

Nicholson was upright in body, in mind and in soul, a practical commonsense man who did good things, instead of dreaming them all day long. That is what our departed friend and colleague was, and his memory will long be kept green in this House and indeed in Parliament as a whole because I do not believe there is a single member of Parliament who did not regard him as a friend. There is no member who has not a kindly word for him, and I do not think he had an enemy either in Parliament or anywhere else.

Question put and passed; members standing.

House adjourned at 8.10 p.m.

Legislative Assembly.

Wednesday, 17th September, 1941.

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

QUESTION—DAIRYING.

Cream Grading.

Mr. WATTS asked the Minister for Agriculture: 1, Are Government cream inspectors instructed to differentiate in any way in grading cream checked at—(a) factories in the metropolitan area; (b) factories in country districts? 2, If such instructions have been issued, have any instances been brought under notice where any differentiation has, or appears to have taken place? 3, If the answer to question No. 1 is in the affirmative, what differentiation is permitted, and why? 4, If the answers to questions Nos. 1 and 2 are in the negative, can he explain why state-

ments are being made at certain country centres that identical cream is graded in the country as second-grade and in the metropolitan area as first-grade, or even choice cream? 5, If the answer to question No. 2 is in the affirmative will he advise what action has been, or is proposed to be, taken to prevent any differentiation? 6, If instances as referred to in question No. 4 are brought under his notice by reliable persons, is he prepared to take strong action to prevent the unfair handicap to country factories which must be occasioned by such practices?

The MINISTER FOR AGRICULTURE replied: On a point of explanation, I have taken the second question asked to be in the negative instead of the affirmative. 1, The department has endeavoured to ensure that a uniform standard for the grading of cream is maintained at all factories throughout the State. 2, See reply to No. 1. 3, See reply to No. 1. 4, From time to time, statements are made that creams supplied alternately to different factories by an individual farmer are graded into different grades. Such statements usually are made to infer that cream is being deviated on account of a lower standard of quality ruling at an opposition factory. However, the rates paid for cream vary at factories, and this is found to be the real reason for deviating supplies. The Department of Agriculture endeavours to check grade a reasonable percentage of cream at factories, but it is impossible to inspect all cream received. It is difficult to attribute a reason for such statements being made unless the full facts are known. 5, See reply to No. 1. 6, The department would be pleased to receive evidence that differentiation in the grading of identical creams is being practised. Instances have occurred where evidence has been secured and strong action has been taken, and the department is prepared to take further action should sufficient evidence be obtained proving the wrongful grading of cream by factory operatives.

QUESTION—SEWERAGE, GRAYLANDS.

Mr. NORTH asked the Minister for Works: 1, Are any negotiations taking place between the Claremont Council and the department regarding sewerage in the Graylands district? 2, If so, has anything resulted?

The MINISTER FOR WORKS replied: 1, Yes. 2, Departmental investigation has been completed and the proposal will receive consideration in conjunction with other similar works.

QUESTION—JUSTICES OF THE PEACE.

Mr. NORTH asked the Premier: 1, How many justices of the peace are there in the— (a) Perth district; (b) Fremantle district? 2, Have these numbers ever been exceeded? 3, How many of them reside in the Claremont electorate?

The PREMIER replied: 1, (a) Perth Magisterial District 507; (b) Fremantle Magisterial District 79. In addition State justices resident in the districts total 85. 2, Owing to alteration of magisterial boundaries, no basis of comparison exists. It is believed, however, that the numbers have never been exceeded. 3, 57.

BILL—WORKERS' COMPENSATION ACT AMENDMENT.

Read a third time and transmitted to the Council.

MOTION—TRAFFIC ACT.

To Disallow Regulation.

MR. WATTS (Katanning) [4.38]: I move—

That sub-paragraphs (ii) and (viii) of proposed new paragraph (d) to Regulation 44 made under the Traffic Act, 1919-1935, as published in the "Government Gazette" of the 11th July, 1941, and laid upon the Table of the House on the 12th August, 1941, be and are hereby disallowed.

I do this substantially for the reason that I was requested so to do by the Great Southern Road Boards Association conference which met at the end of July last. Since that time I have taken the opportunity to discuss these regulations with representatives of that body, and I find that although the terms of the resolution passed by the conference appear to cover more regulations than I have given notice of, the desire was that these two sub-paragraphs should be the subject of discussion. Accordingly I have limited my motion to the two sub-paragraphs which it mentions.

The regulations are really for the purpose of preventing a local authority from grant-

ing a license for a vehicle fitted with a gas producer unless that gas producer complies with the regulations. The local authorities, therefore, will be entrusted with the policing of these regulations; and they desire to have regulations of such a nature as can be satisfactorily policed by them. There is no desire to quarrel with the regulations just because regulations have been made. That is far from my purpose. What the local authorities desire is, as I say, regulations which they can police satisfactorily, and which will not occasion difficulty in a number of cases. Neither do the local authorities desire that there should be no regulations governing the use of gas producers on motor vehicles.

That, of course, would be ridiculous, in view of the fact that in certain circumstances a gas producer badly made, or badly handled, can be a danger to the community. In that regard, naturally, we have to consider the position that may arise in country districts when summer comes and grass and undergrowth are dry. The position will be bad enough, in all probability, where well-made gas producers are being used. It will be infinitely worse, I submit, if those gas producers are not satisfactorily manufactured and ably handled. At the same time, as I say, local authorities who have to deal with regulations want regulations they can understand and enforce.

