

The CHAIRMAN: Order! If the hon. member will address the Chair he will get on very much better.

Mr. LESLIE: Again I suggest to the Minister for Works that in any representations he makes to the Commonwealth for the expenditure of money on the reconstruction of roads he will include the Goomalling-Nungarin Road.

Vote put and passed.

Votes—Town Planning, £1,900; Unemployment Relief and State Labour Bureau, £3,310; Labour, £1,787; Factories, £8,160; Arbitration Court, £5,300; State Insurance, Office, £5; Department of Industrial Development, £5,190—agreed to.

Progress reported.

House adjourned at 10.34 p.m.

Legislative Council.

Tuesday, 5th December, 1944.

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

QUESTION.

SHIPPING SPACE, SHORTAGE.

As to Raw Materials and Manufactured Goods.

Hon. L. B. BOLTON asked the Chief Secretary:

(i) Is the Government aware of the great difficulties manufacturers have in securing necessary shipping space, mostly for raw materials from the Eastern States?

(ii) Is it a fact that space is more readily granted for completed articles, most of which are in competition with locally-made goods?

(iii) Will the Government use every endeavour to have the present unsatisfactory position investigated, with a view to remedying same?

The CHIEF SECRETARY replied:

(i) Yes.

(ii) This has occurred, but it is not the general practice.

(iii) The Government is constantly taking action through the State Shipping Advisory Committee, of which Mr. J. Child, Chief Clerk of the Department of Industrial Development, is secretary.

ELECTORAL REFORM SELECT COMMITTEE.

Extension of Time.

On motion by Hon. C. F. Baxter, the time for bringing up the report was extended to Tuesday, the 19th December.

BILL—METROPOLITAN MILK ACT AMENDMENT.

Second Reading.

Debate resumed from the 30th November.

HON. J. G. HISLOP (Metropolitan) [4.40]: The amendment which is proposed by this Bill, while having some far-reaching effects, is not considerable in extent so far as the control of the milk position in the metropolitan area is concerned. Were I only interested in the amendment, I think I would pass it without speaking, because I feel it is only one of the extra powers which should be given to the Milk Board. I am speaking, however, because I feel that this is not the correct method of handling the milk position as it is at the moment, and I shall endeavour to point out as I proceed that such small amendments to a Bill of this type are surely not wise when the whole Act needs considerable revision. To make my point quite clear at this stage, I intend to move an amendment that the Commissioner of Public Health be a member of the Milk Board. I hope to be able to show members the reasons for the change I am suggesting, and why I am asking the Government to revise the Act in toto, and not bring down a small amendment such as is comprised in the

Bill before us. I may possibly be protesting against the method of altering the situation by very small pieces, when the situation is such that it needs drastic alteration.

The first point I wish to bring to the notice of members is that the Bill purports to make the registration of dairies compulsory; but if a metropolitan depot buys milk on the ground that it is to sell it to the metropolitan area, it must purchase the milk from a registered dairy and it will pay for that milk 1s. 5d. per gallon. If the same depot states that the milk it is purchasing is to be sent outside the metropolitan area, it can buy milk from unregistered dairies. The milk from the registered dairies and the milk from the unregistered dairies both enter the same depot and it would need a considerable amount of supervision to ensure that the two types of milk were not mixed.

Hon. L. Craig: Why would there be two types of milk?

Hon. J. G. HISLOP: One type is bought from a registered dairy that is kept under control and the bacterial content of the milk is known. In the unregistered dairy there is no bacterial inspection of the milk.

Hon. F. E. Gibson: There is inspection by the local health authorities.

Hon. J. G. HISLOP: Yes, by the local health inspector. I will show how difficult this all is. The result is that there could be in depots milk from registered and unregistered dairies mixed. The right to buy milk from an unregistered dairy is given to the depot on the ground that it is desired to sell milk outside the metropolitan area. Does this House think for one moment that the metropolitan area should have milk from registered dairies, while places such as Wiluna, Kalgoorlie and other country centres should have milk from unregistered dairies?

The Chief Secretary: You are not suggesting that milk is being sent from Perth to Wiluna?

Hon. J. G. HISLOP: Yes. I am suggesting that the milk from the unregistered dairy comes into the city and is handled in the same depot with milk from registered dairies. It is bought on the ground that it is to be sent to such places as Wiluna and Kalgoorlie. Assuming for the moment that this practice is strictly adhered to, again I ask, "Is it fair that the people of Wiluna and Kalgoorlie and other country centres should have to take milk from unregistered

dairies?" I have reason to believe that on many occasions milk from the registered dairies contains as many as 2,000,000 bacteria per cubic centimetre. At this stage I would like to thank you, Mr. President, for the permission which you gave me to supply each member of the House with the designations of milk under the English Act of 1936 and under the Sydney Metropolitan Milk Act of 1939. It will be noted under the New South Wales Act that the lowest grade of milk is raw milk, grade A, which is allowed 250,000 bacteria. Our present Act allows 500,000; and there are many registered dairies that have—not always, but at times, some more frequently than others—given counts exceeding 2,000,000. Now, 2,000,000 is as much as can be counted by the method, so when the number is over 2,000,000 it may be 10,000,000.

If that happens in the registered dairies, what happens in the unregistered dairies? When I point out that milk is a food which in warm weather can be expected, if pure, to last two days, and in cold weather to last up to a maximum of five days, one begins to suspect that the milk which is being sent away to Wiluna and Kalgoorlie must be the better type of milk. I hope the Minister in charge of the Bill will be able to tell the House that there is sufficient supervision of the depots to ensure that mixing does not take place; but what I have said leads me to believe it is possible that milk from the unregistered dairies at times is supplied to the metropolitan area, while the good milk is sent to a distance, for this reason, that the milk that has to be sent to Wiluna and Kalgoorlie is put into large vats or cans and cooled almost to the point of being frozen. It is then put on rails and during its transit to the country is allowed to unfreeze. Freezing alters the constitution of milk and, when unfrozen, milk does not last as long as milk which has not been so treated. The result is that I suspect good milk must be sent to country districts.

The milk bought from unregistered dairies is paid for at 1s. per gallon. When it reaches its destination at Wiluna or Kalgoorlie, it can be sold at 4s. per gallon. If those districts are paying that higher price, they deserve milk of a high standard, especially in view of the fact that it has to travel such long distances. That is one

point that strikes me in looking through this Bill, and it would appear to call for an immediate alteration of the Act itself. Why should we simply make a difference in the financial cost? Why should we allow milk from unregistered dairies to be sold? Looking through the Health Act—and these measures are so intimately mixed that one wonders how an individual can possibly keep trace of them—one finds that there is sufficient power given to local authorities to put forward all the regulations necessary for the control of dairies, but the wording of Section 199 of the Health Act does not, because of the use of the word “may,” make it obligatory on the local health authorities to propound those regulations. The Commissioner may insist and if the Commissioner does insist that the local authorities shall bring into force these regulations they must then do so. But if all the local health authorities acted under Section 199 of the Health Act, there would not be any unlicensed dairies. But there are, and I am sure that there are such places not far from Perth.

What can the Milk Board do when it finds, for example, that a dairy is not clean, or that the samples of milk which the dairy is forwarding have a high bacterial content? I suggest in all seriousness that there is nothing. I have on this point consulted legal advisers who tell me that a conviction, after the obtaining of a sample which does not come up to the standard of bacterial count, is extremely difficult to secure. One case I heard of failed because the plea was put forward that the sample was taken from milk that was not for sale. Another legal adviser told me it would be almost necessary to take the sample of milk, see the milk delivered to the depot, and have some proof that monetary exchange took place because of the reception of that milk in the depot. I understand that for some considerable time one of the problems of this city has been to obtain a conviction against the owner of an unclean dairy. My legal adviser said, “It is quite easy. What you have to do is to approach the cart on the road from which the milk is being delivered and sold.”

At lunchtime today I happened to be speaking to Dr. Baker, the medical officer for health at Fremantle. He said to me, “You can take it from me that it is impossible, in the metropolitan area, to ob-

tain a conviction because of high bacterial count. If you take the sample from the cart, you will be advised by your solicitor that it is not worth taking the case to court because already, in a certain case, the plea has been put up that the sample was taken at a certain time and was not tested until an hour or two afterwards. The solicitor opposing the case claimed that that milk was clean at the time the sample was taken, and the case was lost.” Dr. Baker assures me that it is not worth while attempting to get a conviction. I asked his permission to mention his name in the House this afternoon, and he said, “Do it by all means.” The third position is that if a dairy is unclean and the board is satisfied that action should be taken regarding it, the dairyman has 30 days in which to appeal, which is quite time enough for some improvements to have been effected in the dairy by way of whitewash or paint.

In a case well known to all of us the magistrate commented on the harshness of the Milk Board because, in between the time the conviction had been sought and the date of the appeal, a certain amount of change had taken place in the dairy concerned. Therefore there is an immediate need not for a small amendment of this Act, such as we have before us, but for a complete overhaul of the whole methods of sale and distribution of milk in the metropolitan area. One other interesting fact arises from a study of this Bill, namely, that the Milk Board is empowered to appoint inspectors. But those inspectors are not automatically health inspectors. They can be made health inspectors, but then again they must be the type of man who can acquire the qualifications of a health inspector.

Hon. F. E. Gibson: They are easily acquired.

Hon. J. G. HISLOP: The board, I understand, has not in recent years asked that its milk inspectors be made, as the Act allows, health inspectors, with the result that for some years past the milk inspectors have been purely in an advisory capacity and have not been able to take action themselves. They are simply able to enter the premises, take samples and advise. I pointed out how difficult it is for the board to take action under this Bill.

Hon. C. B. Williams: Where do the samples go?

Hon. J. G. HISLOP: To the Milk Board, for bacterial count. These milk inspectors cannot even take a legal sample. They cannot take a sample for testing for standard or under-standard milk, which is an entirely different thing from the bacterial count that I have mentioned.

Hon. C. B. Williams: Why?

Hon. J. G. HISLOP: Because they are not empowered under the Act to do so, and they are not health inspectors. If they were health inspectors, they could go into a dairy and act with the full rigour of the Health Act behind them. But today they cannot do that. The only amendment I propose to move in Committee is one to provide that the Commissioner of Public Health shall be a member of the board. Surely that will be acceptable to the Government! With regard to the lack of power given to the board, members can see how some of its difficulties have been met. In my hands are the regulations made by the Milk Board. These do not empower that authority to look after the health aspect concerning the supply of milk to the metropolitan area. I should like to pay a tribute to the board. From the point of view of placing the dairying industry on its feet I think it has done a most creditable job. It should be the duty of this House to ask the Government to give the board wider powers so that it may control the health aspect of the sale and distribution of milk, not only in the metropolitan area but throughout the State.

The Milk Board has only power to regulate and organise concerning a list of things. I would refer members to Section 36 paragraph (g) dealing with plant, machinery and appliances. The wording of that section does not empower the board to consent to the use of any particular piece of machinery for the cleansing of milk. If a dairyman decides to instal a pasteurising plant, so long as it has been installed in conformity with that section the board has no further power. If a firm puts in a pasteurising plant and that plant has right-angle turns which cannot be cleaned, or installs a milking plant with right-angle turns which cannot be cleaned, the board has no power to order a change to be made. I suggest that that power be given to the board. In a recent textbook

on work of this sort one reads that the powers granted in Great Britain are such that the local authorities must be satisfied that these plants fit all the requirements that are essential to pasteurisation in order that they may give the necessary results. I should like to read a few extracts from "Reid's Practical Sanitation." The author pointed out that—

Unless the authority has power properly to control pasteurisation it can be more dangerous than if no pasteurisation is carried out.

We all know that the pasteurisation method that is commonly used is a holding process in which the temperature of the milk is held at between 145 and 150 degrees F. for half an hour. Cooling then takes place to a temperature of not more than 55 degrees F. It is the method by which this is done that alters the cleanliness of the milk from the bacteriological point of view. Pasteurisation can be claimed to clear up the milk to this extent that it will destroy the specific organisms of tuberculosis, diphtheria, enteric fever, cholera, and dysentery, and doubtless also, in large measure, those organisms which are causative of zymotic diarrhoea. That establishes the value of pasteurisation. Members will now have some idea of the difficulties connected with the process. The author continues:—

The holder, that is the second tank into which the milk is passed, is usually divided up into separate compartments, each of which is filled up in turn from the heater. These compartments must be completely separated from one another as they contain milk at different stages of pasteurisation, and on no account should any mixing take place in the milk of the different compartments as the milk either enters or leaves the holder. This means absolute accuracy of the timing of the valves operating the different parts of the holder.

The book goes on to describe various happenings, but here is the interesting part:—

It will have been observed that it is the duty of the local authority to approve and license pasteurisation plants.

There is no authority to that end in our Act. I have investigated the present state of affairs, and I find that pasteurisation is going on in most of the large dairies today. I think four plants are in action in the metropolitan area. One of the dangers of pasteurisation is that after the milk has been held to a temperature of from 145 to 150 degrees F. for half an hour it should be cooled as rapidly as possible. The State

Act says, "immediately"; but that can be read to mean that a start must be made immediately to cool the milk. If the holding tank, which is separate from the heater, is only cooled with water and not brine-cooled, it may be that the milk can stay at a temperature of about 100 degrees—it may be more—for two hours. The correct method, in my opinion, is that the brine must cool the holding tank and the cooling must continue on to the bottling part of the machine. If the tank is only water-cooled the spore-forming organisms—spores are not killed by pasteurisation—can go on generating, and milk which may have been of a very low bacteriological content the moment the heating was finished can become of a high bacteriological content during the two hours of holding at a temperature of 100 degrees. I understand from inquiries I have made that there is a method of pasteurisation in the metropolitan area which does hold the milk at that temperature for a period. This makes it obvious that the Act should contain some sections giving much more detail as to the method used for pasteurisation. Milk badly pasteurised can be much worse than unpasteurised milk.

We now come to the question of the heating of milk. Milk must be rapidly cooled after being drawn from the cow. The board has laid down that milk shall be carried in receptacles which have a cover, a loose-lying cover. I think those of us who travel along the roads will often have seen milk carried on a truck without any cover. It is held by some that if the milk travels any distance at all the top layer will have reached a temperature of 90 degrees F., nearly back to the stage when we consider that spore organisms can generate. Therefore, the milk which is in a reasonable condition at the dairy may be in an unreasonable condition at the depot. Owing to manpower difficulties in recent years the board has had its hands more or less tied. I understand there have been only two milk inspectors operating for some time, but that there is a hope the number will be doubled at no distant date.

