

crease this year of £30,000. Can the Premier explain the decrease?

The PREMIER: The fund did not get a grant for ten years until last year, when we made available £45,000 for work paid for out of the fund. This year we propose to make £15,000 available.

Mr. McDONALD: The State Shipping Service showed a loss in 1943-44 of £56,000 odd. No provision is made for the service this year. Is it customary to wait and deal with the situation as it arises?

The PREMIER: There is no Vote for this year and we are not quite in order in discussing the item. However, the financial position was such last year that we were able to make a grant to the State Shipping Service. This year we have only one ship working, and we do not expect to make a loss. Previously we had three ships in the trade and, owing to the war, they had often to remain at Fremantle for three or four weeks, and thus considerable loss was incurred. This year the position is entirely different.

Vote put and passed.

Progress reported.

House adjourned at 10.16 p.m.

Legislative Council.

Wednesday, 15th November, 1944.

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

BILL—MORTGAGEES' RIGHTS RESTRICTION ACT AMENDMENT.

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

BILL—HEALTH ACT AMENDMENT.

Reports of Committee adopted.

BILL—PERTH DIOCESAN TRUSTEES (SPECIAL FUND).

Report of Committee adopted.

BILL—RURAL AND INDUSTRIES BANK.

Second Reading.

THE CHIEF SECRETARY [4.39] in moving the second reading said: The introduction of this measure is the consummation of considerable thought and consideration by the Government of that most important and vexed question, namely, rural finance. It is a measure which has a highly important bearing on rural industry and on the business life of the community, and if passed will be recognised as a milestone in the history of rural finance in this State. The proposal is to constitute a trading bank under the name of the "Rural and Industries Bank of Western Australia," to take the place of the existing Agricultural Bank.

Before dealing with the provisions of the Bill I propose, as briefly as possible, to cover past legislation relating to the establishment of the Agricultural Bank, and also to deal with its operations to indicate how these have played an important part in the development of the State. During the early nineties the population of this State was very small. We had huge areas of Crown land available for selection, a considerable proportion of which was suitable for wheat and sheep and other agricultural purposes. It was in these circumstances that legislation was first introduced to establish the Agricultural Bank. The Act was passed in 1894 and was a well-conceived piece of legislation. Provision was made for the appointment of a manager, who had power, under the approval of the Governor, to make advances for the purpose of promoting the occupation, cultivation and improvement of agricultural lands in this State. These purposes are described as the objectives of the legislation.

The capital of the bank was limited to £100,000, with statutory power given from time to time to increase this capital, and the maximum amount of advance which could be made was £400. The usual powers were

granted to the manager to enable him to enforce securities, and the staff under his control was subject to the Public Service Act. It will thus be seen that the bank commenced in a small way what has since turned out to be a huge undertaking. Important amendments were made to the legislation governing the bank in 1906, 1912, 1929, 1930, and 1934. By the 1906 Act, the constitution of the bank was amended and three trustees were appointed in lieu of the manager. These trustees had discretionary powers with respect to the making of advances, both in regard to the applicant and to the land in respect of which advances were required. The amendments passed in 1912 had the effect of giving the trustees of the bank further powers, and raised the maximum to which advances could be made to £2,000.

The further amending Acts, the last of which was passed in 1934, after a Royal Commission had inquired into the affairs of the bank, had the effect of bringing about the change to existing conditions, whereby the control of the bank is vested in three Commissioners and its capital limit is fixed at £5,500,000, with power to raise further capital by borrowing to a limit of £1,000,000. The maximum advance which can be made still stands at £2,000. During this period—that is, since the inception of the bank in 1894 to the year 1934—the bank experienced many complex problems in its operations. It has, however, proved a powerful influence in the development of our primary industries. At first advances were made in those areas already settled in close proximity to the Eastern Goldfields railway and the Great Southern railway. Settlement then went further east along the Eastern Goldfields line, and then north of it. It also extended to the east of the Great Southern railway. Wherever settlement went the bank assisted with advances.

As time went on the demand for land became keen, so much so that land was taken up in areas distant as far as 40 miles from rail, and with low rainfalls, the bank assisting in many instances by providing finance to a limited degree. Public opinion demanded the expansion of our rural industries. Settlement was extended in all directions, and we had the spectacle of finance being made available in the areas that have since proven unsuitable and un-

sound. The original policy of the trustees—namely, to advance small loans to enable settlers to develop their holdings on a sound basis—was slowly but surely departed from by the bank in making advances in these unsound areas. It will be recalled that at a certain stage of the bank's operations unemployment was rife and that people turned to the land for a living. The story is well known to all members, and they know, too, that conditions became chaotic with respect to the affairs of the bank, and that this resulted in the appointment of the Royal Commission to which I have already referred.

