

operative Federation and its solicitor, who presented a series of statements and information that convinced me at the time that this paragraph should be included. I feel that sufficient reasons were advanced possibly to convince the member for Nedlands that it should be retained, and in order that the matter may be considered, I ask the Minister to report progress.

Progress reported.

House adjourned at 6.2 p.m.

Legislative Assembly.

Thursday, 4th February, 1943.

	PAGE
Questions: Vermin destruction, as to rabbits on railway property	2449
Midland Junction Workshops, retired employees re-engaged	2449
Contraceptives	2449
Government hospital nurses, as to trainees, etc.	2450
Motions: Post-war reconstruction, to inquire by Select Committee	2450
Farmers and pastoralists' debts, as to mortgage interest	2455
Bill: Companies, Com.	2460
Adjournment, special	2475

The SPEAKER took the Chair at 2.15 p.m., and read prayers.

QUESTIONS (4).

VERMIN DESTRUCTION.

As to Rabbits on Railway Property.

Mr. DONEY asked the Minister for Railways: 1, Has he read paragraph (3) of a reply (embodied in a report by the Chief Inspector of Rabbits tabled on the 28th January) by the Minister for Lands to my question of the 27th idem, which sought to secure that the Railway Department itself destroy rabbits on its own reserves and enclosed lands? 2, Has he noted the implication that in regard to rabbit destruction the Railway Department itself initiates no action, considers itself exempt from responsibility therefor, and will agree to co-operation with vermin boards only in certain selected circumstances? 3, Can the department, having regard to the increased number of burrows on railway lands, regard the position set out in Question (3) as satisfactory or justifiable? 4, Will he issue instructions for ploughing in all existing bur-

rows and/or of destroying the rabbits? 5, Otherwise, will he discuss with vermin boards concerned the matter of a co-operative arrangement tending to secure uninterrupted attention to the matter of rabbit destruction and (in the event of vermin boards agreeing to do the work) to assure to them a recoup of any expenses incurred by them—preferably payment of a concrete annual amount? 6, Will he read a report, by the Deputy Director General of Manpower, appearing in "The West Australian" of Wednesday the 27th January, headed "Rural Labour. Drift from Farms"; and will he seek the Deputy Director General's assistance should it be necessary?

The MINISTER replied: 1, Yes. 2, The Railway Department's policy is to destroy rabbits (a) where the burrows are endangering railway formation, and (b) where efforts to destroy rabbits are made by the owners of adjoining land. 3, Yes. 4, See No. (2). 5, The department would welcome approach from the vermin boards on this matter with a view to co-operation. 6, Should it become necessary, assistance will be sought in the carrying out of the policy laid down in No. (2) above.

MIDLAND JUNCTION WORKSHOPS.

Retired Employees Re-engaged.

Mr. NORTH asked the Minister for Railways: 1, How many workers at Midland Junction Workshops, past retiring age, have been re-engaged for full-time work during the war crisis? 2, Do any of these men lose their pension rights under these circumstances? 3, If so, was this by agreement between the Government and the men concerned?

The MINISTER replied: 1, Fifteen are now employed, including those whose employment did not cease at age of 65. 2, Section 75 (1) of the Superannuation and Family Benefits Act defines the course to be followed in cases of employment or re-employment of pensioners and its provisions are being observed. 3, Answered by No. (2).

CONTRACEPTIVES.

Mrs. CARDELL-OLIVER asked the Minister for Health: 1, Is he aware that, in the vicinity of many shelters in the outer city area, contraceptives are left lying about and, in some instances, children have played with

the same believing them to be balloons, and, in consequence have developed face rashes which may be of V.D. origin? 2, Can he suggest any steps that can be taken to overcome this evil?

The MINISTER replied: 1, No. There are no sound grounds for believing that face rashes could be caused in this way. 2, No, unless manpower is available to visit every shelter all night and every morning.

GOVERNMENT HOSPITAL NURSES.

As to Trainees, etc.

Mr. SAMPSON (without notice) asked the Minister for Health: 1, As a result of the increasingly heavy demand on personnel required in connection with hospitals, will he give consideration to the reduction of the age at which trainees may take up work? 2, Is it competent to add to the number of hospitals at which nurses may be trained? 3, Is there any age limit in connection with the starting of those employees on their training as cooks and for other hospital service?

The MINISTER replied: 1, I presume the hon. member is referring to trainee nurses. The Nurses' Registration Board controls the training of nurses. The minimum age is now 18, although at the Perth Hospital it is 19. I think members will agree that 18 is a sufficiently low minimum. 2, No; every hospital possible is now being used as a trainee hospital. 3, No.

MOTION—POST-WAR RECONSTRUCTION.

To Inquiries by Select Committee.

Debate resumed from the 27th January on the following motion by Mr. Watts:—

That a Select Committee be appointed to inquire into, and submit proposals for, post-war reconstruction in Western Australia, with particular reference to ways and means of securing a greater measure of equality of opportunity, and the best possible standard of living for all the people, with continuity of employment, and the necessary increase in the State's population, and as means of attaining those objectives to consider—

- (a) the possibilities of land settlement as a means of repatriation;
- (b) the reshaping of agricultural policy so as to offer prospects of success to those engaged in rural industry;
- (c) the fostering of secondary industries so as to make the best use of the State's raw materials, and provide employment;

- (d) the desirability of appointing a Minister for Reconstruction;
- (e) any other proposals considered helpful.

THE MINISTER FOR LABOUR [2.22]:

This motion proposes the appointment of a Select Committee with practically unlimited powers of reference regarding the many questions associated with post-war reconstruction in this State. The Minister for Lands, when speaking on the motion a few days ago, indicated some of the objections that can validly be raised to the appointment of a Select Committee. He also mentioned the steps that were likely to be taken on an Australia-wide basis for the purpose of developing post-war reconstruction plans in connection with land settlement generally, and the consolidation and expansion of agriculture where such expansion might be found to be justified. My main purpose this afternoon is, as briefly as possible, to outline the steps already taken by the State Government in the direction of having plans developed to deal with various phases of post-war reconstruction activities in Western Australia. The Government has been giving attention to this question for many months past.

We have established special committees to carry out investigations and to develop proposals in respect of post-war reconstruction activities. The committee consists of men well qualified by knowledge and experience of a practical character to investigate these matters and to develop plans in connection with them. For instance, there is the Public Works Post-War Reconstruction Committee under the chairmanship of the Director of Works, Mr. Dumas. The value of this committee will quickly be gauged upon my mentioning the names of its other members—the Under Treasurer, Mr. Reid; the Under Secretary for Agriculture, Mr. Baron Hay; the Surveyor General, Mr. Fyfe; and the Director of Industrial Development, Mr. Fernie. It will be recognised that this personnel of the Public Works Post-War Reconstruction Committee is such as to ensure that there shall be given to the task of developing proposals of a public works character, to be put into operation after the war, a consideration not only from the angle of the Public Works Department itself, but also from the angle of other Government departments likely to be concerned in any large public works programme to be undertaken after the war.

On the committee we have, as I have shown, a representative of the Department of Agriculture and a representative of the Department of Industrial Development; and the objective is that there shall be in the programme of post-war public works such a balance and understanding between all departments as to ensure the obtaining of the maximum benefit to the State in every respect from any works that may be undertaken. In other words, the proposals being developed are being developed upon the basis that they will serve to the maximum capacity possible the best interests of the State as a whole. It is readily seen that if officers of the Public Works Department itself were the only members of a committee of this character, an unbalanced programme might be carried out which, on completion, would not render to our primary industries and our secondary industries the advantages which will accrue as a result of having appointed to the committee personnel drawn from several directions. The terms of reference to the committee are to prepare plans, estimates and the like for a programme of public works and water conservation schemes, to provide for post-war employment thereon and for land settlement and agricultural development. I propose later to indicate briefly to members the proposals which have already been considered to some extent by this committee, and which have been listed as proposals capable of being put into operation in respect of new public works during the post-war period.

There is also a Housing Committee, of which the Town Planning Commissioner, Mr. Davidson, is the chairman; other members being the Principal Architect, Mr. Clare; the City Architect and Building Surveyor, Mr. Green; a representative of the Building Trades Unions' Executive, Mr. Coram; the general Manager of the State Saw Mills, Mr. Sinclair; and a private master builder in the person of Mr. Brine. The terms of reference to this committee are indeed wide and, I believe, cover every possible point of consideration of any consequence. They are—the type of housing scheme to be undertaken in the post-war period, the class of accommodation to be provided, the type of construction to be used, the methods of construction to be used, and congested district areas—ascertaining the present demand and the anticipated demand as nearly as possible—methods of financing proposals to be developed, and

of course any aspects of those questions which might in any way be relevant. A committee is also operating in respect of the expansion of technical training in this State, so as to place us in a position to provide for all the demands for tradesmen that will arise when the war is over and post-war reconstruction proposals are put into operation.

Mr. Doney: What training centres are you using for that purpose?

The MINISTER FOR LABOUR: We have at present a technical training committee which is going into the question of the possibility of expanding existing training centres, and ascertaining where other suitable training centres might be established. The committee is a representative one, and is proceeding with the task of devising proposals for a far greater expansion of our present facilities for technical training. Those are the main post-war reconstruction committees at present operating as such. In addition, we have, in connection with the Department of Industrial Development, what are known as industrial panels or industry panels. We feel that for the purpose of trying to develop post-war reconstruction proposals for the expansion of industries, a number of panels is a much better method of tackling the problem than would be the setting up of one committee. One committee, if constituted, might know a great deal about one proposal to establish or expand a secondary industry; but the proposals for the establishment and the expansion of secondary industries are so varied as to make it impossible for one committee to achieve the best results with regard to every proposal brought forward. Therefore, we have not got what might be called one post-war reconstruction committee dealing with secondary industries to be established or expanded after the war; but we have a number of panels, the personnel of which is selected with a particular view to ensuring that each person appointed to a panel has some specialised knowledge of the subject with which his panel will deal.

Members will realise from information which has been given to them in this House on previous occasions that there is operating what is known as the alunite panel. To this panel is due a great deal of credit for the fact that in a few weeks we shall in Western Australia be producing potash. When it had safely and successfully developed the pro-

posals for the production of potash at Lake Campion, the alunite panel concentrated its attention upon the possibility of successfully producing alumina and other by-products from potash residues. I told the House a few weeks ago that there was a strong probability of action being taken by the Commonwealth Government, in association with the American Government, to establish in Australia an industry for the production of aluminium. I anticipate the suggested industry will be established, possibly on a basis of producing in the early stages 10,000 tons of aluminium per annum. If the industry is established, it will be necessary for those in charge of it to obtain each year 20,000 tons of refined alumina to enable 10,000 tons of manufactured aluminium to be made available. In other words, two tons of alumina are required to produce one ton of aluminium.

Mr. Boyle: Will you be producing potash next month—March?

The MINISTER FOR LABOUR: March or April. The whole 20,000 tons of alumina could be produced from the potash residues at Lake Campion and its value per annum would be approximately £200,000. Therefore, if the Commonwealth decides to obtain each year the whole of the 20,000 tons of alumina from Lake Campion, the income of the industry which the State has established at that centre would be increased by £200,000 per annum. I do not desire members to take it for granted that the Commonwealth Government will purchase the whole of the 20,000 tons from Lake Campion. It might very likely decide to purchase half of its requirements from Lake Campion and the other half from bauxite deposits in other parts of Australia. But even though the Commonwealth was prepared to purchase only half of its alumina requirements from Lake Campion, that would mean 10,000 tons, the approximate value of which would be £100,000 per annum. The alunite panel has had developed, in respect of the production of refined alumina, a process called the hydrochloric acid process. This process has been tested on a laboratory-scale plant, with successful results.