The first paragraph of the regulation that I desire to be disallowed has reference only to gas producers being fitted in accordance with the requirements of the Standards Association Code. In order to ascertain that those requirements have been complied with, it is necessary to look inside the gas producers. There are all kinds of things inside them. I am not intimately acquainted with the mechanism of gas producers, but they contain, for example, scrubbers and other gadgets which go to make up a successful producer. These cannot be examined unless the interior of the gas producer is opened for inspection. The local authorities inform me that that will be impracticable from their point of view, as they will not be in a position to take the producer to pieces. Even if they were, it is doubtful whether they would be qualified to decide whether the particular producer in question complied with the requirements of the Standards Association Code. We know that at present, under Federal regulations, one cannot sell a gas pro-

ducer that does not comply with the regulations made under the National Security Act. We know also that home-made gas producers may be used.

In regard to home-made gas producers, I have no doubt that local authorities will exercise a considerable discretion, because they certainly will want to ensure as far as possible that the machine is not dangerous. Nevertheless, there are home-made gas producers that are working satisfactorily, and no doubt there will be home-made gas producers that will work satisfactorily in the future. So a second argument is that such a gas producer could, under these regulations, not be allowed on the vehicle; at least, the owner could not obtain a license for such a vehicle and consequently difficulty would arise in that direction also. Apparently, the regulations are not retrospective, so that a gas producer put on a vehicle last April, for example, two or three months before the regulations came in force, would not be covered by the requirements of paragraph (ii), whereas the producer put on since would be. It is, therefore, considered that the paragraph should be amended to give the local authority greater discretion in regard to these gas producers, and not force on them the necessity of seeing that the requirements of the Standards Association Code have been complied with. Unfortunately, the Interpretation Act makes no provision for any attempt to amend regulations. If one is in disagreement with them, one is obliged to move to have them disallowed. As a matter of fact, if a public explanation of regulations is required, that seems to be the only action that can be taken in order to get it.

Dealing with paragraph (viii), which provides that no generator shall be placed within five feet of any petrol tank filler, I have no doubt that is, on the face of it, a wise provision. Other regulations provide that a gas producer generator on a truck, for example, is to be placed on the right-hand side, or the side where the driver sits in such vehicles in Australia, and that it shall not overhang the side more than a certain number of inches, as prescribed. In a truck where the petrol filler is on the front of the vehicle, away from where the driver sits, which I will call the lefthand side, there is probably a space of about five feet. I am informed, however, that there are trucks of the cabin type now in existence

where the petrol tank filler is on the same side as that on which the driver sits, that is to say, the driver sits right over it and consequently it would be impossible for local authorities to license a vehicle with a petrol tank of that nature.

The authorities would be compelled either to refuse to license the vehicle or to call upon the owner to move the petrol tank the other way round, in order to comply with the regulation in question. It has been submitted to me—and I submit it to the House for consideration—that in these trucks of the cabin type, which have a sort of sedan front with heavy doors and windows—quite a common type of truck these days—it would be sufficient for the regulations to provide that a local authority could in its discretion grant a license no matter where the petrol tank filler was situated, provided the authority were satisfied that, because of the construction of the cabin, there was little danger of fire. Because of the impossibility of amending regulations I submit this proposal that the regulation in question should be disallowed, so that further consideration may be given to the points I have raised. I do not think there is need for me to make any further explanation. I commend the motion to the House.

On motion by the Minister for Works, debate adjourned.

MOTION—COMPANIES, SHARE-HOLDERS' BORROWINGS.

To Inquire by Select Committee.

MR. HUGHES (East Perth) [4.47]: I move—

That a Select Committee be appointed to inquire (1) What companies, if any, incorporated in Western Australia have less than fifty shareholders. (2) If any shareholder of any such company during the last preceding twenty-five years has borrowed money from any company of which he is or was a shareholder. (3) In respect to each borrowing shareholder (a) the amount borrowed; (b) the ratio of the amount borrowed to the (i) nominal, (ii) actual value of the shares held by the borrower; (c) the reason for such borrowing; (d) the effect of such borrowing on the (i) revenue of the State of Western Australia, (ii) non-borrowing shareholders, (iii) creditors of the company from which the money was borrowed, and to report what action, if any, is necessary in justice and equity to do right between each of the following parties, respectively (a) the State of Western Australia; (b) the companies concerned; (c) the creditors of

the said companies; (d) the non-borrowing shareholders; (e) the borrowing shareholders.

After the inquiry held by the select committee on the Companies Bill, I suppose one should move for a further inquiry with trepidation.

The Minister for Justice: I should think so!

Mr. HUGHES: With all due respect to the members of the select committee who devoted their attention for so long a period to the Companies Bill, in my opinion the suggestion that there are phases of company law with which they did not deal and that information upon them should be made available to Parliament before it finally passes the Bill, is in no way disrespectful, nor does it cast any reflection upon the members of the committee. Company law is a highly technical branch of the law and a comprehensive and difficult branch of accountancy. One starts to feel one's feet in company law and accounting after the first 25 years of study and experience. We hope to get a Companies Act that will not require amending in the future and will remedy the evils of the past.

After all, I take it the main reason for examining what has occurred in the past is for the purpose of framing the legislation of the future by being guided by that information. I thought that an inquiry into company law would have been taken up to a large extent in dealing with the subjects with which I think the proposed select committee should deal. At the risk of being held to be too dogmatic, I would like to explain why I think we should investigate this position and why we should have information on the lines I have indicated before we pass the Companies Bill. The Companies Act has been the instrument of a lot of fraud in this State and similar legislation has had a like result in other States. No matter how carefully companies legislation is amended, certain practices will not be prevented.

Hitherto in Western Australia any five persons have been able to form a company. All they had to do was to subscribe their names to a memorandum and articles with an undertaking that they would each take one £1 share. Any five people could form a company at the expense of probably £5 in court fees and the costs of a legal practitioner for drawing up the articles and the memorandum; that is, if they did not get hold of an old copy somebody else had drawn

up, re-type it, and so cut out the legal practitioner. In that event they had only to pay £5 in court fees and give an undertaking to take five shares of £1 each. In England it is necessary to have seven.

