill in this Chamber and another place, that a number of members emphasised that the compensation paid to beneficiaries under the Miners' Phthisis Act cost the Consolidated Revenue no less than £419,000, and that the present liabilities on cases under the same Act are estimated at £350,000. All these statements failed to show that any income was received by the Government to meet these payments, and I propose to put before the House the true facts of the case. Let me deal with workers' compensation and employers' liability insurance. The following figures have been taken from the annual report of the Auditor General for the financial year ended the 30th June, 1934:—

PREMIUMS RECEIVED, 1926-1934.

	£	s. d.	£	s. d.
On Account of Industrial Diseases	...	...	321,002	6 0
Less Claims and Medical Expenses	39,637	4 7		
Profit transferred to Consolidated Revenue Miners' Phthisis Claims	70,000	0 0		
			100,657	4 7
Accumulated Funds or Profit	£284,315	2 2		
Accumulated Profit	...	...	£214,315	2 2

Details of which are as follows:—

INDUSTRIAL DISEASES—EACH YEAR'S ACCUMULATED FUND, OR EXCESS RECEIPTS OVER EXPENDITURE.

	Premium.		Claims and Medical Expenses.		Accumulated Funds.	
	£	s. d.	£	s. d.	£	s. d.
1926-27	35,008	12 8	620	8 8	25,277	4 0
1927-28	32,788	18 8	4,483	16 5	28,303	2 3
1928-29	33,070	18 1	7,031	7 7	26,039	10 0
1929-30	36,350	12 11	4,413	11 0	31,937	1 11
1930-31	38,825	18 8	6,640	4 3	32,185	14 5
1931-32	45,549	16 4	1,848	2 10	43,601	13 6
1932-33	48,670	3 11	2,750	14 2	46,928	9 6
1933-34	60,930	5 6	11,789	19 8	49,140	5 10
	£324,002	6 0	£39,637	4 7	£284,315	2 2

Hon. J. J. Holmes: You claim that as profit?

Hon. C. G. ELLIOTT: That amount less the £70,000, leaving £214,315.

Hon. J. J. Holmes: Is there no contingent liability for all those men?

Hon. C. G. ELLIOTT: If the hon. member will have patience I will deal with that presently. Added to that is the following:—

MINE WORKERS' RELIEF FUND.

Income and Expenditure Account for Year ended 31st July, 1934.

INCOME.		£	s.	d.	£	s.	d.
Employers' contribution	...	8,844	17	7			
Government contribution	...	8,887	3	1			
Mine workers	...	8,833	3	6			
					26,546	4	2
Sundry amounts collected	...	87	11	3			
Interest on fixed deposits	...	282	1	3			
					369	12	6
					<u>£26,914</u>	<u>16</u>	<u>8</u>

EXPENDITURE.		£	s.	d.	£	s.	d.
Relief to beneficiaries	...	5,103	12	6			
Administration expenses	...	1,343	3	5			
					6,446	15	10
Accumulated profit	...				<u>£20,468</u>	<u>0</u>	<u>10</u>

Those figures show beyond any possible doubt that the premiums received from the industry to cover those claims are providing large accumulated funds with claims far behind the amounts received. It has been stated that miners' phthisis compensation had cost Consolidated Revenue no less than £419,000. That is misleading as the accumulated profit on industrial diseases insurance provided no less a sum than £70,000 of that amount, and there is still a surplus in the industrial diseases insurances of £214,315. Actually the accumulated profit for eight years in this fund was £284,315.

Hon. J. J. Holmes: Surely there are liabilities against that!

Hon. C. G. ELLIOTT: It would appear that the interest on investment of the accumulated funds of the industrial diseases is supplying more than sufficient to administer that portion of the insurance fund and is carrying a proportion of the administration of the general accident fund. It would appear also that the £214,315 of accumulated funds are more than adequate, bearing in mind the surplus each year of premiums over claims and medical expenses, for provision for future industrial cases, and a greater amount could be transferred from the fund to provide more adequate compensation for industrial diseases for men working in the mining industry. The position

must continue to improve with the increasing employment of men in the industry, the consequent increase in the premiums paid and the gradually decreasing number of claims. In this regard I quote the report of the Mines Department for 1932 as follows:—

There are still a considerable number of men employed in the mines, however, who have been mining for many years, but, with the gradual elimination of these old miners and the introduction into the mines of a gradually increasing number of men of specially selected physique, as a result of the initial examination introduced in 1927, combined with the improved standard attained in the mines during recent years regarding dust prevention and ventilation, it is anticipated that the position will show a marked improvement from now onwards.