It is unlikely that the Commonwealth Government would accept such a test as safe and entirely favourable. The alunite panel, therefore, proposes that a semi-commercial plant shall be built and operated in this State for the purpose of checking, on a

larger scale, the results which have already been obtained from the laboratory-scale plant. The estimated cost of establishing a semi-commercial pilot plant is £20,000. The State Government will probably undertake the establishment of that plant and might make an approach to the Commonwealth Government for some financial assistance in respect of it, seeing that the Commonwealth is so vitally interested in the question of obtaining refined alumina within Australia in order that aluminium may be manufactured in the Commonwealth. I want members to realise that the work being done in connection with Lake Campion, both in respect of the production of potash and the possible production of refined alumina, is work that will assist to a very substantial extent in meeting the demands for employment in the post-war period. We find today, even in respect of the limited number of men we require to produce one-third of Australia's potash requirements at Lake Campion, a great difficulty in obtaining all the men required.

We must have men not only to work on the actual task of treating the alunite to produce potash, but also to cut wood and do many other tasks. Every member knows how difficult it is to obtain men today for any purpose, and it can easily be seen that the full development of the industry at Lake Campion will not be possible until the war is over and many more men are available for employment than is the case at present. Nevertheless, in respect of the production of refined alumina from potash residues, we are sure that we can during the war period undertake the production at Lake Campion of large quantities of refined alumina. After the war the production of potash and alumina will be greatly extended, and thereby opportunities for useful employment given to men who have returned from the war and to men disemployed in war factories and to other men who might be seeking useful productive employment in those days. The alunite panel is giving attention to the possibility of producing other valuable by-products at Lake Campion.

Successful treatment processes have already been developed in regard to sodium sulphate, potash alum and aluminium sulphate. Investigations are proceeding into the possibility of producing at Lake Campion potassium carbonate and potassium hydroxide. Members will realise, therefore, that the Lake Campion industry in itself has

a very high potential value in respect of the measure of employment which it will be able to provide after the war, when men are being demobilised from the Fighting Forces and are seeking employment in order that they may become wealth-producers, wage-earners and useful members of the community. As a matter of fact, it is my confident belief that the Lake Campion industry will be so well developed, or be in a position to be so greatly developed as soon as the war is over, as to enable it to play a major part in this State in the re-absorption into employment of men disemployed because of war conditions. We have, too, an iron and steel panel which has been operating for a considerable period investigating the rather complicated factors associated with the Government's proposal to establish in Western Australia an industry for the production of iron and steel. The panel has investigated every possible source for the production of iron-ore. It has investigated every possibility regarding suitable fuels and has gone exhaustively into the question of obtaining satisfactory fluxes for use in the manufacture of these products.

I think every member is aware that there is not in Western Australia any suitable coking coal for use in the iron and steel industry. Therefore the work of the iron and steel panel in this matter has been concentrated on the possibility of producing within the State charcoal-iron. Experimental work with a pilot plant has shown the approximate yields of charcoal and by-products from the distillation of our own local hardwoods, and the approximate yields are satisfactory and indicate an economical basis upon which to establish and operate an industry for the production of charcoal-iron in this State. Useful deposits of limonite ore have been located in the heart of our hardwood forests which, of course, makes any proposal to establish a charcoal-iron industry much more attractive. If timber from which to produce charcoal is in the same place as suitable iron-ore, there is established an economy which of course reduces considerably the cost at which charcoal-iron will be produced. This ore and this timber are within very close distance of established railways, water supplies and roads, and the site that has been chosen is not so very far removed from the metropolitan area.

It will, therefore, be seen that in practically every respect a proposal has been

developed which is much more economical than was thought possible before the proposal was exhaustively investigated by the iron and steel panel. The proposal, developed in this regard, aims to produce 10,000 tons of charcoal pig-iron per annum. The preparation of plans for the necessary blast furnace and wood distillation plant has been almost completed. The wood distillation plant which it is proposed to establish will treat 30,000 tons of our hardwood timber each year, and will produce 520,000 tons of acetic acid, and 110,000 gallons of wood naphtha, both of which products are in very strong urgent demand at the moment. The treating of the timber will, in addition to producing acetic acid and wood naphtha, produce the whole of the charcoal required for use in the blast furnace. The total estimated annual value of the whole production, including 10,000 tons of charcoal pig-iron, is £120,000. It will be seen that the Government has been pushing ahead in a systematic and constructive way to develop practical proposals for the establishment in this State of new industries. We have gone on with this proposal not only for the purpose of meeting urgent vital war demands for iron and steel and by-products, but so that we might also, during the war period, gain all possible experience in connection with the operation of this industry to ensure that when the war is over we will be in a position not only to continue the industry on the basis of its establishment, but to extend it to the safest maximum possible.

It must be obvious to members that the establishment and operation of this industry will play a valuable part in the provision of employment at the end of the war. The people of Western Australia, for many years, have been hoping that an iron and steel industry would be established. Any person who gives serious consideration to the question of building up the structure of secondary industries in any country will realise that the iron and steel industry is the only safe foundation upon which to erect such a structure. In other words, if we in this State do not establish an iron and steel industry we will not find it easy to make any great industrial expansion in the future. On the other hand, if we can successfully establish and operate this industry and expand it, in the years to come there will automatically flow from it many other useful secondary industries. The Government naturally

is keen to establish this industry with the least possible delay and is hopeful—for which there is good reason—that within a period of 12 to 15 months this State will be producing charcoal pig-iron of a high quality, and that we will also be producing the by-products to which I have made reference. At this stage it is not possible to say whether, after the war is over and this State is in a position to establish the iron and steel industry on a much wider basis, the plan will be to establish one great iron and steel industry in some particular locality, or to establish a number of small plants in different parts of the State. That is a question to which the future will provide the answer.

We have also had operating a sulphur panel. The objective at which this panel aimed was to produce within Western Australia the whole of the constituents necessary for the manufacture of superphosphate in the State. The main constituents are sulphur and phosphate. Prior to the war the whole of our sulphur and phosphate had to be imported from overseas. Members generally, and particularly those representing agricultural areas, will know that war conditions have greatly interfered with the importation into Australia of both sulphur and phosphate. The members of the sulphur panel concentrated, first of all, on the possibility of producing sulphur in Western Australia. They investigated a number of possibilities until it finally became clear that the best prospect existed in the bodies of pyrite ore which were known to exist in various parts of the goldfields. Two of these ore bodies were comprehensively tested, one at Southern Cross and the other at Norseman. As a result of the tests it was found that the pyrite ore at Norseman was of a far higher grade than was similar ore at Southern Cross. Negotiations were carried on between the sulphur panel and the local superphosphate manufacturing companies for the purpose of persuading those companies to use local pyrite ore in producing their sulphur requirements.

Finally agreements were entered into between the two superphosphate companies and the goldmining company concerned at Norseman, by which each superphosphate company will take 10,000 tons of pyrite ore each year from Norseman. That means that a total of 20,000 tons of ore will be used annually. The ore in question is now being

mined, and a good quantity has already been railed to the metropolitan area so that it will be available to the superphosphate companies as soon as they effect the necessary changes in their treatment plants. Those plants were established to treat imported brimstone and are not suitable, without major adjustments, to be used in the processing of pyrite ore into sulphur. Substantial changes, therefore, are now being effected in the treatment machinery. Within the next three or four weeks one of the superphosphate companies will be in the position to go right ahead with the processing of this pyrite ore whereas, in past years, the practice has been to treat imported brimstone.

In a normal year the total requirements of the superphosphate companies would far exceed 20,000 tons. When they are ready to treat the full quantity of pyrite ore for the usual demand they will require not 20,000 tons per year, but 80,000 tons. The present contracts entered into for 20,000 tons of ore involve a total value of over £60,000. The estimated value for the requirements of a normal year—80,000 tons of pyrite ore—based on pre-war year costs, would be £250,000. The superphosphate companies are involving themselves in very heavy expenditure to change over their treatment plants from the treatment of imported brimstone to that of local pyrite ore. The expenditure is so great as to make it practically certain that they will, after the war, continue to use the locally produced ore instead of reverting to the treatment of imported brimstone. It will be seen, too, that here an industry is being developed which after the war, will expand. It will add to Western Australia's wealth production, and will provide employment. It will also make Western Australia independent of overseas or interstate supplies of sulphur for superphosphate manufacturing purposes.

The phosphate panel which is in existence has carried out a fair volume of investigation regarding possible local sources of phosphate. The deposits at Dandarragan were thoroughly tested, but unfortunately the tests were not satisfactory in respect either of quality or quantity, and it was deemed inadvisable that anything should be done for the purpose of endeavouring to produce phosphate at that centre. Some time ago the State Government made overtures to the British Phosphate Commission's representative in Australia with a

view to having certain islands off our western and southern coasts investigated and tested to ascertain whether suitable supplies of phosphate, both as regards quantity and quality, were available on any of them. Those islands are in process of being tested. The tests of some of them have been completed and the results have been very encouraging. The main island is being tested at present, and there is good reason to believe that within a short period phosphate will be produced on some of the islands adjacent to our western and southern coasts.

It will be clear that here, too, the Government, operating through channels that it has set up, has not only been doing a very good job in respect of the present, but it has been looking ahead to the post-war period and even beyond, at any rate the immediate post-war period, for the purpose of establishing new secondary industries in Western Australia in order that we may increase our wealth production and our population, and provide for the workers of the State a reasonable assurance of continuity of employment which, I imagine, is the most practical way of ensuring that freedom from want of which we have heard so much during the last year or two. There are several other panels operating under the control of the Department of Industrial Development, but I do not propose this afternoon to discuss what has been done or is being attempted by those particular bodies. I think the information I have already presented in respect of what is being attempted regarding secondary industries is sufficient to indicate to members that the Government has been very wide awake, even if it may not have talked much about it. The state of mind of almost every man today, irrespective of what he may be associated with, is that he should not talk about the job he is doing but do it, and if he feels so inclined afterwards to talk about it then. In other words, I think that most men today are much more practical-minded than they were in the good old easy days of peace when we were in the habit of talking a lot about things and perhaps not accomplishing very much.

Mr. Watts: Opportunity offers the finest chance as far as doing something is concerned.

The MINISTER FOR LABOUR: Opportunity is a funny old thing! It comes to some people; it is put into their laps, as it were. Other people have to create their

opportunities. If we were to discuss this question from the point of view of opportunity, we would embark upon a discussion that would be more or less interminable—if anything interminable can be less or more interminable.

Mr. Watts: So far as I can see, your colleague does not like opportunity to come to anyone else in some respects.

The MINISTER FOR LABOUR: I shall have something to say later on that I hope will meet with the approval of the Leader of the Opposition, even if it may not fit in with his intentions as indicated in his motion. Members will be interested to have a brief statement regarding proposals that have so far been made by other State departments. I have a schedule setting out the various proposals that have been developed by the Public Works Post-War Reconstruction Committee. Its suggestions cover surveys and investigations for additional irrigation and drainage operations in Western Australia. As members will probably realise, most of the proposals have reference to the district represented by the member for Murray-Wellington. It is perhaps natural and proper that they should have relationship mainly to that part of the State because it has been fairly well developed. It is provided with railways, roads and water supplies. There is a fair amount of intense cultivation and production carried out there, and all the facilities essential for successful settlement are to be found in that part of the State.

