Legislative Assembly,

Wednesday, 10th November, 1937.

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

QUESTIONS (2)—EDUCATION.

Swimming Instruction.

Mr. MARSHALL asked the Minister for Education: What is the annual expenditure by the department, within the metropolitan area, on swimming instruction?

The MINISTER FOR EDUCATION replied: These classes are conducted on a self-supporting basis. During the financial year 1936-37 there was a deficit of £97. The Christmas vacation classes of this year showed a surplus of £3.

Fremantle Technical School, Superintendent.

Mr. SLEEMAN asked the Minister for Education: 1, Is he aware that the Superintendent of the Fremantle Technical School is not under the Education Department, but under the Public Service Commissioner? 2, Are there any other superintendents of technical education or head teachers of schools under the Public Service Commissioner? 3, If not, will he take the necessary steps to see that the Superintendent of the Fremantle Technical School is brought into line with other headmasters and superintendents of technical schools?

The MINISTER FOR EDUCATION replied: 1, Yes. 2, Yes, where the positions are more administrative than teaching. 3, The bearing of the relationship between teaching and administration at Fremantle Technical School is being investigated and the hon. member will have my decision conveyed to him in a few days.

QUESTION—FREMANTLE HARBOUR, DREDGING.

Mr. SLEEMAN asked the Minister for Works: 1, Is he aware that the dredge "Sir William Mathews" is for sale? 2, Is he aware that men are being retrenched from the dredges in Fremantle? 3, In view of the fact that the Harbour Trust last year asked that the dredging of the bell mouth of the harbour be proceeded with, will he take steps to see that the "Sir William Mathews" is not sold, and that the dredging requested by the Harbour Trust is proceeded with immediately?

The MINISTER FOR WORKS replied: 1, Yes. 2, Yes. 3, No; funds are not available at present.

QUESTION—TROLLEY BUSES.

Mr. NORTH asked the Minister for Railways: 1, In view of the further delay in delivery of the trolley buses for the Claremont route, is he in the position to cancel the contract? 2, Is it a fact that trolley buses are now being constructed in Australia, and could be constructed in Western Australia? 3, Is legislation necessary before the Transport Board can remove bus restrictions along tram routes?

The MINISTER FOR RAILWAYS replied: 1, No. 2, In Australia—Yes. In Western Australia—I am not aware that it can be done commercially. 3, No.

RAILWAY SERVICE SUPERANNUATION SELECT COMMITTEE.

Report Presented.

Mr. Needham brought up the report of the select committee.

Report received and read and, together with the evidence, ordered to be printed, and consideration made an Order of the Day for the next sitting of the House.

BILLS (8)—FIRST READING.

1, Health Act Amendment.
Introduced by the Minister for Health.

2, Lake Avenue Resubdivision of Land.
Introduced by the Minister for Health (for the Minister for Lands).

3, Fremantle Gas and Coke Company's Act Amendment.
4, Perth Gas Company's Act Amendment.
Introduced by the Minister for Works.
5, Dried Fruits Act Amendment.
Introduced by the Minister for Agriculture.
6, Financial Emergency Tax.
Introduced by the Premier.
7, Hire Purchase Agreements Act Amendment.
8, Money Lenders Act Amendment.
Introduced by the Minister for Justice.

BILL—ANNIVERSARY OF THE BIRTHDAY OF THE REIGNING SOVEREIGN.

Returned from the Council with amendments.

BILL—INCOME TAX ASSESSMENT.

Reports of Committee adopted.

Standing Orders Suspension.

On motion by the Premier, so much of the Standing Orders was suspended as to enable the Bill to pass the third reading at the present sitting.

Third Reading.

Bill read a third time, and transmitted to the Council.

MOTION—PERTH MUNICIPAL ADMINISTRATION.

To Inquire by Select Committee.

Debate resumed from the 22nd September on the motion by Mr. Raphael—

That a select committee be appointed to investigate the administration of the health and building by-laws of the City of Perth with a view to recommending to this House any necessary legislative action to remedy the position and to prevent any recurrence of its arising; and also to investigate any other matters arising out of the administration of the Municipal Corporations Act by the Perth City Council which may have been carried on illegally or contrary to the public interest—

and on the amendment moved by Mr. Hughes—

That "select committee" be struck out and the words "Royal Commission consisting of a judge of the Supreme Court or a stipendiary or resident magistrate" be inserted in lieu.

MR. SPEAKER [4.50]: Before the debate on the motion proceeds, I wish to point out that the amendment moved by the member for East Perth (Mr. Hughes) requires to be altered. It is not competent for a private member to move that a Royal Commission should be appointed. The amendment should read "That in the opinion of this House a Royal Commission consisting of a judge of the Supreme Court" and so forth. I think the amendment had better be withdrawn and a new amendment moved.

MR. McDONALD (West Perth) [4.51]: I move—

That leave be given to withdraw the amendment.

Motion put and passed; the amendment withdrawn.

Mr. McDONALD: I move an amendment—

That the words "a select committee" be struck out, and the words "in the opinion of this House a Royal Commission consisting of a judge of the Supreme Court or a stipendiary or resident magistrate" be inserted in lieu.

MR. WATTS (Katanning—on amendment) [4.53]: In my opinion a case has been made out by the member for Victoria Park (Mr. Raphael) for an inquiry into the matters he has raised; but those matters are of such a serious nature that we need to consider very carefully what sort of an inquiry should be held. There are two proposals before us—one for a select committee, the other for a Royal Commission consisting of a judge of the Supreme Court or a stipendiary or resident magistrate. Were the charges made by the member for Victoria Park not of such a serious nature, and were the practice with regard to select committees not such as it is, there might be no objection, and in fact we might readily agree, to an inquiry by a select committee. However, I consider that in the interests of the hon. member himself he should carefully consider whether he will not accept the proposal for a Royal Commission, because I fear he will find himself in a highly invidious situation if an inquiry by a select committee, of which he must be a member and presumably the chairman, is authorised. In that case he would find himself not only in the position of judge and accuser, but also in the position that at some time or other he would feel disposed, or possibly obliged, to give

evidence. A combination of all those functions in the person of one hon. member would, I feel, lead him to regret the appointment of a select committee. I do not know what the hon. member's views are, but though at this moment he may think there is no difficulty in his taking a position on a select committee of this nature, I feel sure that eventually he would regret having done so. Speaking with some little experience of such inquiries in other places, I am satisfied that if a select committee is appointed the member for Victoria Park will regret the day when he was obliged to take a seat upon it. As I said at the beginning, so serious are the charges made in respect of not only the operations of the Perth City Council itself, but also in respect of the behaviour of individuals connected with that body, that it is impossible to disregard the matter and say we will have no inquiry at all. However, I trust the House will bear in mind the situation in which the hon. member will find himself if a select committee is appointed, and that the House will also bear in mind the obvious advantages to be gained if legal training and experience are availed of, and the probably sufficient and satisfactory report that would be made if a judge of the Supreme Court were appointed to conduct the inquiry. Personally I prefer to support the amendment that the Government be requested—that is the effect of the amendment—to appoint a Royal Commission to inquire into the matter. Rather than have a select committee on the subject, I would see the whole question dropped at this stage.

MR. McDONALD (West Perth—on amendment) [4.58]: I support the proposal that the inquiry should be held by a judge or a stipendiary or resident magistrate. Personally I think it should be left in the hands of a magistrate, as the judges have a fair amount of work to do and therefore have not much time for these extraneous inquiries. In all the circumstances, and particularly in view of the charges made—some of which are serious—it is desirable that the investigation should take the form of a judicial inquiry.

MR. MARSHALL (Murchison—on amendment) [4.59]: I regret having to disagree with the two previous speakers. The member for Katanning (Mr. Watts), in particular, endorsed the statement of the member for East Perth (Mr. Hughes) that if the motion were carried without amendment, its mover would be chairman of the select committee and would thus be in the position of a judge. I ask, what would be the position of the other members of the committee? The mover would merely be chairman, and only one of five members of the investigating body. Would not the other four members be judges just as much as the chairman?

Mr. Thorn: The position would be embarrassing to the member for Victoria Park.

Mr. MARSHALL: I cannot speak for the member for Victoria Park, but I do not think that hon. member would be embarrassed by anything. I shall leave him to answer that question when speaking in reply. Just how does he become a judge in his own case because he is chairman of a committee that is making an investigation? How is it that at this late hour in the history of Parliamentary procedure we discover that the chairman of a select committee is none other than that most important individual, the judge? There have been thousands of select committees appointed during the period of Parliamentary control of this State.

Mr. Thorn: All have not made charges.

Mr. MARSHALL: That may be more or less correct. But have we not to make out a case if we desire a select committee to be appointed? How in the name of goodness can the hon. member make out a case if he does not make some allegations against somebody or against something? Again, under the Standing Orders, there is no necessity for the mover of this motion to be the chairman of the select committee that might be appointed. Under the Standing Orders, the committee, after it has been appointed, can select its own chairman. How can we obtain a select committee unless we make some charge or assume some charge? The member who has moved for a select committee would be no more a judge than any of the other four members of the select committee that might be appointed.

Mr. Thorn: He is a member of the body against which he is making charges.

Mr. MARSHALL: He makes allegations here because he is attempting to influence the Chamber to grant him a concession, but when he becomes a member of a select committee he makes no charges. He and four others conduct an investigation. All he could do in respect of any witnesses brought before the committee would be to inquire

whether certain conditions are as stated and, assuming they are, he could inquire as to the reason. That is where I differ from the member for East Perth (Mr. Hughes) who said an evening or two ago that after a Royal Commission was appointed the mover of the motion would be able to appear and give evidence and cross-examine witnesses. He could do nothing of the kind. He could appear as a witness, but I have never known a witness to cross-examine another witness before a Royal Commission. The hon. member said that if a Royal Commission were appointed the member for Victoria Park (Mr. Raphael) would appear before the Commission, give evidence and produce and examine witnesses on his own behalf.

Hon. P. D. Ferguson: Does not the framer of the charges have that right?

Mr. MARSHALL: He would not be making any charges before a Royal Commission. He has made the charges in the House in order to get a select committee. He is not compelled, once a Royal Commission is appointed, to go before the Royal Commission and make any charge. He may not even appear before the Royal Commission. Even if he did he would not have the right to cross-examine the member for East Perth or anyone else.

Mr. Hughes: With the consent of the Commissioner he would.

Mr. MARSHALL: What the member for East Perth wants to do is to remove the member for Victoria Park from the position of an investigator to that of an accuser.

Mr. Hughes: He made himself that.

Mr. SPEAKER: Order!

Mr. MARSHALL: If the motion were carried the member for Victoria Park would merely be chairman of the committee, and even that is problematical. He would be only one person out of five making an investigation in regard to the administration of the Perth City Council, but the member for East Perth is desirous of shifting him from that position and putting him into the category of an accuser, if he were foolish enough to accept it.

Mr. Hughes: The member for Victoria Park made his investigations before he came to this House.

Mr. MARSHALL: He had to do something to present a case. I should like to remind the member for East Perth that his memory must be particularly short.

Mr. Withers: Or convenient.

Mr. MARSHALL: I remember that the first upheaval in which the hon. member was concerned, if it could be called an upheaval, or the first occasion he was riled with a Minister of a Labour Government was when the Minister changed his attitude in regard to a select committee desired by the member for East Perth and voted for a Royal Commission. The member for East Perth will probably remember that. He was quite incensed about it.

Mr. Hughes: So were you, if I remember rightly.

Mr. MARSHALL: Yes, and for the reason that I am going to give to the Chamber now, the reason that the hon. member gave then. I agreed with the hon. member then as I agree with the member for Victoria Park now. The member for East Perth on that occasion advanced a substantial argument, and I agreed with him, namely, that in an investigation of this sort a select committee knows exactly what it is after and will go after it. That is the argument advanced by the hon. member, and I agreed with him. If a select committee is appointed that committee knows exactly what it wants to get hold of, and that is its objective. I agreed with the member for East Perth when he said on that occasion that he had not very much confidence in Royal Commissions. I suppose that by now he is quite confirmed in that attitude.

Mr. Hughes interjected.

Mr. MARSHALL: I should have thought that if there was one member who would have a horror of Royal Commissions it would be the member for East Perth.

Mr. SPEAKER: Order! The hon. member is not addressing himself to the question.

Mr. MARSHALL: The contention of the member for East Perth at that time is the contention I hold now. If we want a thorough investigation into a matter of importance we will find that the investigation is far more thorough by means of a select committee than by a Royal Commission. In one case the members chosen go after what they want, and in the other case they wait for what they want to come to them. I cannot support the amendment. I think we should stick to the motion, and therefore I oppose the appointment of a Royal Commission. I have no lack of confidence in our magistrates or Supreme Court judges in their investigations and reports, but I

believe that on all occasions select committees make more thorough investigations.

MR. NORTH (Claremont—on amendment) [5.10]: In this debate three lawyers have spoken, and all have advised the same course. Surely the House now knows what to do. Apart from that, in regard to this particular matter, are we so sure that a Royal Commission will be appointed? We are sure about the appointment of a select committee provided it is voted for, but can we get from the Government the promise of a Royal Commission? I would prefer a Royal Commission, having perceived the value that came from the appointment of a Commission following the suggestion of the member for Kimberley (Mr. Coverley) who a little while ago moved for the appointment of a Royal Commission on the aborigines question. A Commissioner was appointed, and good results were obtained, legislation following in this Chamber. Could we have a promise from the Government to appoint a Royal Commission, the House would be very wise to support the amendment, but if there is no promise from the Government, those who wish for an inquiry should vote for a select committee.

Mr. Raphael: There will be no Royal Commission.

Mr. NORTH: Does the hon. member speak for the Government?

MR. RAPHAEL (Victoria Park—on amendment) [5.11]: If nothing more were done than has been done at the present time in this matter, at least it could be said that an attempt had been made to clean up some of the questions that I brought before this House. I have a budget of letters here from different persons concerned, including business people, congratulating me on the objective I have attempted to achieve. I would like to read one of the letters.

Mr. SPEAKER: Is the hon. member opposing the amendment?

Mr. RAPHAEL: Yes. The member for Katanning and the member for West Perth have said it would be a dangerous procedure to put me on a select committee as I would be there as accuser and judge and would be giving evidence. The member for Katanning was sitting on a select committee the other day and sitting there as a judge and I suppose he gave a certain amount of evidence and cross-examined people appearing before the committee. He may have had his mind made up already on certain phases.

Mr. Marshall: He certainly did have it made up, judging from his exposition.