The operations of the bank up to the time of the passing of the 1934 Act may be described as of a developmental nature. Since that date it has been engaged in the work of reconstruction. The Hon. M. F. Troy, when introducing the Agricultural Bank Bill in 1934, intimated that it was designed for the purpose of reconstruction, in respect of both land settlement and finance, and that there was a big job ahead of the bank in this connection. The Commissioners have gone ahead with that job with a great deal of vigour. The work of consolidating settlement by the grouping and linking of holdings has been almost completed; and, except for special cases, the work of debt adjustment is nearly finalised. So far as advances are concerned, very little activity has taken place within the bank to open up new settlement in the last 14 years. Most of the activity has been designed to maintain existing holdings, and in this regard the following figures will give some idea of the reduction that has taken place in the bank's activities from 1935 to 1944—a period of ten years:—

Advances made from Bank's funds, 1935-1944 (for improvements, stock and plant).

	£
1935	71,016
1936	31,055
1937	24,419
1938	28,284
1939	21,630
1940	12,449
1941	5,623
1942	5,363
1943	5,145
1944	2,948

That indicates quite a big change compared with the activities of the bank in 1935 and before that date. Accounts discharged during the same period by settlers or by

Associated Banks numbered 1,832, and the amount of mortgage money involved in these discharges was £586,993. The maximum clearances in one year—excluding last year, when the figure was 300—took place in 1938, when 277 mortgages were discharged. During last year £95,204 was paid off in connection with these discharges—£65,204 by farmers and £30,000 by the Associated Banks. The number of accounts in the Agricultural Bank in the years 1938 and 1943 was as follows:—

Accounts.	1938	1943
Occupied holdings ..	10,974	7,862
Unoccupied holdings ..	2,324	2,494
Total	13,298	10,356

The difference in the number of accounts is brought about by accounts discharged over the period and by the general amalgamation of accounts on debt adjustment and reconstruction. In addition, large sums have been written off as indicated by the following figures:—

Amounts written off—Sundry Borrowers.—		£	s.	d.
Written off prior to the 18th March, 1935 ..	1,044,963	9	4	
Written off during period from the 18th March, 1935, to the 31st May, 1944	7,659,161	2	4	
Total	8,704,124	11	8	

Those figures are rather staggering. Here are some further particulars regarding the amounts outstanding, and these are exclusive of advances for special undertakings and for wire netting. The amounts outstanding in 1935 and 1943 respectively were—

	£
1935	16,523,510
1943	9,771,470

Further, I have to advise the House that since 1935, no new accounts have been opened by the bank except those that had to do with re-occupied reverted holdings. Thus it will be seen that the time has arrived when it is absolutely necessary for something to be done in connection with the Agricultural Bank. The figures I have quoted are most interesting. They disclose that no new accounts have been opened for many years; that the bank has written off tremendous sums from irrecoverable debts and in respect of settlers still occupying properties;

and that there is little prospect for the bank's future in these circumstances—and this after 50 years of service in the interest of the State!

It has been shown that over the years the bank last lost its good accounts. In their struggling stages the settlers remain clients of the bank, and as soon as they reach a sound financial basis the Associated Banks, with their more attractive banking facilities, take over. Under these conditions, and having regard to the facts and figures I have given to members, there can be no future for the Agricultural Bank unless some new step is taken. An analysis of the whole position definitely indicates that it is distinctly unfair to the State. No matter in what way the future of the bank is regarded, it must be admitted that there is need for a review of the legislation under which the bank is operating, because of the decline of its operations and because the institution will eventually be left with only those accounts not attractive enough for the Associated Banks to take over, if some action is not taken.

I have reviewed the position leading up to the existing state of affairs as briefly as possible, in an endeavour to emphasise the necessity for the introduction of this Bill, to which a great deal of thought and consideration has been given by the Government. In seeking to provide a basis for the Bill, inquiries were made in all States. Studies were made of the experiences and problems connected with banking affairs, and a huge amount of data and detail was examined before the Bill was drafted. It was found that the methods employed in New South Wales within the Rural Bank which is constituted there, could conveniently and adequately be applied to the requirements of this State. Indeed, it would seem that many of that State's problems at one time were similar to ours. The executive of the Rural Bank of New South Wales have been most helpful in their advice and have assisted in the preparation of the plan for the institution proposed under this Bill.