My opinion in connection with all post-war reconstruction proposals is that we should, to the maximum extent possible, seek to carry them out in areas that are already largely surveyed and possess water supplies, roads and railways and all other facilities essential to settlement with reasonable conditions of work and living, rather than that we should try to open out in some far distant area where there are no railways, no roads, no anything. The former is preferable to an attempt to establish some spectacular new settlement which might easily prove to be a tragedy.

Mr. Boyle: Consolidate our settlement.

The MINISTER FOR LABOUR: The member for Aron has seen fit to make use of a phrase I was about to utter.

Mr. Boyle: Two great brains!

The MINISTER FOR LABOUR: I would not say that. I would say that it is an instance of two brains thinking alike.

Mr. Boyle: I withdraw the "great."

The MINISTER FOR LABOUR: In my opinion any policy for post-war reconstruction should have as its main objective in regard to primary production, the consolidation of areas that have been opened up and settled in the past and upon which huge sums of public funds have been expended. It must be obvious to every member and, in fact, to anybody, that we would be likely to get far better and surer results with the expenditure of far less public funds if we worked along those lines, than if we tried to do after this war some of the things we did after the 1914-18 war with regard to placing returned soldiers on the land.

Proposals have been developed by this committee for surveys and investigations in connection with water supplies for country towns. I do not know that there is one member representing a country district, except perhaps those representing towns along the goldfields water supply main, who is satisfied with the water supply upon which his town or towns depend. We all feel that in most of the country towns of any size where water supplies already exist, there is ample room for improvement and expansion. We all know that there are some towns not yet provided with any water supply at all, and that their need is very great and should be filled at the earliest possible moment. Proposals have been developed to increase the water supplies for a number of country towns where supplies now exist, and to establish new supplies for towns of any size that are not served at present. Proposals have also been developed to carry out surveys and investigations for irrigation and drainage, particularly in regard to the Stirling dam, the Harvey No. 3 irrigation area, certain areas in the Albany district, and a number of other places. Proposals have been developed for irrigation channel-lining, for the metering of irrigation supplies and for other work of that description. Improvements to existing drainage schemes are also contemplated.

When I say that proposals have been developed in connection with all these matters, I am not suggesting that the committee has just drawn up proposals that these things might be done. It has developed estimates as to the financial reproductivity of each from the Treasury point of view; it has worked out particulars regarding the total estimated cost of carrying the scheme into

operation, the estimated cost for materials and wages and the estimated number of man-weeks likely to be needed to complete the works.

Mr. McLarty: Who are the members of the committee?

The MINISTER FOR LABOUR: The Director of Works, Mr. Dumas, is the chairman, and the members are the Under Treasurer, Mr. Reid; the Director of Industrial Development, Mr. Fernie; the Under Secretary for Agriculture, Mr. Baron Hay; and the Surveyor General, Mr. Fyfe.

Mr. Hughes: You can rest assured that not a regulation will be broken.

Mr. Doney: What is the difference between a panel and a committee?

The MINISTER FOR LABOUR: The hon. member has been out of his seat during the last 20 minutes or he would have known that I clearly explained the difference.

Mr. Doney: I think you ought to explain it again.

The MINISTER FOR LABOUR: A Public Works Post-war Reconstruction Committee could be set up in such a way as to enable it to consider every proposal for post-war work in connection with public works. It would not be satisfactory to have only one committee operating in respect to the expansion of secondary industries after the war because, as the member for Williams-Narrogin knows, the men who might be valuable in respect of the expansion of one secondary industry might be of little value in connection with another. For secondary industries we have adopted the panel system, and have placed on each panel those men best suited to consider the proposal.

Mr. Doney: They are sub-committees, are they?

The MINISTER FOR LABOUR: No, they are separate bodies composed of specialists. I was about to observe for the Premier's benefit that when I began to study these schedules I felt for an awful moment that we had been suddenly translated to the period 1933-34, when we had schedules of this sort prepared in order to endeavour to find work for unemployed men who were so desperately in need of work and wages. The great difference between the schedules of that time and the schedules of today is that the earlier ones were prepared years too late—they were prepared in all the rush and pressure of an emergency, with the result that there was nothing very systematic

or planned about them—whereas the schedules now being prepared to meet the demands of the post-war period are being carefully prepared because they are being considered well ahead of the time when it will be necessary to use them. Therefore these schedules are likely to be put into operation much more successfully and economically than was possible in the bad old days of our serious unemployment problem. In other words, this is an attempt to formulate plans to meet the situation in such a way that no problem will arise to any serious extent.

I could go on indicating other proposals developed by the Public Works Post-war Reconstruction Committee, but that would involve a great deal of time. On looking through the schedule, it seems to me there is hardly an established district or town in the State that is not provided for in respect of drainage, irrigation, water supplies or public work of some kind. Members will gather that the survey carried out by the committee has been extremely wide. So far as I can ascertain from the study I have been able to give the proposals, the committee has done a remarkably good job and, by these proposals, provided the Commonwealth Government makes available the necessary financial assistance, we should be able to operate in this State, after the war, works and activities sufficient to absorb the Western Australian men who will be demobilised from the Fighting Services or disemployed from the war factories now operating. Proposals have also been developed for the further renovation of water supply mains, including, of course, a continuation of that work on the goldfields water supply pipe-line. Proposals have been developed to extend branch mains from the goldfields pipe-line and to raise the retaining wall at Mundaring Weir in order that a far greater quantity of water may be impounded. This will ensure that any extensions made to agricultural areas from the goldfields main will meet all reasonable requirements. So these proposals go on.

Mr. North: Are there any proposals for railway workers?

The MINISTER FOR LABOUR: That is another story which I shall not have time to tell this afternoon. The Public Works Committee has also developed proposals in respect of buildings, and certain buildings are listed in the country as well as in the

metropolitan area, besides additions to existing buildings, urgently required repairs to existing buildings, and new buildings of all descriptions which members know without my naming them. The Agricultural Department likewise is provided for; and for the benefit of the north-western members, who might feel overlooked—

Mr. Watts: There are none of them here!

The MINISTER FOR LABOUR: They were all here a moment or two ago, and I am sure they will all be here again in a moment or so. Every member has to leave the Chamber occasionally for short periods. Proposals have been developed for work of many different varieties in the North-West. So members will see that a very good job has been done by the Government in the setting-up of these committees, and by the committees in the development of the many proposals which have been prepared. I am speaking of another schedule from the same committees, which covers post-war reconstruction proposals in connection with sewerage, drainage and water supply schemes for the metropolitan area. The proposals are considerable. They provide for a great deal of work to be done, and by virtue of that fact provide for a considerable amount of employment. All these proposals are listed in such a way as to give them priority.

The first set of proposals is those that are urgently required, and their financial reproductivity was taken into consideration. The next set of proposals includes those which could be carried out with advantage and would be beneficial to our productive system. The third set represents those which are not immediately required and are not financially reproductive to any worthwhile extent, but which could be put into operation immediately if the provision of employment of men became the paramount consideration. So the proposals have been drawn up in a systematic manner in that regard, allowing of their being put in operation to meet whatever set of demands might be found to exist after the war had closed. The Mines Department, under the jurisdiction of the Public Works Post-war Reconstruction Committee, has been highly active and has developed numerous proposals in connection with our minerals and their greater exploitation in the post-war period. It can be said quite safely in connection

with post-war mining that if gold holds its place in world affairs and is still in demand, as seems likely, our goldmining industry alone will provide a great deal of employment to those men who desire employment in it.

I understand that although a number of our goldmines is now closing down, many are being maintained in such a condition as will enable them to be re-opened quickly when manpower is available with which to work them. I do not know the actual number of men withdrawn from the industry during the war. The Minister for Mines informs me that the number is a little over 10,000. They have been withdrawn from the mines since the war commenced. Therefore it is obvious that, if gold is still in demand after the war, the industry can quickly be revived in Western Australia, and employment therein provided for an additional 10,000 or 12,000. If that be so, then the problem of reconstruction in this State, at any rate from the aspect of providing employment, will to a fair extent be solved. Lands Department officers have developed proposals for carrying out work of an important character in different parts of the State. These proposals, too, are set out in detail in a schedule. They cover too many activities for me to recite to members this afternoon. The report sets out just what results will accrue if the proposals are put into operation.

The Forests Department has also been very active in developing proposals to be put into operation in the post-war period. I propose to make detailed reference to these proposals, because they are not so extensive as to make details wearisome. Reforestation proposals in the jarrah forests refer to a total of 60,000 acres in the Kirup division and 20,000 acres in the Manjimup division. These proposals for reforestation would be in addition to the normal reforestation programme of the department. Afforestation work proposals for extension of pine plantations are—Keenan 1,500 acres; Myalup and Ludlow 4,500 acres; Glen Eagle, Mundaring, East Kirup and Gnangara 8,000 acres. These proposals can be extended considerably if that course should be found necessary. The proposals to which I now refer are regarded as being totally productive in the financial sense. The next set of proposals is classed as likely ultimately to be productive—new roads and fire-lines in the jarrah

forests to the extent of 2,000 miles, and in the karri forests to the same extent. A total of approximately 10,000 miles of existing roads and fire-lines could wisely be widened and straightened. Stocktaking and survey of timber areas are provided for. Proposals have been considered for the erection of houses, offices and fire-towers where required in various localities in forest areas.

The next set of works is classed as not immediately required. The works could, however, be undertaken if—as I mentioned previously—employment became at any time a paramount consideration. Felling ring-barked timber for one chain round treated areas, clearing of debris and firebreaks, and the cutting of firewood for railage to the metropolitan area have been considered. In addition to the proposals I have mentioned, the ordinary activities of the department—which are not mentioned in these proposals—would be carried on. To give members an idea of the extent of the proposals of the Forests Department for the post-war period, I might mention that the total estimated amount required to finance the proposals is £858,000, while the number of men to be employed per annum would be 1,138.

From the information which I have given to the House, it will be seen that the Government, through its committees, panels, departments and officers, has tackled this job in a systematic and comprehensive way. We all know that we may perhaps get no warning of the end of the war. The end might come overnight.

Mr. McLarty: There is not much chance of that.

Mr. Doney: There are plenty of signs.

The MINISTER FOR LABOUR: I think we will get very little warning of the date on which the war will end.

Mr. North: There was no warning last time.

The MINISTER FOR LABOUR: Very little!

The Premier: A couple of months.

The MINISTER FOR LABOUR: I am inclined to think that a war of the character now being waged, which is largely mechanical, will end without any, or very little, warning. I am not suggesting the war will end soon, but I do suggest we shall have very little warning in point of time of its ending. Naturally, the members of the Government, as well as every other member of this House, are anxious that proposals

for post-war reconstruction activities should be completely drawn up months before the war concludes, so that when it does end the State will be able, in co-operation with the Commonwealth, to go straight ahead and put into active operation the best and most necessary of the proposals which have been developed. It will certainly lead to chaos if there is delay following the conclusion of the war in putting sufficient post-war reconstruction proposals into operation.

Mr. Doney: I agree with you there.

The MINISTER FOR LABOUR: If we allow an unemployment problem of any magnitude to arise after the war, we shall soon find ourselves at sixes and sevens. There would be no end of dissension and suffering in the community. Unemployment means that the community income falls and that the purchasing power circulates in less volume. Once that situation arises, we shall have a slump and a breakdown in trade and commerce.