Mr. RAPHAEL: I have definite proof of the position that exists and I claim that certain facts should be brought to the light of day. If I attempted to expose those conditions in the Perth City Council and mentioned names I would expose myself to difficulties. Only the other day I referred in the Perth City Council to a councillor who had the agency for a certain motor truck. I had a wire to confirm that fact. It was on his casting vote that the council decided to purchase one of the trucks for which he was agent. That was the position before I made that exposure. That man has threatened to take action against me for libel. If such things go on, where am I to expose them except in this House? The only place to which I can come with any protection in making the exposures is to the floor of this Chamber. The member for Katanning is afraid of the power I would exercise were I on a select committee. But is it likely I am going to have so much influence over the four other members of the committee? Are they not going to have minds of their own? Are they not going to put the evidence before the House in the proper way rather than let me put up the case in any manner I may desire? Other members have from time to time come to the House and asked for select committees, and their requests have been granted. It is obvious that when brought to the Chamber these requests have been in the nature of charges, just as I have brought this case forward and asked for a select committee. The member for East Perth (Mr. Hughes) moved an amendment to the effect that the inquiry should be by a Royal Commission consisting of a judge of the Supreme Court of Western Australia or a stipendiary or resident magistrate. Can we picture that hon. member and a judge diving into the hovels around Perth, or would they want a photograph taken and have it submitted to them at the Supreme Court? Could we picture them getting around after midnight and visiting a Chow's den in search of evidence that I myself have secured? But if the select committee is appointed, I will have a fair opportunity to expose the existing conditions. The member for Toodyay (Mr. Thorn) is afraid that I might be put in an embarrassing position. That hon. member need not worry, because even if it fell out as he

suggested, still I would not be put into so many embarrassing positions as he has found himself in. I do not believe that the Government is prepared to expend a large sum of money on this proposed inquiry. A select committee could take on the job and do it without any expense whatever to the Government, so I hope the House will agree to the appointment of a select committee.

THE MINISTER FOR WORKS (Hon. H. Millington—Mt. Hawthorn—on amendment) [5.16]: Although the member for Claremont (Mr. North) remarked that a commissioner was appointed to inquire into the administration of the aborigines, it is well known that that was a matter for which the Government was responsible. It was a Government department that was being inquired into, whereas this request is for an inquiry into the administration of the health and building by-laws of the City of Perth. It is not into municipal matters generally, but only into the administration of the City of Perth. And the inquiry is to be conducted with a view to recommending to this House any necessary legislative action to remedy the position and to prevent any recurrence of it arising. Further than that—and this is the point—the body appointed shall also investigate any other matters arising out of the administration of the Municipal Corporations Act by the Perth City Council which may have been carried on illegally or contrary to the public interest. If we are to be called upon to appoint a Royal Commissioner to go to the expense of dealing with one civic body alone, I do not know where we shall get to. It is true in respect of the Road Districts Act that when matters go wrong an investigation can be held. It is the function of the Local Government Department to put in a commissioner. That has been done recently. It is in accordance with the law, and it is our responsibility. But it is not the duty of the House or of the Government to appoint a Royal Commissioner to inquire into the administration of any one civic body. Whatever may be the merits of the select committee proposal, certainly we are not warranted in going to the expense of appointing a Royal Commissioner armed with such wide power. The Commissioner would take his duties seriously and would read into the motion what is intended, and so would set out to investigate "any other matters." I do not know how comprehensive the investigation might prove to be, but on behalf of the Government I say that we certainly object to being put to the expense of appointing a Royal Commissioner for this purpose.

HON. C. G. LATHAM (York—on amendment) [5.20]: There are some peculiar features about this. First of all, the member making application to the House for the appointment of a select committee to inquire into certain doings by the Perth City Council is a member of the Perth City Council, and in his capacity as member of the council he finds that there are certain things happening there with which he disagrees. Up to recently, although I follow closely the Press reports of the meetings of the Perth City Council, I have not found in those reports mention of any complaint having been lodged by the hon. member.

Mr. Raphael: You never looked. It is a deliberate lie.

Mr. SPEAKER: Order! The hon. member is not allowed to use language of that sort. He must withdraw the remark.

Mr. Raphael: I withdraw.

Hon. C. G. LATHAM: In the Press reports I have read of the City Council meetings I have not seen where the hon. member has made any attempt to correct those things that he says have taken place there. It is true, as he pointed out, that if he did so, and if his charges were untrue, he would probably be laying himself open to an action for defamation of character. But he finds he can come into this Chamber and ask for a select committee, and so that is the course he follows. The amendment before the House takes away the responsibility from Parliament and leaves it in the hands of the Government to set up an investigation into the administration of the Perth City Council. I listened carefully to the remarks of the Minister for Works.

The Minister for Works: They were only on this one point.

Hon. C. G. LATHAM: No, the Minister was speaking on behalf of the Government, and he said he was not in favour of a Royal Commission, because this is not a governmental function. He said that the recent Royal Commission appointed to inquire into the aborigines question was ap-

pointed because the inquiry was into the administration of a Government department.

The Minister for Works: And had a State-wide effect.

Hon. C. G. LATHAM: I point out to the Minister that the power of the City Council is only delegated to that body by Parliament, and that the Minister himself may at any time supersede the City Council by putting in a commissioner. So it may be said that he is equally responsible with the City Council, for even if this is not quite so much a governmental function as is the administration of a Government department it is nearly so, and the responsibility is on the Minister to see that the delegated power is exercised in conformity with the law. So I do not think very much consideration was given to the actual responsibility of the Government in this matter, otherwise the Minister would not have raised that point. I contend that when a member comes to the House and lays charges and deliberately tells the House that he is afraid to lay the charges before the Perth City Council, of which he is a member, he comes here as accuser and also as judge. It is a very serious matter. I myself have made requests for inquiries, but on feeling that in so doing I was putting myself in the position of a judge, I asked for the appointment of a Royal Commission. When I have had occasion to lay a charge I have declined to put myself in the position of a judge. The principle of combining the accuser and the judge is wrong, and I do not think members would agree to it. There were very serious charges made by the hon. member, who, as I have said, is also a member of the City Council. There was one charge made against a man who is a distinguished professional man, and if the statements made by the hon. member are true I think that distinguished professional man should not be occupying the position he has under the City Council. For the reasons given, I hope the Government will appoint a select committee.

The Minister for Mines: If you carry this motion, you must leave the inquiry to a judge of the Supreme Court.

Hon. C. G. LATHAM: No, there is no compulsion; it could be a stipendiary magistrate or a resident magistrate. After all, it would be wise to hold an inquiry, because there has been some grumbling about certain actions that have taken place in the Perth City Council. I do not know whether those actions have been right or wrong, but recently there was a discussion as to whether a person was the sole agent for a motor truck that the City Council desired to buy. If he was sole agent, then he would be getting a profit on the sale of the vehicle, and since he is a member of the Perth City Council, that would not be in accordance with the Act.

The Minister for Works: That is definitely the responsibility of the council.

Hon. C. G. LATHAM: Yes, but it is also our responsibility to see that the law is observed. There should be no misunderstanding about that; the first responsibility is with the Minister to see that the law is observed by the Perth City Council. He has only delegated authority to them and to-morrow, even to-day, he has power to put in a commissioner and dismiss the whole of the councillors.

The Minister for Works: You do not advise that?

Hon. C. G. LATHAM: I am not advising anything. I do not know anything about the truth of the charges made. I am not in the confidence of the City Council, but the charges that have been made are so serious as to justify cleaning up the matter; and the only way to clean it up is by appointing a suitable person as Royal Commissioner. But it would be wrong to leave to the member for Victoria Park, who happens also to be a member of the Perth City Council, the right to be chairman of the proposed select committee and so conduct the investigation.

Mr. Raphael: What are you implying against me?

Hon. C. G. LATHAM: I am replying to the statement the hon. member made. I am not afraid of the City Council, but there is a principle that lays it down that a person cannot be accuser and judge in one. If an inquiry is warranted, if we can accept the statements made by the member for Victoria Park with any degree of confidence, then we should investigate the position. If we refuse to do that we shall be telling the hon. member to go back to the City Council and clean up his troubles there. I appeal to the House to let the Government use the machinery provided in the Municipal Corporations Act. If there is a desire to do anything further, there is the power to do it. I am perfectly satisfied to leave the matter in the hands of the Government.

MR. THORN (Toodyay—on amendment) [5.30]: I had hoped the member for Victoria Park would agree to the amendment. It would have made things a lot easier. I referred to his embarrassment, and in his usual manner he made reference to me in uncomplimentary terms.

Mr. Raphael: I thought I was being complimentary.

Mr. THORN: How were we to know that whilst the hon. member was making his investigations, he was not subject to embarrassment? He also referred to judges not being capable.

Mr. Raphael: I did nothing of the sort, but what would they know about these places?

Mr. THORN: In the matter of investigating the hovels the hon. member talks about, I admit that judges would not feel as much at home as the hon. member would. He is a member of the Perth City Council, one of the councillors. He frequently lays charges against councillors in some way or other. He now wants to sit in judgment on the body with which he is associated. It would be far better if he allowed a judge or a magistrate to sit as a Royal Commissioner and make a full and unbiassed investigation. Magistrates have carried out their duties as Royal Commissioners very successfully on many occasions. When their reports have been presented this Chamber has been very proud of the work that has been done. The hon. member would be well advised not to put himself in the position of chairman of the select committee.

Mr. Raphael: I would not accept your advice. One would need to be pretty "crook" to do so.

Mr. THORN: He should allow this case to go before a Royal Commissioner. I hope the amendment will be carried.

MR. CROSS (Canning—on amendment) [5.32]: When a member makes such serious charges in connection with public men or a public body, as the member for Victoria Park has done, in the interests of all concerned they should be cleared up. A job such as this one would embrace is not suitable for a select committee. Any person who is called before a select committee is not on oath, and can tell any story he likes. If he gives evidence before a Royal Commission he does so on oath. That strikes at the crux of the position. It would be better that the matter should be inquired into by a Royal Commissioner. The time for an inquiry into the building by-laws is opportune. During the last few years within the city of Perth there has been a large increase in the construction of residential flats.

Mr. SPEAKER: I hope the hon. member is not speaking to the motion, but to the amendment.

Mr. CROSS: I will speak to the motion afterwards. I have stated why I intend to support the amendment. A Royal Commission is the right body to settle these problems and hold a proper inquiry. Such serious charges have been made that they should be cleared up.

MR. McLARTY (Murray-Wellington—on amendment) [5.34]: I support the amendment. The task is one for a Royal Commissioner, and I was surprised that the amendment should have been opposed. The member for Victoria Park need not be afraid that a Royal Commissioner would not fully investigate the matter, and inspect some of the places that have been condemned. He referred to the suggested Royal Commissioner being a Supreme Court judge. That is not necessary. A magistrate would be quite capable of doing the work. There are also others who could carry out the investigation. A Royal Commission would not be costly. If a magistrate were appointed only one person would be concerned, and it would not take him long to cover the ground. We could be sure of having the work done thoroughly and impartially. I was surprised the Minister for Works opposed the appointment of a Royal Commission. He said the Government recently approved of a Royal Commission being appointed on the ground that it would have a State-wide effect. The health of the city of Perth, by far the most important civic centre in the State, also affects the whole State. The responsibility is upon the Government. I should like to have heard the views of the Minister for Health, as he is vitally concerned in the health of the people. It would be only fair to members of the City Council that a Royal Commission should be appointed. The member for Victoria Park is himself a councillor, and for that reason it would not be satisfactory to appoint a select committee.

MR. WARNER (Mt. Marshall—on amendment) [5.36]: I have listened with attention to the debate, and conscientiously

believe that the best thing to do is to accept the suggestion offered by the amendment. A Royal Commission should be appointed to go into the whole matter, and the Chamber should shoulder the responsibility of making that suggestion to the Government. If the member for Victoria Park believes all he has said, he should be given credit for ventilating these matters. Although he may have been a little crude in his interjections, he may have been somewhat annoyed because he did not get a full hearing because of the interjections that were flung across the Chamber. He was daring enough to bring the matter forward and we should stand behind him. If he is correct in his accusations it is right that a full inquiry should be made. If the charges are not proven, a heavy responsibility will be thrown upon the hon. member. I am satisfied that a Royal Commission should make the necessary investigation. I would not like this matter to be thrown upon the shoulders of individual members of a select committee. I have no fear, however, that members of a select committee would not be brave enough to go anywhere that was necessary in the conduct of their inquiry. Every member is old enough in the ways of the world not to be led astray, or into any immoral conduct.

Hon. P. Collier: They are beyond temptation.

Mr. WARNER: I shall vote for the amendment, as I think the responsibility should be thrown upon the whole House.

MR. SAMPSON (Swan—on amendment) [5.39]: I am pleased the amendment has been moved, for I shall now be able to vote in favour of the inquiry. Had the amendment not been moved, I am doubtful if I could have seen my way clear to vote for the motion. I am of the opinion that at least in one case referred to by the member for Victoria Park the position was greatly exaggerated. That is one reason why I propose to vote for the amendment. The hon. member referred to a house next door to the home of an ex-Lord Mayor. When he said that he made it fairly clear as to where the house was, although it was described by the hon. member as being in St. George's-terrace. Actually it is in Adelaide-terrace, for we have had no Lord Mayor living in St. George's-terrace.

Hon. P. Collier: The only difference is between a man and a woman, Adelaide or George.

Mr. SAMPSON: In that instance the hon. member greatly exaggerated the position. He said that in one place in St. George's-terrace—he meant Adelaide-terrace—next-door to the residence of an ex-Lord Mayor, there were several gas stoves on the landing stage, there was neither light on the landing stage nor a vent to carry away the fumes, that the place was in a very dirty condition, and it was feared that the deposits, the result of the fumes——

Mr. SPEAKER: That is not an argument in favour of or against the amendment.

Mr. SAMPSON: It is to me.

Mr. SPEAKER: But it does not appeal to me.

Mr. SAMPSON: In justice to myself and the hon. member, I felt I should look at this place. Since the house is mentioned as being next door to the home of an ex-Lord Mayor, I looked at two houses, one on each side. I was impressed by the cleanliness of both, and rather astonished——

Mr. SPEAKER: The hon. member might be putting up an argument against the appointment of a select committee. The question before the Chair is an amendment to the motion.

Mr. SAMPSON: Because of what I saw, I felt I would not be justified in supporting the motion. Now that it is proposed to appoint a Royal Commission, I shall support it. I am sorry, Sir, you do not appreciate the cogency of my reasons. I think they are very logical.

Mr. SPEAKER: The hon. member may put it down to my being a little dense this afternoon.

Mr. SAMPSON: I would not suggest such a thing, nor cast any special reflection in regard to this afternoon or any other time. I shall support the amendment.