For the information of members I propose to give some details of the operations of the Rural Bank of New South Wales. It commenced activities at practically the same time as our Agricultural Bank, and while functioning on behalf of rural industries it took over the activities of the

Rural Advances Department of the State Savings Bank of New South Wales when that bank was transferred to the Commonwealth. In accordance with the terms of that transfer the Rural Bank in that State receives from the Commonwealth Bank approximately £100,000 annually, which has been of great assistance to the former institution. The bank is under the control of three commissioners and operates 56 branches. In centres where the Rural Bank's branches do not operate the Commonwealth Bank acts as an agency.

The bank has a staff of valuers, who, besides performing the bank's business, also act for Government departments. The Rural Bank section of the bank provides every normal banking facility, namely, current accounts, fixed deposits, long term loans and overdrafts on current accounts, etc., enabling farmers to carry on their holdings. Many business people of the rural districts operate accounts, and, in addition, the accounts of many Sydney business people will be found in the Rural Bank section. The overdraft accommodation has been beneficial both from the point of view of the bank and of that of those who have taken advantage of this facility. In 1922, when overdrafts were first granted, 1360 were approved for £128,000. By 1932 this figure had increased to 9,556 overdrafts for £7,857,000. In 1942 the figures were 9,842 overdrafts for £11,227,000. That will give some idea of the popularity of the overdraft facilities. It is a good indication of the success of that particular bank, more especially in view of our own experience where our Agricultural Bank has not had the benefit of the ordinary banking facilities which I enumerated. I understand, too, that for the year ended the 30th June, 1943, there were approximately 10,000 overdraft accounts and in addition 5,000 long-term loan accounts for an amount of £15,400,000. The sources of the bank's funds are as follows:—

Current accounts and fixed deposits in the rural bank section of the bank;

Returns from borrowers;

Flotations of public loans;

Issues of stock and debentures; and

Approximately £100,000 per annum, which represents a half share of the profits of the Commonwealth Savings Bank; and

Other activities.

Valuing and the handling of Government business through its agency section is an important part of the bank's activity. This section of the bank, which had 21,000 accounts as at the 30th June, 1944, deals with rural finance, and is used to assist the farmer who is either temporarily embarrassed or who has had over a period an overburden of debt. Many methods are employed through this section in an endeavour to encourage financially embarrassed farmers back to sound propositions. All forms of Government-sponsored undertakings are financed by the agency section, such as irrigation projects, new industries, and the like. Many of these industries are assisted through this agency operating on behalf of the Government, which guarantees any loss which may be incurred in establishing the particular project by reason of its being Government policy. Meat works, fruit canning factories, and industries associated with rural activity come within the section's scope.

Advances are also made for the relief of persons carrying on agricultural, pastoral or dairying pursuits. The agency assists all forms of primary production, finances the dairy farmer or the cattle breeder to improve his herds, and the grazier to improve his flocks. The Commissioners of the Rural Bank also administer many Acts under the Government Agency Department. Members may be interested to know the particular Acts that are administered by that bank. I have a list of the various measures administered by the Commissioners of the institution under the Government Agency Department, which is a section of the Rural Bank of New South Wales. The list is as follows:—

Government Savings Bank Act, 1906, as amended; Part VI.B. (Government Agency Department) includes:—Home building scheme agency, building relief agency, rural industries agency, advances to settlers agency, Government housing agency, Government guarantee agency, irrigation agency, rural reconstruction agency, closer settlement agency and soldiers' families housing agency

For the purpose of the administration of the agency department certain legislative powers have also been conferred upon the bank under the following Acts:—

Wentworth Irrigation Act, 1890; Hay Irrigation Act, 1902; Irrigation Act, 1912; Irrigation Amendment Act, 1941; Crown Lands Act, 1913; Water Act, 1912; Farmers' Relief Act, 1932; Murrumbidgee Irrigation Areas

Occupiers Relief Act, 1934; Barooga District Water Supply Act, 1937; Western Land Act, 1901; Advances to Settlers (Government Guarantee) Act, 1929; Housing Act, 1912; Housing Act, 1941.