Mr. Boyle: Will the Federal proposals overlap?

The MINISTER FOR LABOUR: No. The Commonwealth Government has appointed the Commonwealth Treasurer (Mr. Chifley) Minister for Post-War Reconstruction. He will consult the State Governments and co-operate with them to ensure the utmost possible measure of success in the efforts of the Commonwealth Government on the one hand and those of the States on the other.

Mr. Doney: Is there a definite intention not to overlap?

The MINISTER FOR LABOUR: It is the definite intention of the Commonwealth Government to co-operate to the fullest possible extent with the States. This State's Government has already been in consultation with the Commonwealth Government on this matter and will consult with it increasingly from now onward, as the State Government has definite proposals ready to discuss.

Mr. Doney: Is Mr. Chifley likely to go outside the points mentioned in the Commonwealth Powers Bill?

The MINISTER FOR LABOUR: I should say that Mr. Chifley would not be able to go outside those points, except in co-operation with the States. I am sure that Mr. Chifley, or any other Minister for Post-war Reconstruction, would be anxious to make a success of the task; he, or any other Com-

monwealth Minister in that position, would have sufficient commonsense to realise that the best method and the most practical way of putting a post-war reconstruction policy into operation would be to put it into operation after consultation and co-operation with the various State Governments.

I could place five times as much information before the House as I have given this afternoon did I care to go into details, but I think I have shown that the various post-war reconstruction committees, the panels operating under the jurisdiction of the Department of Industrial Development and the Government departments and their officers have already carried out, to a very large extent, the work which it is suggested this proposed Select Committee should be appointed to do. It therefore seems unnecessary to establish a Parliamentary Select Committee to go into all these questions. I imagine that such a Committee would, in the main, rely upon the evidence of the men on the committees and panels I have mentioned. I suggest, with every possible respect, that such a procedure would take up an unduly large amount of the valuable time of the officers concerned and, consequently, of the members who might be appointed to the proposed Select Committee.

What we require in this matter is not a Select Committee, but probably a Parliamentary Committee which should be kept informed all the time of what was actually being done. A Parliamentary Committee could no doubt from time to time advise the Government of additional proposals that could be investigated or that should be undertaken. It could study proposals developed by other committees, panels and State departments, and could make valuable advice available to the personnel of those organisations and to Ministers and to the Government. I can see a great deal of value developing from a Parliamentary Committee, but not from a Select Committee. I have the authority of the Premier to give to the House the assurance that the Government will establish a Parliamentary Committee somewhat along the lines I have indicated. It would be a committee of both sides of the House. It might possibly even be so constituted as to represent both Houses. The Leader of the Opposition could be consulted, and would be, as to the members to be appointed from his side of the House. If it were decided to appoint members of an-

other place to the committee, the Leader of the Opposition down there, if any, could also be consulted as to the members of his side of the House to be appointed to the committee.

Mr. Watts: When is it proposed to do this?

The MINISTER FOR LABOUR: I think the assurance can be given that the committee will be appointed before the present sittings of Parliament conclude; that is to say, before Parliament concludes its consideration of the Commonwealth Powers Bill, which means that the committee would be established within the next four weeks and it could set to work immediately to inform itself of what has already been done. It could interest itself in any new proposals its members may be able to suggest. The personnel of the proposed committee could be so balanced as to ensure that serving upon it would be members with a practical and complete knowledge of the agricultural industry, of secondary industries—

The Minister for the North-West: Where will you get them?

The MINISTER FOR LABOUR: They may not have a complete knowledge, but they would have a very valuable knowledge. They would be able to obtain information of great value from all the sources open to them. I am sure that by that method we could establish a committee which would be of great value and would assist the organisations which are now working on the development of post-war reconstruction plans. The committee could assist Ministers and the Government, and the Government and Ministers could assist the committee. By this method members of Parliament would know what was being planned and what was being done and, through those members of Parliament and members of Parliament as a whole, the public would be better informed as to what is being done. I am sure the public of Western Australia today has no idea whatever of what has already been achieved. It is very easy to go out and tell people that nothing is being done, and very easy to get on the radio and say that the Government is asleep and has not even thought yet about post-war reconstruction plans. All these things are very easy to say. I know, because when I used to be out in the country districts organising for the Labour Party when the Opposition formed the Government I was a bit inclined to say some of those

things myself about the Government of those days. So I know how easy it is for people to go around saying that nothing has been thought of or done.

Mr. Boyle: Poetic justice!

The MINISTER FOR LABOUR: Yes. I think it is advisable that the public should be more frequently and better informed of what is being done, especially in regard to a vital matter of this kind. The public is entitled to know just what is being done, but one has not always the time or even the inclination to tell the public about the work being done because one is concentrating on that particular task. The establishment of a Parliamentary Committee along the lines I have suggested would enable information to be passed more quickly and fully to the people. They would, therefore, become better informed and feel easier, happier and more confident about the post-war period than they probably feel at present. I offer the House the suggestion that this motion for a Select Committee is not by any means the best way to deal with this matter. In addition, I offer to the House the assurance of the Premier that the Government will set up a Parliamentary Committee along the lines suggested; and I also offer to the members of that committee, whoever they may be, the assurance that the Government will gladly and completely co-operate with them so that their work and the Government's work may confer upon the people of Western Australia in future the utmost possible advantage.

MR. WATTS (Katanning—in reply): I regret very much that the Minister for Lands was not able to remain here while this motion was disposed of. My regret is double-barrelled; first, because he would have heard the Minister for Labour express opinions and in effect give undertakings which were entirely opposite to the views expressed by the Minister for Lands himself; and secondly because he would have had the opportunity which I would have preferred of hearing what I had to say about the remarks he made on this subject. It is a great departure from the attitude which has been taken up hitherto by the State Government that we should have had from the Minister for Labour an assurance on behalf of the Premier that a committee such as that mentioned by him is to be set up before this

session comes to an end; that is to say, before we dispose of the business we now have to deal with.

Hitherto, as has been exemplified by the attitude of the Minister for Lands as spokesman for the Government, when the member for West Perth suggested there should be an inquiry into supplies available in Western Australia for the civil population, the Government's attitude has been that no good would come out of any inquiry in which members of this Parliament were concerned. The Minister for Lands on that occasion brought down a departmental report following on his own amendment to the member for West Perth's motion, which contained valuable information and was of an interesting character, but which did not do what was intended by the mover of the motion, nor what was intended by the motion I have moved, that is, to give members of this House who are responsible to the people, who are in touch with the people, and who are entitled to represent the people and to inform the people, the opportunity of acquiring the information which it is essential for them to have if they are to carry out their duties in that respect. As I said, it is a big departure from the attitude adopted by the Government hitherto, and one, although belated, that is to be commended.

We have had an assurance from the Minister who has just resumed his seat that it is now considered that some useful purpose might be achieved by incorporating the services of the people in regard to subjects which need such close inquiry, possibly by both Houses of the Legislature. While it seems to me that the Minister for Labour took the opportunity on this motion to describe, in the manner of an Address-in-reply speech, the activities of his department over a lengthy period in the past, and to some extent what they will be in the future, in view of the undertaking he gave I will abandon any further criticism of that aspect of the matter as a reward, if I may use that term, for the change of front which was displayed on behalf of the Government of which he is a member. But I am not going to take up any such attitude in regard to the Minister for Lands, because there was nothing in his remarks to indicate that he had a proper appreciation, so far as Western Australia as a State was concerned, of the intention

underlying the motion which we are now discussing. I regret that the discussion has been delayed until such time as the Minister for Lands is absent, but that is no fault of mine. The Minister first of all said that he objected to the use of the word "reconstruction." He gave us the following definition of the word—

To construct again, or to remodel, something that has been destroyed, or something that needs reconstruction in part or as a whole.

He contended that to apply this word to circumstances obtaining in Australia was inappropriate. I do not know whether gold-mining is classed as a primary or a secondary industry. It includes some of the attributes of both but, if there is any industry in Australia which we could say has been destroyed or needs reconstruction in part or in whole, I submit that the goldmining industry is one. If that is the meaning given by the Minister to the word "reconstruction," then it is a proper word to use in connection with that industry. On the figures we have had placed before us from time to time, we know that the goldmining industry has been the mainstay of Western Australia for many years. For one reason or another, which we need not go into now, it has practically ceased to exist. It therefore requires reconstruction, even using the meaning of the term as explained by the Minister for Lands. Have not the agricultural and other rural industries of this State been partially destroyed? Let us compare for a few moments the position of those industries with what they were in their more prosperous times. Today it is next door to impossible to find labour, and many properties are going, slowly but surely, to rack and ruin because of the fact that often there is only some old man alone on such a property to look after it. Again, the productivity of the rural industries has been restricted.

In the case of wheat, it has been restricted by National Security Regulations and in other cases by the necessities of war and the damage done by our enemies, as in the case of insufficient supplies of superphosphate. In other cases it has suffered by the inroads of pests and vermin, which are more and more difficult to control because of lack of manpower and shortages of poison and other means of destruction. We find that that state of affairs, instead of being stopped or ameliorated, is continuing in the rural areas. I venture to suggest that by the time

all these difficulties have come to an end—which I presume will not take place until the war is ended—there will be another example of the definition that the Minister for Lands has put forward to be found. The rural industries are something which will have been destroyed or need reconstruction in part or as a whole. I do not think anybody in this House would deny that. The Minister suggested that it was not only industries affected as a consequence of the war that would require reconstruction. I do not know of anyone who has suggested that the motion, if carried, would be confined to that aspect of the question, and neither is there anybody, so far as I know, who can tell me where the motion states that.

The Minister went on to tell us the very sad experiences of numbers of people involved in soldier settlement schemes. But he opposed the motion. He regretted the fact that after the last war there was no necessity to disclose any qualification as to suitability in order to participate in these soldier settlement schemes, and complained of the costly nature of repurchased estates, but he objected to an inquiry being made by members of Parliament. He said that he raised these points simply as an illustration of the big task confronting anyone propounding a scheme, to be more sound than the last, for the repatriation of our soldiers. But, as is usual with him, he sees no value in the proposals that might be brought forward by State members of Parliament after due inquiry. As I pointed out a few moments ago, that has been his attitude, and, I presume, that of the Government of which he is so able a member—until today—in regard to all matters that have been suggested should form the subject of inquiries from time to time by members of the Legislature of this State.

When Dr. Evatt was introducing into the Commonwealth Parliament his first Bill to increase Federal powers, he suggested that statecraft and enterprise of the highest order would be required to deal with post-war problems. He implied, as I afterwards told him in Canberra, that that statecraft and enterprise were only to be found in members of the Commonwealth Parliament. But that is an altogether erroneous way of looking at the matter. Statecraft and enterprise, probably of a higher order in many cases, are to be found in both political sides of this House. Because I have always be-

lieved that, and do so now, I think it is essential, if we want to carry out the true principles of democracy, that we should make use of the services of members of Parliament in these matters to a much greater extent than has been the practice. Of recent years in the Federal House there has been a distinct inclination to appoint Parliamentary committees to make various inquiries. I submit that the Commonwealth Government has acted wisely in that respect. Rather important work has been done by these committees, and I believe that as time goes on more will be effected. But the Minister for Lands held an opinion that, in my view, as expressed in this House, represented the negation of democracy, because he has been the one who has conceived the idea of going to outside commissions and bodies of inquiry to consider matters that could more properly be dealt with by members elected by the people.