Members realise that the milk for the metropolitan area comes from Muchea in the north, Brunswick Junction in the south and out from the coast, a large area for even four inspectors to supervise. It is disheartening for the inspectors to find, as I have

already pointed out, that the Act does not materially assist them in their work. I do not desire to induce members to believe that every dairy is bad, because it is not; nor do I want the House to believe that every dairyman refuses to take the steps that the milk inspector advises, for the majority do. The law, therefore, has to be made for the minority who fail to do these things. If milk containing 2,000,000 bacteria per cubic centimetre is mixed with other milk the whole of it becomes contaminated; therefore one must take the necessary precautions. Milk is regarded as one of the most dangerous of foods to the human being and yet it can be one of the safest.

Milk is one of the most essential of foods and every care should be taken to see that it conforms to every standard it is possible for us to enforce. I find from Sydney figures that the average amount of milk drunk per head there is about one half pint per day. Assuming there are about 220,000 people in the metropolitan area of Perth it appears that every person drinks 1/11th part of a gallon, which is very much the same as Sydney. The requirements of the normal individual are about 1½ pints, that is, three times as much as is drunk in this State. The absence of the required milk from our diet may be a responsible factor for the decay of teeth amongst the people of Australia. This brings me to the point that I consider a revision is also necessary of the quota system devised in the Act. Some may be satisfied with the quota system, but the system is based on the present amount of milk drunk. I believe that the quota could be increased immensely in the metropolitan area if people believed that milk was a safe article to drink. Then the quota could be increased. At the moment, however, the quota offers considerable difficulties; and I like the suggestion Mr. Craig made to the House when speaking on the Bill, that those who desired to give up dealing in butterfat in order to join in the whole-milk trade should be given power to borrow from the compensation fund within limited amounts; because, as the position is at the moment, it would appear to be essential for a small man wanting to start, to purchase a quota from someone before he can start.

This purchase of quota has resulted, as has been pointed out, in an equity of £10 per gallon being expected. While that is

going on, I fail to see that we shall ever have a sound system of sale and distribution of milk; some other method should be devised, but a man should not be expected to spend his money up to £10 quota per gallon instead of putting it into his dairy and the other necessary buildings for the commencement of the business of wholemilk distribution. If that were done, I think we would find the milk trade on still a better plane than it is on today. Whilst mentioning this question I would like to emphasise that the work being done by the milk inspectors is considerable, and if further power were given to the board that work would be still greater; and not only would the work be greater, but the responsibilities of the inspectors, which are now great, would become greater still. The salaries which these inspectors receive, I understand, vary from £300 to £350 a year. Men who have been prepared to qualify sufficiently to become milk inspectors—and some of them, I understand, have done a good deal of study—receive salaries ranging from £300 to £350 per annum. I think we might consider an increase in the salaries of men holding such important posts, especially if they are to be given further powers.

I consider that it would be wrong if at this stage, having said so much about the question of milk, I failed to mention a question that is exercising the minds of the public very considerably just now—the question of tuberculosis acquired through drinking milk. All through Australia this problem has arisen; it is not only in this State that the Americans have refused to drink the local milk. There are other States which have shared the same fate; and in one of those States the public interest was aroused and became highly acute. Here in Western Australia I have been asked countless times what is the true position. The position as I see it today is this: Dr. Harvey Sutton, in his recent book, "Lectures on Preventive Medicine," gives the opinion of modern thinkers that bovine tuberculosis rarely causes tuberculous bones and joints, and that at most one-quarter of tuberculosis cases are due to this type of infection. He says that bovine tuberculosis is a diminishing factor, now confined to neck glands and abdominal tubercle. My own opinion is that that view is sound. Bovine tuberculosis is confined to the glands of the alimentary system; in other words, the mouth, stomach and intestines. The result is that we see

that form of tuberculosis only in large glands of the neck and in large glands inside the abdomen. Harvey Sutton's opinion that only 25 per cent. of these cases are due to bovine tubercles is not held by others, who believe that the figure exceeds 50 per cent. Taking, therefore, a conservative view of the two opinions, let us assume that the figure of 50 per cent. is a fair one.

I went last week to the Children's Hospital and asked Dr. Edmunds how many children he knew of in the Children's Hospital to be suffering from tuberculous glands of the neck. I did not ask Dr. Edmunds about abdominal tuberculosis, because in my opinion cases of that disease have not been very common in Western Australia. However, I shall deal with that aspect later. Dr. Edmunds replied that there were only three such in-patients that month. The following morning he rang me to say that he had been able to look up 30 children attending as out-patients who were suffering from tuberculous glands of the neck. I feel that, on the basis of the 50 per cent. estimate I have mentioned, if there are 16 to 17 children known at the moment, or even if there are only a dozen at the moment known to be suffering from tuberculosis, probably acquired from drinking milk, we should take every step we can to prevent a future occurrence of that kind. I do not know the methods adopted, but Dr. Harvey Sutton makes particular reference to the low incidence of the disease in Australian children, especially in Queensland; however, the incidence is not low if we have at any moment a dozen such cases attending the Children's Hospital.

One factor unknown to us is what effect this struggle against abdominal tuberculosis has in later life. It may be that quite a number of the children whom we regard at the present moment as under-nourished are really putting up a struggle against abdominal tuberculosis. We do not know. However, I suggest, in all sincerity, to the Government the following observation:—Dr. Edmunds has stated that he has 30 of these children attending as out-patients. Could not an investigation be made immediately, in conjunction with the Milk Board, to see where those children receive their milk supply from, what type of milk they receive, was it pasteurised milk or was it bulk milk and if possible to trace the milk to where

it came from; to ascertain whether all these children came from the metropolitan area, or whether some were from the country; and to see whether we can make some headway into this trouble which is worrying the public?

I feel I have said quite a lot which must make members think that all is not well with our milk supply, and that instead of quietly passing an amendment to the principal Act we should ask the Minister to give an assurance that these matters which are known to all who take an interest in preventive medicine and to all who handle the milk trade, will be given very early consideration in the new year. If that is done, I feel that I shall not have spoken in vain on this subject. I have been asked as a medical man to state publicly what I would do with the milk of this area, if I were drinking milk. There are many others like me who have small children and whose children are just as fond as mine are of milk. The question the public is asking is if the milk is in the condition we are told it is in, then what should be done from a medical point of view?

My only advice can be from what I know, and it is that the milk of the metropolitan area should be boiled. Now, if milk is boiled, the milk is ruined from the aspect of vitamin content and from a chemical point of view; and therefore one must plead that this real food shall be put into such a condition that the children of our State will be able to drink it with immunity. There is in an old text book which I have here a statement which I would ask the Minister to investigate. Admittedly the year of publishing of this text book is 1929. However, the book states an easy method of pasteurisation in the home. It is a work which could be quite easily investigated by the Milk Board and its inspectors and by the Health Department; and if it did prove suitable for bacteriological tests, it could be used as a method of protection whilst we are giving the deep consideration necessary for alterations in the Act. The description is found in Kenwood and Kerr, page 313, and it reads as follows:—

Take a deep saucepan, fit in at the bottom a piece of wood about half an inch thick, and broad enough for two half-pint bottles to stand upon; place the bottle or bottles containing the milk, and stoppered, within the saucepan, and then pour in some very hot (but not boiling) water; put over fire, and when the water comes

to the boil remove the saucepan and place on hob for fifteen minutes. Then take it to the sink and put it under the cold-water tap so that the hot water gets rapidly replaced by cold. Keep the bottle in water until a meal has to be prepared. By this method the pasteurisation is efficient, and the temperature of the milk barely exceeds 170° F.—so that the physico-chemical qualities of the milk are not changed, as is the case when the boiling temperature is reached.

If that method were proved effective, any home could pasteurise its own milk until such time as we were satisfied that all was in order. I understand that there are firms in town who pasteurise—quite a lot of them, in fact—and that one firm believes that its milk is such that pasteurisation does not improve the bacterial count. Now, that to me suggests rather loose thinking on the subject, because pasteurisation does, as I have pointed out, get rid of the majority of the disease-producing organisms that travel in milk. Finally, I would say that any Act that is devised to control the milk situation of the metropolitan area must take into account that clean milk can be produced in the humblest dairy. It is very often a question of training of the manpower caring for the milk. It behoves us to endeavour to have produced for the citizens of our State clean milk of low bacterial content. I intend to support the second reading of the Bill.

THE HONORARY MINISTER (in reply): If the debate had taken place earlier in the session, I think evidence could have been produced that would, to a certain extent, have shattered the attack by some members on the milk supply of the metropolitan area. I have taken a lot of interest in milk questions ever since I have been in Parliament and I do not think that the exaggerated statements made both by Mr. Craig and by Dr. Hislop in regard to our milk supply were warranted. Certainly if a milkman brought to my house milk in the condition that Mr. Craig said milk has been delivered to his home, that milkman would not call again! If milk has been delivered in that state it is evident that the vendor, the dairyman and the health inspector have been extremely careless and that all round there has been neglect warranting action being taken against those responsible. The Minister for Agriculture in another place has indicated that he intends to introduce a Bill next session to deal with this legisla-

tion as a whole. He admitted it is time that the legislation was overhauled and improved. I was greatly impressed by Dr. Hislop's statement that there were 30 outpatients at the Children's Hospital with tuberculous glands and abdominal T.B. That was an astounding statement to make.

Hon. J. G. Hislop: They are attending the hospital now.

The HONORARY MINISTER: Well, it is a serious condition of affairs. I thought it might be possible that 30 outpatients had attended the hospital over a period. By and large, the Milk Board has done an excellent job and made a big improvement in the metropolitan milk supplies. I do not think there exist such dirty dairies, turning out such bad milk as has been stated in this Chamber, though there may be an odd one or two. The legislation certainly needs overhauling. There are difficulties facing the State that do not exist elsewhere. I have travelled in the South-West and I have never seen a dirty dairy. There will come a time, as Mr. Craig said, when it will be necessary for certain dairies in existence in the metropolitan area to be closed, not because of the nature of the soil but because they are surrounded by houses and have got to rely on purchased food. They have not the ground to grow green feed, with the result that it is not possible for them to produce what we would call a properly balanced whole milk. The time is overdue for such dairies to close, but that will not apply to dairies outside the metropolitan area.

Just outside the metropolitan area there is enough land available to enable many dairy herds to be fed. Dr. Hislop considered that the Commissioner of Public Health should be appointed to the Milk Board. The Commissioner's job is that of chief adviser to many Governmental utilities of this sort, and it would be waste of a good man to place him on the Milk Board in the capacity suggested. Like local authorities, the Milk Board has the right to apply for and to receive advice from the Commissioner of Public Health, and that is all that is necessary. I hope the Bill will pass through Committee without amendment, and I ask members to accept the assurance of the Minister for Agriculture that a comprehensive amending measure will be introduced next session.

Question put and passed.

Bill read a second time.

In Committee.

Hon. J. Cornell in the Chair; the Honorary Minister in charge of the Bill.

Clauses 1 to 4—agreed to.

Clause 5—Amendment of Section 48:

The CHAIRMAN: This is a continuance clause, and I draw the Minister's attention to the fact that there is no reference in the Title to the Bill being a continuance measure. The Minister can move to amend the Title if he wishes.

The HONORARY MINISTER: If you think it necessary, Mr. Chairman, I am prepared to do so.

The CHAIRMAN: It has been customary but it is not necessary.

Clause put and passed.

Title—agreed to.

Bill reported without amendment and the report adopted.

BILL—LEGISLATIVE COUNCIL (WAR TIME) ELECTORAL ACT AMENDMENT.

Assembly's Message.

Message from the Assembly received and read notifying that it had agreed to the Council's amendment.

BILL—ELECTORAL (WAR TIME) ACT AMENDMENT.

Assembly's Message.

Message from the Assembly received and read notifying that it had agreed to the Council's amendment.

BILL—TRADE DESCRIPTIONS AND FALSE ADVERTISEMENTS ACT AMENDMENT.

Received from the Assembly and read a first time.

BILL—LOAN, £975,000.

Second Reading.

Debate resumed from the 30th November.

HON. H. SEDDON (North-East) [5.44]: For some time past we have had the experience of noticing a reduction in the debt per head of population. This is due to two factors. The first is that our loan expenditure necessarily had to be cut to the limit in order that funds might be available for war purposes. The second is the contribution made by way of sinking fund towards the reduction of existing debts. It is well

known, of course, that under the Financial Agreement an arrangement was made regarding the debt which was outstanding at that time, by which the Commonwealth Government should contribute 2s. 6d. in the £ and the State Government 5s. in the £ towards the redemption of that old debt and, respecting any new debt that was contracted, both State and Commonwealth would contribute 5s. in the £. The intention of the Commonwealth agreement was that the sinking fund should be applied to redeeming the existing debt and those securities which were redeemed were to carry an interest rate of $4\frac{1}{2}$ per cent. At the present time, loans are being floated at $2\frac{1}{2}$ per cent. and $3\frac{1}{4}$ per cent., so we have the peculiar position arising that debts are redeemed, and when redeemed the securities are carrying a rate of $4\frac{1}{2}$ per cent., which is much higher than is being paid at present for new money.

For instance, if members will refer to the Auditor General's report, they will find reference to the fact that last year a loan of £3,250,000 was converted in London and in respect of that the State paid £64,573, which was treated as redemption, and is therefore new money on which $4\frac{1}{2}$ per cent. sinking fund payments are made. The balance, of course, was converted at a lower rate of interest. Reference has been made to outstanding Treasury bills of which this State has £6,300,000 outstanding. Of that amount, £5,900,000 represents deficit debt. A point arises there to which I expect the Chief Secretary will refer when he introduces the Bill intended to deal with the provisions embodied in the amended Financial Agreement. Being a deficit debt, it was always contended that it should carry, under the provisions of the Financial Agreement, a sinking fund of 4 per cent., whereas the Treasury bills do not carry any such sinking fund but are renewed from time to time. The sinking fund carries a payment of 5s. per cent., and is contributed equally by the Commonwealth Government and the State Government.