From my experience—and I have seen a good deal of the working of the Companies Act from two angles, the accountancy and the legal—I should have thought the main complaint would have been that under the Act mushroom companies were created by having just the five nominal shareholders, that they incurred considerable liabilities and then went into liquidation. From my knowledge of the commercial world, I would have thought that was the major complaint.

The second complaint I should have imagined would have been to the effect that a trader could create a company in which he would own all the shares except the four of £1 each belonging to the other four members, and by paying dividends or paying himself a large salary withdraw not only the profits of the company, but also some of the funds that should have been legitimately used to pay the company's creditors. In such circumstances, in the event of the company going into liquidation, it would have no assets and the creditors would not be paid. The worst feature of company operations in the past has been the existence of a person owning a company and borrowing money from it, not only withdrawing the profits of the company and whatever capital he put into it but frequently funds that should have been available to pay creditors. That condition of affairs has prevailed fairly extensively in this State. I propose to give an illustration. The facts are now public because the documents have become public. In respect of most of these companies that have operated no public information is available and it is only when somebody dies that the cat gets out of the bag.

For the purpose of this motion I searched the Probate Office and garnered information from the probate of the late Henry Boan known to Perth as Harry Boan. The probate discloses that Mr. Boan who, by the way, was in effect the owner of Boans Ltd., owed the firm, at the time of his death, £93,114. His shareholding in Boans Ltd. was 30,000 accumulated preference shares valued for probate at £35,000; and 50,117 ordinary £1 shares valued for probate at 16s. 6d. or a total of £41,346. So Mr. Boan owed Boans Ltd. £93,000 and his share-

holding — preference and ordinaries — amounted to £76,346. In effect he owed the company approximately £20,000 more than the actual value of his shareholding.

The Premier: Was that the probate value?

Mr. HUGHES: The probate is a pretty good value. Is the Premier going to say that the probate is below the true value?

The Premier: It generally is.

Mr. HUGHES: Generally it is the other way round. Has the Premier ever tried to get probate reduced on shares? It cannot be done. Let him put them in at the nominal value of £1 and see what they will return. I think the Premier has no reason to complain or feel diffident about the value that the Probate Office and the Stamp Office put on shares.

The Premier: The beneficiaries do not put the true value on originally. I did not know whether you were quoting the original value or the probate value.

Mr. HUGHES: This is the probate value. The £1 shares are valued at 16s. 6d. and the result is that Mr. Harry Boan died worth only £237.

The Minister for Justice: Did he avoid probate?

Mr. HUGHES: Undoubtedly. Probate cannot be obtained from him. I take it that his estate will not pay probate.

The Minister for Justice: That is what I meant.

Mr. HUGHES: There is no probate on his estate. What probate duty is there on a £237 estate? It would be about 3d. in the pound on £237.

The Minister for Justice: Did not his estate pay any probate?

Mr. HUGHES: His estate has to pay probate on the full value of £237, but that will not be worth collecting.

Hon. P. Collier: Will they be able to meet it?

Mr. HUGHES: Subject to realisation. If the value put on the estate is realised, the State will be able to collect probate on £237. I do not see how he can be liable to probate if he has not any estate. How can a man who dies worth £200 have much probate?

Hon. P. Collier: His last years must have been spent in poverty!

The Premier: He knew when he was going to die and arranged his affairs accordingly.

Mr. HUGHES: He was much more ingenious than most of us. We live broke; he died broke.

Mr. Warner: Which is worse?

Mr. HUGHES: I can vouch for the fact that there is not much in living broke. What it feels like to die broke is a question upon which I must defer my opinion.

Mr. Wilson: There will not be much left after you are dead.

Mr. HUGHES: No, but I will be in a position to give an opinion on that too. This is the information I think the House should have on this question before finalising the Companies Bill. If Mr. Boan owned Boans Limited and he wanted to take £90,000 out of Boans Limited, why did he want to borrow it? Why did he not pay himself another £3,000 a year, or why did he not declare dividends? What a curious thing that the man who actually owned the company should borrow money from himself! Surely that was taking money out of one pocket and putting it into another.

Mr. Marshall: How many shares were there in the company besides his?

Mr. HUGHES: Only a few nominal shares. I do not suggest that this is an isolated case.

Hon. P. Collier: It is quite general with rich men.

Mr. HUGHES: I know, of my own knowledge, of a dozen companies in the same position.

Hon. P. Collier: Individuals are too.

Mr. HUGHES: But their information is not public because there is no document that can be inspected; there is no document open to the public, as this is. A document filed in the Probate Office is open to all who care to pay a shilling to read it.

The Minister for Justice: Do you know anything about such cases?

Mr. HUGHES: I know quite a lot. I will suggest to the House later that we put an amendment in the Companies Bill, stating that where a shareholder has borrowed money from a company his shares will, by legislation, be cancelled to the amount of his borrowings. I will explain the reason for that later.

By law the capital of a company cannot be distributed once the company is formed, except on a reduction of capital with the approval of the court. The only way to get capital back is to do it surreptitiously by borrowing from the company. By that

means the section of the Act which says that capital cannot be paid out is circumvented. I will be told that under the new Companies Bill, directors cannot borrow money from companies.

The Minister for Justice: Why not make it "members"?

Mr. HUGHES: The answer to that is that directors' wives can, and other shareholders can. I think—this is only a speculative opinion but not based only on the facts in this case, but on a dozen or more instances—that the reason why they borrow rather than pay themselves the money is not to get back their capital. In my opinion the reason Mr. Boan drew £90,000 out of Boans Limited, by loan, during the last 25 or 30 years was that by borrowing the money he could use it for his personal expenses and it was not income, and therefore he could have another £3,000 a year for 30 years without paying any income tax on it.

The Minister for Justice: Mr. Boan could not do that under the present Bill.