In addition to State funds, the Rural Industry Agency administers Commonwealth funds by virtue of the following legislation:—

Commonwealth, Wheat Growers Relief Act, 1936; State, Wheat Growers Relief Act, 1936; Commonwealth, Wheat Industry Assistance Act, 1938; State, Wheat Industry Stabilisation Act, 1938; Commonwealth, State Grants (Drought Relief) Act, 1940; State, Wheat Growers' Relief Act, 1941—

Furthermore, in addition to State funds, the Rural Reconstruction Agency administers Commonwealth funds by authority of the undermentioned legislation:—

Commonwealth, Loan (Farmers' Debt Adjustment) Act, 1935-1936; State, Farmers' Relief Act, 1932.

I have given that information in order that members may appreciate more fully what useful service the Rural Bank of New South Wales is performing for that State. It will be recognised that all the activities which can be associated in the way of granting assistance or relief to primary producers, particularly, are handled by the one institution, and, in view of the figures that I have quoted previously, I think it will be agreed that New South Wales has been very fortunate indeed in being possessed of a State bank of that kind to handle the business in the way it is.

In short, the bank has every facility and all the machinery necessary to handle any rural policy or programme that the Government may desire to embark upon, at the same time providing banking facilities for traders and others, the whole of the activity being carried out in a manner calculated to inspire the confidence and goodwill of the people of the State of New South Wales. That is a brief outline of the activities and operations of the Rural Bank of New South Wales. Members will no doubt be impressed by its operations as a trading bank and will appreciate that every endeavour has been made to seek information and data in connection with the proposal to establish a similar institution in this State.

Turning now to the Bill, provision has been made for the establishment of a bank to be called the Rural and Industries Bank of Western Australia, and that it shall con-

sist of two departments, namely, the "Rural Department" and the "Government Agency Department," which is the same as in the case of the Rural Bank of New South Wales. So far as the Rural Department is concerned, it is intended to establish this in order to carry out the functions which I have already mentioned, namely—

(a) To enable the bank to retain its clients who have been assisted by it in developmental work;

(b) To enable the management of the bank to protect its interests;

(c) To earn profits which otherwise would go to the Associated Banks and to utilise portion of such profits to assist the weaker accounts to reach a stage of reasonable financial stability;

(d) To establish an institution which will provide a service to dwellers in rural areas.

In respect of the Government Agency Department, it is considered that this should be established to provide an institution through which Government policy might be given effect, and which will provide administrative machinery for the following purposes:—

(a) To carry out special works such as land settlement;

(b) To make advances for the establishment of or to provide financial assistance in connection with meat works, canneries, co-operative undertakings, etc.;

(c) To allocate bonuses, bounties, etc., it and when such are made available for primary producers;

(d) To carry out the collection of moneys due to the Government on account of any State Government undertakings or persons connected with rural industries;

(e) To act as a Government agency control for the collection of water rates, land rents and other Government departmental charges from its clients, in order that all Government accounts might be included on one statement.

The Bill sets out that all the transactions and accounts relating to each department are to be kept separate and distinct, and that the same officers and servants of the bank may be employed in carrying out the bank's business in both departments. The Bill provides that the management of the bank shall be vested in three commissioners, one of whom shall be chairman, and that he and one member shall devote the whole of their time and attention to the affairs of the institution. The remaining member is to be the Under Treasurer or his deputy, who will be part-time employed and will attend and take part in the meetings of the management.

The commissioners are to be appointed by the Government under the title of "The Commissioners of the Rural Bank of Western Australia." When dealing with matters connected with the Government Agency Department they may be required to act in an advisory capacity or may undertake on behalf of the controlling Minister the administration of and the management, either as a commission or in association and co-operation with representatives of State Government departments, of works and undertakings which may be delegated to them. It is further provided that the chairman and one member shall be appointed for a period of seven years and shall be eligible for re-appointment for a period to be determined, and that the third member shall be appointed for a period of two years and be eligible for re-appointment for a like term. There is a provision in the Bill dealing with the remuneration to be paid to the members of the commission. This is to be fixed by the Governor and is to be paid out of bank funds and not out of Consolidated Revenue, as is the case under the Agricultural Bank Act of 1934. In respect of the commissioners fully engaged on bank business, they are debarred by the provisions of the Bill from being actively engaged in business other than that of the bank. The usual safeguards in respect of suspension, dismissal of commissioners, resignations and other matters have been provided.