Again, in the Auditor General's report we find that £984,000 was contributed by the State and Commonwealth Governments last year to the sinking fund, but owing to the fact that of that contribution a certain proportion represented insurance premiums and also amounts which were due to redeem old debts, the State's contribution was

slightly more than half the total amount. Thus, when we talk of £984,000 as the amount contributed to the sinking fund, we realise that part of it was paid by the Commonwealth Government and part by the State Government. On the other hand, if the whole of that money had been applied to redeeming outstanding securities, the result would have been that we would have to pay $4\frac{1}{2}$ per cent. on the amount of £984,000 which was redeemed. Another factor entering into the matter was the payment of exchange. When we say that of the total amount redeemed £64,000 was redeemed in London and £900,000 in Australia, which is £964,000 out of the £984,000, the difference represents the amount of exchange that had to be paid on the amount expended in London to redeem outstanding securities there.

It is interesting to note that £12,000,000 worth of national debt was cancelled at the time the Financial Agreement was put into operation, and since then a further £9,800,000 worth has been cancelled, so that a total of roughly £22,000,000 of the national debt has been cancelled. I am quoting these figures to indicate exactly the relationship between the amount that the Government proposes to borrow under the Bill now before the House, namely, £975,000, as compared with the total amount of £984,000 which was paid into the sinking fund. I want members to realise that only a proportion of the sinking fund contribution was paid by the State, the other part having been paid by the Commonwealth Government. Therefore, when it is claimed that the national debt will not be increased by the floating of this additional loan, the statement is quite correct because of the contribution we shall receive from the Commonwealth Government towards the fund provided for its redemption. It is a very good balance to maintain because, if we continue to follow this line, even if we do not improve the loss ratio that has characterised our State financing in the past, we shall at any rate be acquiring a certain volume of assets in consequence of the money we spend, and therefore we shall be improving the ratio between our public debt and the assets it represents.

With regard to the items set out in the Schedule to the Bill, there are some respecting which I hope the Chief Secretary will supply a little more information. There is

the one referring to additions to, and improvements upon, existing railways. I have been wondering if any provision is made there for improving the grade of the railway between Esperance and Coolgardie. On that line there is one bank where the grade is so heavy that it limits the train load by a very considerable amount. If that bank were cut down it would be found that the carrying capacity of trains over the whole route would be substantially increased. Another matter I would like the Chief Secretary to investigate is whether it would be possible in connection with the proposal to spend £150,000 on the additions and improvements to opened railways, to make provision for something like modern transport facilities on the Goldfields railways. In other words, I would like to know whether it would be possible for us to be provided with some more modern form of transport such as the introduction of Diesel or other powered modern trains. When it is realised that it takes something like 12 hours to do the journey of 150 miles from Kalgoorlie to Leonora, while a fortunate person who has a motorcar could do the trip in four hours, members will appreciate the conditions under which the people are asked to travel in that part of the State.

Hon. A. Thomson: That applies throughout the country districts as well.

Hon. H. SEDDON: Not exactly, because already the country districts have been provided with Diesel coaches and other improvements. Furthermore, the Railway Department has provided bus facilities between Kojonup and Perth, and the department would do well if it extended that type of service to other districts. The Government would find it well worth while to devote some attention to providing improved transport facilities on the Goldfields. Every year a large percentage of Goldfields people travel to Esperance. The department provides a flyer, which leaves Kalgoorlie on Saturday evening and arrives at Esperance early on Sunday morning, the same train returning from Esperance on the following Friday night and arriving at Kalgoorlie on Saturday morning. If the Government provided a unit such as I have indicated and arranged a frequent service to Esperance, it would be very well patronised, and passengers would be able to travel in comfort and reach their destination in a reasonable time. I would

be glad if some attention could be given along these lines in the expenditure of loan funds in future. The item in the Schedule to the Bill that impresses every member is that relating to war housing. The Chief Secretary pointed out that £500,000 was to be applied for that purpose. I wonder if anything is being done towards providing houses on the Goldfields.

Hon. G. W. Miles: And in the North-West, too.

Hon. H. SEDDON: I am referring particularly to the Goldfields, and perhaps the hon. member will refer to the claims of the people in the North-West. We have been told that a certain number of these houses have already been built in the metropolitan area and at Boyup Brook, these dwellings being intended to be examples of what can be expected under the new housing scheme. For some time past a great deal of attention has been devoted to the housing problem. An inquiry was instituted by the Commonwealth Government with a view to ascertaining the needs of the people and the provision of a standard dwelling for the war housing scheme. As a result, most people expected a very high standard of building at a cost well within the means of the ordinary worker in the community. In the course of his remarks when moving the second reading of the Bill, the Chief Secretary said that the cost of these houses would be between £850 and £900, and that they were of a type which before the war could be expected to be built for about £550. If the plans laid on the Table of the House are indicative of the types of dwellings referred to, all I can say about them is that they seem to be exceedingly plain.

Hon. W. J. Mann: And do not represent much for the money expended.

Hon. H. SEDDON: They will certainly disappoint a lot of people who were expecting to have small aesthetic mansions, such as they were led to believe would be forthcoming as a result of the Commonwealth inquiry. I notice that the Commonwealth Government has issued a small pamphlet dealing with the Commonwealth building programme which provides for the construction of 30,000 dwellings during the first year after the war, and setting out what will be allowed regarding the variation of finance and rebate from rent based on the income of the occupier. The pamphlet makes in-

teresting reading, and I think all members have been supplied with a copy. It seems to me that the whole problem requires considerable overhauling, and there should be some attempt made to deal with the question of housing not only from the standpoint of building homes for letting purposes.

Encouragement should be given to those who are prepared to assist in the financing of their house construction, and their requirements should be met as far as possible. There is a field respecting which the Government could extend its operations considerably in providing houses for its own employees, particularly in the Goldfields and country areas. I hope that the Chief Secretary, when replying, will give some indication as to what part of the programme is reserved for providing such houses for railway employees in various parts of the State where employees have either to find homes for themselves or rent houses from other people. The State Government would be quite justified in extending its housing activities in this direction. In fact, I consider that the State should confine itself to this aspect and leave the Commonwealth to deal with the question of providing homes for letting to people as set out in the scheme detailed in the circular I have mentioned.

Reference was made by the Chief Secretary to Bunbury and Merredin as being centres where it is intended to build houses. Again I say that I heard no reference to the provision of houses, so badly needed, in Kalgoorlie, Boulder and other Goldfields towns. I am wondering whether the Government intends to do anything in the direction of improving the facilities in technical schools on the Goldfields. There is room for considerable improvement in the commercial section of the Technical School at Boulder, especially in the direction of providing typewriters. Under the conditions, I have pleasure in supporting the Bill, and hope that the Chief Secretary will give further information along the lines indicated when he replies.

HON. A. THOMSON (South-East): There are a few items in the Bill to which I should like to make reference. Mr. Seddon has mentioned the amount of £150,000 provided for additions and improvements to opened railways. In order to meet the urgent necessity for protecting the lives of

railway men traversing the Swan View tunnel and in the interests of public safety, it has been deemed desirable to deviate the line. I understand that the estimated cost of the deviation is £92,000, and the Chief Secretary, in reply to an interjection, said that no doubt this amount would be charged to the Railway Department. There have been numerous discussions in this House regarding the hopeless financial position of the railways, a position which, in my opinion, will continue if we expect the Commissioner to pay working expenses, interest and sinking fund on the heavy capital cost of the railways. I suggest that this amount of £92,000 should not be debited against the Railway Department, but that the whole of the taxpayers should bear the cost. To load the department with this additional capital outlay, especially in the peculiar circumstances in which the expenditure was incurred, would be unwarranted and unfair. When the Chief Secretary was dealing with the West Australian Meat Export Works, he said that £45,000 had been expended and that if it was found after the war that the value of the urgent requirements provided had depreciated, the Commonwealth would share the amount of the depreciation. I think that is a correct statement of the Chief Secretary's remark.

The Chief Secretary: Yes.

HON. A. THOMSON: A sum of £500,000 is provided for the Workers' Homes Board for war housing, and the bulk of those homes will be for letting. I believe that the Commonwealth has undertaken to bear three-fifths of the cost and that the State will find the remainder. I made it my business to inspect one of the homes being erected in the Claremont area. These houses are small, but for their type they are fairly convenient, and I think I can say that the material being used is of first-class quality. But there is a point I wish to raise regarding the position created under the National Emergency Regulations. If a person has a house that he desires to sell or is compelled to sell, he frequently can ill-afford to accept the price fixed under the regulations. A house for which a willing buyer would be prepared to pay £700 or £800 has the price fixed by the Sub-Treasury and probably not more than £600 may be paid for it. Through the enforcement of this regulation, severe loss

has been suffered when clearing up the estates of deceased persons.

Under the regulations the value of a property is fixed on a square basis, and amounts of £40 to £60 per square of floor space form the basis for the valuation. Yet homes being constructed by the Commonwealth and State Governments approximate nearly £100 per square. I am only giving rough figures, but if the difference is only 50 per cent.—and I am sure it is more than that—it is certainly unfair to private owners. It seems to me that the principle applied at the Meat Export Works should be applied to these homes. If the Commonwealth can meet the State in the matter of additions necessary to cope with urgent requirements arising from the war, it is reasonable to ask the Commonwealth to apply similar conditions to the sale of homes. One can have no objection to the houses being built at present because they are intended for letting purposes. Therefore any loss incurred will be borne jointly by the Commonwealth and the State.

Hon. H. Seddon: By the general taxpayer.

Hon. A. THOMSON: Of course, that is so. The tragic part of the whole business is that scores of people are anxious to get homes and can neither buy nor build. I understand that for workers' homes there is a list of applicants as long as one's arm. I have been approached by quite a number of young people who are about to marry and who want homes, and their chance of getting a home of their own at present seems hopeless. They cannot build because, under the existing restrictions, there is a shortage of manpower, to say nothing of the difficulty of obtaining material. In discussing the matter of building material with a gentleman the other day, I asked the position regarding galvanised iron, and he replied, "It is more hopeless today than it has been at any period during the war. The shortage of coal is affecting not only the manufacturing of the iron but also the ships to bring it here." Thus the coal industry—key industry though we know it to be—is having a very serious effect upon the people who want such an ordinary requirement as galvanised iron for building a home. How the Government can meet this difficulty I do not know. It might be possible to encourage private individuals to construct homes for people desirous of obtaining them.

Hon. H. Tuckey: But private individuals cannot get permits to build homes.

Hon. A. THOMSON: That is so. The acute shortage of homes is a serious matter for young couples contemplating marriage.. It is also a serious matter for them when they find that homes that could be bought for £600 in pre-war days now cost £900 or £1,000. Perhaps the Government can devise ways and means of relieving the difficulty.

Another item on which I would like to dwell briefly is that of £2,000 for bulk-handling facilities at Bunbury. For many people in the part of the province where I reside, it is rather galling to find that, under the zone system, practically all the wheat grown in the Albany zone is diverted from its natural port of Albany to Bunbury or Fremantle. It is time the Government took a long view regarding the development of the Great Southern areas. There is no need for me to dwell upon the wealth that can be produced there, and it is desirable that consideration be given to the question of shipping the wheat from its natural port.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. A. THOMSON: Before tea I was dealing with the amount of £2,000 provided for bulkhandling at Bunbury. I am not criticising the amount from a political point of view, but I do think the installation of the silo at Bunbury might have produced better results. The present system of loading and unloading trucks is cumbersome, although I am not saying that those responsible for the construction of the silo did not do their best. In view of the alarming condition in which the Railway Department finds itself owing to shortage of coal, manpower and rollingstock, the time is opportune to draw the attention of the Government once more to the fact that something should be done to provide better facilities at Bunbury. There is no reason why wheat should not be loaded at Albany instead of at Bunbury, where the average ship is not able to fill to capacity and must go to Fremantle to top off. I am not taking sides as far as ports are concerned, but I feel that the matter of bulkhandling should receive some consideration. I appreciate also that many belated repairs have to be done. I support the second reading.

THE CHIEF SECRETARY (in reply): I am sure members do not expect me to reply to all their questions at this juncture.

One or two interesting points have been raised and, following my usual procedure, I will take them up with the departments concerned and reply to the questions which have been raised in due course, or such of them as are of sufficient interest to be dealt with in that way. The only other matter I would like to mention at the moment is the question of war housing. This was raised by Mr. Seddon, who pointed out that the sum of £500,000 is included in the Bill for that purpose. Had Mr. Seddon been present when I introduced the measure he would know that I pointed out the extreme difficulty of providing houses. Three quotas are already involved. One quota is already being built. The second quota is for certain country districts; and as to the third quota we have obtained through the assistance of local authorities throughout the State much information which is now being examined in order to determine in which country centres the third quota of houses should be erected. Members are well aware of the extreme difficulty we shall have in the near future in erecting even the limited number of houses to which I referred.

Hon. E. M. Heenan: How many houses are in the remaining quota?

The CHIEF SECRETARY: A total of 190. The difficulty to which I refer will continue until such time as the shortage of manpower and materials is overcome. The question of costs, which has been referred to by more than one member, is also involved. The increase in the cost of building since the war is, I understand, about 33½ per cent.

Hon. A. Thomson: That is right.

The CHIEF SECRETARY: That will have the effect of making the type of house which we are erecting at present very expensive from the point of view of the man on the basic wage, or a little more than the basic wage. The arrangement is that the houses shall be built for letting purposes, the rental to be based upon the wages of the persons occupying them. If that rental is less than the economic rental fixed by the Government, then the State Government and the Commonwealth Government are to share the loss in the proportions of three-fifths by the Commonwealth and two-fifths by the State.

Hon. J. Cornell: I could have said a lot on that matter at the Returned Soldiers' Conference.

The CHIEF SECRETARY: It is a very vexed question and one that has to be met not alone by Western Australia. There is a paragraph in tonight's paper dealing with the difficulty experienced in this matter in the Eastern States. As far as this Government is concerned, it would be only too pleased to remedy the position as fast as possible.

Hon. J. Cornell: The only State that appears to get any consideration is South Australia.

The CHIEF SECRETARY: I would not like to say that.

Hon. J. Cornell: Houses are being built there.