We, as members of Parliament, are responsible to the people. We are entitled to know what is going on and affecting the interests of the people. We are the first who should be entitled to have that knowledge, far more so than other people whether they be employed in the Public Service or engaged in any other section of the community. We as the elected representatives of people should be the first to know. That is why I was gratified to hear the point of view expressed today by the Minister for Labour, who, it will be readily realised, expressed opinions that were vastly different from those voiced by his colleague, the Minister for Lands. It seems to me—I am dealing more particularly with the rural aspects of this question—that the attitude of the Minister for Lands with regard to rural relief and reconstruction is rather akin to that of the Roman Emperor Nero who fiddled while Rome was burning. Over a period of years, members will realise, the Minister for Lands has consistently opposed in this House every proposal brought down with regard to any aspect of rural reconstruction. In the sense that I use the term, steps to secure necessary reconstruction in the rural industry were essential long before the war commenced.

There were obvious signs, seven, eight or ten years ago, that what is taking place today was bound to take place; that what developed in the latter years of the last decade would inevitably take place. Whenever from the Opposition side of the House

there has come any such proposal to effect rural reconstruction, it has been opposed by the Minister for Lands. In rebuttal there has been no constructive criticism but merely a contention that the legislation or proposal submitted was unsatisfactory. Never has there been produced a more effective proposal—if such could be brought forward. The Minister for Lands has opposed motions for a Select Committee of this House to inquire into rural matters, and he has opposed a proposal for a Joint Select Committee of both Houses with a similar objective in view. He has indicated by every means in his power that either he does not think anything requires doing, or, alternately, that he has the fullest information available, and therefore no further inquiry was necessary. Yet we find, although the Minister will not agree at any time that there should be an inquiry by members of this House, he admits the necessity for a very substantial and comprehensive inquiry by the Commonwealth Royal Commission of which he has been appointed chairman. He seeks to let it be known there is no doubt whatever that there is a tremendous volume of work ahead of that Commission for necessary investigation. I do not intend to let him get away with the idea with which to impress the public mind—if that should be in his mind—that this arises because of the war. It is not because of the war that the great work before the Royal Commission is necessary. The progressive reason for the work that is to be undertaken has been increasingly apparent over the last 10 years or more.

Had it not been for the opposition expressed by the Minister for Lands himself—I take it he expressed those opinions on behalf of himself and the rest of his colleagues—probably the greater part of the difficulties experienced in this State would have been solved four or five years ago, or else we would have known that those difficulties were impossible of solution. As the position stands at present we believe that much could have been done had we been able to secure the co-operation of members on the Government side of the House, but we have not been able to obtain it. We have sought the co-operation of this House to secure necessary inquiries, but we have not obtained that co-operation.

The Premier: You do remember that we had an inquiry regarding the operations of

the Agricultural Bank and that went into all phases of rural development?

Mr. WATTS: That was just about before the last decade.

The Premier: No, it was appointed in 1933.

Mr. WATTS: It reported in 1934, and this is now 1943, so it was just about the start of the decade to which I referred.

The Premier: It was at the commencement of it.

Mr. WATTS: I freely admit that the Government brought down a Bill to amend the Agricultural Bank Act. It included provisions that were never recommended by the Royal Commission. In dealing with the recommendations and proposals of the Royal Commission the Government went further than was ever intended. In doing so the Government departed from proper and just principles in regard to legislation and conferred the rights of a licensee on the Crown by statute, to which I took the strongest objection, and for which there is no sound foundation, in my opinion, legally or morally. It is altogether wrong that a Government instrumentality should take advantage of the authority of the Government, which stands behind it, to obtain security by statute when I suggest that if a private mortgage institution were to ask the Government for similar authority by statute, its representatives would be told to leave by the most easy exit and as quickly as possible and their request would be definitely and finally refused. I say that as a result of exceeding the recommendations of that Royal Commission the Agricultural Bank was allowed to go further along a most objectionable line of action.

The Premier: At any rate we wrote off a lot of the farmers' indebtedness.

Mr. WATTS: That line was justified only because this Parliament, per medium of the Government, had the means to carry the legislation it desired to implement. I do not think that in principle it was justified in introducing that type of legislation, and I firmly believe that there is no justification whatever for conferring by statute authority upon a Government instrumentality that the Government would by no stretch of the imagination be likely to confer on a private individual or private concern operating in a similar direction. The Government would require the private institution to obtain its securities by proper means; the Govern-

ment takes to itself the special authority by statute. I do not propose to traverse that ground any further. The Premier brought it to my mind, and away I went.

The Premier: We did reconstruct the debt position.

Mr. WATTS: I admit that the Government has done a lot of work in that direction, and I do not deny that much of it has been satisfactory. I do not wish to discuss that phase this afternoon. I contend that the attitude adopted by the Government through the Minister for Lands has been of a vacillating nature. We have never known what his attitude would be on any given subject. Deputations receive no satisfactory answers from him to their requests. To questions asked in this House the Minister has given evasive replies. The net result has been that we have made no progress in a matter that has been calling for attention over the years. This House, after a long debate, passed a motion on the 15th October, 1941, urging the introduction of certain legislation, but no action has been taken by the Government. That was 18 months ago. When I asked the Minister for Lands what was the intention of the Government in that regard, the Minister replied that he was making further inquiries into this very involved matter.

The Premier: Do you think there is a ready solution to this involved matter?

Mr. WATTS: I do not.

The Premier: Of course, there is not.

Mr. WATTS: On the other hand, I say that over the years well-intentioned efforts have been made with a view to endeavouring to arrive at a solution, but no results have followed.

The Premier: You know where a certain road paved with good intentions is said to lead?

Mr. WATTS: This is the point: Departmental inquiries have been held. What have they produced? Absolutely nothing satisfactory as far as we can observe respecting the phase I have been dealing with. Therefore it is obvious that the proper place for this inquiry to be made is here, per medium of the representatives of the people. The representatives are elected for the express purpose of carrying legislation in the best interests of the community and, in order to ascertain whether it is in the best interests of the community or not, they have to secure the information. Departmental inquiries may be

excellent up to a point if the decisions are placed before members and the reasons actuating those who made the reports are also given. But the place where information should be brought and where action should be recommended is this House and, unless we revert to that belief and take action in that direction, we deserve to lose the democratic form of Government which we are supposed to cherish and which I certainly do.

The Premier: You have been given a lot of information today.

Mr. WATTS: I admit that we have. I have stated that I will not make the criticism I intended to make of the Minister for Labour because of his concluding remarks regarding the Government's intentions, but I have no salvation to offer the Minister for Lands. He gave us no opportunity whatever of coming to a conclusion that he had any intention of assisting, directly or indirectly, in what I have sought to attain by this motion. He chivied me, as he has done when I introduced other like matters from another seat in the past five or six years, and tried to give the House the impression that everything I suggested was totally unnecessary, that he was in possession of all the information available. Yet, six months after, when we have asked what action has been taken, we have been told that the matter is still being considered.

Thus I find myself unfortunately of the opinion, based on the evidence I have put before the House, that the Government of this State is today partly responsible for the present position because it has consistently refused to allow us to do anything and because departmental inquiries have resulted in nothing. In other parts of the world many things have been done which should at least have been the subject of inquiry in this State in relation to the question of post-war reconstruction. I have the greatest respect for the Public Service. It includes many able men whose advice and assistance to members of Parliament would be extremely valuable. Some of them are technical experts; technical questions arise and the assistance of those officers would be of the greatest value. At the same time there are questions of which they know nothing. I have submitted in this House more than once that the relationship between rural debtor and creditor should undergo suitable alteration. That submission has not always received the support of this House, but it

would be well worth while inquiring into what has been done in such a place as Saskatchewan, in Canada. An Act was passed in 1939 respecting the limitation of certain civil rights—it covers many pages—and the whole of it is concerned entirely with amending and altering the obligations and rights between certain classes of debtors and their creditors.

Mr. Marshall: That would be dominion legislation.

Mr. WATTS: No; Saskatchewan is one of the provinces of Canada. I hold in my hand a copy of the revised statutes of Saskatchewan for 1940. There is enough matter in that Act to keep five Select Committees occupied for three months. Yet we are told by the Minister for Lands that there is no need for a Select Committee. Never in all my life have I heard such tosh. Surely there are enough problems, aside from the ones we could import by finding out what has happened elsewhere, to involve a Select Committee in the closest inquiry for a long period, and we should be ashamed of ourselves if we do not set to work and appoint a committee at the earliest possible moment to endeavour to find a solution of the problems that are troubling us and should be removed if their removal is possible.

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

Ayes	..	..	..	16
Noes	..	..	..	16
				—
A tie	..	..	..	—

AYES.

Mr. Berry	Mr. Patrick
Mr. Boyle	Mr. Sampson
Mrs. Cardell-Oliver	Mr. Seward
Mr. Keenan	Mr. Shearn
Mr. Kelly	Mr. J. H. Smith
Mr. McDonald	Mr. Warner
Mr. McLarty	Mr. Watts
Mr. North	Mr. Doney

(Teller.)

NOES.

Mr. Coverley	Mr. Marshall
Mr. Cross	Mr. Nulsen
Mr. Fox	Mr. Panten
Mr. Hawke	Mr. Tonkin
Mr. W. Hegney	Mr. Triest
Mr. Hughes	Mr. Willcock
Mr. Johnson	Mr. Withers
Mr. Leahy	Mr. Wilson

(Teller.)

MOTION—FARMERS AND PASTORALISTS' DEBTS.

As to Mortgage Interest.

Debate resumed from the 28th January on the following motion by Mr. Stubbs:—

That this House is of the opinion that the Government should introduce legislation at once to reduce during the war to not more than three per cent. interest rates on mortgage debts owing by farmers and pastoralists, whether to government instrumentalities or other financial institutions, because—

- of the severe stock losses in the pastoral areas;
- the compulsory reduction in wheat acreages;
- the severe rationing of supplies of superphosphate and other essentials;
- the insuperable difficulties regarding manpower;
- the increase in all costs of production during the war which are greater than any compensating increases in prices of some products;
- it is not fair nor just that interest should be charged in full when diminishing returns and higher costs make it impossible to pay it out of earnings, thus subjecting the debtors concerned to capitalisation of arrears with resultant compound interest.

MR. McDONALD (West Perth) [4.19]: The member for Wagin, by this motion, desires that during the war interest on mortgages owing by farmers and pastoralists to Government instrumentalities and other financial institutions should be reduced to a rate of not more than three per cent. I have every sympathy with the objective of the hon. member in seeking to assist the farmers and pastoralists, who are passing through a very critical period owing to the additional disabilities they are suffering at present, and I would be glad to support any suggestion which would achieve that objective. I feel, however, that the motion represents a proposal which is not practicable, and that other ways could be found that would be more serviceable to the farmers and pastoralists whose position he desires to improve.

In the first place, the wording of the motion is such that it leaves the proposal open to a number of objections. I know that it might be amended; but, if we take it as it stands, it provides for reduction of interest to not more than three per cent. in the case of mortgages by farmers or pastoralists. As the motion is framed, that is not restricted to mortgages over their farms

Mr. SPEAKER: The voting being equal, I give my casting vote with the noes.