Dealing with that part of the Bill which sets out the powers of management, it will be noted that the commission is to be empowered to carry on the business of the bank as generally outlined in the present Agricultural Bank Act, and, in addition, will be permitted to carry on the business of general banking; to carry out works and functions on behalf of the State Government; and to consider and determine applications for loans on the security of amortisation loans, that is to say, loans secured by mortgage repayable with interest by periodical instalments; fixed loans, which are loans granted for a fixed term during which interest only is payable; long term loans, which are granted for a period of years during which interest is payable and instalments of principal may be repaid from time to time. Applications may also be dealt with for loans to persons engaged in or

about to engage in any rural industry or other industry, and to other persons subject to the prescribed security. The commissioners will also be empowered to borrow money under similar conditions to those at present existing; to suspend or postpone or write off and release debts; to appoint valuers; and to engage and dismiss officers and generally deal with the many matters that arise in connection with the staff.

An important part of the Bill is that which deals with the transfer of the assets and liabilities of the existing institution. Parliamentary approval has to be obtained for such a procedure. Authority is therefore sought for the transfer to and investment in the new bank of all assets, funds and securities at present held by the Agricultural Bank; securities held by the Treasurer in relation to financial assistance rendered under the provisions of Section 24 of the Industries Assistance Act; and for the taking over of the liabilities under that Act and of the Agricultural Bank.

Turning to that part of the Bill dealing with finance, it will be noted that it is proposed that the capital of the bank is to be fixed at £12,000,000. This amount includes indebtedness on those securities to be taken over by the Rural Department and any additional capital raised by the commissioners under their borrowing powers. Money lying to the credit of the bank's account with the Treasury, which I understand amounts to £300,000 at present, together with any principal sums repaid in the future by borrowers, is to be held by the commissioners and used at their discretion for trading on the Rural Bank department account and for the improvement and development of those securities which will remain under the Government agency account until they have reached a degree of development enabling them to be taken over by the commissioners in the rural section of the bank. Under the Bill the commissioners may also use funds for reducing the new institution's capital, or for investment.

The plan which is provided for under the Bill will enable the commissioners to take over existing securities which they consider are sufficiently developed to represent reasonably sound farming propositions. The balance of the securities is to remain under the Government agency account until they are developed to a stage

at which they too can be transferred to the Rural Bank department. The capital taken over on the bank's account, representing the borrowers' indebtedness, is to be limited to a sum not exceeding 70 per cent. of the bank's valuation of the security in each case. The balance of the indebtedness, if any, is to remain an asset of the State Treasury, but the commissioners will continue in authority and control of the total indebtedness. It is essential that the business of the newly-established institution should commence on a satisfactory basis, and therefore the same limit to advances has been incorporated in the Bill as apply under the Commonwealth Mortgage Bank Act, namely, 70 per cent. of the bank's valuation of the security.

In respect of the borrowing powers which the bank is to possess, these are similar to those contained in the Agricultural Bank Act of 1934. It is necessary to make provision for the borrowing of money by the commissioners for the reason that the funds held by the bank and repayments of principal by borrowers may from time to time be insufficient to meet the institution's requirements. The Bill therefore provides that the bank, on the recommendation of the Minister and with the approval of the Treasurer and of the Governor, may from time to time borrow money by the issue and sale of debentures. Moneys borrowed are to be a charge on bank assets and are to be guaranteed by the State. Provision has been made for the creation of a sinking fund for repayment of moneys borrowed.

There is also a provision in the Bill permitting investment of moneys in the control of the bank, with the proviso, however, that no moneys shall be invested in any kind of investment without the consent of the Treasurer being first obtained. This limitation is imposed in order to avoid competition with the Treasurer in the investment of funds. Members are no doubt aware that the Treasurer has available for investment such funds as those held by the Superannuation Board, etc. The necessary provision has been made to deal with staffing arrangements. The Bill provides that the commissioners shall have power to employ or appoint, promote or transfer from one position on the staff of the bank to another and to terminate the employment of and dismiss officers; and every person employed

shall be deemed to be an officer within the meaning and for the purposes set out in the Public Service Act. The reason for this is to ensure that while the commissioners will have power to control the staff, the general conditions of the Public Service Act will apply. This is considered necessary in order to ensure uniformity of employment conditions throughout the Government service.

In connection with certain Acts which are administered by the Agricultural Bank, these are to be taken over, as I have already stated, by the new institution. These Acts comprise the Discharged Soldiers' Settlement Act, 1918; the Group Settlement Act, 1925; the Group Settlement Advances Act, 1925; the Industries Assistance Act, 1915-1940; and the Wire and Wire Netting Act, 1926. The first three Acts are to be administered through the rural section of the bank, while the remaining two Acts are to be administered through the Government agency department. Under the Bill it is also proposed that the new institution shall take over the control of the registration of debentures and duties of the Finance and Development Board constituted under the Finance and Development Board Act, 1930. In this regard it is pointed out that it was difficult to obtain seasonal advances in 1930, and as a result the then Treasurer had to borrow £475,000 from the Commonwealth Bank for utilisation on rural industry. A fund was created and this was administered by the board mentioned, but subsequently the fund, debentures and the control of the board's affairs were taken over by the Agricultural Bank. The borrowed moneys have been repaid in full, but as certain moneys still remain unpaid by settlers, provision has been made in the manner set out in the Bill.