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

Ayes	23
Noes	23
A tie	0

Ayes.	
Mr. Boyle	Mr. Patrick
Mrs. Cardell-Oliver	Mr. Sampson
Mr. Collier	Mr. Seward
Mr. Cross	Mr. Shearn
Mr. Ferguson	Mr. J. M. Smith
Mr. Hill	Mr. Stubbs
Mr. Hughes	Mr. Thorn
Mr. Latham	Mr. Warner
Mr. Mann	Mr. Watts
Mr. McDonald	Mr. Welsh
Mr. McLarty	Mr. Doney
Mr. North	*(Teller.)*

Noes.	
Mr. Coverley	Mr. Raphael
Mr. Doust	Mr. Rodoreda
Mr. Fox	Mr. Sleeman
Mr. Hawke	Mr. F. C. L. Smith
Mr. Hegney	Mr. Styants
Miss Holman	Mr. Tonkin
Mr. Johnson	Mr. Troy
Mr. Marshall	Mr. Willcock
Mr. Millington	Mr. Wise
Mr. Munsie	Mr. Withers
Mr. Needham	Mr. Wilson
Mr. Nulsen	*(Teller.)*

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

Amendment thus negatived.

MR. HEGNEY (Middle Swan) [5.48]: I support the motion because I think there is ample room for inquiry regarding the manner in which the City Council has administered the provisions of the Municipal Corporations Act. From experience we appreciate various things that have happened in the city, particularly in connection with the application of the building by-laws. Work has been permitted that should never have been tolerated. Most of the local governing authorities have incorporated provisions from the Town Planning Act in their own by-laws, and yet we have noted many undertakings that call for adverse comment. For instance, the intersection of Bulwer and Beaufort streets is a very important one in the metropolitan area. During the last 12 months the Perth City Council allowed a building to be erected on one corner that absolutely obscures the view. Opposite to that building other premises have been erected, conducted by a "mortician," which is the new name for an undertaker. There, instead of insisting on the corner being curved, the building committee of the City Council allowed the premises to be constructed right up to the corner. The members of the City Council are aware of the provisions of the Town Planning Act, and yet they neglected to take advantage of their powers under the legislation in that instance. As a result, the building will be there for many years, and will be an increasing danger as road traffic becomes heavier. There have been many other happenings that call for adverse comment. I will cite the arcade recently constructed between Hay-street and St. George's-terrace. Some people may extol the aesthetic attractions of the Tudor style, but the time will come when the people of Perth will regret the construction of that thoroughfare, with its poky little shops, and so on. Then there is Airways House. Members will remember the discussion that took place regarding the lack of provision of fire-escapes there. If proper regard had been exercised for the safety of the people who will use that building, it is doubtful whether such a structure would have been permitted in its present form. We know that building was condemned by the Town Planning Commissioner, and was also adversely criticised by the City Council. There are other directions in which the provisions of the Town Planning Act and the Health Act should have been applied more effectively. In view of the charges made by the member for Victoria Park (Mr. Raphael), it is clear that there is ample room for thought, and with the knowledge we have of other matters that have been permitted it will be agreed that there is scope for an inquiry with a view to rectifying the position. I had personal experience in connection with a property in Thomas-street. A lady owns a block at a corner near the Children's Hospital. A house was erected there, and on one side there was a frontage of about 20 feet on which she desired to construct a flat. The plans were submitted to the Town Planning Commissioner who raised no objection to them, but when they were submitted to the building committee of the Perth City Council, they were rejected. About the same time, plans in connection with a much worse proposal for a building in another part of the city were agreed to. I do not know the reason for the differentiation. To my mind, it did not appear to be altogether fair and above board. In one instance the lady had been able to erect a house but was not otherwise blessed with ample funds, and her plans were rejected. On the other hand, a city councillor put up the case in support of the application for a building in another part of the city and he was successful, and the building by-laws were set aside accordingly. My experience and knowledge of what goes on convinces me that the time is opportune for the inquiry that has been suggested. With regard to the building at the intersec-

tion of Bulwer and Beaufort streets, the erection will have to remain for the next 70 years or so unless the property be resumed. In that instance the City Council could easily have insisted on the corner being rounded off. For the life of me I cannot understand why those plans were approved. As to the conditions in other parts of the city, to which references were made by the member for Victoria Park, there can be no doubt that there is room for a clean-up. I am glad that the hon. member has no intention of asking me to participate in the inquiry.

Mr. Sampson: Your innocence will provide a full defence.

Mr. HEGNEY: I have perhaps preserved a little more innocence than the hon. member. There appears to be room for a good deal of improvement with regard to some of the places mentioned by the member for Victoria Park. We know we can look around West Perth and other parts of the city and note that the provisions of the Health Act and the application of building by-laws could well be enforced. The member for Victoria Park is to be commended for having brought the subject before the notice of Parliament in order that an inquiry may be held. While there may be the suggestion that that hon. member will be prejudiced in his capacity as chairman of the select committee, it should be remembered that there will be four other members who can view the whole situation impartially. By that means I think an impartial report can be submitted to Parliament, and the effect of that should be to clean up many phases that are essential if the civic administration is to be placed on a better basis.

Mr. CROSS: I move—

That the debate be adjourned.

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

Ayes	30
Noes	15
Majority for	15

Ayes.	
Mr. Boyle	Mr. Sampson
Mrs. Cardell-Oliver	Mr. Seward
Mr. Cross	Mr. Shearn
Mr. Doust	Mr. F. C. L. Smith
Mr. Ferguson	Mr. J. M. Smith
Mr. Hawke	Mr. Stubbs
Mr. Hill	Mr. Troy
Mr. Hughes	Mr. Warner
Mr. Latham	Mr. Watts
Mr. Mann	Mr. Welsh
Mr. McDonald	Mr. Willcock
Mr. McLarty	Mr. Wise
Mr. Millington	Mr. Withers
Mr. Munsie	Mr. Doney
Mr. North	(*Teller.*)
Mr. Patrick	

Noes.	
Mr. Coverley	Mr. Nulsen
Mr. Fox	Mr. Raphael
Mr. Hegney	Mr. Rodoreda
Miss Holman	Mr. Sleeman
Mr. Johnson	Mr. Styants
Mr. Lambert	Mr. Tonkin
Mr. Marshall	Mr. Wilson
Mr. Needham	(*Teller.*)

Motion thus passed.

MOTION—INVESTMENT COMPANY.

To inquire by Select Committee.

MR. TONKIN (North-East Fremantle) [6.4]: I move—

That a select committee be appointed for the following purposes:—

(1) To inquire into (a) the methods and affairs of the Investment and Security Company of Western Australia, Limited, and (b) the relationship between the said company and the Investment Managers Proprietary, Limited, registered as a foreign company in Western Australia, and (c) the transactions, activities, and methods of the said Investment and Security Company of Western Australia, Limited, and of Charles Graham Alcorn as a director or member thereof or otherwise in relation to the sales of debentures of the said company; and (d) the application, use and disposition by the said company and by the said Charles Graham Alcorn of the proceeds derived by the sales of the said debentures.

(2) To investigate the laws of the State in their application to the incorporation, management and the business transactions of the said company and of the said Charles Graham Alcorn as a director or member thereof in relation to the sale of debentures of the said company.

(3) To make such recommendations as to legislation for the amendment of the said laws as may to the select committee appear to be warranted as the result of its inquiries and investigations.

There are in existence in Western Australia three companies, namely, Investment and Security Coy. of W.A. Ltd., Investment Managers Proprietary Ltd., and Securities of W.A. Ltd.—the Investment Managers Proprietary Ltd. being registered here as a foreign company—and the methods and affairs of the three companies appear to be such as to warrant a searching inquiry. It is very evident from information that has come to me that things are not right with those companies, and that the members of the general public are in danger of losing a good deal of their money because of the representations that are being made from time to time by the people connected with those concerns. In view of the great similarity existing between the methods of the three companies I have named and a number of com-

panies whose methods and affairs were the subject of investigation in New Zealand, New South Wales and Victoria in 1934, it is necessary for me to give to the House a little of the history of those New Zealand, New South Wales and Victorian companies, and to indicate what steps were found necessary in those other places to ensure the protection of the public. A man named Charles Graham Alcorn is the director and prime mover of the companies. He is very closely connected with the New Zealand companies, the New South Wales companies and the Victorian companies whose affairs, as I have stated, were the subject of investigation by a Royal Commission in 1934. The investigation that I am asking for now I consider necessary for three reasons. We want to find out whether those members of the public who have invested capital in the concerns are properly secured; we also want to ascertain whether the companies in question have been improperly used for the purpose of personal gain by the persons connected with them; and we also want to know, if those companies have not been so improperly used where the money has gone, because for a certainty, it has gone. In New Zealand there was a company known as Investment Executive Trust Ltd., and another known as Farms and Farmlets Ltd. There were also a number of others. The Royal Commission that investigated the affairs of the various companies ascertained that C. G. Alcorn and J. S. McArthur were very closely associated in the various companies, either as co-directors, brother shareholders, or in the relationship of director and attorney. Mr. McArthur admitted in evidence before the Royal Commission that the capital of the South British National Trust was subscribed by himself and Mr. Alcorn. The directors of Investment Executive Trust N.Z. Ltd., of which concern Mr. McArthur was one, formed in Sydney the Southern British National Trust, and Alcorn and McArthur transferred to that company 194,000 shares in the Investment Executive Trust of N.Z. Ltd. McArthur and Alcorn were to receive £75,000 odd between them for the share transfer, though not in cash; the consideration was to be satisfied by a transfer of British National Trust debentures. I want members to keep that name in mind, because I will refer to it later, since it has an important bearing on subsequent events. The £75,000 was to be paid by means of a transfer of debentures in the British National Trust. The British National Trust held all the shares in Sterling Investment Ltd. with the exception of 202. McArthur admitted in evidence that Sterling Investment Ltd. was a one-man concern, and that the one man was himself. Alcorn was attorney for Sterling Investment Ltd. Alcorn gave evidence before the Royal Commission, and under cross-examination in connection with the affairs of the company, known as Freehold Ltd., a concern which was a limited liability company, and in which Mr. and Mrs. McArthur held most of the shares. Alcorn had this question put to him—

> In effect, you have lent yourself and Mrs. Alcorn £6,400?—Yes.

So that actually this company was in the nature of a private limited liability company, consisting of Mr. and Mrs. Alcorn, and the money raised by it was loaned to Mr. Alcorn. That will give some idea of the nature of the transactions carried out by the various companies in New Zealand, New South Wales and Victoria.

Mr. North: And that man is here now?

Mr. TONKIN: Yes. Another important point elicited by the Royal Commission was the fact that Sterling Investments Ltd. was the key concern, and all the other companies were so interwoven and their transactions were so closely connected that Sterling Investments Ltd. held the key to the situation, and if it was not possible to get a balance sheet showing the position of that company, nothing could be done to disclose the true position of the inter-related companies. Strangely enough the books of Sterling Investment Ltd. were missing. That, of course, meant that the Royal Commission had considerable difficulty in finding out the relationship existing between the companies. I mention this to show again the methods and the transactions that were adopted by the companies and by Mr. Alcorn and Mr. McArthur. Now we come to the formation of the companies in which I am particularly interested. Mr. Alcorn was in Sydney in connection with the Southern British National Trust. The affairs of that company, as I have already stated, were the subject of investigation. Mr. Alcorn met there Mr. Clement Smith, who was an insurance broker, and he explained to Mr. Clement Smith the possibilities of the investment type of business. The result was that Mr. Smith closed his office and joined Alcorn. Before leaving Sydney, however, they

secured a number of shareholders and took steps, through a Sydney solicitor, to have the company registered to Melbourne. That company was known as Investment Managers Proprietary Ltd.

Mr. Patrick: In the meantime what happened to the Sydney company?

Mr. TONKIN: The Royal Commission investigated the position of that company, and it was soon afterwards wound up. Having taken steps to register Investment Managers Proprietary Ltd. from Sydney, Alcorn and Clement Smith went on to Melbourne where they interviewed a public accountant and asked him whether he would take on the job as secretary of the new company. The accountant was also asked whether his office could be used as the registered office of the company. The accountant agreed, and as far as I know, is the present secretary of the company. Two balance-sheets had been drawn up by this secretary showing the position of the company. They have not, however, been audited. The secretary wrote to Alcorn, who is in this State, and told him there was not sufficient money in the bank to pay for the audit, and asked him to make arrangements so that the audit could be carried out. Up to a fortnight or three weeks ago no such arrangement had been made by Alcorn. That will give an idea of the amount of money standing at the present time to the credit of Investment Managers Proprietary Ltd. After the company was formed it was necessary, of course, to have some shareholders. Alcorn put that proposition to the secretary, and said, "I hold two debentures in British National Trust." That is the company to which I drew hon. members' attention a few minutes ago.

Sitting suspended from 6.15 to 7.30 p.m.

Mr. TONKIN: I was explaining that Alcorn had sold debentures in Investment Managers Proprietary Ltd. for £1,000 and invested the money in the company by taking up that amount of shares. Actually no money passed. Because of the assistance that Smith had rendered to Alcorn in the formation of the company, Alcorn gave Smith £500 worth of shares. Shortly afterwards things could not have been going too well in the East and an inquiry agent got on the track of the company. He went along to Smith and questioned him about the company. Smith apparently did not like the idea of being questioned in that way. He became very nasty and told Alcorn he wished to dissolve partnership with him, which he promptly did. He gave back to Alcorn the £500 worth of shares. Alcorn had also interested a cousin of his in Investment Managers Proprietary Ltd. The cousin, I understand, was a reputable business man, chairman of directors of a flourishing company. He was induced to take up £500 worth of shares in Investment Managers Proprietary Ltd. for which he paid £100 in cash. Subsequently he had to pay another £100 by way of calls. Thus he invested in the company £200. The cousin then became chairman of directors of Investment Managers Proprietary Ltd. Alcorn decided to come to Western Australia. He brought with him a man named Stubbs whom he had met as a result of an advertisement inserted in the newspaper for a sales manager. Stubbs answered the advertisement, secured the position and then invested £200 in the company. Stubbs and Alcorn came to Western Australia about eight months after the formation of Investment Managers Proprietary Ltd. in Melbourne. Previous to leaving Melbourne Alcorn was given power of attorney in Western Australia for Investment Managers Proprietary Ltd. It would be interesting to know who gave Alcorn the power of attorney seeing that he was the main shareholder. Smith had handed back his shares and had got out and, with the exception of Alcorn's cousin, the other shareholders had only one share each paid up to 2s. It appears as if Alcorn gave himself the power of attorney and then came to Western Australia. After some preliminary investigations had been made in this State, steps were taken to register the Investment and Security Company of Western Australia. Registration took place on the 10th June, 1936. Each of the persons who had signed the memorandum of association had taken up one share for an investment of 2s. All that was done was to get the statutory number of shareholders. No attempt was made to get investors to put in substantial amounts of capital in order to place the company on a sound basis. All that was attempted was to obtain the requisite number of shareholders in order that registration might be obtained. I have a copy of a prospectus issued for the new Western Australian company which was in the na-

ture of an infant company to the parent company of Melbourne. The prospectus is without doubt a very ingenious document. The clauses in it enabled Alcorn and those associated with him to do what they have been doing within the law, although their actions have resulted in causing considerable loss to a number of people. The prospectus sets out—

The Investment and Security Company of Western Australia, Limited.
Authorised share capital £10,000.
Authorised debenture capital, £200,000.
First issue.
10,000 "A" series Perpetual Income Investment and Security debentures of £10 each.
10,000 "B" series Perpetual Income Investment and Security debentures of £10 each.