Those statements are borne out by the yearly percentages of men found on examination to be suffering from advanced silicosis, silicosis plus tuberculosis and tuberculosis only. The figures are—

Year.	Advanced Silicosis.	Silicosis plus T.B.	Tuberculosis only.
	%	%	%
1925-26	4.5	3.3	.3
1926-27	2.6	3.4	.3
1927-28	2.8	1.2	.1
1928-29	3.6	1.6	.3
1929-30	2.0	3.3	1.5
1930-31	1.8	1.9	.8
1931-32	1.2	.4	.2
1932-33	1.8	.4	.1

I commend those figures to the consideration of members as showing the decided drop in percentages of prohibited mine workers under the Third Schedule of the Workers' Compensation Act. A statement was made by the Minister in charge of the Gold Mining Profits Tax Bill and by other members that the liability under the Miners' Phthisis Act claims was £350,000.

Hon. J. J. Holmes: The State's liability?

Hon. C. G. ELLIOTT: I presume that was intended. It would be interesting to learn on what grounds those estimates are based, seeing that there will be no later claims against that Act than those to the 1st February, 1933, the date on which the Mine Workers' Relief Act came into operation, and also that of the 588 men discharged from the industry under the Act to 1933, over 300 have since died. I regard that estimate of the expenditure as being on the same level as the statement that cases under the Act had cost Consolidated Revenue £419,000. The statement is greatly exaggerated and consequently decidedly misleading. Even

if the estimate were correct, the increasing accumulation of funds would more than meet those claims and allow for a more adequate scale of compensation under the Mine Workers' Relief Act. I have endeavoured to show that the taxpayers of this State have not been penalised to the extent of £419,000 for payments under the Miners' Phthisis Act. On the contrary, the accumulated profits for the 8 years operations of the Workers' Compensation Act, industrial diseases section, amount to £284,315 2s. 2d., less the £70,000 paid to Consolidated Revenue, making a net accumulated profit of £214,315. In addition the Mine Workers' Relief Fund accumulated no less an amount than £20,358 for the year ended the 31st January, 1934. Considering the facts mentioned and also the £80,000 which the tax on the profits of gold mining companies is estimated to produce annually for that purpose, there can be no denying that it would easily be possible to make more liberal compensation to beneficiaries under the Mine Workers' Relief Act. I deeply regret that I am not permitted in this Chamber to introduce an amendment to provide further compensation for the sufferers of the mining industry, which I hope I have convinced members is more than possible from the accumulated and accumulating funds under the Acts covering premiums for industrial diseases. I sincerely hope that the Government will take the necessary steps to make that urgently needed extra provision. I support the second reading.

On motion by Hon. J. Cornell, debate adjourned.

House adjourned at 8.56 p.m.

Legislative Assembly,

Tuesday, 11th December, 1934.

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

BILL—FREMANTLE MUNICIPAL TRAMWAYS AND ELECTRIC LIGHTING ACT AMENDMENT.

Introduced by Mr. Sleeman and read a first time.

BILLS (2)—REPORTS OF COMMITTEE.

1, Inspection of Machinery Act Amendment.

2, Land Act Amendment.

Adopted.

BILL—FACTORIES AND SHOPS ACT AMENDMENT.

Second Reading.

Debate resumed from the 28th November.

MR. DONEY (Williams - Narrogin) [4.35]: Dealing as it does with the factory side of the parent Act, this Bill will have very little rural significance. The measure concerns itself chiefly with the metropolitan area, and with a phase of activity with which I admit I am not very familiar. I hope I know sufficient about it, however, to enable me to determine whether the proposals set up in the Bill are fair or not. In my judgment, they are not fair. To me, the Bill contains principles which I fervently hope this House will not countenance. Three major principles are involved. The first is the public, the consumers; secondly there is the point of view of the handicrafts man, the independent small man; and thirdly