Question thus negatived.

or stations. The terms of the motion are wide enough to cover reduction of interest on the mortgage which a farmer or pastoralist may have given over a city property. I do not think that was the mover's intention, but that is how the motion reads. Neither do I suggest that many farmers, or perhaps not many pastoralists, are owners of city property; but there are some pastoralists who are wealthy men, and there is no reason why they should receive a reduction of interest in respect of mortgages they may have given over properties which are not farming or pastoral properties. In the second place, on the wording of the motion the reduction is independent of the financial position of the farmer or pastoralist. It is not confined to those who are in a difficult situation. The farmer or pastoralist may be a man of means, and yet he would be entitled to claim, on this motion, that his mortgage interest should be reduced to not more than three per cent.

Even in the case of a farmer or pastoralist owning a property on which the mortgage debt was a very small fraction of the value, the same reduction could under this motion be claimed; and if, as in some cases—I do not think very many—the mortgage debt was a couple of hundred pounds on a pastoral property or a farming property worth £10,000, then the borrower would be entitled to claim, under the motion, that he too should have his interest reduced to not more than three per cent. However, I am not placing much reliance on those matters, because, after all, they could be dealt with by amendments which would be more in keeping with what I believe to be the real object of the member for Wagin in moving the motion. But there are some other defects in the way of the proposal. The first is that under a proclamation of the Commonwealth Government made last year, the maximum interest rates have become the subject of Commonwealth jurisdiction, and in the case of financial institutions such as banks and pastoral lending houses it is provided by Commonwealth proclamation that the rate of interest shall not be more than five per cent. in the case of banking institutions or $5\frac{1}{4}$ per cent. on loans made by pastoral houses. The effect of that regulation is that the Commonwealth Government, acting by way of National Security Regulations, has said that it shall be lawful for any financial institution, as I have mentioned, to charge interest up to but not

exceeding five per cent. in the one case and $5\frac{1}{4}$ per cent. in the other case.

This motion proposes legislation which will say that it shall not be lawful to charge up to five per cent. or $5\frac{1}{4}$ per cent., but shall only be lawful to charge up to three per cent. In other words, whereas Commonwealth legislation allows five or $5\frac{1}{4}$ per cent., this Parliament is invited to reduce the Commonwealth rate to not more than three per cent. Although it may be arguable, it seems to me, that there is a fair amount of reason for saying that any legislation by our State Parliament on these lines would be unconstitutional as being in conflict with the legislation of the Commonwealth Parliament. But there is something more than that, and it is that when the Commonwealth Government in the exercise of its war authority decided to regulate the maximum rate of interest, it acted in that matter after a consultation with the Commonwealth Bank, with the Treasury officials, and with its economic advisers, and in dealing with this highly difficult matter decided, as a matter of general policy, and of stability in economic matters, and also perhaps as a matter of some justice to the various interests concerned, that it would not be wise to reduce the minimum rate of interest below five per cent. in the case of institutions like banks and $5\frac{1}{4}$ per cent. in the case of pastoral houses.

I feel reluctant to support a proposal that this Parliament by legislation should interfere in a matter of policy, and of important national policy, on which the Commonwealth Government has made a pronouncement, and not only made a pronouncement, but arrived at a decision, no doubt on the basis of advice it was able to obtain, and arrived at its decision as something applicable not to a restricted area, but to the whole economy of Australia. So that we by this motion, if passed and acted upon, would be running counter to the Commonwealth Government's policy in relation to the regulation of the rates of interest which can be most usefully and properly charged by financial institutions including pastoral houses, the institutions which are aimed at by the motion now before the Chamber. So it may be that any legislation which would be passed in consequence of the carrying of the motion would in the first place be of no avail as being unconstitutional and in conflict with the Commonwealth Government's regulations, and in the second place would in any event be con-

trary to the deliberate policy laid down by the Commonwealth Government in its National Security proclamation.

Mr. Marshall: Would the Commonwealth Government's regulations apply to our Agricultural Bank?

Mr. McDONALD: I have not the regulations here. To my recollection, they do not apply to our Agricultural Bank, in my opinion. They apply to the Victorian Savings Bank loans, but I do not think they apply to our Agricultural Bank loans. If this motion were passed, it would lead to legislation to reduce the rate of interest now being charged by our Agricultural Bank to not more than three per cent. The second aspect of the matter which should be borne in mind from every point of view is that if we endeavoured to carry out the motion I do not know how this State would stand in relation to the benefits of the mortgage bank, which is proposed to be set up by the Commonwealth Government. I have before me the Bill to establish a mortgage bank which was recently introduced into the Commonwealth Parliament, but has not yet been passed. Under it, the capital of the bank is to be derived from various sources set out in the Bill. One of such sources is to be money borrowed by the Commonwealth Treasurer under the Commonwealth Inscribed Stock Act and advanced by him to the mortgage bank. On the money which the Treasurer of the Commonwealth so borrows and advances by way of capital to the mortgage bank, the bank will be required to pay to the Treasurer interest at the rate which he will be paying to the general public.

In other words, part of the capital of the mortgage bank is to be derived in this way: The Commonwealth Treasurer will go on the market and borrow say, £5,000,000 at $3\frac{1}{4}$ per cent. on a long-term loan. He will then lend that £5,000,000 to the mortgage bank, which will pay the Commonwealth Treasurer $3\frac{1}{4}$ per cent. on it, the same rate as the Treasurer will pay to the general public. If, assuming it is lawful, we are to limit interest on mortgages to any financial institution in this State to 3 per cent., it would mean that the mortgage bank, if it desired to operate in this State and if it were bound by our legislation—which I think would be extremely doubtful—would not be able to charge farmers and pastoralists more than 3 per cent. during the war. Yet the mortgage

bank in respect of the money which it would lend to this State, would have borrowed the same money at $3\frac{1}{4}$ per cent., the current rate. Therefore, every time it made a loan in this State it would lose not only one-quarter per cent. on the amount of the loan, but it would lose in addition—if the motion is carried—the amount of expense involved in the administration of the bank's business, which might easily be an extra 1 per cent.

If, therefore, we did pass and were able to carry out by legislation the terms of the motion, it would mean that the mortgage bank would be under a difficulty in operating in this State; it might even find itself unable to operate here. Before I pass from the subject of the mortgage bank, it is quite clear from the Bill that the bank is to operate as a business institution. The Bill is so framed as to ensure that the bank will not lose its capital; it will have to balance its budget and its earnings must equal its outgoings. Certainly, on the framework of the Bill, the bank could not possibly operate without loss in respect of every advance it made at 3 per cent. or less, as suggested by the member for Wagin. Therefore, if the motion were carried, we would be making it difficult or impossible for farmers and pastoralists in this State to obtain a benefit which otherwise they might obtain from the Mortgage Bank Bill if it becomes law. I desire to add a word or two about the general position. The reason why the Commonwealth Bank stepped in to regulate interest, as a matter of national concern in time of war, is because that Government has to a large extent taken control of the banking and financial institutions.

During the past 12 months, according to the latest Commonwealth Bank Bulletin, £55,000,000 has been taken from the trading banks alone under Commonwealth regulations and put in the Commonwealth Bank—the central bank—and the trading banks have not been allowed to have any surplus funds. They are compelled by Commonwealth regulations to transfer such funds straightaway for use by the central bank. On that money so transferred the trading banks receive a nominal rate of interest, I think 1 per cent. According to the latest Commonwealth Bank Bulletin, the average earnings of the trading banks on their shareholders' funds for the quarter ended September last was 3.6 per cent. : If, therefore,

under this motion all trading banks in Western Australia could not lend money to farmers and pastoralists at more than 3 per cent., then, in respect of that money the trading banks would be in a position where they would make a loss on every advance which they made to a farmer or a pastoralist. They would not receive in that 3 per cent. sufficient to enable them to carry on in anything like the same way as they are carrying on today. The trading banks, whatever may be said about them—and they come in for much abuse—are at the present time, as I have said, earning $3\frac{1}{2}$ per cent. on their shareholders' funds, according to the latest quarterly return. As far as the shareholders are concerned, they would be very much better off if they had their money invested in Commonwealth bonds at $3\frac{1}{4}$ per cent., because they would then receive the benefit of freedom from State income taxation. The trading banks are not receiving any large returns at the present time.

The Minister for Mines: We have no State income taxation.

Mr. McDONALD: No, but the uniform taxation legislation contains provision for a rebate or benefit in respect of interest on Commonwealth loans equivalent to the rebate formerly allowed in respect of State income taxation. The trading banks are in this position: They have been writing off debts of farmers and pastoralists who have been in the position the Minister for Lands told us about in the debate that took place within the last week. The writing off was done by voluntary arrangement under a scheme evolved by the Government. The amount written off the mortgage debts of 52 pastoralists was £178,000. That sum was written off by banks and pastoral houses. In addition, there have been extensive writings-off—perhaps not as much as there should have been—of interest and capital by banks and other financial institutions in the case of farmers.

Mr. Hughes: They never wrote off one penny that was recoverable. Can you give one such instance?

Mr. McDONALD: I cannot give specific cases, but I think I can say that in some cases the writing off has reduced the mortgage debt substantially below the value of the security.

Mr. Hughes: I would like to see it.

Mr. McDONALD: Allow me to say that the view which I have heard that banks and other mortgagees take is this: Their desire is to keep the man on the land if he is a deserving man, and they want to write off as much as will give him some incentive to continue. In spite of what the member for East Perth says, there are cases where debts have been written down to such an extent as to reduce them to a sum less than the value of the security. Therefore, on paper at all events, they have been reduced to a sum much less than might have been recovered had the banks enforced their full legal rights.

Mr. Hughes: I would like to send that mortgagee a letter of appreciation.

Mr. McDONALD: You would have to write to several mortgagees.

Mr. Hughes: I will write twenty letters, if necessary.

Mr. McDONALD: While they are writing off they have the interest rate reduced to a basis as low as a little more than half the amount allowed by Commonwealth policy. I think there may be perhaps a reduction in the writing-off programme because they will feel that they cannot allow it at both ends, and I do not want to see that happen. I agree with the Leader of the Opposition and the member for Wagin, for reasons which Country Party members with their additional knowledge can express far better than I, that the farmers require a reconstruction of their position, particularly on the economic or debts side. That has become much more emphasised in the last two or three years since the beginning of the war, and I fear it is going to be much more emphasised in the next two or three years, and particularly in the next 12 months, from what I can learn from those better qualified to speak on the matter than I am.

I feel that if we are to give these men on farms and stations the incentive needed to keep them there to work for themselves and the State, we want to do more than is proposed in this motion and do it in a different way. We want to get more to the root of the matter. We want to take a survey of their whole position and not merely of one aspect of it, and we want to provide a means by which the whole position may be put on a more satisfactory basis, and one which would enable all farmers in need of that help to carry on and see in front of them some prospect of suc-

ness in their operations on their farms or stations. So I feel that in endeavouring to assist the member for Wagin in achieving his objective, I would like to see the problem approached from a different angle and from a more basic aspect. I do not think his motion is going to help the farmers in the way he really wants. It may be illegal, beyond the power of this Parliament, in the first place.

Secondly, it will undoubtedly be in conflict with the economic policy of the Commonwealth Government, and that is a thing we cannot lightly undertake even if we have the power to do so, especially without any consultation with the Federal Treasurer and those people who advised him when he set out in his proclamation what should be the maximum rate of interest to be charged. It needs far more inquiry and far more advice, and particularly far more consultation with the Commonwealth Government than has been evidenced in regard to this matter, before we embark upon such far-reaching—even if they are very important—measures to regulate the financial structure in the way of interest, of the economy of the State. It may bring repercussions on our State which will leave us worse off possibly than if we had left the matter alone. If the matter can be tackled—and I am in favour of it—from another angle, from a wider angle and from an angle where we really know something about it, I am prepared to support any move in that direction. I believe an amendment to this motion will be moved later which will aim at approaching the problem from that broader angle, and that amendment will be such that I shall be able to support it in the hope of doing more effectively by that means what the member for Wagin desires to do by this motion, which is faced by so many difficulties of the kind I have endeavoured to point out.