The CHIEF SECRETARY: Some houses were built a little while ago in South Australia mainly in connection with munitions projects. They are of a type which perhaps would not be suitable in Western Australia. I had the opportunity to inspect some of them a few months ago when I was in the Eastern States and I would not be prepared to recommend them as a type for which this Government should be responsible. However, I merely rose to refer to the point, because the Government has been concerned for some time over this question of housing shortage. Much as we would like to improve the position rapidly, we cannot achieve the impossible. If labour is not available, if materials are hard to procure, it simply means that no matter what scheme we may have in mind, it must take longer to complete. Again, I give the assurance that this is one of the schemes that will be put into operation at the earliest possible moment.

Question put and passed.

Bill read a second time.

In Committee.

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

BILL—FINANCIAL AGREEMENT (AMENDMENT).

Received from the Assembly and read a first time.

BILL—RURAL AND INDUSTRIES BANK.

Second Reading.

Debate resumed from the 29th November.

HON. W. J. MANN (South-West) [7.45]: This Bill has caused me a lot of thought. I was not at all favourable to it at the outset, but I believe now that one would be justified in supporting the second reading in order that we may further examine some of the clauses to see if the objectionable features can be eliminated. I cannot say that I am at all enthusiastic about the idea of a rural bank. At the same time I recognise that the Agricultural Bank, as it now exists, has reached a stage when it is no longer functioning in the manner for which it was created. Because of circumstances over which the bank has no control it has become very largely a collecting agency, so that its operations today are mostly confined to receiving interest and sinking fund contributions and other moneys, and watching over a steadily diminishing list of clients. The Bill, however, does much more than deal with the position in which the Agricultural Bank finds itself today. It provides for the establishment of an ordinary trading bank, and it is in this respect that my approval is less pronounced. The Agricultural Bank has been a great national experiment, and a very costly one. In some ways it has operated exactly opposite to what was at first intended. Some very unwise things have been done through its agency; things that would not have been possible in a private concern dealing with the type of business that the Agricultural Bank has had thrust upon it.

As one who has known and been closely associated with the work of this bank almost from its inception, I say that at times its administration has ranged from shockingly bad, inefficient and sometimes mean, up to something approaching reasonably good. It has illustrated in a striking manner the fallacy of entrusting the operations of large land settlement undertakings, for which there is no acceptable precedent, to the prentice hands of Cabinet Ministers. Those men, no matter how earnest they might be, are obviously novices in that particular business. On top of that the bank emphasised the folly and the degree of danger of employing men without anything approaching adequate qualifications in sub-

administrative positions, as field officers, foremen, and the like. It is fashionable these days to speak of bureaucracy. Administration by the Agricultural Bank in the sphere of land settlement, extending over huge areas in the wheatbelt, in the Great Southern, and with wide ramifications in the group settlements, has at times proved that this was a case of bureaucracy run mad. The record of waste and losses that were preventable and the sum of human anxiety and distress because of the failure of those entrusted with the running of that institution to comprehend the necessities of good settlers and their families, are by no means pleasant phases in the history of our land settlement. One could speak for hours on matters that have occurred over the years. We wonder, as we look back, how people ever tolerated the treatment meted out to them and how so many really lived through the experience. That is one side of the Agricultural Bank's operations.

I want in fairness to say this that the bank has not always been bad. It may be because of the methods adopted that it caused at times an alarming percentage of its clients to become habitual and inveterate leaners on the State. There was a time when a great number of people—I am speaking now of a percentage of the earlier group settlers—appeared as if they had lost all sense of responsibility, and were merely waiting for their inspectors and foremen to come along and give contracts to themselves and their sons to clear land at prices that were not conducive to keeping the capitalisation of the farms down to a reasonable figure. Because of the unwise spoon-feeding and inability to maintain the confidence of men and women the bank controlled, it produced too often the very reverse of the robust and self-reliant settler that we so much desired. They were of the type that ultimately got out. Many of them are spread all over Western Australia in other avocations and I do not know that many contributed much to the advantage of the State.

In theory the Agricultural Bank is a very excellent conception, but in practice it often appeared to me to by-pass the real functions for which it was created. At the same time, however, it can point to many men, and their families, who if they are honest will admit that they have, in a generous measure, this misnamed institution to thank for their present-day prosperity. Those were the men

who were the right kind of stock; the men who were determined to win through, no matter what the cost. As I go through the country today and meet some of these men, I often say, "More power to you." They are today in a much happier position than previously and that is largely due to their own energy and determination, and their being able to make use of some of the benefits that the Agricultural Bank provided for them. To the credit of the bank it can be said that it assisted men materially in developing large areas in the outback districts and in converting virgin bushlands into wealth-producing farms. It also assisted in a great measure to make Western Australia self-supporting in many directions. It put an end to the importation of flour, butter, cheese and other milk products and other forms of foodstuff that were each year draining the country of its ready money.

The price that the State paid because of the weaknesses that I have already referred to was high, but I feel that no one, in his right senses, will deny that as a community we are better off. If anyone cares to weigh up calmly and comprehensively the benefits that have been brought about by this institution he must concede that despite all its faults it has achieved considerable success. I referred a little while ago to the bank's administration. I want to say that at all times I found a large proportion of conscientious officers in the bank. Some of them have been energetic and helpful and most of them anxious that the bank's clients should succeed. I gladly pay a tribute to them and express my appreciation of their efforts. So much for the Agricultural Bank which now looks to be in the process of being absorbed in another direction. The proposed rural and industries bank will, if it is established, take over all the operations of the old bank and its administrative officers—at any rate those for whom room can be found and who might be suited to the changed conditions. There should be no difficulties in regard to the proposed transfer if it is effected because those officers are fully acquainted with the bank's clients and with their respective conditions. As long as the new institution respects the covenants of the old, matters should proceed smoothly and without any fear of undue hardship. If the new management can effect any improvements, so much the better.

How much the rural and industries bank will be necessary in the future, one hardly knows. This State particularly, as well as other parts of the Commonwealth, is well served by the Associated Banks and as the progress of the State has proceeded the banks have moved with the times. I hold no special brief for the private banks. Thank God I do not owe any of them anything! There have been times, however, when I owed one of the Associated Banks a good deal, and I have nothing to reproach that bank with. I always found that so long as a man stood up to his commitments and played the game, the bank in its turn acted similarly. The Commonwealth Government has very definite designs in this field. Recent statements of the Minister for Transport, Mr. Ward, advocating the abolition of the Commonwealth Bank Board in order that the Commonwealth Government could dictate the policy of the bank, are to me not without significance. I do not like the idea of direct political control of our financial institutions. On top of that, there is the statement of the Attorney General, Dr. Evatt, who is credited with having declared that now Labour has a majority in both Houses the Commonwealth Government will proceed to bring the Commonwealth Bank under political control. In my opinion, there can be no doubt whatever as to what is intended, and I am just wondering whither it will lead. The indications are perfectly plain, with nothing ambiguous about them.

Quite recently Dr. Evatt re-emphasised the statement I have quoted, and I think we can take it that if the Commonwealth Government has its way we shall soon have pure and unadulterated control of the Commonwealth Bank. What I think would most assuredly follow if that took place is that private enterprise in the field of banking would be steadily squeezed out. When that occurs, there will be no competition, and we shall have one over-riding financial institution in all the States. That is not a condition of affairs I would welcome. One wonders whether the Government of Western Australia hopes by the creation of this rural and industries bank to place itself in a position to compete successfully with the Commonwealth. In the event of the Commonwealth Bank taking the steps I have enumerated, will it continue to function in competition and to the benefit of this

State? If the Western Australian Government is assured and confident of its position in that respect, there may be something to be said for the proposal contained in this Bill. On the other hand, if our State Government is merely clearing the way for handing over a going concern to the Commonwealth Government, I wonder whether it is worth while our making an effort to pass this measure. Thus one is assailed by serious doubts.

The Commonwealth Government, I understand, intends to spread its activities widely. I am told that during the past few months Commonwealth officers have been purchasing blocks of land in prominent positions in a number of large towns—probably with that object in view. I do not know whether the statement is correct or not; but if it is correct—and I am assured that some land has been acquired and that more land is in process of acquisition—the private banks operating in those towns will be assailed by competition that will prove very serious. Reverting to the inauguration of this proposed bank I wonder where the State will get trained officers to man the new institution. Unless the Government can secure fully trained and competent men in all departments of banking, it is going to be a calamitous institution from the profit aspect. We cannot hope with a staff of novices to compete successfully with institutions possessing specialised staffs, institutions whose business methods have been perfected over many years. That is the position as I see it; either that, or else the Commonwealth Bank will have to tempt men away from the private banks by offering salaries more attractive than those the men in question now receive.

To receive deposits, lend money and make investments are comparatively simple matters, but they represent merely a very small proportion of banking business. There are the much more delicate operations of making industrial credit available and granting commercial accommodation. There are many other phases necessary for conducting a trading bank business. Trained men are required for all of those activities. The Government may know where it can find the men required, but for the moment I do not see where the source of supply will be. So far I fail to understand how this proposed bank will be able to prove itself of greater advantage to, for instance, the people

that I represent than the existing private banks. I can see a lot of people being disappointed when they come to put their affairs into the hands of a bank of the description I fear may be created. If officialdom as we know it in governmental circles is to be placed in charge, all I have to say is that if I were wanting to use a bank to any great extent my business would be kept in a private bank; and I consider that that is the proper way for me to look at the question. We should receive a great deal more information as to how this proposed bank is to operate, than we have at present.

One can always negotiate and bargain with a private bank. But it seems to me that we may have brought into operation an institution that will be governed by regulations, and that its clients will be subject to cast-iron rules and ideas; in fact, that there will be no end of red tape and trouble. I could not visualise a man going to a Government institution for speedy financial accommodation and obtaining a straight-out, early answer. I can easily imagine such a man going to a bank and stating what he wanted, and being told that the matter would have to be referred to two or three other sets of officialdom. Eventually he would probably be told that under regulation number so-and-so what he wished could not be done. That sort of procedure is useless in business where time is precious, and it is the kind of thing which I am fearful may happen unless we have a very much better control of the proposed new bank than I can picture. I support the second reading for the reason that I would like to hear the Minister's explanation of various clauses. I consider it due to this Chamber that the greatest possible amount of information should be available. The measure proposes a very serious step. I am not blind to the fact that rural banks operate elsewhere, but unfortunately I am not in a position to speak of their usefulness or otherwise. However, if the Government can assure us that the idea of the Bill is perfectly sound and that the measure will prove beneficial to the people, I shall support it in its subsequent stages.

HON. E. H. H. HALL (Central): When thinking of the establishment of this bank and listening to the many criticisms that have

been levelled at it, my mind went back to the creation by the Commonwealth Government of what is now known as the Commonwealth Bank. I have said this before. I said it when the Hon. P. Collier was Premier of the State and endeavoured to establish a rural bank. I supported that proposal and I reminded members that when the Commonwealth established the Commonwealth Bank those people who were supposed to and did possess a knowledge of banking indulged, almost to a man, in a lot of destructive criticism and warned the Commonwealth Parliament as to the very dangerous step it would be taking if it favoured the establishment of a Government bank. It is now known beyond any shadow of doubt that the establishment of that bank has been attended with far greater success than many anticipated. I will not say that its success exceeded the anticipations of the right hon. gentleman who introduced the measure in the House of Representatives, because we all know that he was very enthusiastic about what a Government bank could do. But the critics have been confounded and the Commonwealth Bank—whether we like it or not—has proved a sheet anchor in time of trouble.

Hon. G. W. Miles: The banker understood his business.

Hon. E. H. H. HALL: I thank the hon. member for his interjection. That is principally why I rose to speak. I cannot profess to have a knowledge of banking; I understand it takes years to obtain such a knowledge. What I was about to mention was that the Labour Government that established the Commonwealth Bank seemed to set about it in the right way. That Government did not look for a political supporter to elevate to a highly responsible position as Governor of the bank. Its concern for the interests of this establishment was too genuine, its desire was too great to allow it to imperil such an important institution by doing such a foolish thing. The Government searched the Commonwealth and appointed as Governor a gentleman with a large and varied experience gained over many years in the banking world of the Commonwealth. His name will go down to posterity as that of the man responsible for launching such a very fine institution. It goes to show that these things can be done, and they should be done in the interests of us all, provided

they are tackled in the right manner. Without having any bias in my mind, I would say that the first thing to ensure the success of this bank is that the Government should look around and not appoint some political supporter, but rather follow the splendid example set it many years ago by the Commonwealth Labour Government by searching for a man who is thoroughly experienced in the intricacies of banking. What I shall do subsequently with regard to this Bill is dependent upon whether, when the Minister replies, he can satisfy me that there is not going to be any political appointment,—

Hon. C. B. Williams: Would he ever satisfy you?

Hon. E. H. H. HALL:—nothing in the nature of a political bias operating in respect of this important question. This Bill provides not only for a rural bank but for general banking as well. Twelve months or so ago an edict went forth that banks in country towns were to be closed on account of lack of manpower. The position cannot be much better now, despite which the State Government intends to open country branches of this proposed bank and man them, although the Associated Banks have had to close their country branches. However, I am in favour of this measure provided the proposed bank is to be efficiently and properly managed. Having read through the Bill, I do not doubt the intentions of the Minister who introduced it, but there is in it too much Ministerial control.

Hon. C. B. Williams interjected.

Hon. E. H. H. HALL: I do not want to listen to the hon. member. I have the floor just now.

The PRESIDENT: Order!

Hon. E. H. H. HALL: We have heard from no end of members that what is known as the Agricultural Bank has cost the taxpayers of this country millions of pounds, through too much political influence. I do not know about the ordinary private member. I do not care whether he supports the Government or not. But I do not think the ordinary private member cuts very much ice with the people who run these institutions, Government or otherwise.

Hon. H. Tuckey: They are not responsible.

Hon. E. H. H. HALL: I quite agree. I think that is a misnomer. Instead of the words "political influence" being used the words "Ministerial influence" should be em-

ployed. This Bill provides for too much Ministerial influence. If the bank is to be a success—and we want it to be a success, in view of the costliness of the Agricultural Bank to the taxpayer—it needs to be managed by somebody who knows his business, and not by a Minister of the Crown. If the Government has not a suitable man to place in charge, it should not have brought down the Bill. If the Minister can satisfy me about these things I shall support the Bill. I have an amendment on the notice paper. It is something about which people in the country have complained for years. I refer to non-payment of rates by the Government. I do not think it is to the credit of any Government to refuse to acknowledge the duty it has to pay rates on properties it owns. This money business has got us all by the throat. How would this money which is owing to local governing authorities be spent? It would be spent on improving the roads and other facilities for all those people who are producing the wealth of this State. It is at the request of many local authorities that I have placed the amendment on the notice paper and I hope that the Government, at long last, will see the equity of assisting in this direction those men who, from one end of the State to the other, serve their respective localities in an honorary capacity.