Dealing with rural development, power is taken under the Bill for the commissioners to acquire, hold, sell, lease, assign and otherwise assure land of any tenure; to receive money on deposit for a fixed term and pay interest thereon; to accept money on current account to be operated on by cheques; to issue bills and drafts, etc.; to discount bills, drafts and Government securities; to grant overdrafts; and to deposit money in any trading bank of the State. The stability of the bank is guaranteed by a provision in the Bill which sets out that the payment of all moneys due by the bank in respect of its banking operations will be guaranteed

by the State. No better guarantee than that can be given. This provision is similar to that incorporated in the Rural Bank Act of New South Wales. Turning now to the limitations which are imposed in respect of the amount of a loan, it will be noted that the Bill provides that no loan shall be less than £50 nor more than £10,000 to any one person. There is a qualification, however, which enables the latter sum to be exceeded, but in any event the amount of the loan is not to exceed 70 per cent. of the sale value of the security as assessed by the valuers of the bank.

In connection with interest, the Bill provides that these charges shall be raised half-yearly, namely, on the 30th September and the 31st March in each year. This provision is in lieu of the 30th June and the 31st December set out in the existing Agricultural Bank Act. The altered dates upon which interest will be raised will give the client until the 1st December and the 1st June before accommodation interest is raised. Previously it was complained that clients were unable to pay interest charges on the due dates, as wool and wheat cheques were not received until late in the year. The altered dates should prove convenient to clients generally and thus save payment of accommodation interest. Dealing with closer settlement matters, provision has been made that where the State has adopted the management of a closer settlement scheme, the commissioners may make loans to settlers to assist them in purchasing farms. This would also apply in the event of the State acting as agent for the Commonwealth. Of the loans made by the commissioners, only that portion of the loan which is equal to 70 per cent. of the sale value of the security shall be the risk of the bank. Any balance of the loan shall be at the risk of the State.

I now come to what will no doubt be one of the most interesting and debatable parts of the Bill, namely, that relating to statutory liens, a matter on which there has been much contention in the past and one which is governed by Section 51 of the Agricultural Bank Act. This part of the Bill has received long and earnest consideration, and a perusal of the relevant clause will disclose that the statutory lien provision has been severely restricted, and in its restricted form will not apply to new business of the bank. It will apply only to existing securities. The

reason for this provision is that the bank's present mortgages, particularly those in existence prior to 1935, do not sufficiently protect the bank's interests. The statutory claim will therefore continue to apply in respect of these mortgages. Section 51 of the present Act automatically provides for a lien on the proceeds of clients' farm produce to the extent of one year's interest, repayment of refunds of principal, and repayment of special advances, but the Bill sets out that the statutory lien will only operate where a payment of interest is in arrear for a period of not less than one year; or, in the case of a refunded repayment, where repayment has not been made within the period of one year. In this regard, however, the commissioners must be satisfied that the borrower had the means to pay during the period of one year when such payment of interest or other payment was in arrear, and the Governor, on the recommendation of the commissioners, shall approve of the charge being claimed and enforced by the commissioners.

Hon. L. Craig: That makes it very political.

The CHIEF SECRETARY: I do not think the hon. member can say that.

Hon. L. Craig: The Minister has to approve. The commissioners cannot enforce the Act unless the Minister approves.

The CHIEF SECRETARY: I think members will agree that this provision is a big advance on the previous position, if one takes notice of the criticism which has been offered in respect of Section 51 from time to time. The Bill provides the required authority for the postponement of the payment of advances or loans and for the writing-down of indebtedness, where necessary. The relevant provisions in this connection are somewhat similar to those of the Agricultural Bank Act. It is provided, however, that the commissioners may make it a condition of agreement to any writing-off that the other creditors of the borrower, secured and unsecured, enter into a mutually binding scheme or arrangement between themselves, the commissioners and the borrower, for the reduction and adjustment of their claims on such terms and conditions as the commissioners consider reasonable.