Mr. HUGHES: Recently the law has caught up with that type of company. Within the last three or four years the Federal Government got tired of it and passed amending legislation to treat a one-man company as though it were a partnership. I would like to know just how much money in this State, over the last 25 years, has been lost to the Income Tax Department by the device of the borrowing shareholder. Although Mr. Boan did borrow this money, and thereby may have saved income tax on £90,000 spread over 30 years, he did periodically give £100 to charity and receive a column in the newspaper to let everybody know.

It is not only income tax on which the borrowing shareholder has a detrimental effect. There are two other people concerned. First of all, if there are other shareholders in the company—minority shareholders—and the borrowing shareholder has control of the company by his voting power, and he borrows from the company he precludes other shareholders from getting a dividend on their shares, and makes their shares worthless. By borrowing he prejudices the rights of the minority shareholder. There are a number of companies where that has taken place. As far as the company, about which I am talking, is concerned, there is probably no complaint on the score of minority shareholders or of creditors. Where under the

articles the majority shareholder has the governing power he can borrow to his heart's content, and by so borrowing he destroys the value of the other people's shares and gives them no income from their shareholding. Consequently he merely uses a cloak under cover of the Companies Act to get people's money by investment and get the benefit of it. I suppose the answer to that is: "Why should we worry about the man who is fool enough to invest his money in a company where one man has control?"

That is the stock answer generally given. If the man is fool enough to invest his money in a company where one man has absolute control he does not deserve sympathy, and no one in Parliament should be wasting his time trying to do something for him. I suppose, in the main, that is true. I do not imagine we will ever pass legislation that will make people invest wisely, but there is this answer to that, in part, that sometimes people have invested in a company and one man has acquired a majority holding by buying out other shareholders. They were, therefore, in, and of course when the majority shareholder by buying out other shareholders acquired control it was too late for the remainder to get out, and they had no redress. I think that that type of shareholder, at least, is entitled to some protection. I will agree that the same answer applies, that it is one of the risks a man takes. Any man who invests money in a company always takes the risk that one man may buy sufficient shares to gain control and then use the company as he likes. If we are going to do that we are going to leave the man without much capital at the mercy of the man with a lot of capital.

The great defect of these borrowing shareholders is where a company is formed and goes on trading, and in the course of its trading acquires liabilities, and the controlling shareholder keeps borrowing money from the company which the creditors know nothing about, because they do not inspect the books, they cannot, and they do not inspect the balance sheets because they are not published in any way. He goes on borrowing the company's money and then one day, when the position becomes acute, the company goes into liquidation and the creditors are not paid. In Perth there have been hundreds of instances of creditors having been left without the payment of their debts against companies while the principal

shareholders have been living in affluence. The House should know to what extent that condition exists today when it deals with the Companies Bill, with a view to taking steps not only to safeguard the future but to rectify past transactions. If it be true, as I suggested, that the late Mr. Harry Boan drew by way of income upwards of £90,000 borrowed in 25 to 30 years and did not pay taxation on that amount, it may be stated that, in equity and justice, his estate owes money to the Treasury.

The Minister for Justice: Our legislation has caught up with that.

Mr. HUGHES: No, it has not caught up with that.

Hon. W. D. Johnson: But it will catch the next lot.

Mr. HUGHES: Yes, but the next fellow will not do it that way.

Mr. Raphael: As you suggest, his wife will do the borrowing.

Mr. HUGHES: That is so. Much hardship exists today where minority shareholders are concerned. When those shareholders have found themselves in the minority and the majority shareholder has borrowed the company's funds, or at any rate large sums from that source, perhaps beyond the extent of the value of his share holding, those minority shareholders cannot do anything to rectify their position because the majority shareholder has the voting strength. I have a remedy to suggest for that position. Let us say that the big shareholder has borrowed £40,000 from the company and his total share holding at its actual value—not at its face value—amounts to exactly £40,000, we should enact, by a provision in the Companies Bill, that his share holding is cancelled; the capital of the company automatically reduced by the amount involved and his debt to the company extinguished by the cancellation of the equivalent value of shares held by that individual. We would say in effect to that individual, "You have no interest in this company because you have borrowed £40,000 from the undertaking—

Hon. W. D. Johnson: —and have got your money back."

Mr. HUGHES: That is the position. We would say to that man, "You have withdrawn your capital, so we shall rectify the position of the other shareholders by extinguishing your debt by the cancellation of the shares you hold."

The Minister for Justice: How often would you make the calculation?

Mr. HUGHES: Firstly, I would make it now.

The Minister for Justice: The individual may have borrowed only a few thousand pounds.

Mr. HUGHES: If the individual held a thousand shares valued at £1 each and borrowed £50, I would cancel shares to the value of £50 only. I would not cancel the full £1,000 worth of shares merely because he had borrowed £50. That is the reason why I have referred in the motion to an inquiry into the nominal value, as well as the actual value, of share holdings. Although a share may be nominally valued at £1, the true value may be 1s. or £5. Therefore the shares held by a man may be 10,000 at a value of £1 each, yet the holding may be worth £40,000. If such a man used £40,000 of the company's capital and the cancellation I suggest were made, we would say to him, "You have withdrawn your capital from the company and you have ceased to be a shareholder." Then the capital of the company would be automatically reduced by the value of the shares so cancelled. If the man borrowed £20,000 and held shares worth £10,000 then the shares would be cancelled and the capital of the company reduced by £10,000.

The Minister for Justice: You would make the reduction automatically according to the amount borrowed.

Mr. HUGHES: Yes.

Mr. Sampson: The individual might withdraw from the company's funds more than his share holding is worth.

Mr. HUGHES: I go further than the hon. member's suggestion and say that in many instances that has been done, with the result that when the creditors sought an adjustment, their debts could not be paid because the majority shareholder had already absorbed the funds of the concern. I am sure the member for Swan (Mr. Sampson) has written off many bad debts during his business career.