The prospectus then explains that the "A" series debentures are to be issued to holders who desire to invest their money only in trustee investments. It says—

Investments in this series are limited to (a) investments and securities authorised for the investment of trust funds by the Governments of Great Britain, the Commonwealth of Australia, the Australian States, the Dominion of New Zealand and any other part of the British Empire or by any of such Governments.

Although there is provision in the prospectus for "A" series debentures, none of the company has ever tried to sell that series nor was any of the series sold, so far as I can ascertain. The debentures that the company endeavoured to push and succeeded in selling were the "B" series debentures, which, of course, leave the way open for a good deal of that which I cannot characterise other than by the word fraud. The prospectus continues—

Investments in this series are limited to (b) stocks, debentures, debenture stocks, bonds or obligations and securities issued or guaranteed by any Government.

This refers to the Governments I have mentioned.

(c) Shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company, bank, trust, or other corporation constituted or carrying on business in Great Britain, Australia, New Zealand, or in any other part of the world.

(d) Shares, stocks and debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any finance, investment or any other company which may be promoted or formed by this company or by any of its directors or shareholders, or in which they may be interested, for the purpose of assisting with loans to debenture holders, or for any other purpose where in the opinion of the directors special opportunities occur for the profitable employment of debenture capital.

Under the clause referring to that series, it is possible for the company to invest in almost anything under the sun. Those concerned may, if they desire, invest in companies in which they themselves are interested, and naturally that is what they have done. It is interesting to note that the prospectus itself is rather in the nature of a fraud because there are two faces on it. In the one without the cover we have the following provision—

Auditors, Messrs. Rankin, Morrison & Company, Perth.
Directors, E. G. Sier, Esq., A.F.I.A., A.A.I.S., Public Accountant, 5 Graham-road, Mt. Lawley.
L. S. Stubbs, Esq., Company Director, St. George's-terrace, Perth.
C. G. Alcorn, Esq., Company Director, Mount's Bay-road, Perth.
Secretary, E. A. Lovegrove, Victoria-avenue, Claremont.

This has been pasted over and the names of new directors appear. Sier's name has disappeared and in its place there is another Alcorn—E. R. Alcorn, company director, Adelaide-terrace, Perth. I understand she is a sister of Charles Graham Alcorn. The names of the auditors have disappeared and so has the name of the secretary of the company. There are explanations for those alterations which I shall give in a moment or two. Referring again to the prospectus, it is interesting to note one or two of the conditions. To read the major portion would take far too long, but I shall select one or two clauses to indicate the nature of the prospectus. Clause 8 sets out—

The costs, charges, taxes, commissions and expenses incurred and moneys paid in the formation and registration of the company and in obtaining the share capital thereof and in the investment of such share capital and the remuneration paid to the directors of the company shall not be charged against debenture capital or income therefrom, but all other costs, charges, taxes, commissions and expenses incurred and moneys paid by the company on any account whatsoever (hereinafter called the debenture charges), shall be charged from time to time by the company in such proportions as the directors of the company may determine against the moneys received by the company from the sale of debentures in this and any other series now or hereafter issued by the company and against the income and profits from investments of the proceeds of the sale of such debentures.

One man approached to take up debentures said that only mugs would take them up with that condition included. That is so. Unfortunately it is the mugs that do not read the prospectus, and so far as invest-

ments are concerned, the mugs seem to comprise a majority of the people.

Hon. C. G. Latham: They might not even see the prospectus.

Mr. TONKIN: So far as I can ascertain, practically all the people asked to take up debentures in the company were shown a copy of the prospectus. Even so, any person confronted with the prospectus and asked to take up shares would not read it very carefully. Even if he did, he probably would not understand it all. The subtle wording of No. 8 condition would not be appreciated. It sets out clearly that the costs, charges, taxes, commissions and expenses incurred and moneys paid in the formation and registration of the company and in obtaining the share capital and for the remuneration of the directors, shall be charged against debenture capital. Of course there is no expense in getting share capital. They got half a dozen people to put in 2s. each. All the expense occurs in selling the debentures, and they have been able to put themselves on as commission agents to sell the debentures and charge up their commission against the sale of debentures, with the result that the money subscribed by debenture holders has been absorbed by the other costs. This has been done quite within the law, because the prospectus sets out that all other costs whatsoever may be charged against the debenture capital in any proportion the directors may think fit. There is also a provision that makes it practically impossible for a debenture-holder to have the company wound up in the event of his becoming dissatisfied. The company can be wound up only if there is an extraordinary resolution of shareholders for an order of the court, and the debenture-holders are only in the nature of creditors of the company. They are not shareholders, and so they have no say. They could not attend a meeting to urge that a resolution should be carried for the winding up of the company, because they are not in any sense of the term shareholders, but merely creditors of the company.

Hon. C. G. Latham: How did these people attempt to sell the debentures? By house-to-house canvass?

Mr. TONKIN: Yes. I will come to that presently. Along with that prospectus an interesting little document was also issued. It sets out—

The Investment and Security Company of Western Australia, Limited, Commercial Bank Chambers, 41 St. George's-terrace, Perth.

"A" and "B" Series Perpetual Income and Security Debentures now procurable in the terms of the company's prospectus.

Advantages available to investors:—(1) Security of capital; (2) Regularity of income; (3) Increase of capital.

Security of capital.—The basic principle of this institution is to spread its capital over a large number of sound investments and securities, varied according to nature of investments, geographical location, and type of security, thus making possible to an unusual degree the safety of capital.

Regularity of income.—The spreading of capital over a large number of carefully selected income-producing investments of different classes provides regularity of income, the law of averages working to produce this advantage.

Unfortunately the law of averages has not yet begun to work, because there is no income. There is only one investment, and that is not of much value to the company. When the prospectus was issued, steps were immediately taken to find people prepared to invest their capital in debentures.

[Resolved that motions be continued.]

Mr. TONKIN: In this business Alcorn himself and other men whom he employed as agents went out to interview people in their homes. I understand that one agent was supplied with a list of shareholders in other companies, and then went along and sought out these shareholders and endeavoured to get them to exchange the shares which they already possessed for debentures in this company.

Mr. Patrick: He was prepared to take shares in good companies for the debentures.

Mr. TONKIN: Yes. In fact, that side of the business was pushed more than any other. Although quite a lot of actual cash was received from the sale of debentures, yet in most cases debentures were bought by people who handed over shares in other companies which they already held. One unfortunate man handed over 18 shares in the Bank of New South Wales. I think the market value of those shares at the time was about £37 10s. each. This man, who had retired from business and was dependent on the income from the shares, was induced to part with the whole of the 18 bank shares in exchange for about £700 worth of debentures in this company. I interviewed that unfortunate investor and got quite a lot of interesting information from him. He told me that Alcorn had approached him and explained what a wonderful scheme this was, how these companies had flourished in Great Britain and

made marvellous profits, and how this company was quite sure to do the same thing in Western Australia. Alcorn said to the man, "How much income are you getting from these Bank of New South Wales shares?" The man replied, "About 3 per cent." Then Alcorn said, "Oh, we won't be much if you can't double that!" Alcorn led the investor to believe that Investment Managers Proprietary was well behind this Western Australian company; that the parent company was well established, with plenty of shareholders, and was in fact doing a flourishing business, and that the parent company in the East would stand behind the infant company in Western Australia, and so there was no doubt whatever about the success of the local company. Naturally, the unfortunate investor was talked up so that finally he transferred the Bank of New South Wales shares to Stubbs. That is a remarkable thing. The shares were not transferred to the company, but transferred to Stubbs, who was a director of the company. Six of those shares have since been sold. Twelve of them remain with Stubbs, the transfer being in his name. It would be interesting to learn whether Stubbs has executed any trust deed to the company in respect of those shares. I am anxious to find out, because those shares, unless a trust deed has been executed, as it should have been, in favour of the company, are now the personal property of Stubbs. Such were the methods employed to induce people to pass over shares which they already held and take up these worthless debentures. One old chap had a few shares in a company of which he did not think much. Their market value was about 2s. He did not expect to get any dividends from them. He had received dividends in years past, but altogether he did not think a great deal of the shares. So it did not take much to induce him to part with those shares in return for debentures. He had some other shares, which were more valuable: but although the agent tried to get him to invest those shares also in this company, the old fellow was not having any. He did not mind risking shares which were not of great value, but he was not so sure about risking the others, and now he is very glad he did not. The new company had to have a secretary. Mr. E. A. Lovegrove answered the advertisement for a secretary, and got the job. But he is not now secretary. After a few months he resigned. No doubt there was a very good reason for his resignation. Mr. E. G. Sier, who was a director originally, is not now a director. Doubtless there is excellent reason for that. Mr. Sier, being a public accountant, required that a careful watch should be kept on the affairs of the new company. He held out for a monthly audit of its accounts. When the first report of the auditors came in, accompanied by the resignation of the auditors, Mr. Sier was not at all pleased with the position. Shortly afterwards, because of unsatisfactory replies which were given to questions he asked, he resigned his directorship. I may also mention that the auditors, Rankin Morrison & Co., did not keep their job very long. They made a report in which they pointed out that the debenture capital of the company was being used to defray the company's expenses. That, of course, is contrary to all sound practice. Debenture capital is as a rule fully secured, and if it is invested, it is invested against proper and sound security. Certainly it is not used to defray the expenses of running a company. The company's share capital is used for that purpose. In this company, however, there was practically no share capital. There were only half-a-dozen shares of 2s. each, and then some shares which had been taken up by the parent company, Investment Managers Proprietary, of which Alcorn was a director. The parent company invested in the infant company, agreeing to take up £1,000 worth of shares, equal to 10,000 shares. In respect of these shares the parent company paid £200. So there is still £800 of uncalled capital standing against the name of Investment Managers Proprietary. That was the only share capital the infant company had, and that share capital was not meeting any of the expenditure of the company, or scarcely any. The wages of the men selling debentures, office expenses, and remuneration in a number of directions were all being met out of the capital raised by the sale of debentures, with the result that there is scarcely any of that capital left. Because Mr. Sier was dissatisfied with the company's operations and the way the debenture capital was being used, he resigned. It seems that the method of this company—like the method adopted by New Zealand and New South Wales companies which were investigated—is for one company to invest in another company, and vice versa. Thus Investment Managers Proprietary invested in Investment

and Security Company of Western Australia to the extent of 10,000 shares. Thereupon the infant company commenced to invest in the parent company by taking up shares in Investment Managers Proprietary. The prospectus set out that the object of the Western Australian company was to invest debenture capital in securities which returned profits, or from which it appeared that reasonable profits would be made. It must appeal to anyone who takes the trouble to investigate the position of Investment Managers Proprietary that that company is bordering upon insolvency. Yet the local company invests £200 of its money in the parent company. We ought to inquire how the parent company is to make any profits. Its only source of income is what it will receive from the sale of debentures in the Western Australian company. What a remarkable situation! A parent company is formed, so it is stated, to assist an infant company, and that parent company is to derive its profits solely from commission obtained on the sale of debentures in the infant company. Therefore if £1,500 worth of debentures in Investment and Security Company of Western Australia were sold by Investment Managers Proprietary in Melbourne, the latter company would receive £150 commission. That would be its source of income. Now, the local company, in order to earn profits, invests in the parent company in Melbourne. I suggest that that is only a subterfuge because the parent company in Melbourne was practically on the rocks. Alcorn decided to transfer £200 from the local company in order to keep the other going.

Mr. North: And it all appears to be within the law?

Mr. TONKIN: So far as I can ascertain, yes; because it distinctly sets out in the prospectus that the local company can invest in any company the directors see fit to invest in, and any charges whatsoever can be charged against debenture capital. That is being done, with the result that the money paid in by debenture holders is disappearing. It is going somewhere, and it is not going in investments. Although this company has been in existence some months, the only investments they have made have been in the parent company in Melbourne which, of course, is useless. It will return them no profits. That is the only investment made with the funds received out of the sale of these debentures. Scarcely any funds remain, so far as I can find out. It seems that in the interests of the public steps will have to be taken to prevent this sort of thing from continuing. It looks as if those people who have already invested will lose their money, but, at least, if we have an investigation we can prevent other people from investing their money in these concerns. They have no chance whatever of paying dividends, nor have they any chance of securing the original capital which has been raised in the concern. It is the job of this Parliament to take such steps as are necessary to make the public aware of what is happening here and, if possible, to prevent them from being caught by those who are selling the debentures. I should explain that some of the agents who have been employed are not to blame, because they are only doing the job for which they are being paid. I understand that one man answered an advertisement and he was told that if he proved satisfactory he would be put on a salary of £5 a week to sell debentures; but first he had to take the job on a 6 per cent. commission basis. He did that, and commenced to sell the debentures on a 6 per cent. commission basis. When he had sold about £60 worth, he thought it would be a good idea if he bought the balance of £100 worth himself in order the more quickly to get on to a salary. He did that. He bought £40 worth of debentures himself and so completed the sale of £100 worth of debentures. He then went to Alcorn and asked for the job and, of course, in the circumstances, he had to get it, as he had observed his part of the contract. Accordingly he was given £5 a week, but he was permitted to work only five weeks, so that he got back only £25 of the £40 which he put into the concern. He was put off then on the ground that he was not doing sufficient business; that is, that he was not selling enough debentures. So that whichever way we look at it, the whole thing is reeking with fraud and subterfuge.

Mr. Patrick: Alcorn himself was selling was he not?

Mr. TONKIN: Yes, he was canvassing. It was he who was successful in landing the £700 worth of Bank of New South Wales shares, and I suppose he got his remuneration by means of commission. He

is a director of the company, and under the conditions set down he could not charge director's fees against the debenture capital, but he could charge wages or commission against it, and so, by putting himself on as a salesman of debentures, could legitimately charge wages against the money received by the sale of debentures; and that is what was done. The second balance sheet of Investment Managers Proprietary Limited discloses 5s. 2d. in the bank. That is the parent company. I understand there are a number of accounts of the company in Western Australia, but the accounts are so hopeless as to make the position difficult to follow; but in the account that matters, that of the infant company, there is only 5s. So steps will have to be taken to see that these people are not permitted to carry on and that the public are made fully aware of what is happening, so that they will not be so easily caught as they have been in the past. In fairness I should mention that when Alcorn's cousin, who had been induced to invest £500 in the parent company, had seen the second balance sheet disclosing the position of the company, he resigned. It looks, therefore, as if the parent company has not more than one director, that director being Alcorn himself, and the local company, of course, still has the three directors—Alcorn and his sister and L. S. Stubbs. I hope I have made out a sufficiently strong case with which to secure the support of the House for the motion standing in my name, which motion I now submit.