Any writing-down or reduction of indebtedness of a borrower, however, shall not operate as a release or discharge by

the bank, except when such writing-down takes place pursuant to a scheme or arrangement whereby other creditors are bound to write down or reduce their claims. The reason for this provision is to ensure that where the commissioners undertake to write down a borrower's indebtedness they shall require the creditors to join in any such arrangement so as to protect both the commissioners and the borrower in the matter of writing-down, otherwise any writing-down by the commissioners without such an arrangement would improve the position of the other creditors, including the unsecured creditors, and who would no doubt still further improve their position by obtaining a judgment against the borrower. That, I think, is a complete justification for the provision as set out in the Bill.

With regard to that part of the Bill dealing with the system of accounts which is to operate, and the audit that is to take place, this is substantially the same as that contained in the Agricultural Bank Act, excepting that the bank's financial year will close on the 30th September in lieu of the 30th June as formerly. This alteration will mean, as I have already mentioned, that the end of the bank's financial year will coincide with the raising of interest on the 30th September. Finally, provision has been made for penalties for offences, these being on similar lines to those appearing in the Agricultural Bank Act. There are, of course, many other matters covered by the Bill, but I think I have explained the main or more important items. No doubt much discussion will arise on certain clauses when the Bill is in Committee, when I will endeavour to the best of my ability to reply to any queries which may be raised.

I trust that the House will approve the principles of the Bill the provisions of which, as I have already mentioned, are based on legislation covering the activities of the Rural Bank of New South Wales, which institution has developed to a huge extent and has become such a factor in the rural development of that State. The primary object of the measure is to establish in this State a similar bank that will reap the advantages associated with that side of rural finance which will enable it to show a profitable return from ordinary banking prac-

tices and at the same time arrest the present trend by which the Agricultural Bank is losing all its good accounts to other institutions. I feel that by this Bill we are providing an opportunity that will be of the utmost benefit to the primary producers of this State and also to other sections of the trading community. I hope that this House will give the Bill serious consideration in order that we may so amend our existing legislation that the experiences of the past will not be repeated in the future, and so that the rural bank of this State will reap at least some of the advantages of the developmental work for which it has been responsible over the last 50 years. I move—

That the Bill be now read a second time.

On motion by Hon. L. Craig, debate adjourned.

BILLS (2)—FIRST READING.

1, Collie Recreation and Park Lands Act Amendment.

2, Lotteries (Control) Act Amendment.
Received from the Assembly.

BILL—SHEARERS' ACCOMMODATION ACT AMENDMENT.

Assembly's Message.

Message from the Assembly received and read notifying that it had agreed to amendments Nos. 1, 2, 5 and 7 to 11 made by the Council, and had disagreed to Nos. 3, 4 and 6.

BILL—REDEMPTION OF ANNUITIES ACT AMENDMENT.

Second Reading.

HON. H. S. W. PARKER (Metropolitan-Suburban) [5.39] in moving the second reading said: This is a short Bill to amend the existing Act. The circumstances which caused me to introduce it are that a man left certain land, charged with an annuity, and an application under the principal Act—that is, the Redemption of Annuities Act, 1909, a sum of £500 be set aside and that £20 from the interest of that sum be paid to the annuitant in accordance with the wishes of the deceased. But the judge went further and ordered that the surplus income should be capitalised with the result that the capital sum will continue

to increase. The solicitors who were consulted were of the opinion that the order having once been made could not be varied by the judge however much he might desire to do so. This Bill is merely for the purpose of giving the judge the power to vary an order from time to time should application be made and due and proper cause be shown for the variation. I do not know of any instance other than the one I have mentioned and that has been more or less, but not completely, rectified by a Bill which was before this Chamber.

Hon. G. B. Wood: Tell us how it has not been rectified.

Hon. H. S. W. PARKER: It has not been rectified because that measure provides that for all time the surplus income shall be paid to the Church of England clergyman at York. In the years to come there will probably be more than one clergyman at York, and then the question will arise, who is to get it?

Hon. G. B. Wood: We will need to pass another Bill.

Hon. H. S. W. PARKER: Yes, but this measure has nothing to do with that. That has been finalised. Had that Bill not gone through this one would have assisted. This amendment will enable a judge, at any future date and in similar circumstances, to give speedy relief if the circumstances so warrant. I move—

That the Bill be now read a second time.

On motion by Hon. E. M. Heenan, debate adjourned.

BILL—NATIVES (CITIZENSHIP RIGHTS).

In Committee.

Resumed from the previous day. Hon. G. Fraser in the Chair; the Chief Secretary in charge of the Bill.