Mr. Marshall: I bet he has never experienced one such instance.

Mr. Sampson: That is all there is to do about it.

Mr. HUGHES: That is a fact. The worst feature of all is where the individual has borrowed from the company and withdrawn capital to the extent desired without

first paying the creditors. Then when there is a showdown, the money is not available for those unfortunate people. I regard that as the worst feature of this business. After all, to evade the payment of taxation is not such a bad offence.

The Minister for Mines: So long as you are not caught.

Mr. HUGHES: Quite so.

The Minister for Justice: Would it not be better to try to prevent such happenings?

Mr. HUGHES: I agree that it would be better to prevent shareholders from borrowing at all; but that could apply only to the future. What about the companies that are established today? I refer to those concerns in which the interests of the minority shareholders are prejudiced. I always thought the real complaint against the State Companies Act was that as five people could form a company, they could create liabilities, go into liquidation and their creditors would not secure payment.

The Minister for Justice: There is very little difference between five and seven.

Mr. HUGHES: Of course, but we are going to make it easier and make the number two.

Hon. W. D. Johnson: Who are "we"?

Mr. HUGHES: This Parliament.

Hon. W. D. Johnson: Do you mean that?

Mr. HUGHES: Yes, as one-fiftieth of this House. In fact, I think I am safe in saying that two-fiftieths of this Parliament will not agree to that provision. I think I can count on the member for Nedlands (Hon. N. Keenan) strenuously to oppose the reduction in the number eligible to form a company from five to two.

Mr. SPEAKER: Of course the hon. member realises that the Companies Bill is not now under discussion.

Mr. HUGHES: That is so. Before we proceed to deal with that very important phase of our legislation, I think Parliament should have information available to show to what extent this practice exists today. There is always the possibility that my deductions may be wrong.

Mr. F. C. L. Smith: Why did not you bring this point under the notice of the select committee that inquired into the Companies Bill?

Mr. HUGHES: How could I bring it under their notice?

Mr. F. C. L. Smith: You were invited to do so.

Mr. HUGHES: I was not.

Mr. F. C. L. Smith: Everyone was so invited.

Mr. HUGHES: At any rate I was not invited to do so.

The Minister for Justice: I thought everyone was invited.

Mr. HUGHES: If I may answer that interjection, you, Mr. Speaker, know that a member of Parliament cannot be summoned to appear before a select committee. If someone desires a member of this House to go before such a body of inquiry, he is not summoned in the ordinary way. The request has to be made by the chairman in the prescribed way.

The Minister for Justice: A member could appear before the committee voluntarily.

Mr. SPEAKER: Order.

Mr. HUGHES: The Minister must know that a member of Parliament cannot voluntarily offer himself as a witness before a select committee.

Mr. SPEAKER: Having now made that explanation, the hon. member will get back to his motion.

Mr. HUGHES: While we are amending the Companies Act, which is a difficult and formidable task, if there are issues at stake and questions on which this House should have full information before passing the Bill into law, would it not be better to get that information? Would it not be better to take a week or two and get the information rather than pass the Bill without members having these facts on which to form a judgment? I have no actual data for what I am about to say, but I believe—and other people in a position to form an opinion believe—that the great majority of companies in Western Australia contain fewer than 50 shareholders. It is surprising how many companies contain five to ten shareholders; it is surprising how many are operating as one-man businesses run under the guise of companies.

Hon. W. D. Johnson: Was not that matter considered by the select committee or Royal Commission that investigated the Companies Bill?

Mr. HUGHES: No.

Hon. W. D. Johnson: It was the job of that body to do so.

Mr. HUGHES: I would not say that. When we take all the ramifications of com-

pany law, both from the legal side and from the accounting side, we are including the whole gamut of the commercial life of the community. It would be no easy task for a body of men, even in 12 months, to familiarise themselves with and examine all the factors that might be brought forward.

Hon. W. D. Johnson: If this is such an outstanding thing it should not have been difficult to discover.

Mr. HUGHES: I have not found in the evidence anything on the aspect of the borrowing shareholder, but I admit that I have not read all the evidence. It would be a tragedy if we passed the Companies Bill without dealing with the less than 50-shareholder companies only to find that there were only 25 companies in Western Australia to which the Act applied and that all the rest were outside the scope of the law. I believe that is about the figure—25 to 30 will be brought under the Act and all the rest will be outside; and on top of that we are proposing to make things easier by permitting two to form a company.

I think I can anticipate what the Minister is likely to say in reply. The one-man company I am speaking of is designed to enable a man to enter into business without becoming liable to pay the debts of the business.

The Minister for Justice: That, of course, applies to any limited liability company.

Mr. HUGHES: Yes, but I am giving the reason, and now I think I have more or less guessed what the Minister will say. If a man is trading in business and desires to enter into another business or speculate in another business of which he is not too sure, he can adopt this attitude, "I want to put £5,000 into this business, but I want to make sure that, no matter what happens, I shall lose only the £5,000. If it is a success, I will make good profits on my £5,000, but if it is a failure, I will lose only the £5,000 and the creditors of the company will lose the balance." That is the only reason for forming this type of company.

The Minister for Justice: Do you suggest that we have no limited liability companies?

Mr. HUGHES: I would not suggest that we have no limited companies, but I would suggest that we destroy, as far as possible, the opportunity for a private trader to evade payment of his debts by forming himself into a limited liability company. There

is much to be said for allowing a number of people to combine and, by making contributions to a common fund, to speculate a certain amount of money each. That is the legitimate company; that is the recognised basis and that always has been the objective of the corporation and the old joint stock company.

The Minister for Justice: And the foundation of all the big companies of the world.