HON. T. MOORE (Central): I wish to say a few words in commendation of the Bill. We have had a pretty good history of the Agricultural Bank's activities. Some members set out to tell us exactly how it was started and why it was started and their comments made interesting reading. If members look into the matter they must wonder why the bank carried on on such narrow lines, and why the innovation now proposed was not brought about many years ago. After all, as Mr. Hamersley has pointed out—and he has a fairly good knowledge of what happened—it was not possible for the banks as we know them now, to lend people any money on land in its virgin state but when the Government had stepped in and proved the worth of the land, and of the clients on it, the banks took over all the good men, the failures being left to the Agricultural Bank. Good business, my honourable friend said! For the trading banks it was. But was it right? He is too good a business man to think that it could

be regarded as good business from the State's point of view. From that angle it was bad business.

Hon. V. Hamersley: It was good business.

Hon. T. MOORE: For the trading banks, because the State tried out the land and the men that went on to it. When both proved to be all right the Associated Banks were prepared to take them over. Mr. Craig said the banks never went touting.

Hon. L. Craig: I did not say that.

Hon. T. MOORE: Or that firms never went touting.

Hon. L. Craig: It is true, but I did not say it.

Hon. T. MOORE: Let us examine the matter. How is it that we have so many second mortgages held by private banks? That shows that they went touting. Members representing country districts know that when men were getting along fairly well with a £2,000 limit and everything looked all right—I am speaking of the wheatgrowing industry, which I know—the banks were willing and anxious to give those farmers second mortgages. A local bank manager, and perhaps some other members of the banking institution, would go along to a man with a £2,000 limit and tell him they were prepared to give him up to £5,000 to assist him to make good. Members representing country districts know that to be a fact. That happened not in one or two instances but in many. It showed conclusively that it was not political influence on those occasions. Some members implied that political influence upset the Agricultural Bank but what about the fact that the other banks—the private banks—were running after Agricultural Bank clients and trying to push them further into debt?

Hon. L. Craig: And lost hundreds of thousands of pounds in doing so.

Hon. T. MOORE: There is an admission! It shows the result of banking influence, too. The bank interests were at work and they did well although they lost hundreds of thousands of pounds. They upset the whole economic outlook of the farmer and billed him up with all kinds of things he did not wish to have. Let us remember what took place afterwards. The Agricultural Bank set out to do its best for the farmers and help them to a certain stage. Then the private banks came along with second mort-

gages and the farmers drifted further into debt. There was no political influence there; it was merely outside banking influence. That is what happened at that stage. Then on top of that came the machinery firms. If we had had a bank such as that now proposed, it could have financed the farmers in connection with the whole of their operations, and the result would have been very different. If that had been the position, the farmers could have bought their requirements from the machinery firms on a cash basis. Country members know the difference between purchases on a cash basis and on a time payment basis. The difference was 12½ per cent. If that could have been saved to the farmers, it would have been of tremendous advantage. As it was, keen expert salesmen went out to the country areas to interview the farmers. It is generally known that farmers are easy to get at and so they were loaded with machinery they did not want.

Hon. L. Craig: Does not the farmer accept any responsibility when he takes such implements?

Hon. T. MOORE: Of course the farmer accepts responsibilities, but had it not been for these expert salesmen who forced their machinery on to the farmers there would not be so much scrap machinery on the farms today.

Hon. L. Craig: But the farmers are not as soft as all that!

Hon. L. B. Bolton: The farmers would not buy if they did not want the machine.

Hon. C. B. Williams: Go on, tell them!

The PRESIDENT: Order!

Hon. T. MOORE: If the machinery firms had kept their experts away, the farmers would have been able to carry on satisfactorily. I know Mr. Craig may not agree with me.

Hon. C. B. Williams: He is not a wheat farmer.

Hon. T. MOORE: So keen were these machinery firms to effect sales that if their expert salesman was not able to induce a farmer to buy some implement a super-expert salesman was sent along, and the two of them got to work on him.

Hon. L. B. Bolton: That is a very poor attitude to adopt.

Hon. C. B. Williams: Go on, tell him; you are a good farmer, and you know.

Hon. T. MOORE: Members know that what I am stating represents the facts.

When the local salesman could not get rid of the plant the head salesman came along to help. That was not political influence.

Hon. C. B. Williams: Good boy!

Hon. T. MOORE: Those are the facts.

Hon. C. B. Williams: Of course they are.

The PRESIDENT: Order!

Hon. T. MOORE: Country members know that what I am saying is true.

Hon. A. Thomson: You are putting up a pretty good smoke screen.

Hon. T. MOORE: I thought Mr. Thomson was in favour of the Bill, but in view of that interjection I have my doubts.

Hon. C. B. Williams: Anyhow, you are a pretty good farmer.

Hon. T. MOORE: I have referred to the second mortgages that the private banks took from farmers respecting which, according to Mr. Craig, those banks lost thousands of pounds. Then we had the machinery firms with their 12½ per cent. time payment sales to farmers, and those firms lost, too. That is obvious because in the final analysis it was not good business. Then again I have heard men speak of their experiences of dealings with the private banks. We do not hear anything about that here. One can go into the history of private banking and we know that when things were good the farmers were able to get anything they wanted. The banks encouraged them to borrow as much as they wished. I remember one man who owned a lot of country telling me what happened when he had dealings with his private bank. He said he could go and ask for anything he liked. If he went to the bank he could get £5,000 just by saying that he wanted it. The bank official would probably say, "What do you want to do with it?" The man would say, "I want to do so many miles of fencing"—he was a pastoralist—"and I want to put up so many windmills for the water supply." The bank official would say, "Good business," and it looked good business at the time.

Hon. C. B. Williams: So it was for a while.

Hon. T. MOORE: But when the bottom fell out of the market, with which that pastoralist had nothing to do, the bank was quick in calling up the overdraft.

Hon. C. B. Williams: Not your overdraft—the other fellow's overdraft.

The PRESIDENT: Order! Will the hon. member allow Mr. Moore to proceed?

Hon. T. MOORE: We have been told that these private banks are such Heaven-sent institutions. They have made their mistakes, but we have not heard much about that. Mr. Mann, during the course of his remarks, said that one could negotiate with a private bank.

Hon. W. J. Mann: Of course you can.

Hon. T. MOORE: Yes, so long as the individual can pay up.

Hon. W. J. Mann: The bank would not expect you to negotiate with it if you could not pay up.

Hon. T. MOORE: I would sooner negotiate with a Government bank than with a private bank.

Hon. C. B. Williams: Of course you would.

Hon. T. MOORE: I have known the Government bank to do quite a lot to encourage people who have been hard up against it, but the private banks have not done that.

Hon. C. F. Baxter: The private banks have done a lot to advance the interests of this State.

Hon. T. MOORE: I would really like to know whether Mr. Baxter thinks the private banks did a good thing for the farmers when they gave them second mortgages. If he does, then I do not think many people outside hold that opinion. It was a very sad episode. Twice in my experience, I have seen the effects of the workings of the private banks. In my young days I had the sad experience of knowing what happened in Victoria when the land boom burst.

Hon. C. B. Williams: Go on, give it to them!

The PRESIDENT: Order! Will Mr. Moore resume his seat? It is impossible for me to hear the hon. member who is addressing the Chair, and if these interjections from Mr. Williams do not cease I will have to take determined action.

Hon. C. B. Williams: We know what took place in 1890.

The PRESIDENT: Order! I have warned the hon. member.

Hon. C. B. Williams: I will leave the House. Mr. Moore is talking well, and he is doing a good job.

The PRESIDENT: Order!

Hon. J. Cornell: You are referring to Victoria's experience in 1892.

Hon. T. MOORE: Yes, but it only started then. It did not end in that year. In those days the private banks acted in much the same way as they have ever since.

When the good times were prevailing and Victoria was being settled the banks went out after business. They competed with each other just as they have competed with each other and with the Agricultural Bank here. The representative of one bank would go to Tom Jones and say, "If your bank will not give you so much, we will back you for what you want." Everyone who knows the history of banking knows that it was a very sad state of affairs that was brought about in Victoria in those days, due to the activities of the banks. The pressure came with the bursting of the land boom and then there was seen in Victoria a debacle worse than our depression of a few years ago. People were getting wages as low as 5s. a day and the public servants were put on halftime. We can imagine the position of Victoria in those days. That was all largely due to the manipulation of credit by these so-called Heaven-sent private banking institutions. As I say, twice in my career I have known what private banks have been able to do. We know very well it was the private banks throughout the world that brought about the most recent depression.

Hon. L. Craig: No!

Hon. T. MOORE: Mr. Craig may grunt, but he knows that what I say is correct. Some experts were brought out from England to investigate the economic position of Australia and they declared that we would have to alter our system altogether. We knew what happened. We had a most frightful depression, one that should never have occurred. There was no shortage of money. I am just telling the House what I know regarding the effects of the policy of the private banks in the past.

Hon. W. J. Mann: Do you not think the depression would have occurred even if the experts from England had not arrived here?

Hon. T. MOORE: I am not talking about that.

Hon. L. Craig: Was there no Commonwealth Bank in existence then?

Hon. T. MOORE: Yes, but there was the squeeze that was applied by the private banks. There was no Commonwealth Government in power in those days. The Labour Government was in office but not in power.

Hon. L. B. Bolton: You will see a worse spectacle with regard to the Common-

wealth Bank now the Labour Government is in full power.

Hon. T. MOORE: The Commonwealth Bank has carried on satisfactorily for years and will do good work in the future. However, I have shown clearly what happens when the private banks set out to run the country.

Hon. H. Tuckey: What is wrong with the Commonwealth Bank now?

Hon. T. MOORE: I am not dealing with the Commonwealth Bank; I am dealing with the bank proposed to be established under the provisions of the Bill, and the private banks operating in Western Australia. What I have indicated shows that members are not fair when they criticise the Agricultural Bank and overlook the defects of the private banks. They do not say anything about what happens to the unfortunate clients of the private banks when they get into trouble. As a matter of fact, the proposed rural bank would have been in existence much earlier had it not been for the fact that in 1929, when a Bill was submitted for the purpose of establishing a bank along similar lines to that proposed now, this House rejected the measure. In fact it gave the legislation very short shrift. Had it given further consideration to that legislation, the bank would have been operating satisfactorily long ago. I know Mr. Craig was quite honest in his opinion when he said that the proposed bank might not have at its disposal expert stockmen such as are employed by the private firms today. I do not see any reason why those firms should not buy and sell just as in the past. If a client indicated that he desired to buy a certain line, I think the firms would operate just as in the past. I do not want members to believe that the stock firms would act differently if this proposed bank were established.

I hope that the House will be fair and will face up to this matter squarely. Members should give credit to the Agricultural Bank where it is deserved. Many of the clients have been pleased to be under the bank, which has made it possible for them to reach a really good position. I understand that the great majority of Agricultural Bank clients are making good, so let us give the institution a chance to hold the clients who have money. Let it become a trading bank, just like other banks, instead of putting the

institution in the position of having to retain all the bad clients while the good ones go over to the trading banks. I hope that the new bank will be given a fair deal. I believe that some members are inclined to do a fair thing by the bank, but are misled into believing that under this measure something awful will happen. Nothing of the kind is going to occur.

Hon. W. J. Mann: Lack of confidence.

Hon. T. MOORE: A great deal has been said about lack of confidence in Labour Governments. A lack of confidence was shown when another party was in power and we lost the State Savings Bank. That was due to nothing more or less than lack of confidence.

Hon. W. J. Mann: That has nothing to do with this Bill.

Hon. T. MOORE: The then Government was afraid that the people did not have confidence in it; otherwise we would never have lost the bank.

Hon. C. F. Baxter: The newspapers started the run on that bank.

Hon. T. MOORE: Rubbish!

HON. A. THOMSON (South-East): We have had quite an interesting discussion about the trading banks. I consider that most members have dealt with only one section of the Bill, namely, the rural bank section, to the exclusion of the industries section. Before I had closely examined the Bill I felt that I could support the second reading, but the more I studied it, the more I felt that I could not support it. We have heard a great deal about the excellent work done by the Agricultural Bank, and I am not one who would criticise that institution at all. Neither have I any wish to criticise the trading banks or the stock firms. All have served a very useful purpose. Many a man is on his farm and has been enabled to stock it by virtue of the financial accommodation granted to him to purchase stock. We have to realise that stock firms are not philanthropists; they are out to make business deals just the same as is anyone else. Any mistakes that the trading banks may have made in the matter of granting overdrafts may have occurred from the fact that those who received them appeared at the time to be in a sound financial position.

Members have largely concentrated their attention on the rural side of the bank, but the ramifications of the institution are to be extended greatly. Still, I cannot see that the position of Agricultural Bank clients or group settlers will be improved by the creation of this bank. The Minister gave us particulars of advances made by the Agricultural Bank from 1935 to 1944. In 1935 the amount advanced was £71,016, and in the following year it declined by £40,000. In 1937 there was a further decrease to £2,419. In 1938 the amount rose to £28,284, but in 1939 it dropped to £21,630. In 1940 the amount was £12,449; in 1941 it was £5,623; in 1942 it was £5,363; in 1943 it was £5,145, and in 1944, £2,948. This decline was not entirely due to lack of need on the part of bank clients or group settlers for further advances. The last five years cover the war period, during which, owing to loss of manpower, restriction of areas and shortage of superphosphate, there was a diminished need for advances from the bank. I have not made inquiries from the trading banks, but probably the same decline has occurred in the needs of their clients through inability to purchase machinery and to shortage of superphosphate. The Minister told us that in 1935 a sum of £16,523,551 was outstanding and in 1944 the total had dropped to £9,771,470. So far as I can understand, practically the whole of the bank clients, including group settlers, are paying 5 per cent., on their advances, so that from a financial point of view, the settlers on the whole must be doing remarkably well.