The CHAIRMAN: Progress was reported after Clause 6 had been agreed to.

Clause 7—Cancellation or suspension of certificate of citizenship in certain cases:

Hon. H. S. W. PARKER: I move an amendment:—

That in paragraph (a) of Subclause (1) the words "has resumed tribal or native association" be struck out and the words "is not adopting the manner and habits of civilised life" inserted in lieu.

This amendment will bring the clause into line with Clause 5.

The CHIEF SECRETARY: I agree to this amendment.

Amendment put and passed.

Hon. H. S. W. PARKER: I move an amendment—

That paragraph (c) be struck out.

It is not right that a native should lose his citizenship after having contracted disease through fortuitous circumstances.

The CHIEF SECRETARY: I do not think the hon. member was right in describing the circumstances as fortuitous. However, we have discussed this matter and I hope the Committee will not accept the amendment.

Amendment put and negatived.

Clause (as previously amended) put and passed.

Clauses 8 and 9, Title—agreed to.

Bill reported with amendments.

BILL—BUSSELTON CEMETERY.

Second Reading.

THE HONORARY MINISTER [5.48] in moving the second reading said: This Bill relates to the old cemetery site at Busselton, the land concerned having a frontage on Marine-terrace. In 1933 an Order-in-Council was issued directing that burials in the cemetery be discontinued, and the cemetery was closed. It comprised freehold land held by the Church of England, the Roman Catholic Church and the Wesleyan-Methodist Church, and Crown land reserved for cemetery purposes. On the closing of the cemetery, the Busselton Municipal Council requested that that portion owned by the Wesleyan-Methodist Church, the Roman Catholic Church and the Crown, which had never been used for burials, be set aside as a camping reserve. As the churches raised no objection, the land concerned was vested in His Majesty and, together with the Crown land mentioned, set aside as a reserve for recreation and camping and vested in the Busselton municipality.

The local governing authority concerned is now asking that the balance of the cemetery, where burials have taken place, be put under its control in order that it may be linked up with the reserve which has been set aside for recreation and camping. Representations have been made to the churches involved in the transaction, and they are willing to surrender the land in order that

the municipality's desires may be given effect to. The Bill is therefore submitted to ratify the proposal. The Bill is on the same lines as the East Perth Cemetery Act, 1932, under which the East Perth Cemetery was placed under the control of the State Gardens Board and not the local authority. I have had a plan prepared showing the situation of the old cemetery site at Busselton, which is the subject of this Bill, and will lay it on the Table for the perusal of members. I move—

That the Bill be now read a second time.

On motion by Hon. H. Tuckey, debate adjourned.

BILL—STAMP ACT AMENDMENT.

Second Reading.

THE HONORARY MINISTER [5.52] in moving the second reading said: This small Bill relates to the legislation passed last session, which made it compulsory for every owner of a motor vehicle to take out third party risk insurance. During the debate on the Bill, an undertaking was given to the effect that a person with a comprehensive policy would be exempt from the taking out of a further policy to cover third party risk. This undertaking was given in the anticipation that two policies of insurance would not be required. Unfortunately, it has been found impracticable to give effect to the promise made, and as a result many motor vehicle owners have been obliged to take out two policies, one of which, as I have already mentioned, is compulsory. This involves motor vehicle owners in the payment of double stamp duty.

Under this Bill, it is proposed that persons taking out two policies shall receive a rebate of stamp duty to the extent of 2s. 6d. That is the explanation of the Bill, and for the information of members, I would add that the question of one policy to cover all risks in respects of motor vehicles is still being actively investigated, and it is hoped that a favourable solution to the present practical difficulties can be found. This measure will be welcomed by all owners of motor vehicles.

Hon. G. W. Miles: Does the Government intend to refund the stamp duty that has been collected?

The HONORARY MINISTER: I move—
That the Bill be now read a second time.

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

House adjourned at 5.55 p.m.

Legislative Assembly.

Wednesday, 15th November, 1944.

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

QUESTIONS (5).

RAILWAYS.

(a) *As to Watts' "Universal Switch."*

Hon. W. D. JOHNSON asked the Minister for Railways:

(1) Whether Watts' patented "universal switch" is in use on any part of the State railway system?

(2) If so, where?

(3) Have any derailments been recorded where such a switch is in use?

(4) Did a Select Committee favourably comment on an "improved universal switch" by the same patentee, and suggest to the Government that it be given a trial?

(5) Has this improved switch been tried out?

(6) Has any derailment occurred where it was tried?