Mr. HUGHES: Yes. A man might find that an enterprise is to be started and that capital is being gathered, and he might be prepared to invest £100 in it. Instead of there being one man trading, that is a real corporation and a real co-operation between shareholders. It is a genuine company operating on the fundamental principles observed long before England adopted a company law. There is not much trouble about such companies. I could reel off from memory 10 or 12 names of companies operating here and in the Eastern States on that basis. Probably no shareholder in any one of those companies holds more than one per cent. of the capital. Such a company, however, is very different from the trader who says, "I want to be sure that I rake the profits off if the company succeeds and will not have to pay the debts if the company fails."

Members might ask why we should deprive a man of these facilities and prevent him from covering himself against liability for the whole of the debts of the company. The reason is that every man should pay his debts if he is able to do so. No man has a right to set up a business on the basis that, if it succeeds, he takes the profits and, if it fails, he defaults on the creditors.

The Minister for Justice: Then you would have all companies on a partnership basis?

Mr. HUGHES: No, I differentiated between such a company and the genuine limited liability company, but I think we would be wise to include in the law a limitation providing that no individual shareholder shall either directly or indirectly own more than 20 per cent. of the capital. Then it would be a company in the real sense of the term.

The Minister will probably say also that if people give credit to a limited liability company, or to any other company, without first ascertaining its financial stability, they do not deserve any sympathy. It is a fact that all these companies—the five-share-

holder companies and the 5,000-shareholder companies—have, in March of each year, to file in the Supreme Court a summary setting out the list of shareholders, the total value of their capital and the amount paid on each share. Any person, on payment of a nominal fee, may go to the Supreme Court and inspect that document and ascertain whether the subscribed capital has been paid up, and may satisfy himself whether, in the event of his extending credit to the company, it is in a position to meet the obligation.

In addition, every company has to keep a register at its registered office of shareholders, the amounts paid up, and similar information. This is open to inspection by any person on payment of a nominal fee. It is said frequently, "If you give people that protection, and before they give credit they will not inspect the summary at the Supreme Court, and will not inspect the register, they do not deserve any sympathy." I think creditors get a lot more sympathy than they deserve, and that it is much too easy to get credit in Western Australia. There is the greatest difficulty imaginable in keeping out of debt in this State. Someone is always trying to sell something to someone else, and may say, "You tell me you have no money; that is all right, sign on the dotted line, and pay when you can."

Hon. W. D. Johnson: That is the foundation of the trouble in the agricultural industry today.

Mr. HUGHES: Yes. Excess credit has put our commercial system where it is. On this particular issue there is no doubt that in law the prospective creditor has certain information available to him. He has not, however, got anywhere any source of information to tell him what other liabilities a company has. When a trader is asked to give credit to a company he has no means of ascertaining to what extent the company is already indebted. The competition for business today is keen, and the trader in a small way or the middle-class trader is often placed in a difficult position.

If someone connected with a company asks for goods on credit the trader does not like to refuse delivery, because he may lose that custom and someone else may get it. He (the trader) may not have the facilities for sending an emissary to the Supreme Court to make inquiries as to the financial status of the company. Larger firms are

in a better position because they employ credit officers. Frequently before giving extensive credit to a limited liability company they make inquiries through that officer. It is the small man or the middle man who suffers the worst losses with companies of the type to which I am alluding. Such people have no credit officer to send to the Supreme Court to make the necessary inquiries, and are afraid to question the representative of the company for fear it may turn out to be a solid company, and the person concerned may take offence and go somewhere else.

Hon. W. D. Johnson: The Trade Protection Society would protect people of that kind and secure the necessary information for them.

Mr. HUGHES: That protection does not amount to much. By the time the society has been approached and a report obtained the customer would have gone somewhere else. It is more for the protection of the small trader and the middle trader that we ought to do something in this matter. Even at the risk of being reproached for not having brought this motion down earlier I maintain that the position is serious enough to warrant an investigation by the House, lest by failure to hold such an investigation we find when passing the Companies Bill we have roped in only 25 or 30 companies, and some of the major abuses we have set out to remedy have been overlooked. I would be prepared on my own responsibility to propose an amendment to the Companies Bill providing for the cancellation of shares equivalent to the debt money borrowed by the shareholder. If I do that the answer may be that this is only my opinion.

The Minister for Justice: Not if by moving such an amendment you can make the Bill a better one.

Mr. SPEAKER: Order!

Mr. HUGHES: I know the Minister is anxious to get information on all aspects so that the Bill may be a good one.

Mr. SPEAKER: Order! The Minister cannot get information on this motion, but when the Bill itself is being discussed.

Mr. HUGHES: I thought we might get some information. If a member has an idea and it is blessed by a select committee, provided that the matter at issue is not actually sacrosanct, a lot of weight is given to the argument in the eyes of the House itself. I suggest, therefore, that before we

finally dispose of this matter it would be worth our while to stop for a week or two to permit of an investigation into this particular aspect of company legislation, even if other parts of the Bill are gone on with, so that when the data is collected by the select committee members will have before them the necessary information bearing on this particular point. I commend the motion to the House.

On motion by the Minister for Justice, debate adjourned.

MOTION—FARMERS AND PASTORALISTS' DEBTS.

Debate resumed from the 3rd September on the following motion by Mr. Watts (Katanning):—

That in view of the fact that the secured liabilities of many farmers and pastoralists are so great that they are unable to pay their way, and in the interests of the State it is essential that those engaged in these industries be placed in a solvent position as soon as possible, it is the opinion of this House that the Government should take immediate action to legislate for the adjustment of such secured debts, and their ultimate reduction to not exceeding the fair value of the security.

THE MINISTER FOR LANDS (Hon. F. J. S. Wise—Gascoyne) [5.38]: The motion is not exactly similar but bears some resemblance to motions which have previously been moved in the House. It has, however, one or two noticeable additions. I have no doubt of the sincerity of the mover, and think he endeavoured to make out a case from his angle, but to me his speech was extremely disappointing. It is a simple matter for members to express opinions and to make out *ex parte* cases without any suggestion or thought as to whether their ideas are simply ideas, or whether they are plans.