I refuse to accept the statement made in this House that primary industry in this State has reached its fullest development. The present production is not as high as we would like it to be, but we must bear in mind the adverse effects of the war. I have tried, and so have other members, to get sons who have enlisted released from the Services in order to save some of the farms. On some of the holdings the old father and mother have become too infirm or sick to carry on, but there is no hope of getting sons released from the Services to help with the work. While the agricultural outlook is not now as bright as it was some years ago, much scope still remains for the Agricultural Bank to continue its good work. I cannot see where a client of the bank or a

group settler is going to be one tittle better off than he is at present simply by converting the institution into a rural bank. Mr. E. H. Hall expressed the opinion that a good deal of political control is evidenced in every provision in this Bill. There is no shadow of doubt that that is so. I have received communications from farmers in my district asking what particular benefits people engaged in rural industry are going to reap from the introduction of this measure.

After a close study of the Bill, I am reluctantly compelled to admit that I cannot see any additional advantage that will accrue to any client of the bank. I have received requests that old clients of the bank should be placed on the same footing as new settlers who become clients of the rural bank. It is laid down in the Bill that the statutory lien will not apply to new business, but that all those who are at present clients of the Agricultural Bank will not be released from what many farmers regard as that most obnoxious provision. They strongly object also to returned soldiers being brought under the Act. There is no question that if a rural bank is created, when we arrive at the stage of dealing with returned men, they will be brought under this measure. Then what will be the position? We are to have two sections—a rural section and an industries section or agency department. It might be the intention of the Government, though it has not been indicated, to say to clients of the Agricultural Bank and group settlers, "We are going to see your secured and unsecured creditors." May I say that I take strong exception to the remarks made by Mr. Craig? He dealt somewhat unfairly with the Leader of the Opposition, and I would advise him to read the speech in its entirety and not merely the small portion of it which appeared in "The West Australian." We know that if it is the Government's desire to reduce farmers' debts to the Agricultural Bank, it is also the intention of the Government to say to the secured creditor and the unsecured creditor, "If you will reduce the indebtedness of this man to a certain amount, we also will reduce the amount owing to us." A Bill was introduced in another place which sought to give farmers the right by law to reduce their debts to what might be called a reasonable sum, so that they might have the opportunity to carry on their farming operations successfully. The Government opposed the mea-

sure, which was defeated. Yet a clause in this Bill enables the Government to do that very thing, but only for the purpose of protecting the funds of the bank. I may be wrong in my assumption, but clients of the Agricultural Bank who may have received an advance above the 70 per cent. margin which this Bill proposes will have the excess amount set apart in the agency department.

We have heard a great deal of criticism on that point. Mr. Craig pointed out that a mistake had been made in one case. The bank advanced to the extent of £2,000 and ultimately agreed to advance the full amount of the improvements. I am not condemning what has been done in the past; but I point out that there are numerous worthy citizens of this State who were clients of the Agricultural Bank and are now independent. They were workers and successfully used the moneys advanced to them by the bank; and perhaps they may have been fortunate in having good seasons. These were men who started with practically nothing. What is going to happen to all the 7,000 clients of the Agricultural Bank today? If my memory serves me correctly, that is the number. Is it the intention of the rural bank to say, "We can only advance you up to 70 per cent. of your indebtedness, and any amount in excess of that percentage we are going to put in the agency department"? Presumably it will be frozen there. It will remain in the agency department and the Government will be responsible for any loss that may occur.

I have no particular objection to such a course; but we know what the position was when debts were written down under the Farmers' Debts Adjustment Act. We know that most of the machinery firms were paid, but that many storekeepers received a very considerably reduced amount, notwithstanding that they had carried on the farmers. The farmers could not have continued without food. In my opinion, that is not quite fair. The leader of the Opposition, when dealing with the unsecured creditors I think had these storekeepers in mind. The Bill provides for the establishment of a bank to be called the Rural and Industries Bank of Western Australia. It consists of two departments, namely, the rural department and the Government agency department. So far as the rural department is concerned, it is intended to establish this to enable the bank to retain clients who have

been assisted by it to do developmental work, and to enable the management of the bank to protect its interests. The Lord knows that the bank has every possible security! It has also the advantage of Section 51, which gives the Agricultural Bank powers which no other bank and no other business person would agree to.

It is also said that the bank is to be established to earn profits which otherwise would go to the Associated Banks and to use portion of such profits to assist the weaker accounts to reach a state of reasonable stability. That sounds very nice, but the man who is in a sound position will apparently assist by remaining a client of the bank and providing it with funds. It does not mean that the bank will reduce the accounts of its debtors. Then it is said that it is desired to establish an institution which will provide a service for dwellers in rural areas. I think most rural areas today have had ample banking facilities provided. As has been indicated, many country banks have been closed by order of the Commonwealth Government; and it is certainly astounding to hear that the Commonwealth Bank is now actually purchasing some of those properties, no doubt with the intention of opening branches of its bank at an early date.

The Chief Secretary: What authority have you for making that statement?

Hon. A. THOMSON: I can tell the Chief Secretary that I know of one bank that was purchased by the Commonwealth Bank in the Great Southern district.

The Chief Secretary: No member has yet given any authority for that statement.

Hon. A. THOMSON: I draw the Minister's attention to the fact that the Commonwealth Bank purchased bank premises at Wagin. Judging by public utterances, the bank will use those premises for its own purposes. I am not objecting to the Commonwealth Bank's doing so; it has power to do so; nevertheless, it is not nice business for the Commonwealth Bank to compel a bank to close its premises and then buy them at a reduced price. It is said that in respect of the Government agency, this should be established to provide an institution through which the Government policy might be given effect and which will provide administrative machinery for various purposes. We have heard of the Government's policy being detrimental

to the Agricultural Bank; that criticism has been made. That Government policy, I repeat, has been the cause of the loss of large sums of money by the Agricultural Bank. We know that millions of pounds were lost in the group settlements. That was not the fault of the settlers, nor was it all the fault of the Government; nevertheless, Mr. Mann has told the House how the group settlers lost what I might term their independence. They were waiting for inspectors to give them contracts for clearing; that was the unfortunate stage to which those people had been driven. The land was not self-supporting, nor had their farms reached the self-supporting stage. The settlers were leaning on the Government; they had no other hope. They were not allowed to exercise their individuality. They had to do as they were told. However, I have no intention of going into all that at this juncture. It is said that the new bank intends to carry out special work, such as land settlement.

Unless land settlement is liberalised and unless the new bank is prepared to afford the same facilities to old clients as are proposed for new clients, I cannot support this measure. It is said also that it is proposed to make advances for the establishment of meat works, canneries and co-operative undertakings, to allocate bonuses and bounties, and to carry out the collection of moneys due to the Government or to any State Government undertaking or persons connected with rural industry, as well as to act as agents for the Government in the collection of water rates, land rates and other departmental charges for its clients, in order that the clients' accounts may be included in one statement. I do not think it necessary to establish a bank for that purpose, as rates are already collected by clerks of courts. The clerk of courts at Albany collects water rates. Clause 68 provides that a person engaged in rural industry may not let or sublet any portion of his land without the consent of the commissioners, while Clause 69 provides that the bank shall have a first charge—

(i) Where the borrower is engaged in rural industry, upon all crops, wool or wool clips, butter fat, whole milk, produce, livestock and the increase in progeny of all livestock from time to time derived from or in connection with or being or depasturing on any lands of any tenure (including a homestead farm) held,

occupied or used by such borrower in connection with rural industry.

Paragraphs (ii) and (iii) of the same sub-clause provide—

Where the borrower is engaged in an industry (not being a rural industry) upon all goods, wares and merchandise, stock-in-trade and other products manufactured, produced or obtained by and all book debts owing to the borrower in the course of or in connection with his business; and

(iii) in the case of other borrowers, upon all the movable chattels of the borrower.

I am wondering if it is intended that the bank shall advance small sums of money to borrowers and take a lien over the whole of their chattels. I point out how the group settler is dealt with. Clause 17 provides that the first charge is—

On all goods, chattels and effects of the borrower which may at any time be on or be brought on the said lands.

The interpretation of "chattels" is "any chattel." I remember that there was a Bill amending the Local Courts Act by which we altered the meaning of "chattels" to provide that chattels to a certain value, or personal goods would be protected from seizure. The amount was increased from £5 to £10. That is to be found in the amendment of the Local Court Act which provides—

Wearing apparel of such person to the value of £10 and of his wife £10 and family £4 for each member dependent on him, etc.

I would like members to contrast the position of a borrower under the proposed rural bank with one who is unfortunately a group settler client of the Agricultural Bank. Without going into the expenditure that this bank is going to make and what the commissioners are going to advance, I can see a great danger of the bank or the Government losing large sums of money. I have outlined the reasons that have actuated me to vote against the second reading of this Bill. Other members have indicated that they will vote for the second reading with a view to having certain amendments made. I hope that if the amendments they are desirous of making are not carried, when it comes to the third reading they will vote against the Bill. If they manage to eliminate the objectionable clauses I will probably support the Bill, but as it has been the policy of the Government on every occasion to refuse to alter Section 51 of the Agricultural Bank Act, and it has included it in this Bill then I will not give the Govern-

ment the opportunity of continuing it in the Rural and Industries Bank Bill.

HON. J. CORNELL (South): I do not like this Bill and I cannot see the necessity or the urgency for it. The client of the Agricultural Bank is the corner or foundation stone of this institution. I cannot see how the Agricultural Bank clients will benefit one iota from this Bill if it becomes law. It might be possible for those clients to run their ordinary trading accounts with this bank instead of, as today, with the Commonwealth or the Associated Banks. The Agricultural Bank clients will still be subject to the notorious Section 51 of the Agricultural Bank Act whereas the new business will not be subject to it. That is logical because the bank would get no new business otherwise. The unfortunate cornerstone of the institution must accept that position and be taken over holus bolus under duress. Who are the Agricultural Bank clients? Today they are the ordinary settlers, the soldier clients and the group settlers. One concession that the soldier client gets is a rate of interest lower than that applying to the ordinary client. He will not be benefited one iota under the new scheme.

Hon. E. M. Heenan: He will not lose anything by it.

Hon. J. CORNELL: He does not want to come under it. I know because I am chairman of the Returned Soldiers' Land Committee of this State. The returned soldier will be no better off under this proposal than at present. We hope later on to improve his position. The new Bill proposes to deal with future land settlement. I have it on fairly reputable authority that so far as future land settlement is concerned practically all the land available in the State, and any more that can be found, will be necessary to repatriate the soldiers of this war on the land, and there is no room for any other form of land settlement. I have no doubt that if this Bill becomes law the rural bank will deal with the financing of any future soldier land settlement.

The Chief Secretary: What is wrong with that?

Hon. J. CORNELL: Let us analyse the position and see if it is necessary from that point of view. We know that the arrangement arrived at between the Commonwealth and the several States more or less puts

the three States subject to the Grants Commission in the position of mendicant States again because they are to be agent States of the Commonwealth inasmuch as the Commonwealth has to find all the money. The States will bear only two-fifths of the initial writing down in connection with any project for discharged soldiers. The Commonwealth, under the agreement, will finance the whole scheme and the State will act as agent for the Commonwealth. That being so, from the point of view of the new soldier settlement scheme I see no necessity for this bank. The whole of the financial responsibility of this agreement should pass through Australia's own bank—the Commonwealth Bank. If the consensus of opinion of the servicemen were taken it would show that that is the best bank to deal with this matter. The servicemen's representatives throughout the Commonwealth originally agreed that any future land settlement scheme should be a Commonwealth responsibility in its entirety. But that agreement was not possible because the three larger States said, "We will be principal States and do some of it ourselves."

The three smaller States, however, are agent States. Had the six States agreed to be agent States, the wishes of the returned soldiers would have been fulfilled because they would all have come under the Commonwealth. The functions of the Commonwealth Bank should be extended to cope with the financing of any soldier settlement scheme. I return to the position of a soldier who is at present a client of the Agricultural Bank. He is kept entirely out of any future soldier land settlement scheme. It is not desired to mix up the two. But it is expected, and I think will be forthcoming when the time arrives, that any special consideration given to the new soldier will be extended to the old soldier. That also could be more easily dealt with by a financial institution connected with the Commonwealth Government than otherwise. Another feature of the Bill that I do not like is that it provides that there shall be three commissioners subject to the Minister. That was the original proposal in connection with the Commonwealth Bank, which was to be administered by a Governor, subject more or less to Ministerial control. That control has been eliminated from the Commonwealth Bank, and the party in power in the Commonwealth Parliament is pledged to restore the former control.

The Bill, if it becomes law, will leave the proposed bank subject to Ministerial control and direction, irrespective of what party may be in office here. I know that what I am about to state happened in connection with the Agricultural Bank. I obtained my information from a proper source two hours after the direction was given. The information given me was that the Agricultural Bank trustees, two of them now gathered to their fathers in the Great Beyond, stood out as long as they could against full loans being granted under the 3,500 farms scheme, on the ground that some of that area was 65 miles from a railway. The Minister for Lands of the period directed the Agricultural Bank to give the full advance, saying, "We will see to the railway." The railway has not been built to this day. These are some of the men who will come under the old proceeds lien if the measure is enacted, because they are clients of the Agricultural Bank. They are there because of the promise given to them that they would get a railway. On the strength of that promise, the Agricultural Bank trustees made full advances. That was an instance of the Agricultural Bank being subjected to Ministerial control.

Other instances could be adduced where the Government directed the trustees to do certain things which in the interests of the bank should not have been done. As a matter of fact, settlers east of Burracoppin, namely, in the Walgoolan and Yilgarn areas, were granted full loans under Ministerial direction. For several years the men in control of the bank stood out against the proposal. They openly predicted what the results would be if the direction was carried out. As sure as night follows the day, if this Bill becomes law we shall find the proposed institution subject to Ministerial control, and irrespective of what party may be at the helm. Those in charge of this proposed bank will be directed that such and such things must be done, and those things will be done. If this bank is to have any success, we must hand it over to men who will, in their wisdom and their knowledge of the industry, do what is right. That is their job, and they should not be asked to do otherwise.

As I said at the outset, I see no urgent need for the Bill. I fail to see an Agricultural Bank client getting one iota of improvement under it. If the desire is that

the men in control of the proposed bank are to make present Agricultural Bank clients a cornerstone and a jumping-off point, a grateful act would be to get them down to a financial point where they could come in on the same basis as anywhere else. For that reason alone I am against the measure. Another reason, which I have already outlined, is that any financial institution as far as the future of the soldier-settler is concerned should be an offshoot of the Commonwealth Bank. My third objection is that the measure is subject to Ministerial control. My fourth is that so far as the bank business in the country is concerned—the outside banking—the ordinary trading bank is even today needed more than ever. If this war has proved anything, it has proved not only in regard to banking, but in regard to many other so-called utilities that have been too top-heavy, what the inevitable result must be. As regards new business, the proposed bank will add one more institution to a heap of institutions that is already too great. I shall vote against the second reading of the Bill.