On motion by Mr. Marshall, debate adjourned.

BILL—COMPANIES.

In Committee.

Resumed from the previous day. Mr. Marshall in the Chair; the Minister for Justice in charge of the Bill.

Clause 177—Memorandum and Articles of Association of co-operative companies:

The CHAIRMAN: Progress was reported on Clause 177, to which the member

for Nedlands had moved an amendment to strike out paragraph (b).

Hon. W. D. JOHNSON: I want to appeal to the Committee not to interfere with these words which were inserted by the Select Committee. Over and over again the Minister for Justice has urged that, the Select Committee having gone into this matter and taken evidence, we should hesitate before we make any changes. If that applies to any particular portion it applies particularly to the division dealing with co-operative companies for the reason that special evidence was prepared by the Co-operative Federation of Western Australia, which includes the whole of the co-operative activities of this State. It includes the Colliery miners' co-operative concern, and the many co-operative organisations throughout the whole of the agricultural districts. Western Australia is unique in regard to co-operative organisations in the sense that the major part of our activity has been in the agricultural districts. As everybody knows, it is difficult to raise money in those districts, but in all of them there are successful farmers, and the co-operative movement has been successful in appealing to those men to assist in the establishment of co-operative organisations, so that today there are about 80 such organisations in the agricultural districts. I am always doing a little organising in this regard and am at present engaged in establishing a co-operative concern at Wyalkatchem to take over an existing property from those prepared to make it a co-operative concern, provided we comply with the terms.

Sufficient money for this sort of thing cannot be got from the individual farmer, but the aggregate of the clients is sufficient to justify the establishment of a store, because the turnover suffices to make it an established concern. At the start the available capital is not sufficient to justify the establishment of a concern, but the way it is done in many instances is this: The affluent farmer says, "I believe in co-operation. I believe that it is in the farmers' interests to combine to give for the purpose of having a store in the district, and I am prepared to put in £100." There is little or no possibility of his subscribing that money as an investment because under the Bill which we are discussing—and it is the law today—the amount of dividend payable is limited. A co-operative concern is established by one

or two people subscribing the major amount, and 100 or so subscribing the minimum amount. The business then commences and the patronage makes it fairly successful. After two or three years the assets side so increases that it is able to show a profit for distribution, and that distribution is subject to the decision of the shareholders. The shareholders who attend en masse are the ones who hold the minimum number of shares. They are not interested in dividends because of the limited amount of capital they have invested. The profits are generally distributed on the basis of business done.

The tendency, therefore, is to limit the dividends on share capital so that the profits may be conserved and distributed on a wider basis by way of a bonus on the business done. We have to appeal to the men with money to help us and so we say to them, "We cannot pay dividends for a year or two but we have devised a means by which we can, when the affairs of the company are stabilised on a profitable basis, give you something for the assistance rendered by your money in the creation of the concern." We might go back three years, but he may not get even five per cent. As I have said we have to appeal to these men for support and this is some little inducement. I will admit that it is of not much use because the majority of these small shareholders, who have the voting power, say that no big dividends shall be paid. It is unusual for more than 2½ per cent. to be declared. They endeavour to pay big bonuses. The principle is—one shareholder one vote, so that the man with the large capital has no greater voting power than the man with one share. The companies encourage patronage and pay bonuses on the business done, so that the man who spends a lot of money in the store gets large bonuses and the man who is a big shareholder but does not patronise the company to any extent gets so much less. Right throughout the co-operative movement it is the little man with the small shareholding who invariably dominates the policy of the distribution of profits.

Mr. Tonkin: Is that one of the virtues of co-operation?

Hon. W. D. JOHNSON: It is the outstanding virtue, but we are taught in co-operative idealism that money is entitled to a just reward. We cannot commence without capital. In the country districts it is

generally felt that 2½ per cent. is a sufficient return. Years ago it was seven per cent., and then it came down to five per cent., and now it is 2½ per cent. At the moment we are negotiating for the purchase and establishment of a general store at Wyalkatchem. A private store has been established there for some time, and the owner is getting old and desires to retire. The farmers of the district have suggested that it could be formed into a co-operative concern. In my opinion four of the farmers will for the time being contribute the major part of the necessary capital to establish the enterprise on a co-operative basis.

A provision of this kind is for the purpose of assisting in that direction. While this allows a just reward for capital supplied I cannot remember the provision ever having been put into operation. For a long time we went through a lean period in this State, but we have now arrived at the stage when every co-operative concern throughout our agricultural districts is in a sound position. They are all on a dividend paying basis, although the dividend may be only one per cent. or half per cent. But that is of little moment as the profits are distributed on the bonus basis. Apart from one concern that is in the balance they are all in a good position, and free from any dictation by creditors, etc. That has been accomplished since the 1929 crisis. The provisions of the Bill respecting co-operative companies largely follow what is the practice today. No one has faulted the co-operative movement in this State, which has been conducted over the years without scandals and strictly in accordance with the true principles of co-operation. In no part of Australia has there been greater co-operative development than in Western Australia, and the movement, through its accredited representative, assisted the Select Committee that dealt with this question by explaining its own ramifications, its objectives and aims. I hope the Minister will reconsider his attitude towards the proposal to delete portion of this clause, and that the Committee will leave the co-operative clauses as they appear in the Bill.

Mr. WATTS: Earlier in the debate the Minister indicated that he had discussed this matter with me and implied that the discussion was of recent weeks. That is not so. The last discussion with him of which I have any recollection was at least 15 months ago.

I have no desire to depart from the recommendations of the Select Committee, which was subsequently converted into a Royal Commission, when dealing with this phase. As indicated by the member for Guildford-Midland, matters relating to the co-operative movement were carefully gone into and we came to the conclusion that the particular provision under discussion had operated for a considerable period, had worked no hardship and had indicated no suggestion of impropriety. The Royal Commission held that there were good and valid reasons why the co-operative provisions should remain in the legislation. I have looked up the report of evidence that was tendered, and I find that a number of points were made by Mr. Harper that the Committee should appreciate. In the course of his evidence Mr. Harper said—

We asked Parliament to prohibit the distribution of any dividends exceeding three points per cent. above the fixed Commonwealth Bank deposit rate, for two years. Parliament refused to give us that and today we have five points, so that the maximum dividend any co-operative company can pay is five per cent., plus the ruling rate—I think it is two per cent.—so that seven per cent. is the absolute maximum anyone can secure. Most companies, however, are paying dividends of from two to four per cent.

1994. By the Hon. H. Seddon: What is the effect of that?—The effect is that shareholding is looked upon as membership and not as a means of earning dividends. We desire that our trading people shall get full advantage of their trading with a company and look for bonuses rather than dividends.

1994A. Has it worked that way?—Entirely. That was the beginning of the evidence on that point. A number of statements were submitted to the witness for his opinions, and his evidence continued—

Under existing legislation that company cannot possibly pay bonus shares other than a bonus on the trading done. It is true that co-operative companies try to build up reserves, and if any moneys are earned outside sufficient to pay the maximum dividend, which I think in their case would be seven per cent.—I do not think they have paid that for many years—the balance can only be distributed, not in relation to share capital at all, but in relation to trading done between the cream suppliers and the company.

Mr. Harper at that stage was dealing with cream suppliers.

I should say your correspondent is a joint stock company person and not a co-operator at all, because no share in a co-operative company, whose dividends are limited to a maximum of seven per cent., would ever be worth more than its face value, particularly as most

of the co-operative companies pay a dividend lower than seven per cent. Even if this company were paying seven per cent. no matter what the reserves were, the face value of the shares could never be more than the paid-up value.

1998. By the Chairman: Would not the increases in the reserves improve the equity?—No. The law will not allow you in the case of any distribution of reserves or any liquidation when the company is wound up, to use any of the money to pay anything on the share capital basis. The money must all be distributed on a trading basis.

1999. By Hon. H. Seddon: You do not think it would be advantageous to limit the shareholding in a co-operative company?—No. We have instances of farmers, who have done the whole of their business through the local co-operative company and have thus acquired a considerable holding of bonus shares, a holding that would have exceeded what would have been considered right under a recognised co-operative Act based on the requirements of a cash trading company. Such people have been denied the actual cash, but have been given shares which, since the dividends have been restricted, have given them really a lower bonus than would have been the case if the bonus had been distributed in cash. That is an enforced re-investment of his bonus, paying him only a low dividend rate. We think it would be a mistake to force a company to pay cash to the man who has acquired his maximum shareholding, or to deny him a share in the bonus distribution.

2000. Is there a maximum holding that a member can acquire by purchase?—No.

2001. Do you not think there ought to be a maximum?—No, anyone who likes to put money into a co-operative concern with a possibility of securing an average dividend of four or five per cent. is welcome to do so. No matter how many shares a man has, he has only one vote . . .

2002. So that the voting does not depend on the number of shares the man holds?—No. The principle is that of one man, one vote. That is a very strong rule in co-operative organisations.

2008. If the man has been a big shareholder originally, the issue of bonus shares would tend to give him a handsome return?—Everything is based on the trading that is done with the company. All his bonus shares are based on his trading.

2009. How are the bonus shares issued?—They are issued on the trading a man does. If he does one-tenth of the gross trading of the company, he gets one-tenth of the bonus shares. He cannot earn them out of his capital investment, but he earns them out of the business he does with the company.

2010. So that bonus shares are not issued in accordance with the number of shares a man holds?—No, they are issued on the business transacted. They have no relation to the capital of the company.

Shareholders in co-operative companies are very different from those in ordinary com-

panies, and the reason for inserting a special provision in the Bill was to enable co-operative concerns to carry on their business as in the past. Generally speaking, there has been no complaint, and this practice—the subject of the provision of the Bill—has been followed for a considerable period. In the absence of misuse, I do not think we ought to alter it. There might be a substantial dividend of 20 per cent. in one year by a company that had not paid a dividend for three years, but the declaration of the dividend is substantially in the hands of the shareholders at the meeting, and they are not, as are shareholders in public companies, entitled to vote in accordance with the number of shares they hold. A shareholder in a co-operative company has only one vote, whether he holds five shares or 1,000 shares. So, different considerations must be applied to co-operative companies.

The profits of a co-operative company are distributed in two ways—by the declaration of a dividend and by the declaration of a bonus, either in cash or by way of bonus shares. That distribution is based on the trading of the shareholder so that a man who holds one share in the company may have done £1,000 worth of trading and get a substantial return, because his business was responsible for a substantial proportion of the profits for the year. Those considerations do not exist in other than co-operative companies. As every shareholder has only one vote, the small shareholder is in a position to dictate what shall be done with the funds. This does not apply to the ordinary company in which a small shareholder has very little say. As different principles apply to co-operative companies as against ordinary trading companies, we would be acting reasonably in adopting the practice that has been found satisfactory and recommended by the Select Committee.

Mr. TONKIN: An attempt has been made to draw a comparison between what should happen in a co-operative company and an ordinary company. Nothing is to be gained by that because they are entirely different concerns. An ordinary company exists to make profits for its shareholders; a co-operative company exists for the service of its members. That is why the Legislature has definitely limited the amount of dividend which may be distributed on share capital. Having provided for limited dividends, the law makes provision for the distribution of

the surplus, so that members of the co-operative company who have done business with it shall get their proportion of the surplus. That is right and reasonable. It follows that if a co-operative company makes a large profit, while it has been giving service it has been charging rather too much and, to rectify this, there is a distribution to the persons who made the large profit possible.