HON. C. G. LATHAM (York) [8.10]: I thought the Government would give the House some idea of how they were going to view this motion. It looks to me from what I have heard that there is probably some justification for an inquiry. I do not know whether the Government is acquainted with the facts as submitted. If so, the Government should have told the House, and should be prepared to say whether it is proposed to support the motion. To me it seems a most extraordinary position, if members are to be permitted to ask for an inquiry such as this without our having any information vouchsafed by the Government. It is usual for a Government in a case like this to direct the House as to what it is proposed to do. That is not the duty of the Leader of the Opposition.

The Minister for Mines: I do not mind telling you that the Government will vote for the motion. We want the inquiry.

Hon. C. G. LATHAM: I have never heard of these people before to-night. I have heard nothing about the case. I have seen nothing in the newspapers about them. I do not read the week-end papers as comprehensively perhaps as other members do; but if the Government knew of this, it was its duty to see that some inquiry was made. The member for North-East Fremantle said it amounted to fraud. If so, the Minister for Justice should take some action. There is no doubt about that. He should not wait for this House to move in the matter. He is responsible for administering the laws of the State, and to see that they are carried into effect. The Minister is responsible for seeing that there is no fraud perpetrated. If he hears of it, it is his duty to draw the attention of the police to it, and to have an investigation made.

The Minister for Justice: I am to draw the attention of the police to it, am I?

Hon. C. G. LATHAM: If you know about it. What do Ministers of the Crown exist for, except to give effect to the law?

The Minister for Lands: Ministers are to prosecute, are they?

Hon. C. G. LATHAM: They have to see that the police, who are the instruments of the law, are advised of matters of this kind. It is quite a new idea that private members have to come to this House and ask for such inquiries to be made.

The Minister for Justice: The hon. member said that their methods were wrong.

Hon. C. G. LATHAM: He suggested that there was fraud, and the Criminal Code should be invoked to see that the perpetrators are punished. It is proper for the Minister to introduce a Bill to prevent this kind of thing. It has been the responsibility of the member for Collie (Mr. Wilson) to introduce legislation to prevent the taking down of the unwary. Ministers are not prepared to accept the responsibilities of their offices. It is left to individual members. I commend the member for North-East Fremantle for introducing the motion, but I would like to have had the opportunity to check some of the facts. I would like to know something about the case; but I do not want to delay the matter. If the Gov-

ernment knows about it, I want the Government to tell us. If we move for an adjournment, we will have no opportunity of finding out what is behind this, and I should have been pleased to have a representative of the Government to advise the House whether there is anything known about the matter. If the statements made by the hon. member are true, he has much more information than other members. The Government should have this information, and if so, should introduce legislation immediately. It should be introduced this session. It should not be delayed one day longer than is necessary. If we are to have a select committee it will take a much longer period in which to complete an investigation.

Mr. Marshall: The session will end and the select committee will go with it.

Hon. C. G. LATHAM: That is so. The Government should say what it is proposed to do. It would take only a day or two to investigate the matter in the correct way. If the man Alcorn is outside the law he ought to be prosecuted, and if he is within the law an amendment of the legislation is required, and we should have that amendment without delay. People should not be allowed to take down others who are unsophisticated. I am amazed at the attitude taken by the Government. This is a surprise that has been sprung upon us, and we really do not know where we are. The member for North-East Fremantle has made out an urgent case, a case far more urgent than a case that, properly, could be investigated by a select committee. This should be investigated by the police to-morrow, and the Government ought to bring in any legislation that may be required to meet the position. If we leave this to a select committee nothing can be done until after the close of the session, which would be far too late. The Premier, who has now entered the Chamber, will perhaps tell us what it is intended to do. My colleague on my right has just told me that this man, the subject of the hon. member's motion, approached some people and endeavoured to get them to hand over bank shares of high value for some of his debentures of questionable value. I had never heard anything of that before. I hope the Premier will tell us what he proposes to do, whether he is going to agree to an inquiry. On the information supplied to the House to-night this matter ought to be dealt with to-morrow by the C.I.B.

MR. McDONALD (West Perth) [8.17]: I am not in a position to do so, nor if I were would I express any opinion about what has been said by the member for North-East Fremantle. But he has set out very clearly a condition of affairs that must challenge the responsibility of members. I do not know that the House can undertake investigations into all sorts of things, but the hon. member has set out a particular case, and his argument is that the circumstances are such as to call for an amendment of the law. For that reason he is well justified in bringing the matter before the House, and he has given us facts which suggest that some inquiry should be undertaken. But I join with the Leader of the Opposition as to the situation in which hon. members are put. I am sure they share with me the feeling that the member for North-East Fremantle has put up something which challenges the interest and responsibility of every member of the House. I take the view that if the matter has not already been dealt with by the Government or by the Minister, the Minister's course is simple: He refers the facts to the law officers of the Crown, and they advise him if the facts constitute an offence or give rise to a remedy under the existing law, in which case the existing law will be invoked. If the law officers say the facts are such that they cannot be remedied under the existing law, it is for this Parliament to decide whether a select committee should not consider the advisableness of amending the law. The law officers of the Crown should give the House some advice as to how the position stands. That is what the Crown law officers are for. We would welcome some indication of what course is to be taken. If the existing law will meet the position, then all that is necessary is to invoke the existing law. But at present we do not know that. In the absence of any knowledge, rather than see this matter not dealt with, I feel that the member for North-East Fremantle has made out such a case as will justify me in supporting his motion for a select committee.

Question put and passed.

Select Committee Appointed.

Ballot taken and a committee appointed consisting of Messrs. Fox, Hughes, Nulsen, Shearn and the mover, with power to call for persons and papers, sit on days over which the House stands adjourned, and report on the 24th November.

BILL—RURAL RELIEF FUND ACT AMENDMENT.

Second Reading.

Debate resumed from 21st September.

THE MINISTER FOR LANDS (Hon. M. F. Troy—Mt. Magnet) [8.35]: The Bill before us affects five to seven sections of the Rural Relief Act. It provides much verbose matter that in no sense improves the legislation already enacted by Parliament. I see no sense in many of the provisions of the Bill, except that they may be designed to impress the House and the community by the bulk of the matters contained in the measure. Under the existing Farmers' Debts Adjustment Act there is no provision for the compulsory writing down of debts. Secured creditors cannot be obliged to have their securities written down if they are first mortgagees, without their consent. The Bill seeks to alter that position, and to alter the procedure under the Farmers' Debts Adjustment Act whereby the farmer makes or seeks to make arrangements with his creditors. The present Government, under the Rural Relief Act gave the trustees the right to suspend debts. That right obtains in no other legislation. The party on the other side of the House first brought down the farmers' debts adjustment legislation. This Government by bringing down the Rural Relief Act created power for the suspension of debts, and also powers under the Agricultural Bank Act of 1934 for writing down in the case of the Agricultural Bank. In his Bill the member for Katanning (Mr. Watts) adopts the Victorian procedure in respect to negotiations with creditors. That procedure is cumbersome, circuitous, expensive, and without result compared with the existing legislation in this State. The only virtue in the extension is that it follows the Victorian Act. I say it is cumbersome, circuitous, and expensive and does not get results. I ask the House to bear in mind a comparison between the results achieved by our Rural Relief Act and the Victorian Act to which I have referred. The Victorian Act was proclaimed in 1935. The total debts adjusted amounted to £2,493,000. The amount advanced to creditors was £604,823, and the number of applications dealt with since 1935 was 457. Compare those results with those obtained under the Rural Relief Act brought down by this Government. The total debts adjusted in Western Australia amounted to £6,223,995, or three times as great as was the case in Victoria. The amount paid was £433,000 to adjust £6,000,000 of debts, as against £604,000 to adjust £2,493,000 in Victoria. The number of applications dealt with in Western Australia to the 30th June last was 1,766, four times as many as was the case in Victoria. The cost to the State last year was only £8,279, compared with £40,000 in Victoria. The procedure in the Bill provides for negotiations backwards and forwards under the pretence of doing something, improving the system, modifying plans and so on, all seeking after effect but getting no results. When I inquired into the Victorian system this year I was told that it provides a lot of work for country attorneys as conciliation officers at a total cost of £40,000 including the administrative costs. The only result is that, since 1935, 457 applications were dealt with compared with 1,766 in Western Australia. Yet the hon. member wants this House to adopt the Victorian method, which does not achieve results compared with those that have obtained in this State at much less cost.

Hon. P. D. Ferguson: I suppose our trustees as well as the legislation have something to do with that.

The MINISTER FOR LANDS: If the trustees in this State were to work under an Act as it would be if amended by this Bill, with meeting after meeting and no results gained, they would be in a hopeless position. The Victorian legislation is bulky, impressive and spectacular. Our legislation takes a short cut and does things, with the result that we have achieved more debt adjustment in this State than has been achieved in all the other States combined. Why tinker with an Act that meets all the requirements of the State? Our trustees are satisfied with the Act, and against that Act not one solitary complaint has been made by any settler to me or to the trustees regarding the expedition with which work has been done. Now we are asked to adopt a procedure that is never ending, and gets nowhere, merely because it is spectacular and bulky. The trustees who have been complimented upon their work in this State, have assured me that the circumlocation of the Victorian Act, the waste of effort there to effect adjustments, etc., would only embarass them and could be of no value. I shall oppose these particular clauses in the Bill because they

are not necessary. They cannot help the settler, and cannot assist him in securing more prompt debt adjustment. They have failed in the country where they have been tried out. Not only would the methods proposed by the member for Katanning mean loss of time but they would entail much additional expense that is not necessary. It would involve the appointment of other officers. There would be the possibility of many meetings of creditors before the position of one creditor might be finalised. The office staff would have to be duplicated. Parliament ought not to agree to a proposal that is not necessary, particularly when the results now achieved in an expeditious manner will have to be discontinued in favour of methods that are cumbersome, unwieldy and will not get us anywhere. Under the Bill the member for Katanning adopts the artificial basis of valuations that the member for Greenough (Mr. Patrick) proposed in the Agricultural Bank Act Amendment Bill. He proposes that the Director shall value the farmer's assets for the purpose of presenting a scheme to the creditors of the farmer concerned. The artificial basis is that the Director must value the farmers' assets on the basis of wheat at 3s. per bushel f.o.b., which is 2s. 7d. in the country, and of wool at 6d. per lb. at ports, which means 5d. on the farm, and lambs at 10s. at sidings. When the Agricultural Bank Act Amendment Bill, which is before the House, was being discussed, I pointed out that that was a very unfair basis.

Hon. P. D. Ferguson: Is that not the basis recommended by the Federal Royal Commission?

The MINISTER FOR LANDS: No.

Hon. P. D. Ferguson: Of course it is.

The MINISTER FOR LANDS: The Federal Royal Commission recommended that as the basis for debt adjustment, not for the valuation of a farm. Despite what the hon. member suggests, not one Government in Australia has adopted that recommendation of the Royal Commission. In no Rural Relief Act does that provision exist. The very Government that appointed the Federal Royal Commission ignored their recommendation. Yet it has been suggested in this House that their recommendations and proposals should be forced down our throats. Neither the Federal Government who appointed that Royal Commission nor any other Government in Australia, Country Party or otherwise, has adopted the Commission's recommendations. I am sure that if Opposition members were sitting on the Government side of the House, they would not adopt it themselves. As a matter of fact, they did not adopt that principle when they did sit on the Government benches. We are entitled to judge them by their actions when they were in control. For three years they held the reins of Government during a period that they regarded as the worst depression ever known in Australia. They wept tears about the conditions that obtained, yet although they passed the Farmers' Debts Adjustment Act, they provided nothing but stay orders and made no provision such as they now suggest, even when wheat was as low as 1s. 9d. a bushel.

Hon. P. D. Ferguson: But the recommendation of the Royal Commission was made only two years ago.

The MINISTER FOR LANDS: Surely members opposite have some ideas of their own! The hon. member suggests that the Royal Commission's recommendation was made two years ago, but in the meantime that recommendation has been ignored by the representatives of his own political party in the Federal Government.

Hon. P. D. Ferguson: This deals with a State activity, not a Commonwealth activity.

The MINISTER FOR LANDS: Ministers of his own political beliefs have ignored the recommendation.

Hon. P. D. Ferguson: You are pretty good at misrepresentation.