HON. E. M. HEENAN (North-East): I did not propose to speak on the measure, for I have a rather limited knowledge of the doings of the Agricultural Bank. On reading the Bill, however, I find that it is a very comprehensive measure and one which in my view is destined to play a highly important part in the future of Western Australia. The object of the measure is to constitute a rural and industrial bank which is to take the place of the Agricultural Bank of Western Australia and in general to carry on banking business. I assume that the Government when formulating the measure had in view the vast possibilities that confront this State. Ministers must have realised how undeveloped its resources are, and what a great deal can be achieved if proper means are provided for giving people an opportunity to develop those resources.

The Bill appears to me to have been very carefully drafted. It contains all the safeguards which an institution of this nature needs. I fail to find any fault in it from that aspect. I believe that the State will be amply protected under the measure, and that adequate security will be taken over assets: and therefore from this angle the Bill has no shortcomings. Mr. Cornell

dealt with the re-establishment of soldiers on the land; but the measure, if I read it correctly, proposes to assist people already on the land as well as those who will go on the land in years to come.

Hon. G. W. Miles: Assist them in what way?

Hon. E. M. HEENAN: By granting them loans and purchasing properties for them. That is one of the purposes of the Bill. While I do not take second place to Mr. Cornell in point of concern for the well-being of the men who have served in this war or any other war, I must remind the hon. member that there are many scores of people, apart from the soldiers, wanting land, and that there are many people now on the land who will need assistance in the days ahead to develop their properties.

Hon. G. W. Miles: The Bill proposes advances up to 70 per cent. of the value!

Hon. E. M. HEENAN: That is so. However, I take it that if I want to buy a farm when this bank is established, I shall be able to go along and get a loan for the purpose of paying for the farm, provided the usual requirements are fulfilled. But the agricultural industries are vital industries in this country; and there are, of course, other vital industries. Take goldmining, and the part it has played in the progress of Western Australia. I would remind Goldfields members particularly that if this bank is established, the commissioners will have authority to lend money on goldmining and mineral leases, or on any other holding granted under our mining laws.

Hon. J. Cornell: They can all get that from the I.A.B.

Hon. E. M. HEENAN: I do not know of any cases where that board has granted such loans.

Hon. J. Cornell: I do, and in your own province.

Hon. E. M. HEENAN: I know that the State Government has made advances to the Gwalia mine, Tindals and others. I do not know of any cases, however, where such assistance has been granted by the I.A.B. My contention is that if the proposed bank is set up it should give the mining industry a really good chance of expanding. When a farmer or a business man or a miner makes a success, he is surrounded by friends; and then he can easily go to a private bank and get

such advances as his assets are worth. But that is not when individuals need assistance most. It is during the struggling stages that assistance is needed, and if the proposed bank is established prospectors, leaseholders, and others with reasonable prospects of success, will have a far better chance of receiving a loan than they have at the present time. In the past the Agricultural Bank has, in spite of complaints made against it, rendered great service to Western Australia. Apparently the good that it has done has been forgotten, and its mistakes are remembered; but I recall the opening up of the Esperance mallee district, which was entirely due to assistance given by the Agricultural Bank.

I feel sure that in the long run the bank's policy in that district will be vindicated. The private banks would not go into the district. Had it not been for the assistance rendered by the Agricultural Bank to farmers in that part of the State, that country would still remain largely undeveloped. Look at the mining districts! Look at the wonderful possibilities there are at Mt. Monger, and around Riverina, places that are crying out for development! Here is a chance to give assistance to men who are brave and courageous enough to go out into those places. I think differently from Mr. Cornell. I think that something like this Bill is very urgent, because we cannot just sit down and let the problems of war's aftermath come on us unprepared. We have to provide work and develop our assets so that we are ready for the problems that will rush upon us the moment the war ends.

Hon. J. Cornell: Do you think this Bill will help?

Hon. E. M. HEENAN: I think it will set up a comprehensive institution that will have the backing of the State and which will conform to all the accepted practices governing banking, and I am sure that, like the State Insurance Office, it will render a great service to the community. Private enterprise in the form of the private trading banks has done a good job, but those banks have to make profits and do not carry out a comprehensive, all-embracing policy as would a big institution like the one proposed. That institution will be out to assist the rural and agricultural industries and other industries of the State with a view to making Western Australia into something we all

know it is capable of becoming. It will give to the people of courage and ability to work an opportunity of developing their assets and at the same time of developing this State. I see a great future for this bank if it comes into being, and I am sure that a number of the aspects that certain members are afraid of could be dealt with in Committee. In the circumstances, I hope the second reading will be carried.

Hon. G. W. MILES: I move—

That the debate be adjourned.

Motion put and negatived.

HON. G. W. MILES (North): There are one or two features of the Bill with which I am not in favour, and the main one is the political control envisaged. We have heard some debate about political control of private institutions. Mr. Moore made a statement that the private banks were responsible for the calamity in Victoria in the nineties. The private banks had nothing whatever to do with it! The reason for the slump in Victoria was the high protection policy of that State which brought all the farmers' and miners' sons and daughters into Melbourne so that there was not sufficient primary wealth produced to keep the State going. Fortunately at that period gold was discovered here and saved the position.

Hon. J. Cornell: And superphosphate was unknown.

Hon. G. W. MILES: Yes. Another statement Mr. Moore made was about financial institutions being responsible for the last depression. The financial institutions had nothing to do with that. It was a world depression.

Hon. Sir Hal Colebatch: Hitler said they had.

Hon. G. W. MILES: He may have said so, but it was a world depression and the financial advisers of the Commonwealth showed us the way out with the result that Australia was the first of the nations to come out of the depression. I say that in reply to the statements made by Mr. Moore in regard to private institutions. This bank would be all right if it were run on the lines followed by the Commonwealth Bank, as Mr. Hall stated: if a Governor were appointed with the power that Sir Denison Miller had. He had the opportunity of selecting his own staff, men with banking experience. They are the kind of people who should be in

charge of a bank such as this. The Bill provides for a trading bank as well as a rural bank and trading bankers must be in charge and free from political control. I say emphatically that political control was responsible for millions of pounds of money being lost in this State through the Agricultural Bank. I know personally of a case where an inspector of the bank time after time refused applications for further advances in the Great Southern district. Then the late member for the district would go over the head of the inspector and a further advance would be made.

Hon. C. B. Williams: What is his name?

Hon. G. W. MILES: Whose?

Hon. C. B. Williams: The name of the member for the district.

Hon. G. W. MILES: He has departed now; it does not matter about his name.

Hon. C. B. Williams: That suits me.

Hon. G. W. MILES: There was £7,000 owing on 3,000 acres of land. That was an advance given through a party politician out to curry favour with electors.

Hon. C. B. Williams: It would not be the Labour Party.

Hon. G. W. MILES: That is what happened in the past. I am not talking about the Labour Government but other Governments, and there may be other people who will be governing this country again. The position is as I have stated; this is my own practical experience. When we inspected that property a Scotsman, representing one of the stock firms, said to my friend, the late Tom Hardy—he was looking for a property in the Great Southern district—"Did you go to the house, man?" My friend, the plied, "No," and was asked why. He replied, "If you had gone there you would have found a £60 wireless set in the corner, the bag ceiling falling down, and a £350 motor car." That is the class of business the Agricultural Bank was forced to do through political interference in the running of banking business in this country.

The Commonwealth Bank has been a success. When it was established originally everybody was up in arms about the Commonwealth running a bank, but that bank has been a success because it has been free from political control; practical banking men have been in charge. Today we have a threat from Mr. Ward, Mr. Calwell and others to the effect that they have the numbers now in both Houses of the Common-

wealth Parliament and that they are going to put in force their policy with regard to banks. If they do that, there will be a calamity in this country and they will be shifted sooner than they expect. In my opinion there will be a split in the Federal Labour Party before very long. Is the State Government going to appoint a banker with banking experience to run the institution proposed, pay him sufficiently, and give him a long enough term of office to enable him to carry on the bank in a proper business-like manner? In my opinion, the Government has not got a man in view, and the clause in the Bill referring to these things being subject to the Minister, forces me, much as I regret it, to vote against the Bill.

HON. C. B. WILLIAMS (South): I support the Bill, which is necessary in the interests of the primary producers. Mr. Miles spoke some utter nonsense. It is that hon. member who has kept back the North-West of this State.

Hon. G. W. Miles: On a point of order, Mr. President. Can the hon. member link his remarks about me personally with the Bill before the House?

The **PRESIDENT**: I would ask the hon. member not to discuss the Bill from the personal viewpoint and to avoid personalities.

Hon. C. B. WILLIAMS: Am I out of order?

The **PRESIDENT**: I would request the hon. member to avoid personalities.

Hon. C. B. WILLIAMS: You are the boss! The moment I am out of order with my big fat friend, will you tell me?

The **PRESIDENT**: That is not the proper way to speak of another hon. member.

Hon. C. B. WILLIAMS: What would you wish? Mr. Miles made a statement. Am I not entitled to speak my mind?

The **PRESIDENT**: Certainly.

Hon. C. B. WILLIAMS: Well, all right!

The **PRESIDENT**: So long as the hon. member is in order and uses Parliamentary language.

Hon. C. B. WILLIAMS: I would not insult Mr. Miles anywhere; he knows that, but I say that he talks nonsense. Am I not entitled to say so? If not, I will resume my seat and never say a word. Mr. Miles speaks of the North-West of this country. In my remarks I mean nothing personal,

but I say that he is one of the greatest drawbacks to the North-West that this State has.

The **PRESIDENT**: I must ask the hon. member to confine his attention to the Bill.

Hon. C. B. WILLIAMS: All right! This rural bank would be for the farmers themselves. We only ask that they should be given what no other private banks will give them. We want to start them and get them along the track and when we do that we want them to stick with us. What the hon. member said was utter nonsense. Where would the people in his locality have got if it had not been for the good wishes of this Government? I leave it to Mr. Cornish to say what has happened in the North-West.

The **PRESIDENT**: Order! I must ask the hon. member to discuss the Bill before the House.

Hon. C. B. WILLIAMS: All right! I am supporting the Bill, and, after what Mr. Miles said, I certainly will not oppose it. I had better abide by your ruling, Mr. President.

THE CHIEF SECRETARY (in reply): Some very interesting speeches have been delivered during the debate on the Bill, some having been rather remarkable in view of the history of the Agricultural Bank. If I were to attempt to reply to all the statements made during the debate, particularly those against the establishment of the proposed rural bank, I would require to speak for a very long time. I feel, however, that there are some aspects that I should deal with at some length. Concerning the Agricultural Bank itself, it must be admitted that it has played its part in the development of Western Australia. While mistakes have been made from time to time, there are many hundreds of primary producers who owe their present prosperity to the fact that the Agricultural Bank was established on a basis to give them a start on the land. It is perfectly true to say that in a majority of such instances these successful farmers are now clients of private trading banks.

If that is true, and I believe it to be true, is there any logical reason why the Agricultural Bank should not be re-constituted as a trading bank in order that that institution might at least reap some reward for its activities during the last 50 years? Is it not a fact that had it not been

for the operations of the Agricultural Bank large areas of this State would remain undeveloped today? When I heard some members speaking of political influence having been used to the detriment of the Agricultural Bank, I wondered whether they were not among those who had brought pressure to bear on the Government of the day which resulted in the policy that they now decry. I wondered if they did not call out for the development of their particular districts and insist that the Agricultural Bank over the years should, to the fullest possible extent, provide ways and means whereby that could be done. I claim that the Agricultural Bank has rendered very great service to Western Australia.

Hon. J. Cornell: That is what it was intended for.

The CHIEF SECRETARY: Of course.

Hon. T. Moore: And it delivered the goods.

The CHIEF SECRETARY: For a while let me deal with the critics of this institution. When I introduced the Bill, I quoted certain figures and pointed to the very large losses incurred by the Agricultural Bank in recent years by reason of the fact that the indebtedness of clients had been written off to the extent of something like £8,000,000. But there is another side to that account, another side which shows that very great development has taken place as a result of the expenditure of that money. Thus, when we consider the other side of the ledger, we can see where the State has received benefit not to the extent of £8,000,000 but of many more millions. I would quote for the benefit of members who have been so critical some information which has been provided for me and which deals first of all with the development of the Agricultural Bank and, consequently, with what it has meant to this State. First of all, I make the statement that if the original constitution of the Agricultural Bank had not been altered, the development of Western Australia would have been particularly slow. It was because of the necessity for the more rapid development of the State that the Government of the day considered it necessary that the constitution of the Agricultural Bank should be widened in order that it might do more on behalf of the settlers than was possible under the original constitution.

Members have been told that the bank was established in 1894, and it was in 1912 that

the scope of the bank was widened. There was a popular demand for land development and settlement was extended as a result of the demands of the people generally. That extension was because of public demand and not because of political pressure, of which we have heard so much this evening. In 1910, the population of Western Australia was 276,832, and by 1930, which we can say saw the end of the intensive land settlement policy, the population had increased to 431,610, and that was a population based upon the agricultural and mining resources of this country. In order to indicate something of the value of that land settlement in this State during that period, members will be interested to know that the export of primary products rose in value from £8,300,000 in 1910, to no less than £17,750,000 in 1930. Those are tremendous figures and I think they indicate very directly the benefit this State received mainly as a result of the activities of the Agricultural Bank.

From 1910 to 1930, there were three well-defined periods of land settlement generally. The first period was from 1910 to 1914 and the next from 1918 to 1923, which may be regarded as the period embracing the soldier settlement scheme to which Mr. Cornell referred this evening. The third period was from 1924 to 1930, and there is no doubt that during that period there was a very great demand by the civil population for land and that demand was not brought about by any political pressure. During the period from 1930 to 1940, as I have already pointed out, no less than £8,000,000 was written off the borrowers' indebtedness to the Agricultural Bank. It must be emphatically asserted that Western Australia is not alone in that respect. In no other country in the world which relied to any extent on agricultural development was there an experience different from that of our own.