In such a matter as this, which has so far-reaching an effect, I submit to the hon. member that of necessity a motion of this character should be accompanied by a plan. He certainly desires to achieve an objective, but he carefully avoided suggesting any practical method of reaching it. In his opening remarks he admitted that the subject had an Australia-wide significance; but at the same time he was at pains to chide me for suggesting, when speaking to a somewhat similar motion last session, that there was any Australian significance, or any effect or consideration on an Australia-wide basis, of

such a motion as this. The hon. member, too, in his opening remarks assured the House that the Leader of the National Party was certain that the time had arrived when action was necessary to relieve the debt structure of the primary producers.

That the member for Katanning (Mr. Watts) had some reason for that opinion was borne out when the Leader of the National Party spoke to this motion. The speech of that hon. member was in striking contrast to his expressed opinions on this subject upon another occasion. I admit that the Leader of the National Party made a more than thoughtful contribution to this debate; but he certainly was able cleverly to steer a middle course, and in a very able way give support to the motion in a manner which he must have believed not to be possible when debating the subject a year or two ago. His change of opinion, I would submit, has one of three causes. The first cause, I would suggest, might be the political agreement or pact which is just mentioned in whispers, has not been made public, and which is referred to even by leaders of the Country Party as something that must not be talked about altogether for the time being. But it is the reason why the hon. member has changed his attitude. The political agreement which has been reached, and which was first mentioned in this House by the member for Nelson (Mr. J. H. Smith), seems to be one reason for the change of opinion. The second reason might be the attack on the National Party by the Country Party through the latter's medium the "Primary Producer" newspaper.

Mr. Thorn: Is that in the motion?

THE MINISTER FOR LANDS: Yes. The motion refers definitely to the differences of viewpoint, action and attitude of the National Party and the Country Party on this subject. To show that it is in the motion, and allied to it, I shall in a few moments deal with the suggestion of the hon. member interjecting. The third point which I think has caused the National Party to change its attitude is the reason of the changing times.

Mr. Doney: Do you think that this arises on the question before the House?

Mr. SPEAKER: Order!

THE MINISTER FOR LANDS: I allowed hon. members opposite who have spoken to the motion to make their speeches in their

own way, and there will be an opportunity for at least 44 or 45 more members to do so.

Mr. Watts: I wish there were!

Mr. Hughes: Is that an invitation?

The MINISTER FOR LANDS: I give members a free invitation.

Mr. Thorn: There has been no red herring drawn.

The MINISTER FOR LANDS: When I have finished, I hope the member for Tool- ray (Mr. Thorn) will be able to grasp the substance of the matter. I do repeat that there were three possible reasons why the Leader of the National Party changed his attitude, and I think that perhaps the attack upon his party by the "Primary Producer's" correspondent may have had something to do with it. In recent months, this appeared in an article in that newspaper.

Mr. Thorn: Give us something that appeared in the "Worker"!

The MINISTER FOR LANDS. I will shortly.

Mr. Thorn: Good-oh!

The MINISTER FOR LANDS: This article was entitled "Rift or Chasm," and the following appeared in the article of which the original is here:—

The "Great Southern Herald" dwells upon this likelihood of a breach between the Country Party and the Nationalists. "The matter of earning the ill-will of the National Party," it says, "may possibly have swayed the votes of delegates. The only known test of goodwill is its practical application in time of need. No doubt there have been occasions when the Nationalist vote in the State Parliament has been helpful to Country Party members, but it is a pathetic fact that when help was most needed it was rarely given. The personnel of the National Party is too closely associated with interests not identical with rural interests for it ever to prove a dependable ally." That puts the position clearly, and with an admirable restraint which we envy but cannot emulate.

Mr. Sampson: Is this a reply to the motion?

The MINISTER FOR LANDS: I can understand that the member for Swan (Mr. Sampson) does not want to understand this.

Mr. SPEAKER: Order!

Mr. Sampson: It requires great skill.

The MINISTER FOR LANDS: The article discusses the differences of opinion between the two parties in connection with rural policy, the subject to which this motion specifically applies. The article continues:—

We were discussing the prospects of a coalition with the Parliamentary friend the other

day. "The National Party is shot," he told us. "Is that so?" we cried, leaping joyfully in our seat. "Who shot it? Lead me to him. I should like to congratulate him." "Don't be so darned literal," he reproved us. "It is discredited in the city and out of it. It will never be a power again. A coalition of the Country Party with it would be a junction of the quick and the dead." If the National Party is dead, it has left a grisly monument behind it in an embittered and impoverished countryside. But we think that his remark was a trifle optimistic. The party is not dead yet, though it may be due for death.

The Country Party is expected by some people to keep it alive. "The majority of West Australians," says the "West" with a fine disregard for facts, "will sincerely hope that nothing is done today to widen any rift that may exist between the State Country Party and the National Party; and that these organisations will go to the country in 12 months' time on a common platform."

A rift! Why, it's a gaping chasm! The National Party has consistently and persistently opposed every effort of the Country Party to get any sort of decent conditions for primary producers. It has shown not the slightest understanding of the debacle which is taking place in the country today. Its apparent ignorance of the real position is appalling, and its utter lack of sympathy is more appalling still. It has been not only indifferent to the just claims of the Country Party; it has been actively hostile to them. Its outlook has not changed with a changing world. It clings desperately—

Mr. Doney: On a point of order!

Several members interjected.

Point of Order.

Mr. Doney: I submit, Mr. Speaker, that those remarks have no connection whatever with the subject matter of the motion.

Mr. Speaker: The Minister has said that the member for Katanning (Mr. Watts), when moving the motion, made reference to the support to be given by the National Party; and even the leader of the National Party gave reasons for the change in his attitude to this motion and a similar one before the House some time ago. The Minister is in order.