Paragraph (b) provides that before declaring a dividend out of the profits for the then last financial year, the directors may, at their discretion, provide for the payment of a dividend for the preceding years. In what a wonderful position that places a director who is in the know! If a director, remembering that for three years no dividend has been paid, knows that there is money available to pay dividends for the preceding years also, he would have information that would not be in the possession of an ordinary shareholder and there would be nothing to prevent his slowly acquiring as many shares as he could obtain in the knowledge that at the end of the year, at the discretion of the directors, dividends could be declared on all the shares so acquired.

Hon. W. D. Johnson: Would not that be a lovely co-operative spirit!

Mr. TONKIN: But whilst I do not say that would be done, the business of this Parliament is so to frame an Act that it could not be done. We are expected to pass laws of this nature that allow the carrying-on of business in a normal and proper way and also provide safeguards against fraud. Though it is impossible to prevent all fraud, no Act of ours should contain a clause which invites fraud, as I submit this clause does. The purpose of the co-operative movement is not to pay dividends on share capital; that is merely an incidental consideration. One goes into co-operation in order to secure the benefits of co-operation. Those benefits should in themselves be so attractive as to encourage the co-operators themselves to subscribe capital without any wish to obtain dividends on that capital, their only wish being to secure the benefits of co-operation.

Hon. W. D. Johnson: Co-operative shareholders do not always possess the cash required.

Mr. TONKIN: In arguing for the retention of the clause, one is arguing for capitalism to bolster up the co-operative movement. Frankly, I fail to understand how this

clause ever got into the Bill. The clause represents a method of obtaining optional cumulative preference shares—optional on the part of the directors. The fact that another clause limits the rate of dividends shows that there is a desire to keep dividends down. The present clause is an attempt to increase dividends. If directors are permitted, at discretion, to use up a surplus, accumulated during several years, in order to provide dividends for succeeding years, there will eventually be nothing left to pay dividends to the shareholders who have supplied the capital. I shall vote against the clause.

Hon. W. D. JOHNSON: The misuse of a provision of this nature by directors must, of course, be endorsed at a general meeting of shareholders. The vast majority, not a mere majority, of co-operative shareholders are small shareholders. It cannot be otherwise in a State like Western Australia, population being so limited and farmers generally not being in good circumstances. General meetings are dominated by the small shareholders. Can anyone imagine directors misusing, as suggested, the provision as to dividends? The Leader of the Opposition mentioned bonus shares. Those shares were issued in the early days of the movement in order to retain a limited amount of capital in the company instead of paying it out in the form of cash. That system has been discontinued; no bonus shares have been issued in Western Australia for some years. Shareholders now get cash at the annual general meeting. Thus the small shareholder is not likely to tolerate an attempt of the kind suggested by the member for North-East Fremantle. Imaginary loop-holes and weaknesses can be read into almost any legal provision. A dividend of 20 per cent., which was mentioned by the Leader of the Opposition, would be a huge windfall in the guise of one year's profits!

Mr. Watts: The capital would have been used for three or four years to accumulate such a dividend.

Mr. Hughes: How would it arise that there was money available in one year to pay such a dividend?

Hon. W. D. JOHNSON: Shareholders are requested, should it be thought an emergency might arise, to leave their money in the company. Should the emergency not arise, the money is distributed.

Mr. WATTS: This paragraph has been in the existing Companies Act since 1929 as paragraph (b) of Section 3. It was passed during the regime of a Government of the same complexion as the present Government. It has stood the test of 14 years without any complaint, and I therefore cannot see why it should be deleted.

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

Ayes	..	..	..	..	15
Noes	..	..	..	..	8
Majority for ..					7

AYES.		
Mrs. Cardell-Oliver	Mr. McLarty	(Teller.)
Mr. Coverley	Mr. Nulsen	
Mr. Cross	Mr. Panton	
Mr. Fox	Mr. Tonkin	
Mr. Hawke	Mr. Willcock	
Mr. W. Hegney	Mr. Withers	
Mr. Keenan	Mr. Wilson	
Mr. McDonald		
NOES.		
Mr. Hughes	Mr. Sheara	(Teller.)
Mr. Johnson	Mr. J. H. Smith	
Mr. North	Mr. Watts	
Mr. Seward	Mr. Warner	

Amendment thus passed; the clause, as amended, agreed to.

Clauses 178 to 182—agreed to.

Clause 183—Liability of members as contributories:

Hon. N. KEENAN: I move an amendment—

That paragraph (c) of Subclause (1) be struck out.

The Committee has already resolved to strike out of the Bill all references to companies limited by guarantee. The amendment is merely formal.

Mr. TONKIN: Will the member for Nedlands state whether this subclause does apply only to companies limited by guarantee? Paragraph (e) provides: "In the case of a company limited by guarantee—"

The CHAIRMAN: The amendment is to strike out paragraph (c).

Hon. N. KEENAN: No, paragraph (e).

The CHAIRMAN: The amendment appearing on the notice paper is to strike out paragraph (e).

Hon. N. KEENAN: The notice paper I have before me is not today's notice paper. I discussed the amendment at the time the notice paper I have was current. The amendment was to strike out paragraph (e).

The CHAIRMAN: The hon. member had better ask leave to withdraw his amendment.

Hon. N. KEENAN: I ask leave to withdraw my amendment.

Amendment, by leave, withdrawn.

Hon. N. KEENAN: I move an amendment—

That paragraph (e) of Subclause (1) be struck out.

The MINISTER FOR JUSTICE: Do not guarantee companies come out automatically? There are a number of references to such companies. I understood you to say, Mr. Chairman, earlier in the session that they would be dealt with.

The CHAIRMAN: I have some recollection, though my memory on the subject is not altogether clear, that I stated attention would be given by the officers and by the Crown Law Department to consequential amendments, and undertook to refuse to issue a certificate until I was assured that that had been done. However, the amendment has been moved and I will put it.

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

Clauses 184 to 199—agreed to.

Clause 200—Power of court to appoint official liquidators:

Hon. N. KEENAN: I move an amendment—

That in line 6 of Subclause (1) the word "three" be struck out and the word "two" inserted in lieu.

This clause proposes to give power to the court to appoint official liquidators and provides that there shall not be more than three. I submit that three constitutes a luxury and suggest that the number should be reduced to two.

The MINISTER FOR JUSTICE: I do not intend to oppose the amendment, but would point out that there might be at times the necessity for three liquidators to be appointed. It will depend upon the size of the company. There may be three or four different divisions and three liquidators might be required.

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

Clause 201—Meetings of creditors and contributories:

Hon. N. KEENAN: Members will find that Subclause (2) of Clause 214 should be included in Clause 201, with a consequential

alteration of the wording. I therefore move an amendment—

That a new subclause be inserted as follows:—

(3) Where the winding-up order has been made on the ground that the company is unable to pay its debts, the court may dispense with the meeting of the contributories directed to be summoned under the preceding subsections.

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

Clauses 202 to 209—agreed to.

Mr. Seward called attention to the state of the Committee.

Bells rung and a quorum formed.

Clause 210—Liquidator to pay moneys into bank:

Hon. N. KEENAN: I move an amendment—

That in lines 6 and 7 of Subclause (2) the words "at the rate of twenty" be struck out, and the words "at a rate not exceeding ten" be inserted in lieu.

The clause does not at present say "at a rate not exceeding twenty per centum." We are in the days of low interest rates, but the clause, as drafted, is a step in the other direction. Ten per cent. should be put in and the matter left to the discretion of the court.

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

Clauses 211 to 213—agreed to.

Clause 214—Meetings of creditors and contributories to determine whether committee of inspection shall be appointed:

Hon. N. KEENAN: I move an amendment—

That Subclause (2) be struck out.

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

Clauses 215 to 228—agreed to.

Clause 229—Power to order examination of promoters, directors, etc.

Hon. N. KEENAN: I move an amendment—

That in line 4 of Subclause (6), after the word "him" the words "in any court of civil or criminal jurisdiction" be inserted.

The clause does not say in what circumstances or courts the notes shall be used as evidence against the person.

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

Clauses 230 to 239—agreed to.

Clause 240—Statutory declaration of solvency in case of proposal to wind up voluntarily:

Hon. N. KEENAN: I move an amendment—

That in lines 5 to 7 of paragraph (c) of Subclause (3) the words "have regard to such considerations as would in the particular circumstances usually guide a business man" be struck out with a view to inserting the words "call or receive evidence on oath to prove that such justification did in fact exist within the knowledge of such person."

Where justification is alleged and the court finds that the person who is charged with the responsibility did in fact believe that the matter was justified, then he is exempted from liability. The subclause as drafted is most indefinite and may be given a different meaning. My amendment will provide for evidence to establish definitely that justification existed.

Amendment (to strike out words) put and passed.

Hon. N. KEENAN: I move an amendment—

That the words proposed to be inserted be inserted.

Mr. HUGHES: Why include such words in the paragraph? Already we provide that if a person makes a declaration of solvency without justification, he will be liable to a fine of £200. Such a man cannot be fined unless he is charged before the court, and naturally he would have the right in court to call evidence to justify his position. Hence there is no necessity to provide in the paragraph that the court may do what it has already power to undertake. The amendment will simply load up the clause with useless verbiage. I would prefer the deletion of the whole paragraph.

The Minister for Justice: It can do no harm.

Hon. N. Keenan: It will do good in giving an instruction to the court.

Mr. HUGHES: Is it necessary to instruct a court on such a matter when a man is charged with a criminal offence? This is a new departure. The more we build up an Act unnecessarily, the harder it will be to operate.

The CHAIRMAN: Will the hon. member confine his remarks to the amendment before the Chair?

Mr. HUGHES: The intention seems to be to build up the measure, and I hope the Minister will reject the amendment and delete paragraph (c) altogether.

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

Clauses 241 to 248—agreed to.

Progress reported.

ADJOURNMENT—SPECIAL.

THE PREMIER [6.7]: I move—

That the House at its rising adjourn till Tuesday, the 23rd February.

Question put and passed.

House adjourned at 6.8 p.m.

Legislative Council.

Tuesday, 16th February, 1943.

	PAGE
Question: Betting shops, as to prosecution of owners and occupiers	2475
Bills: Business Names, 3a.	2475
Coal Mine Workers (Pensions), 2a.	2475
Adjournment, special	2481

The PRESIDENT took the Chair at 2.15 p.m., and read prayers.

QUESTION—BETTING SHOPS.

As to Prosecution of Owners and Occupiers.

Hon. J. CORNELL asked the Chief Secretary: 1, Has any prosecution been initiated under amended Section 211, Criminal Code, against owners or occupiers of S.P. betting shops? 2, If so, how many? 3, If not, why not?

The CHIEF SECRETARY replied: 1, No. 2, Answered by No. 1. 3, The names of a number of persons alleged to be owners or occupiers have been supplied to the Crown Law authorities and the necessary action is being instituted.

BILL—BUSINESS NAMES.

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

BILL—COAL MINE WORKERS (PENSIONS).

Second Reading.

Debate resumed from the 3rd February.

HON. SIR HAL COLEBATCH (Metropolitan) [2.22]: I regret that I am not able to support the second reading of this Bill. There are certain elements in it with which