Hon. J. Cornell: But that £8,000,000 included group settlement and soldier settlement matters.

The CHIEF SECRETARY: It does not matter what the money included. The point I am making is that Western Australia was not alone in that regard. As a result of the expenditure of that money, Western Australia has been developed to such an extent that its export business has increased

as I have indicated. The £8,000,000 that has been written off is a mere bagatelle.

Hon. J. Cornell: My argument was that the authority for the raising of that money for group settlement and soldier settlement was under other Acts and not under the Agricultural Bank Act.

The CHIEF SECRETARY: I do not know that we need worry about that aspect. I am pointing out that had it not been for the Agricultural Bank the development of this State would not have reached its present stage, and I really believe that we would have been in the doldrums to a most pronounced degree had it not been for the work of the bank over the years. While the bank has made losses and some of the critics have been rather severe because of the amount of money that has been written off, the total indebtedness of farmers in Western Australia to Government institutions, Associated Banks, insurance companies, trustee companies, oil companies, superphosphate companies and machinery merchants as at the 30th April, 1931, amounted to £31,659,654.

I venture to assert that the expenditure of that amount of money has been of tremendous importance and value to Western Australia; and so, as I have already pointed out, while we can regret the fact that the Agricultural Bank, owing to its constitution, has not been able to do what we would like, nevertheless the indirect as well as the direct benefit of the operations of the bank have been a real factor in the progress of the State. When speaking on the subject, Mr. Craig said—

Millions of taxpayers' money was wasted and the hearts of hundreds of people were nearly broken. Most of this stupidity could have been avoided had there been no political influence. The same story can be told of group settlement in the South-West.

The group settlement scheme was inaugurated as a result of an agreement entered into not only by the State Government but by the Commonwealth and Imperial Governments. We sometimes are inclined to overlook the circumstances and forget the conditions under which such agreements are made. We are inclined to forget how the land settlement schemes developed in the past and to lay all the blame upon those who have the responsibility of cleaning up the situation, those who have to accept responsibility for writing off expenditure that has been incurred and those who have to accept

the responsibility of trying to make the position such that the primary producer has a reasonable chance of making a living and a success of his holding. I remind members that the group settlement scheme arose out of an agreement to introduce not less than 75,000 migrants and to establish 6,000 of them on the land.

The State Government agreed to grant certain concessions and carried out its bargain. Some 2,100 farms were established when the scheme was closed down, and the 2,100 properties were reduced by linking up to something like 1,700. I have no intention of endeavouring to defend the administration of that scheme. Certain things perhaps occurred which would not have occurred in other circumstances, but we cannot get away from the fact that the group settlement scheme did open up the south-western portion of the State; it did develop the dairying industry in this State. As an indication of the increase of production as a result of that development I give the following figures:—In 1920 the butter production of the State was 1,003,000 lbs. and in 1935 it had increased to 15,003,000 lbs., an increase of 15 fold; and the number of dairy cattle increased from 53,000 in 1920 to 164,000 in 1935, an increase of threefold in the period.

Consequently, much as members might criticise, much as members might try to down this particular Bill because of the so-called failure of a particular scheme, I would like them to realise that, but for the things of which I have been speaking and the tremendous development that took place during those years, this State could not have been in the position it occupies today. Again, judging by the remarks of some members who have contributed to the debate, one would imagine that all the clients of the Agricultural Bank today represent the worst type of accounts that any bank could have. I point out that that is a mistaken idea because, of the 8,000 odd accounts the bank has today, something over 7,000 of them are perfectly sound and do not require any assistance. Those clients pay their interest bills and commitments as regularly as clock-work.

Hon. J. Cornell: Then why hold the all-proceeds lien over them?

The CHIEF SECRETARY: There is much to be said in support of the statutory lien. When I look at the amendments on

the notice paper, I feel that there is going to be a lot of discussion in the Committee stage and therefore I do not propose to say much now on the question of the statutory lien. The Bill simply provides that the statutory lien shall cover one year's interest, and it is not to be enforced until the interest is 12 months in arrear. If there can be anything fairer than that, if clients can get better conditions than those from the trading banks, my advice to them is to go to the trading banks.

Hon. J. Cornell: All I meant was that the old Agricultural Bank client is as good as the new client.

The CHIEF SECRETARY: I wish to refer to some of Mr. Seddon's remarks. He suggested that this proposal was a little premature and gave as his reason that the Commonwealth Government is very anxious to raise large sums of money by way of loan for the war effort. Personally I cannot see what association that has with this Bill. In my opinion, this desire on the part of the Government to convert the Agricultural Bank into a trading bank is long overdue, and it is a pity that this Chamber did not see the light a few years earlier when it had the opportunity. If it had done so, some of the criticism aimed at the Agricultural Bank during this debate could not have occurred.

The time for establishing this type of bank is now. Mr. Heenan pointed out that the time is coming when it will be necessary for some authority to deal with the various schemes in connection with the post-war period, and it would be far better for us to have an institution of the type of the rural bank, which would be in a position to handle on behalf of the Government schemes of that sort, than it would be to leave them to any particular Government department. I may as well say now, in view of the remarks made by some members regarding political influence and the possibility of some political nominee being appointed to take charge of the institution, that that is a thought farthest from the minds of the Government. We have made up our minds that the control of this bank shall be placed in the hands of the most capable man we are able to secure, and we have no reason to believe that we shall not be able to secure capable and efficient management.

Hon. J. Cornell: We heard that story when the Agricultural Bank Bill was before us and it did not work out.

The CHIEF SECRETARY: I am telling members the position as regards this Government.

Hon. L. B. Bolton: It will not be a Minister of the present Cabinet?

The CHIEF SECRETARY: The only inference one can draw from that is a reflection on the late Mr. Alex McCallum.

Hon. L. B. Bolton: On a point of order I ask for a withdrawal of that remark. I did not make any reflection and had no intention of doing so. If I may explain, it has been common property that a member of the present Ministry may be appointed manager of this bank, and that is what I referred to. I made no reference to or reflection on Mr. McCallum.

The CHIEF SECRETARY: I am sorry if I took the hon. member's remark wrongly. I think I had every reason to put that construction on it, particularly as only one Minister of the Crown, so far as I know, has ever been appointed to such a position in the Agricultural Bank. In my opinion, the late Mr. McCallum did a wonderful job while he held the position of Chairman of Commissioners; he put the bank on the right track. Anyhow members may take it for granted that whoever is to control this bank will be someone with the necessary experience and capable of doing it. I cannot give any stronger assurance than that, and I hope members do not require or desire any stronger assurance.

Reference was made by Mr. Seddon to the fact that there were certain trust funds at the Treasury, £300,000, which he seemed to think would form part and parcel of the capital of the bank. That is perfectly true. But one would imagine from his remarks that these were trust funds with which the Agricultural Bank has no connection. As a matter of fact these are actually the funds of the bank; they have been placed in the Treasury by the bank. So that disposes of the suggestion that the Government has any idea of investing its trust funds in the capital of this bank. It has no intention of doing so. The £300,000 set out in the Bill are funds that actually belong to the Agricultural Bank.

Hon. H. Seddon: You do not intend to invest your trust funds in this bank?

The CHIEF SECRETARY: Certainly not; not in this bank.

Hon. J. Cornell: You have not much confidence in it?

The CHIEF SECRETARY: That is only a cheap gibe! It seems to me ridiculous that a member who professes to have an intimate knowledge of the workings of finance should be prepared to bring up this sort of argument against the establishment of an institution such as the rural bank. I can understand members looking for an argument against the establishment of this institution, especially if they are opposed to State activities such as banking, etc. But let us have sound arguments; these are only pinpricks. The amount of £12,000,000, which is ultimately to form the capital of the bank, is not going to be raised in the course of a few days. I imagine that some years will elapse before the £12,000,000 is reached, but the greater part of the capital of the bank will be based upon the assets which are taken over by the bank and which belong to the clients of the bank. The hon. member knows quite well that we have made adequate provision in the Bill so that the bank as a banking institution will not be taking any undue risks. When it takes over the accounts that are not as sound as ordinary banking procedure would demand, we have provided means whereby they can be dealt with.

Under the agency section, as I explained when moving the second reading, we have made provision whereby we can deal with clients whose indebtedness represents more than 70 per cent. of the valuation of the property, and for the balance the Government will have to accept the responsibility and not the bank. From that point of view there can be no real objection. If members analyse the Bill closely and in its entirety, they will find that adequate provision has been made whereby the interests of the bank, regarding them from the point of view of sound banking practice, are being well protected. We are making provision whereby the State may give necessary assistance, not only to individuals who may be engaged on the land, but also to other people who may be affected in business connected with rural industry.

We are also making provision whereby the State, as an organisation, may deal with any of the developmental schemes which have been mooted during the last year or

two and which, we hope, can be brought to fruition in the post-war period. Mr. Seddon also suggested that the bank would have power, under Clause 115, to compel other banks to accept its cheques. I do not know about there being any compulsion, but we are hoping that when the rural bank is established, it will take its place amongst the other trading banks. We expect that the same facilities will be granted to this bank as are granted to other trading banks; we do not anticipate any difficulty in that respect.

Hon. H. Seddon: Why the penalty of £100?

The CHIEF SECRETARY: I do not see anything wrong with that. This Bill is one to which no individual member of this Chamber can take exception. If the bank to be established will carry out the work which I endeavoured to describe when I introduced the Bill, I feel sure every member in this House will agree that it will be a good thing. The only objection that can be taken is that perhaps any success which it may achieve will be at the expense of the private trading banks. That, of course, is where the objection comes from some members of this Chamber. Mr. Roche had much to say on the Bill, and judging by the amendments he has placed on the notice paper he will have a lot more to say.

Hon. H. L. Roche: I hope so.

The CHIEF SECRETARY: I therefore do not propose to try to persuade him at this stage that he has an entirely wrong idea of the proposed bank. I feel sure the Bill will pass the second reading, and when we reach those amendments in the Committee stage the clauses can be so explained as to compel members to accept the measure, notwithstanding Mr. Roche's strong opposition to it. The other points of criticism raised by some members are perhaps due to misapprehension as to what the clauses actually mean, and I think it better for them to await a full explanation in the Committee stage rather than for me to endeavour to explain them now. I therefore sincerely hope members will retain an open mind for the time being and support the second reading; as Mr. Roche has said, there is always another chance when a Bill reaches the third reading. I could not help smiling when I heard the hon. member talking that way. He was going to give the Bill his blessing and agree to the

second reading on the ground that he still had an opportunity to oppose the third reading.

Hon. H. L. Roche: I did not say that. I opposed the second reading.

The CHIEF SECRETARY: Of this Bill?

Hon. H. L. Roche: Yes.

The CHIEF SECRETARY: Then there was another Bill in respect of which Mr. Roche said that.

Hon. T. Moore: It was another member who said it.

The CHIEF SECRETARY: The reception which the Bill has received gives me ground for believing there is every possibility that the House, while not agreeing to the measure in its entirety, will nevertheless support it. When we reach the Committee stage I trust the explanations which I shall give will satisfy members that the measure is in the interests of the State, and that at this stage of our history we should have a rural bank capable of looking after the interests not only of the present clients of the Agricultural Bank, but also capable of looking after the development of the State during the post-war years.

Question put and a division taken with the following result:—

| | | | | |
|------|----|----|----|----|
| Ayes | .. | .. | .. | 17 |
| Noes | .. | .. | .. | 9 |

Majority for 8

AYES.

| | |
|--------------------|---------------------|
| Hon. C. F. Baxter | Hon. V. Hamersley |
| Hon. L. B. Bolton | Hon. E. M. Heenan |
| Hon. C. R. Cornish | Hon. J. G. Hislop |
| Hon. L. Craig | Hon. W. H. Kitson |
| Hon. J. A. Dimmitt | Hon. W. J. Mann |
| Hon. J. M. Drew | Hon. T. Moore |
| Hon. G. Fraser | Hon. C. B. Williams |
| Hon. E. H. Gray | Hon. F. R. Welsh |
| Hon. E. H. Hall | (Teller.) |

NOES.

| | |
|------------------------|-------------------|
| Hon. Sir Hal Colebatch | Hon. H. Seddon |
| Hon. J. Cornell | Hon. A. Thomson |
| Hon. A. L. Loton | Hon. H. Tuckey |
| Hon. H. S. W. Parker | Hon. F. E. Gibson |
| Hon. H. L. Roche | (Teller.) |

PAIR.

| | |
|-----------------|------------------|
| Aye. | No. |
| Hon. W. R. Hall | Hon. G. W. Miles |

Question thus passed.

Bill read a second time.

BILL—LEGAL PRACTITIONERS ACT AMENDMENT.

Received from the Assembly and read a first time.

House adjourned at 10.42 p.m.

Legislative Assembly.

Tuesday, 5th December, 1944.

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| Tramway and bus services, as to capital cost, revenue, and interest | 2205 |
| Bills: Trade Descriptions and False Advertisements Act Amendment, report, 3R. | 2206 |
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| Licensing Act Amendment, 2R. | 2213 |
| Legal Practitioners Act Amendment, 2R., point of order, remaining stages | 2214 |
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| Reserves, 2R. | 2224 |
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The SPEAKER took the Chair at 4.30 p.m., and read prayers.

QUESTIONS (2).

METROPOLITAN WATER SUPPLY.

As to Capital Cost, Revenue and Interest.

Mr. MARSHALL asked the Minister for Water Supplies:

(1) What is the total capital cost of the metropolitan water supply?

(2) What is the total annual revenue derived from this investment?

(3) What percentage of the revenue so received is paid out annually in interest?

The MINISTER replied:

For the Metropolitan Water Supply only the figures are:—

(1) At 30th June, 1944, £5,267,611.

(2) Year 1943-1944, £361,590.

(3) Year 1943-1944, 61.68 per cent.

For the undertaking as a whole, including Water Supply, Sewerage and Stormwater Drainage, the figures are:—

(1) At 30th June, 1944, £9,128,311.

(2) Year 1943-1944, £577,443.

(3) Year 1943-1944, 70.74 per cent.

TRAMWAY AND BUS SERVICES.

As to Capital Cost, Revenue and Interest.

Mr. MARSHALL asked the Minister for Railways:

(1) What is the total capital cost of the tramway, trolley bus and omnibus services controlled by his Department?

(2) What is the total annual revenue received from this investment?

(3) What percentage of the revenue so received is paid out annually in interest?