The MINISTER FOR LANDS: In other parts of Australia there are Country Party Governments, or Governments in which Country Party Ministers participate, yet none of those Governments has adopted the proposal, nor is it proposed to do so. Getting away from what members opposite say should be done, is there any hon. member in this House who would regard it as fair, if he had lent money reasonably and honourably, that he should be compelled to write-down the value of his security on low prices that did not exist? Wool at 6d. per lb. at ports, which means 5d. per lb. in the country, has never been known in Western Australia in our experience. I can never remember wool having dropped to that price. Yet hon. members opposite say it is reasonable and fair to force the mort-

gagee to write-down his security on the basis of wool valued at 5d. per lb! Would any one of them regard that as a fair proposition? I do not care what hon. members may do regarding the mortgagee, but as this proposal will apply to the Government of Western Australia and various departments of Government, which are my responsibility, I cannot regard it as a fair proposition at all, so I shall resist that particular phase of this legislation. I shall not vote against the second reading. I intend to see what hon. members do when the measure is considered in Committee. I am going to leave the matter in their hands, but I shall resist every clause that I regard as unfair to the community. The member for Katanning has adopted an artificial basis for forcing a writing-down. He has taken that artificial basis, which he thinks can be used as a lever to get creditors to accept a reduction of debts. I do not hesitate to say it is bound to result in lack of agreement between creditors and farmers, and fewer voluntary debt adjustments will be arrived at. What will occur? Does any hon. member think we will secure agreements between creditors and settlers if we put a loaded gun at the head of the creditors and say, "You must accept that although you and we know that it is not a fair thing." Will that secure debt adjustments? Will voluntary adjustments be arrived at on that basis? Naturally the creditors will be entitled to resist such a proposal. If members opposite were to suggest a fair proposition, creditors would naturally accept what was submitted to them. But when it is suggested that an absolutely unfair proposition shall be submitted, creditors will be entitled to resist those proposals, and undoubtedly will do so. As I pointed out when discussing the Agricultural Bank Act Amendment Bill, the members of the Primary Producers' Association at a conference passed a resolution insisting that the Federal Government should provide 4s. a bushel for their wheat. There is one thing about them; they know what they want—and they asked for 4s. a bushel. In this instance Opposition members who hold the same views as the Primary Producers' Association, and represent that organisation here, propose to say to creditors, "The Director under the Farmers' Debts Adjustment Act will value your properties on the basis of wheat at 2s. 7d. a bushel in the country" —and yet they claim they are not inconsistent! Some members of the Primary Producers' Association had asked for more but the members of that organisation realise that if too high a price is fixed for wheat, a lot of people will rush in to grow crops. Then there will be a glut in the market, and that is what held them back from making a request for more than 4s. a bushel. Why do not members opposite come forward with something that is reasonable? Why suggest valuations on a basis that no one would accept for writing-down purposes? I have pointed out before that during the last 20 years the price of wheat has averaged 4s. 9d. per bushel and wool 15.15d. per lb. Notwithstanding that fact, hon. members opposite ask this House to pass legislation and expect voluntary debt adjustments on the basis of wheat at 2s. 7d. per bushel in the country and wool at 5d. per lb. However, the Bill can go to the vote of the House. I have never hesitated to make my position clear. Members opposite calculate upon my words going broadcast throughout the country districts. They expect to make capital out of them, and to be able to declare that I am opposed to the interests of the farmers. They say that I have always opposed the farmers' legislation. On the contrary, I gave them legislation, the benefits of which they enjoy to-day. No one else did that. I say the Bill is not calculated to assist in any way towards debt reduction or towards voluntary debt adjustments. On the other hand, it deliberately shuts out any possibility of voluntary agreement. Under the Rural Debts Relief Act passed in 1934 by the present Government, a provision was inserted to give the farmer deserving of some relief but whose creditors were not reasonable or refused to accept a scheme of debt adjustment, some respite by way of a suspension order. The trustees were empowered to suspend debts for three years or longer, up to seven years, year by year, when the three-year period had expired. That is the law to-day. I admit that there was no compulsory writing-down provided for. The member for Katanning proposes to give those powers to the trustee in the event of a farmer not being able to make any arrangement at all with his creditors. He also provides that the trustees shall have power to write-down compulsorily after the termination of three years, not on the arbitrary

basis but on the productive capacity of the farms. Why that distinction? The Bill provides in respect of the voluntary agreement scheme that the property shall be valued on the arbitrary artificial basis, but when it comes to the compulsory writing-down of indebtedness it must be on the basis of the productive capacity of the farm. Who is going to determine the productive capacity of a farm under this legislation? Who will determine the relative productive capacity of one farm as against another in a country like Western Australia where conditions change every few miles? The trustees have not that knowledge in their possession. To-day all the writing-down has been by voluntary arrangement, but when it comes to the trustees having to write down compulsorily on a productive basis, how are they going to determine what is the production of one farm as against another? Will they make a rough and ready calculation? If they do, it will be unsatisfactory to a number of people. Where any debt adjustment has been made, or where debt adjustment has been declined by the secured creditors, the trustees are obliged to value the assets of the farmer on the unfair and arbitrary basis of wheat at 3s. per bushel f.o.b., wool at 6d. per lb. in farmers' lots, f.o.r. shipping ports, fat lambs at 10s. per head at sidings, and other farm produce at the average market prices at the time of valuation. Any excess debt over that valuation is suspended free of interest, but on the balance remaining the trustees are obliged to fix a rate of interest not exceeding 1 per cent. over the bank rate on fixed deposits over two years and upwards. So that under the Bill when the trustees have valued a property on the basis set out, they must suspend the rest of the debt. No interest at all is paid on the suspended debt, but on the valuation of the assets fixed by this arbitrary means the trustees must fix the rate of interest at 1 per cent. over the bank rate on fixed deposits for two years and upwards. The bank rate for that period is 3 per cent., and so it means 4 per cent. that the creditor will be compelled to agree to accept. Other institutions cannot borrow at 3 per cent., and the State cannot do so. The State can only borrow money at 4 per cent. Do hon. members opposite think that any creditor would go on with the game? Do they think that any creditor who was written down in that drastic and unfair manner and who had suffered loss because he could not reimburse himself for the interest that he himself pays, will finance the farmer further?

Hon. C. G. Latham: We are not dealing with the fixed deposit rate.

The MINISTER FOR LANDS: The deposit rate is 3 per cent., as I have stated, and the trustees cannot fix more than 1 per cent. above that rate. That 1 per cent. would not pay the cost of administration. I tell the House that if the Bill is passed, there will be no finance for farmers seeking debt adjustment. Their credit will be destroyed entirely. I do not propose to vote against the second reading of the Bill, but if members opposite by this type of legislation prevent farmers getting credit, let them not then come to the Government. We cannot carry on all the farmers. My personal view is that it is an unfair proposition to fix the valuation of a property on the prices that have never existed. I shall oppose other clauses that I regard as useless, and which would only bring about delays in the administration of the Act. The present Act has done all that has been expected of it. I shall vote against the arbitrary valuation of assets which, personally, I regard as being unfair. I again tell members opposite that they have no hope of voluntary adjustments being effected. If they start out to deal unfairly with any man, and if they compel adjustments on the basis they suggest and ask the creditor to carry all the risk for nothing, he probably will not do it. But that is a responsibility that members must take into their own hands. Clause 14 provides that none of the provisions of the principal Act as amended by the Bill shall apply to any creditor, so far as he is a creditor in respect of a debt, nor to any debt incurred by the farmer after the commencement of this Act. So that provision will not apply to any debt contracted by a creditor after 1934.

Hon. C. G. Latham: It is a strange thing that the Act did not receive assent until November, 1935.

The MINISTER FOR LANDS: Two years ago. I thank the hon. member for the correction. Why are those farmers shut out? Why are all the debts incurred since 1935 to be shut out? "None of the provisions of the principal Act as amended by this Act shall apply to any creditor so far as he is a creditor in respect of a debt, nor to any debt incurred by the farmer after the commence-

ment of this Act." So the creditors of the last two years will be shut out. Why?

Hon. C. G. Latham: You know you are wrong.

The MINISTER FOR LANDS: I am not wrong. I want to know why the creditors for the last two years are to be shut out.

Hon. C. G. Latham: If you sit down, we will tell you.

The MINISTER FOR LANDS: Another matter the Bill provides for is that no settler can contract himself out of the provisions of the Bill. The Victorian Act included every farmer, every grazier and pastoralist—all were automatically brought within the provisions of the Rural Relief Act there, and they contracted themselves out by thousands. But the Bill before us specifically provides that they must not contract themselves out. When the farmer in Victoria proceeded to get credit, he found he could not get it, and so he contracted himself out. I am afraid the farmers here too will not get credit if the Bill passes. But the House can take the risk; it is a matter for members to determine. They will not be able to shelve the responsibility on the Government. One member said he did not like the Bill, and therefore disclaimed responsibility.

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

The MINISTER FOR LANDS: Never mind who said it.

Hon. C. G. Latham: Some more of the mythical stories you are in the habit of telling us.

The MINISTER FOR LANDS: There are clauses in the Bill that I intend to oppose in the farmers' interests, and also in the farmers' interests I shall oppose that clause which provides for a basis of unfair valuation.

[*The Deputy Speaker took the Chair.*]

MR. BOYLE (Avon) [9.15]: I must admit that I am positively overawed by the attitude of the Minister to this Bill.

Mr. Thorn. We all are.

Mr. BOYLE: I have a feeling of utter bewilderment. The only virtue in the Bill, according to the Minister, is the fact that in our eyes it is a Victorian measure. I do not think it is fair to this House to allow State prejudice to intrude. The fact that the Minister is a native of New South Wales would indicate that he has no great feeling of respect for anything in Victoria. I, as a Western Australian, occupy a neutral position, and so I shall be fair to Western Australia and to Victoria. Any criticism of the Rural Relief Fund Act of Western Australia is usually regarded by the Minister as a cause of war. The Act has been of great benefit to the farmers of this State. There is no question about that. I consider that the Trustees and the Director are doing a very good job, but it is the job of trying to make a silk purse out of a sow's ear —a very unproductive employment. The adjustment of the debts of the farmer as regards the Agricultural Bank, for which the Minister takes credit through the Rural Relief Fund Act, has really nothing to do with that Act at all. Those actions are in conformity with Section 65 of the Agricultural Bank Act, and if no Rural Relief Fund Act existed, those adjustments would go on in due process under that section of the Agricultural Bank Act. In some instances under our Act the Trustees have done an excellent job. I have in mind a settler in my district with a secured debt who obtained an adjustment of £1,200 at the rate of 4s. in the pound. That was a good job. I am not going to find fault with the work of the trustees in that regard. The intention of members on this side of the House is to try to evolve a workable measure. I was very pleased indeed to hear that the Minister agreed to the Bill passing the second reading in order to permit of amendments being made in Committee. With one proposal I can agree with the Minister. I refer to the basis of valuation. The basis of valuation as proposed by the Federal Royal Commission on Wheat, in my opinion, does not fit this particular measure, and in Committee I propose to move along the lines indicated in my speech on the Agricultural Bank Act Amendment Bill. My proposal is that wheat shall be valued at 4s. 2d. per bushel, wool at 13d. per pound, and fat lambs at 15s. each. That is a fair basis, because it is founded on the average prices for those products between 1925 and 1935. That period included five good years to the farmer and five bad years, and the mean valuation could not be cavilled at on the ground of inequality. The Victorian position calls for some comment. I have before me the report of the board in Victoria. When the Minister referred to the fact that the cost to the Government in Western

Australia has been £8,000, as against £40,000 to the Government in Victoria, he neglected to inform the House that the farmer here has to pay fees for his adjustment, which amount to £1 on application and £4 4s. for the adjustment. In Victoria the farmer pays nothing; the whole of the fees there are paid by the Government. Therefore the community of Victoria pays the farmers' fees for adjustment, whereas the broken, downtrodden farmer who goes before the board here has to find £5 in cash or have it deducted in the final stage of his adjustment. There is a vast difference.

The Minister for Lands interjected.

Mr. BOYLE: I cannot help feeling indignant at the farmers here having to pay for the distribution of a free gift from the Commonwealth Government.

The Minister for Lands: What about the Union Wheat Pool?

Mr. BOYLE: The Minister was grossly unfair over that and knows it.

Mr. SPEAKER: Order!

Mr. BOYLE: The Victorian position is defined by reports I have received to the 13th August. The position there is that the number of applications received is 4,750; the liabilities shown by farmers total £16,000,000; the number of plans confirmed is 507, and the payments made by the board to creditors in confirmed cases amounts to £725,000. Although only 507 plans have been confirmed and payments made, the farmers who owe £16,000,000 are protected by the board by stay order. That is, although they have not been fully adjusted and although their plans have not been confirmed, the farmers in Victoria, owing £16,000,000, are protected against legal process, and they are also assisted by the board in their farming operations. The report states—

> While the above figures may give you some idea of the number of farmers who have availed themselves of the legislation and their debt position, they do not of course convey any definite impression of the type of adjustment effected beyond indicating by the substantial amount advanced in each case that the board is completely adjusting the secured debt position which, after all, is the farmer's real burden and at which the Victorian legislation is mainly aimed.

That indicates the work of the Victorian Board. They are attempting to adjust and are succeeding in adjusting the secured debt position. In Western Australia the secured debt position of the farmer is not touched at all except in some cases where a main mortgage debt is surrendered. The Act makes no provision for it, and figures show that the secured debt, which includes the debt surrendered and many thousands of pounds of second mortgage debts that are practically irrecoverable, have been adjusted. That adjustment amounts to only 10 per cent. of the adjusted debts. The Agricultural Bank debt adjusted under Section 65, in conjunction with rural relief, amounts to 25 per cent., but the unsecured creditor—mainly the country storekeeper—has been written down to the extent of 75 per cent. His payments in this State amount to 5s. in the pound, whereas in Victoria they amount to 10s. in the pound.

The Minister for Lands: And 507 are adjusted in Victoria compared with 1,700 here.

Mr. BOYLE: In Victoria the board aims in the process of adjustment to free the whole of the farmer's stock and plant and so to adjust the whole of his liabilities that he will emerge from the process with an interest debt not exceeding 4 per cent. The report continues—

> The value of the land having been determined, perhaps after several valuations, the board usually offers the mortgagee a cash payment, representing the amount by which the agreed debt exceeds two-thirds of the value of the property in consideration of his writing off any portion of his claim in excess of the valuation and of his taking a new mortgage for not less than five years at a rate of interest not exceeding 4 per cent. for the balance of the money still owing by the farmer.
>
> Whilst the board has adopted the policy of tact, courtesy and patience in its protracted negotiations with secured creditors, and of course, has utilised to the fullest extent the "bait" of ready cash, underlying the board's negotiations has been the power vested in it by the Act.

Let me explain the bait of ready cash. The Victorian Government has placed behind the Farmers' Debts Adjustment Board some thousands of pounds of public money, and with the £3,000,000 provided by the Federal Government, of which £754,000 has been spent in the adjustment of debts, the farmer is enabled to apply to the board for money to carry on his operations. When the Minister refers to contracting out the deduction is plain. It simply means that secured creditors to-day do not wish to allow farmers to come under the board, and they effect practically a voluntary adjustment. They know that the board is acting as a policeman; they know the board has ample funds to carry out debt adjustment, and they know

also that unless they adjust debts the board will adjust the debts for them. In the way of compulsion Section 31 gives power to suspend the farmer's debts for five years. At the end of that period there is power compulsorily to adjust debts, and the result is that the secured debt position is gradually being brought in hand in Victoria. The average payment in Western Australia per farmer has been £329. In Victoria in the adjusted cases it has been £1,400 per farmer, showing that in our case it is practically the unsecured creditor or the second mortgage debt that has been adjusted, while in Victoria the whole of the debt position is tackled and adjusted. There is a vast difference between the Western Australian Act and the Victorian Act. It is interesting to learn what has been done in this State. Our Agricultural Bank has adjusted £2,340,511, of which amount £586,447 or 25 per cent. was written off. I do not think I am exaggerating the position when I say that practically the whole of this amount was irrecoverable. It could not be recovered in the ordinary way. It was practically debt and compound interest. The other secured creditors amounted to £2,180,695 second mortgages and surrendered first mortgages. In many instances the people concerned accepted comparatively small sums and relinquished their secured position. They were paid £71,327, and £211,321 or 10 per cent. was written off. In 1931 our farmers were alleged to owe £32,000,000 of money. Of that amount £25,000,000 was secured, and only £7,000,000, or about 25 per cent., was unsecured. But under the Western Australian Act there is no power whatever—other than by suspension—to tackle the secured debt position, which amounts to 75 per cent. The 25 per cent. of country storekeepers and so forth have been paid as low as 2s. in the pound. As the Minister pointed out to-night, the average payment here is 5s. as against the 10s. 3d. paid to country storekeepers in Victoria. Reference has been made to conciliation officers in Victoria. That decidedly amuses me, if one can be amused in a tragedy of this nature. The Victorian conciliation officers, 38 of them, are the backbone of the working of the Victorian Act, because decentralisation obtains there. They have been spread over 38 districts. A gentleman of my acquaintance in Sea Lake, Victoria, not a lawyer, but an auctioneer, has prepared plans for 219 adjustments in his own district alone. He told me that in Victoria the plans for adjustment are sent in batches to headquarters. Thus the fact that only 507 have been finally adjusted proves nothing, because there are 4,700 odd applications before the board. Every one of those applicants is protected, with the exception of 410 who were rejected for various causes. The Minister refers to our having no ideas of our own. I am afraid we have some ideas. Perhaps the Minister thinks our ideas run riot with us sometimes. But from his own declaration to-night it appears that he is about to coincide with some of those ideas. That is a very different attitude from the one he adopted in this Chamber on the Agricultural Bank Bill. I can foresee a time when perhaps the Minister will treat farmers with tact and diplomacy. That time may be far away, but I do notice a softening in the Minister's hardness. Perhaps his hardness is more apparent than real. From his attitude tonight, I can see there is yet hope of his realising that some Western Australian farmers need their affairs adjusted. There is hope that he will assist us to arrive at that happy conclusion. The Minister's stock in trade is the old bogey of no credit. With him it is always, "Hush, here comes the bogey man!" The Minister tells us that creditors will not do this and will not do that if we do certain things. Is it not plain to the least intelligent of us that if we can adjust the debts of the farmers and put them on a safe and productive basis, their opportunity will be worth having, and there will be an expansion of their purchasing power and they will tackle their own problems with a very light heart? How can they do it if their debts are not adjusted, or are adjusted only as regards unsecured creditors? These applicants average only £329 per man. For that they have to sign a first charge, a document under the Act. It is a charge coming before the first mortgage. For that average of £329 our farmers have to give the Government a first mortgage above the secured creditor. I would be very glad indeed to move my suggested amendment in Committee. I must again express my appreciation of the fact that we are to be allowed to reach Committee, and that the Bill will not be opposed by the Government. I take it the Minister pledges the Government to allow the second reading to pass. I reserve any further remarks until

the Committee stage is reached. Meantime, I support the second reading.

MR. McDONALD (West Perth) [9.37]: I have given a great deal of thought to this Bill, and to the other two Bills introduced by the member for Greenough (Mr. Patrick) and the member for Avon (Mr. Boyle). They represent a trilogy of Bills which propose highly important alterations in the rural debts structure of Western Australia, and they also propose radical variations from the ordinary principles of contract as far as farmers are concerned. I have felt that those who, like myself, do not pretend to have any special knowledge of the affairs of the farmers of this country, have been placed in a somewhat difficult position. We have had the benefit of the remarks of the Minister for Lands tonight on this Bill. We have yet to learn what view he takes of the Bill introduced by the member for Avon to deal with crop charges. We on these cross benches are as fully seized with the importance of the rural industries, and particularly the wheat industry, as any other portion of the Chamber. I may as well mention that not only do we appreciate the fact that the prosperity of the city and indeed of the whole State depends upon the stability of our rural industries, but that there are members of this party, on these cross benches, who are themselves personally interested in farming properties, although that is the last consideration that would affect the way they vote. However, they have with other members a very personal interest in seeing that the farming industry is maintained on a prosperous and stable basis. I wish it had been proposed by those responsible for these Bills, or by some other member of the House, that the three measures should be referred to a select committee. The three Bills in question really need to be taken together, because together they represent a kind of code for the position of the farmers as between themselves and their creditors, secured and otherwise. I feel that it would be desirable to invite the interests affected by the Bills to put their views before a select committee of this House. After all, we have to remember that, as we are told, there are some £25,000,000 owing to secured creditors. Members have suggested that the Rural Relief Board should be entitled to reduce the amount of that secured debt. It may mean a reduction of some millions of pounds which are now owed to private people and to institutions. In those circumstances it seems not unreasonable that before we pass this legislation those who are to be affected should have an opportunity of putting their views before Parliament; and the most suitable way is to state their views before a select committee. We have select committees on many Bills which have not one fraction of the importance or the far-reaching consequences of legislation of this kind. When I consider what has been said about Victoria I am interested to know that legislation of a somewhat similar kind has been introduced and is functioning there. However, I am not satisfied, without some further information, that the conditions there are applicable also to this State. Victoria is a country where the farming industry has been developed for many generations. It is a place where they have rich land, and land which is consistent in quality. The price of land there is very high, and in Victoria secured debts would be very high in proportion to ours. Whereas the average mortgage debt in this State might be £2,000, the average mortgage debt in Victoria might be £5,000 or £6,000 or £7,000. It is difficult, therefore, for the uninformed person to make certain that all the comparisons drawn are entirely valid. At the same time I appreciate, as everyone in this House appreciates, that the farmers of Western Australia have gone through a very difficult time. They have passed through falling prices and difficult seasons. As we know, they live a life which is far from the amenities of the city. They put up with many discomforts and not a few hardships. It is very desirable, in fact it is essential, that farming and rural pursuits in this State should be made attractive. There is a drift from the land; the young people will not go on the land. With such resources as this State can command, it is in the highest degree desirable to make the land more attractive, to give the farmer a more attractive home and more attractive surroundings. If we can give him better conditions, and give him less anxiety regarding his financial position, a great deal will have been achieved. But desirable, or even essential, as these things are, we have to consider the problem from all its aspects. We have to consider those people who have invested their money in the farms, and we have to consider whether what we are going

to do will in the end be in the best interests of the farmers themselves. We want to preserve the desire of the people to remain on the land and their satisfaction in remaining on the land, but we want also to preserve the willingness and the confidence of those who have finance to support the farmers in their desire to continue on the land.

The Premier: That is a very important consideration.

Mr. McDONALD: I listened to, and also read, with interest the speech of the member for Katanning (Mr. Watts) on the similar Bill he introduced last session, and on his proposal for the reduction of the secured indebtedness of farmers. He drew a contrast, which struck me as being well worthy of consideration, between the position of the secured creditor if the farmer went bankrupt and the position of the same creditor if the farmer, instead of going bankrupt, which no one wants him to do, was maintained on the farm by some system of debt adjustment. I am therefore prepared to approach the subject with an entirely open mind, but I am sorry that some system has not been adopted in order that we might hear the point of view of the various interests concerned in these radical changes—of the commercial interests, the banking interests and the various people who advance money for stock and machinery merchants—so that I and others like me who pretend to no expert knowledge could form an opinion as to whether, in voting for Bills of this kind, which I would like to vote for, we are doing the best for the farmers and the State. I am glad to hear from the Minister that he is prepared to accept the second reading of the Bill. I adopt the same attitude but reserve the consideration of the individual clauses of the Bill until the Committee stage. After hearing the speeches to-night, I will take the opportunity, in the absence of any select committee, to find out as much as I can, and I will reserve what I have to say for the Committee stage of the Bill.

MR. WATTS (Katanning—in reply) [9.47]: It was a pleasure to listen to the Minister for Lands this evening.

Miss Holman: Mr. Deputy Speaker, may I move the adjournment of the debate?

The DEPUTY SPEAKER: No, the member for Katanning is on his feet.

The Minister for Lands: The member for Forrest was on her feet, too.

Mr. WATTS: The Minister for Lands observed that the only virtue in this Bill was that it was based on the Victorian Act, which is expensive and does not get results. I had proposed to deal with that aspect but do not intend to in view of what has been said by the member for Avon (Mr. Boyle). The member for Avon showed fairly conclusively that the observations of the Minister in regard to the Victorian legislation were not exactly founded on fact. The position appears to me to be this: In Western Australia there has been a large number of applications dealt with, with small amounts of money involved, as against a smaller number of cases in Victoria with larger amounts involved, for the reason that the persons who have suffered in this State have been the unsecured creditors. It is reasonable that when there is to be an adjustment of debts, that adjustment should be made on a basis of some sort of equality of sacrifice on the part of the creditors of the farmers. The position of the unsecured creditor has been so extremely bad that I honestly believe that many of the country storekeepers—who, as many members of this House are aware, have been largely responsible for the maintenance of the farmers in their difficulties—have suffered tremendously. There have been some murmurings from them but nothing in the nature of what might be termed an outcry, and it is high time that the principles applied to them were applied to all the creditors, only on a more reasonable basis than has been applied to the country storekeepers. The Minister observed that the recommendations of the Federal Royal Commission dealing with the values of primary products have been ignored by every Government in Australia including the Federal Country Party. That has nothing to do with the Bill before the House. Because others have ignored those recommendations that is no reason why we should ignore them. But I am prepared to accept an amendment such as that suggested by the member for Avon, so long as the principle it is sought to insert in the Bill is not lost sight of. The Minister observed that the rate of interest that could be charged against a settler after suspension of debt was a maximum of only 4 per cent., being 1 per cent. above the bank rate on a fixed deposit for two years and upwards. That rate of interest need not be reduced at all except at the discretion of the trustees. There is no compulsion upon

the trustees to reduce the rate of interest at all. They can leave it exactly as it is, but if they do reduce it they are directed in the circumstances to reduce it to an amount that is not more than 1 per cent. above the fixed deposit rate for the time being. That will undoubtedly vary. If it varies during the period over which this Bill will extend, any increase will automatically follow on, and the creditor concerned will still get his 1 per cent. above the rate. The Minister also suggested that the Bill contained a provision that no debt incurred by a farmer after the end of 1935 should be affected by this legislation. I dispute the correctness of that statement because by a clause in the Bill it is provided that the provisions of the principal Act as amended by this Bill shall not apply to any debt incurred after the passing of this Act, and "this Act," in view of the reference to the principal Act, which is the Rural Relief Fund Act of 1935, of course refers to this Bill, if and when it becomes the law of this State. The provision is inserted definitely because it is the intention that this law shall not apply to any debt incurred after the passing of this Act, the Act which we are now discussing as a Bill. There is sound reason for that. The debts we desire to adjust are those that were incurred about the years of the depression, when there was no prospect whatever of the farmer being in a position to pay the debts incurred immediately before the depression and in some cases since. The reason for the insertion of this clause is to prevent a debt being newly incurred immediately after the passing of this legislation, and then an effort being made to have this Act applied to it. But we have made certain that if a debt was incurred in the past, before the passing of this Act, and in the opinion of the trustees a fresh debt has been incurred simply to cover the old debt, the trustees are to be in a position to certify that this debt is still an old debt, because the new one was only incurred with the idea of not having it covered by this Act. The Minister made reference to the fact that this Bill would affect the Agricultural Bank and the Water Supply Department and such Government instrumentalities. I desire to say that for many reasons I wish that were so, but as far as I am concerned it is not so. I believe I am correct in stating that any Act of Parliament of this nature, unless the Crown is specially referred to, does not bind the Crown, and I would refer the Minister to the High Court decision in the case of Roberts versus Ahern of 1904, in which he will find in the judgment of that court that—

> The Executive Government of the Commonwealth or of a State is not bound by a statute unless the intention that it should be bound is apparent.

There has been no reference made in the Bill in the direction of binding any Crown instrumentality because it seemed clear to me that if such a provision had been inserted the Speaker would have ruled the Bill out of order. So that from my point of view, and from the law itself, the Bill cannot bind such instrumentalities as the Government Water Supply Department. I have been glad to debate this matter with the Minister for Lands. It is not often that we get an opportunity to debate matters with him. There are times when he makes it extremely difficult and I am glad it was not so tonight. I thank him for the manner in which he dealt with the Bill and can assure him that I intend to reciprocate such courtesy.

Question put and passed.

Bill read a second time.

MR. McDONALD (West Perth) [9.54]: I move—

> That the Bill be referred to a select committee.

I have explained the reasons why I hold this view and I do not need to amplify them now.

HON. C. G. LATHAM (York) [9.55]: As private members' day will not occur again for a fortnight, I hope the House will not agree to a select committee. The Minister told us he was prepared to agree to the second reading, and I presumed from the tone of his remarks that there are certain amendments he desires to move in Committee, or that there are certain clauses that he wishes to oppose. If we refer the Bill to a select committee, the matter will only be delayed. Nothing can be gained by referring the Bill to anybody. On this side of the House we know the farmers' point of view. Hon. members know the commercial point of view and the Bank's point of view.

The Premier: What is the Bank's point of view?

Hon. C. G. LATHAM: It is generally antagonistic to anything suggested as a result of which its pound of flesh is not obtained.

The Minister for Lands: It has done some reasonable things.

Hon. C. G. LATHAM: We are not doing anything unreasonable in this legislation. The Bill is not letter perfect. I do not suppose any Bill is. Unlike most Ministers when submitting Bills, we are prepared to agree to amendments that will improve our Bills. We do not say our laws are the last word in perfection. The laws introduced by this side of the House are not like the laws of the Medes and Persians. The Minister is the only one who can introduce Bills that are incapable of improvement.

The DEPUTY SPEAKER: We are not discussing the Minister.

Hon. C. G. LATHAM: I am not discussing the Minister. I am merely pointing out a fact. We submit this Bill because we believe it provides the facilities necessary to improve the position of the farmer. It gives him an opportunity to improve his own position. We have given serious consideration to the position of the farmer. A select committee could not bring any evidence of which we are not aware, and which is not available to this House, and would be available at the Committee stage. I therefore oppose the referring of the Bill to a select committee.

THE MINISTER FOR LANDS (Hon. M. F. Troy—Mt. Magnet) [10.0]: I said I would not oppose the second reading of the Bill, and I have kept my promise. But I am impressed by the implications of the Bill, and I think it ought to go to a select committee. I am astounded at the attitude of those Country Party members who say they know what the farmer wants, and what he ought to get. They certainly ought to know, for they have been sitting on this Bill for two years; it was brought in last year, and again this year, so they certainly ought to know what they want, but I doubt if they do know what the farmer wants. Actually they do not know their own minds about the Bill.

Hon. C. G. Latham: I have never said what you accuse us of. Cannot you be fair sometimes?

The MINISTER FOR LANDS: That is a very unfair remark. What we are concerned about is this: the Bill provides for the writing down of securities on a basis which one hon. member opposite says is fair and just, but which the member for Avon (Mr. Boyle) says is not fair and just. I commend the latter hon. member on having the fairer mind. Another member says that they have gone into the Bill, and so they know what the farmer wants. If under this Bill they write down a property much below its value and suspend all the rest of the debt which carries no interest, the creditor can only get 1 per cent. above the rate allowed by the bank for fixed deposits for three years, which is 4 per cent. What I am alarmed about is what the creditor will say and do when he finds he has to carry on the farmer for 4 per cent. As I have told members previously, farmers in Victoria have in thousands contracted themselves out of the Act. They say frankly that they do not want it, and they have contracted themselves out of it. So if the Bill passes with these unfair provisions, what bank or what merchant is going to supply farmers with super and machinery and credit for the new season? The Government will not do it, because it has not the money, and cannot further tax the people as a whole in order to supply more money. We have always regarded it as our duty to do the major share in carrying the farmers along. But once you repudiate the security, the creditors will say, "We will sit on what you have left us and will finance the farmers no longer." The merchants will have to borrow money at 4 per cent. in order to get 4 per cent. back for it and take all the risk. Actually of course they will not get 4 per cent. back.

Hon. C. G. Latham: You are exaggerating. The debts will not be written down to any such extent.

The MINISTER FOR LANDS: It is no exaggeration at all. With wool at 6d. per lb. and lambs at 10s. and wheat at 3s. a bushel——

Hon. C. G. Latham: You know where those figures are taken from, do you not?

The MINISTER FOR LANDS: The creditor will have his security written down on an arbitrary basis to such a low valuation that no man will look at it. So the creditor will say, "You are repudiating my security and you tell me I have to accept a valuation far below what is a just one." Do you think

that creditor is going to help the farmer any more? He will say, "No, I will not give him any more credit." Last year the Government had difficulty in inducing creditors to supply settlers' requirements for seeding. Even though those clients were the clients of private banks and other institutions, some of which would not lend them a shilling, the Government and the Agricultural Bank said, "We will finance them and give them sustenance if you as second mortgagees will agree." But they said they would not agree. Do members think that if security be written down on a basis like that, the farmer is going to get any more finance? That is the position that will be reached, and the Government will let members opposite face it. Credit will be needed from the merchant, from the super merchant, from the machinery merchant, from the banks and from other institutions. And the creditors will reply that they can get only 1 per cent. above the rate fixed by the bank for deposits for three years and that on the balance of the security only. Not only will those people see their security disappear, but they will be asked to carry on the farmers on a basis that no man would accept. I ask members opposite, would Westralian Farmers Ltd. advance for superphosphate on those conditions? Of course not. A Bill of this character is very far-reaching. The member for West Perth has expressed his sympathy with the farmers. I appreciate that we must help those people, but the member for Katanning is going the wrong way about it. We want to know the full implications before we commit ourselves.

Mr. North: Are you supporting the select committee?

The MINISTER FOR LANDS: Yes. We all want to do what is right by those engaged in the industry. We do not admit that any section sitting on the opposite side of the House has more regard for the farmers than we have. The present Government has shown sympathy with the farmers by advancing hundreds of thousands of pounds to them last year, and we want to put them in a position of being able to get credit next year. It is very easy for members opposite to claim that they know what the farmer wants. The farmer thinks he wants certain legislation, but he does not understand the implications of this measure. When he is told what might happen his reply is, "I do not want that to happen," and his opinion becomes a very different one.

Hon. P. D. Ferguson: You have been telling him that for the last five years.

The MINISTER FOR LANDS: I intend to support the motion for a select committee.

HON. W. D. JOHNSON (Guildford-Midland) [10.12]: We are witnessing most extraordinary procedure. The Government originally introduced a Rural Relief Fund Bill and it became an Act. The Act proceeded to function. Trustees were appointed and they have granted certain relief. Then the Opposition come along and say, "We want the Government legislation amended and we submit a Bill accordingly." Parliament is now asked to adopt the extraordinary course of submitting the Bill introduced by the Opposition to a select committee. I would not mind if the whole question was to be reviewed by some tribunal, but it is extraordinary for the Government to agree to a Bill, introduced by the Opposition to amend their legislation, being submitted to a select committee. It is tantamount to declaring that Parliament is not capable of dealing with it.

Hon. C. G. Latham: You have already proved that.

Hon. W. D. JOHNSON: The Government have told the Opposition that their Bill is not right, but the measure has been allowed to pass the second reading and now it cannot be adopted by Parliament because a select committee have to come in and put the thing right. Well, that is most extraordinary.

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

Ayes	25
Noes	15
Majority for	10

Ayes.		Noes.	
Mr. Coverley	Mr. Nulsen	Mr. Boyle	Mr. Raphael
Mr. Cross	Mr. Rodoreda	Mrs. Cardell-Oliver	Mr. Sampson
Mr. Fox	Mr. Shearn	Mr. Doust	Mr. Seward
Mr. Hawke	Mr. F. C. L. Smith	Mr. Ferguson	Mr. Thorn
Mr. Hegney	Mr. Styants	Mr. Hill	Mr. Warner
Miss Holman	Mr. Tonkin	Mr. Hughes	Mr. Watts
Mr. Johnson	Mr. Troy	Mr. Latham	Mr. Doney
Mr. Marshall	Mr. Welsh	Mr. Mann	
Mr. McDonald	Mr. Willcock		
Mr. McLarty	Mr. Wise		
Mr. Munsie	Mr. Withers		
Mr. Needham	Mr. Wilson		
Mr. North	(*Teller.*)		(*Teller.*)

Question thus passed.

Select Committee Apppointed.

Ballot taken, and a committee appointed consisting of Messrs. Hegney, McLarty, Watts, Wise, and the mover, with power to call for persons and papers, to sit on days over which the House stands adjourned, and to report on the 24th November.

BILL—SALES BY AUCTION.

Second Reading.

Debate resumed from the 1st September.

MR. SLEEMAN (Fremantle) [10.30]: I do not know whether auctions are conducted, as was stated by the member for Katanning (Mr. Watts) when moving the second reading of the Bill. I understand, however, that there are occasions when buyers get their heads together, but if the auctioneer knows his business he watches the interests of the grower, and will put in a bid or two off his own bat.

Mr. Marshall: He takes a risk.

Mr. SLEEMAN: I am told that the auctioneer does take that risk, and very often too. I do not set myself up as an expert in the auctioneering game, but the member for Katanning might tell us, when replying, whether what I have stated is correct. The hon. member led me to believe, when he was moving the second reading, that there was a wholesale conspiracy on the part of buyers and that they got away with it every time. I am informed that the auctioneer, having an eye to business, protects the growers.

MR. FOX (South Fremantle) [10.31]: I support the Bill, and agree that those primary producers who have to sell at auction should be given every protection possible. This measure, I fear, will not do a great deal. Some other matters could have been introduced into it with a view to affording primary producers further relief. Some of the market gardeners at Spearwood complain that the charges for marketing are too high. I know one man who produced £700 worth of goods last year, and the cost of marketing them, apart from the cost of transport, was £56. When we reflect that the cost of growing £100 worth of market garden produce is £65, we realise that the man producing under such conditions has not much opportunity of giving decent terms to the people working for him. In 1919 an effort was made to establish a soldier settlement at Spearwood. The land there is fairly productive, but out of 42 soldiers placed on the settlement only one remains at the present time. Two others remain in the district—a poultry farmer and an inspector. Thus it appears that everything is not well with market-gardening in Western Australia.

Mr. Marshall: Do you say that is due to the problem of marketing?

Mr. FOX: No. We know it is out of the question to fix prices for the products of market-gardening. However, the high cost of marketing and the unfair system of bidding at auctions have something to do with the plight in which those particular producers find themselves. I believe that some provisions of the Bill will assist primary producers, because if the bidder has the responsibility of collecting the money from those to whom he slips the lot I do not think he will take the responsibility of doing the auctioneer's work. I support the Bill because I believe it will to some extent assist primary producers.

MR. RAPHAEL (Victoria Park) [10.35]: The position as to cost of production and the grower's receipts for his commodities merits grave consideration. At times the grower receives far less than the cost of production. I have taken the trouble to go around the wholesale markets occasionally, and there I have seen half-a-dozen bidders who were making no attempt to outbid one another. One of them did the bidding, and then so-and-so took part of the lot and so-and-so another part, and so it went on.

Hon. P. D. Ferguson: That is called organisation!

Mr. RAPHAEL: It is definitely organisation against the producer. Certainly it cannot be called orderly marketing. For the unfortunate producer it is disorderly marketing. If the measure can meet the position, we should give it our whole-hearted support. As the labourer is worthy of his hire, the producer is worthy of what his produce realises. It would be less evil if the consumer got the benefit of the lower prices; but no matter what the produce brings in the wholesale market, the consumer still has to pay high prices in the shops. I hope the measure will be carried, to ensure that those who work long hours in market-gardens receive the benefit of their labour.

MR. WATTS (Katanning—in reply) [10.37]: Dealing first with the point raised by the member for Fremantle (Mr. Sleeman), I understand there are occasions when an auctioneer puts in a bid. In my opinion he takes a considerable risk in doing so, although sometimes the conditions of sale contain a provision empowering him to do it. Personally I think that is somewhat aside from the question, because auctioneers—I understand from one with whom I discussed the matter a few weeks ago—do not like taking that action. The provisions of the Bill will make the position easier for the auctioneer as well as for the producer. The Minister for Agriculture in addressing himself to the Bill said there was no indication whatever that if the Bill passed it would be policed or effectively controlled against the malpractices alleged. When moving the second reading I endeavoured to make it plain that it was anticipated that through the medium of the auctioneer the practices complained of would to a great extent be put an end to. The position as I understand it is this: At the present time the auctioneer is made a convenience of. He is requested, and is required, to put through his books the transactions that are in the nature of lot-splitting, arrangements made between a number of buyers for bidding by only one of them. Thereby the auctioneer lends himself to a practice which he knows is unsatisfactory. Without that putting through his books, the practice could not be conveniently carried on. So, as a first item, the Bill seeks to make unlawful the putting through the books of the auctioneer entries of the kind to which I have referred. In addition there are times when it is apparent that these illicit arrangements are being conducted by buyers. In those circumstances there are the inspectors who—in the majority of large auction sales, at any rate—could definitely take action. As regards the tossing and the drawing of lots referred to in the Bill, I was requested by one of the leading auctioneers to go down to the skin sales at Fremantle and inspect the system that goes on during the lunch hour there. I did not take the opportunity to do so; but I was assured by the gentleman, who has had years of experience, that it goes on at almost every auction sale and is, in his opinion, entirely detrimental to fair competition.

The Minister for Agriculture: Are you referring to metropolitan inspectors?

Mr. WATTS: Yes, and the inspectors at Midland Junction as well. Quite apart from the inspectors, however, I contend that the provisions of the Bill will mean that in every instance where sales are conducted and auctioneers keep books, the effect will be to limit these practices to a large extent. I do not propose to deal with other points raised with regard to the Bill, beyond referring to the observations of the Minister for Agriculture concerning legislation in Victoria. He made light of statements in a letter I read to the House when I moved the second reading of the Bill. In the course of that letter, the Victorian Minister commended the legislation in his State and pointed out that it had been definitely serviceable to the Victorian primary producers. I do not think it reflected any great credit on our Minister when he sought to make light of those statements. It appeared to me that he was inclined to disregard the observations of the Victorian Minister who holds a position similar to that which he occupies here. I trust I was mistaken in that respect, and that we in Western Australia will regard a statement made by the Minister for Agriculture in Victoria in the same light that we would expect members of Parliament in that State to accept with respect statements made by the Minister for Agriculture in Western Australia. I am glad that the Bill has been favourably received and I trust the second reading will be agreed to.

Question put and passed.

Bill read a second time.

In Committee.

Mr. Sleeman in the Chair; Mr. Watts in charge of the Bill.

Clause 1—agreed to.

Clause 2—Interpretation:

Mr. WELSH: I move an amendment—

That after "wool" in line 1 of the definition of "farm produce" the following words be inserted:—"Skins, hides and tallow."

Skins, hides and tallow are farm produce and should be included.

Amendment put and passed.

Mr. SAMPSON: I move an amendment—

That in line 4 of the definition of "farm produce" after "produce" the word "honey" be inserted.

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

Clauses 3 and 4—agreed to.

Clause 5—Copy of Act to be exhibited or read aloud at sales by auction of cattle or farm produce:

Hon. C. G. LATHAM: I move an amendment—

That a further proviso be added to Subclause 1, as follows:—

"Provided further, that when conditions of sale are not read or recited aloud before a sale by auction but are exhibited by means of notices in the yard or place where the sale is held, it shall be sufficient compliance with the provisions of this subsection if the material parts of sections three and four of this Act are incorporated in all of such notices in larger print or lettering than the conditions of sale and the notices are prominently displayed in such yard or place before and during the whole time occupied by the sale."

In many saleyards notices are posted up and those concerned will be fully acquainted with the conditions of sale.

Mr. MARSHALL: I hope the amendment will not be agreed to. Advantage will be taken of the proviso and the purpose of the clause will be set aside.

Hon. C. G. Latham: But it is done to-day.

Mr. MARSHALL: That is the trouble; familiarity breeds contempt. Not five per cent. of the people would take any notice of the conditions of sale. It is the same as with the notices "keep to the left" that are pasted all over our streets. People look at them, and deliberately keep to the right. That is what will happen in this instance. I think it would be better to insist that every time an auction is to be held the auctioneer shall read out the conditions of sale.

Hon. P. D. Ferguson: And not a word would be heard.

Mr. MARSHALL: I trust the member for Katanning will adhere to his clause. If the Bill is to be effective the proviso should be rejected. I warn the member for Katanning that if he wants the legislation to be effective, he should reject the proposal of the Leader of the Opposition, which will make it ineffective—and yet members opposite appear to be willing to grab it with both hands!

Mr. HEGNEY: In bringing down this clause, the hon. member must have had excellent reasons for so doing, and I do not think he should deviate from it.

Hon. C. G. LATHAM: I am sorry this slight amendment has had such a reception, but I assure members these conditions will be read and they will not be heard. I have listened to conditions of sale being rattled off, and defy anyone to understand what is being read on such occasions. This is an extra precaution, as a result of which buyers will know what the law contains. I do not desire to hinder the Bill, but to make it more effective.

Progress reported.

House adjourned at 10.54 p.m.

Legislative Council,

Thursday, 11th November, 1937.

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

QUESTION—MINING.

Tallering and Wilgemia.

Hon. E. H. H. HALL asked the Chief Secretary: 1, With regard to Prospecting Area No. 592H, of 3,000 acres at Tallering: Have the conditions as set out in Regulation No. 10 of the Mining Act, providing that at the expiration of 30 clear days from the date of registration the area must be worked by not less than three men for every 1,000 acres or fraction thereof, been complied with; if not, why not? 2, With regard to Mineral Claims 20 and 21, of 300 acres each, at