Members: Hear, hear!

Debate Resumed.

The MINISTER FOR LANDS: I think it right that something which has appeared in the Press and is fair comment on this matter and allied to the motion, should be read in this Chamber.

Mr. Thorn: It will not make any difference next March!

The MINISTER FOR LANDS: I think it will not. The article proceeds—

It clings desperately to the wreck of a system which has broken down; and it bitterly opposes any attempt to institute a better one.

Without a complete change of Nationalist heart there can be no common platform.

We have a shadowy vision of an invitation from the Nationalists to the Country Party to drop controversial subjects and form a strong "Win the War" Government.

Mr. Stubbs: What is wrong with that?

The MINISTER FOR LANDS: The article continues—

That would create a sounding semblance of a common platform. But, if any such shallow hypocrisy were to be attempted, it is certain that the Country Party would reject the invitation with the contempt which it deserved.

Mr. Hughes: There is no hope for the Opposition except in the Independents!

The MINISTER FOR LANDS: That article appeared in the "Primary Producer" newspaper some months ago.

Mr. Thorn: Did you contribute it?

The MINISTER FOR LANDS: It is issued by the authority of the No. 1 Wool Zone Council, Primary Producers' Association, and is to be found in the issue of the "Primary Producer" of the 20th March last.

Mr. Doney: The paper usually takes the trouble to point out that it represents in such articles only its own special opinion.

The MINISTER FOR LANDS: That is not so in this case.

Mr. Sampson: What is the heading of the article?

Several members interjected.

Mr. SPEAKER: Order!

The MINISTER FOR LANDS: I mentioned in my opening remarks that the change in the point of view of the leader of the National Party might be ascribed to one of many reasons. The article I have read deals with all those reasons any one of which might have induced the hon. member to alter his views, although I think the last reason is perhaps the real one, namely, that with the changing times and the altered circumstances the hon. member has changed his views. For the first time in motions of this character, mention is made of pastoral debts. For the first time, so far as I can gather, mention is also made of the writing down of secured debts. With respect to the former point, I question whether the introduction of pastoralists' affairs is for the

purpose of placating the pastoralists or enlisting their support. But it is a fact that while the term "primary producer" does include the pastoralist, as the hon. member pointed out, it is significant that for the first time pastoralists' affairs are included in a motion such as this.

I intend to take some time in comparing the affairs of pastoralists with the affairs of farmers. Before doing so, however, I desire to refer to the hon. member's ungenerous remarks about the attitude of the Government and its action with regard to the Royal Commission that inquired into the pastoral industry. The hon. member said—

All that the Minister is prepared to do, notwithstanding the voluminous recommendations of the Royal Commission, is to enter into some voluntary arrangement. He also said—

We do not want Parliaments in this State or in any other democratic community to lay aside their obvious duty and pass the system on to some sort of voluntary arrangement.

He does not like to suggest that in a democratic community anything but dictatorship methods should be adopted. The expression he used "some sort of voluntary arrangement" shows that he knows but little of the subject. He wants some compulsory arrangement even though it is not possible in this instance. That is evidence of his appalling lack of knowledge of the conditions which prompted the appointment of the Royal Commission, of the industry's background and of what led to the commission. Obviously, he had not read the report carefully; he picked out some small passages—little bits of meat—and himself attached them to a wishbone, so that he could apply them in this case, if possible, to the detriment of the Government. The hon. member gave one the impression of his having glanced through the report, of having read a recommendation here and there, recommendations which are not segregated in the report, but which involve the reading of the whole report.

Mr. Watts: Would you prefer that he should have read the whole report?

The MINISTER FOR LANDS: I hoped when the hon. member made such comparisons as he did that he would read the whole report.

Mr. Watts: Not to the House.

The MINISTER FOR LANDS: I think he might have read it for his own benefit.

Mr. Watts: That has already been done.

The MINISTER FOR LANDS: Had there not been a seven years' drought there would have been no Royal Commission. I want the hon. member to bear that in mind. If he had read the report carefully he would not have referred ungenerously, as he did, to "some form of voluntary arrangement," to arrive at which took many months of close attention and application. The basis of the recommendations of the Royal Commissioner in connection with the rehabilitation of the industry is bound up in finance. If the hon. member had studied the report closely he would have been aware that the implementing of the recommendation depends upon financial assistance from the Commonwealth Government. Not merely in one paragraph is that mentioned; it is mentioned throughout the report in at least 15 places. I shall read two paragraphs dealing specifically with the point—

887. It is imperative that the industry in the drought-stricken areas obtain financial help, and for the reasons outlined, I recommend:—

That the Commonwealth Government be requested to provide funds for the introduction and operation of the pastoralists' debt adjustment scheme recommended in this report.

888. It is realised that the Commonwealth Government's responsibility to finance Australia's rapidly increasing war effort might make it difficult to grant this assistance, but the production of wool and stock is of such vital importance, that it is considered necessary to place the position before that Government and ascertain whether funds could be made available for this proposed drought relief in the pastoral areas.

Hon. C. G. Latham: This Government has done nothing but pass the buck on to the Commonwealth Government.

The MINISTER FOR LANDS: It is cheap and easy to say that.

Hon. C. G. Latham: It is true.

Mr. SPEAKER: Order!

The MINISTER FOR LANDS: In quoting from the report of the Royal Commissioner, the member for Katanning (Mr. Watts) absolutely overlooked the fact—

Hon. C. G. Latham: Even for the banana industry at Carnarvon the Government wants the assistance of the Commonwealth.

The MINISTER FOR LANDS: —that such assistance is essential for the implementing of the scheme. The hon. member was either entirely unaware of the recommendation or he deliberately overlooked it. For the first year of putting into effect the Fyfe scheme the sum of £300,000 would be

required; and thereafter £75,000 for each succeeding year would be required to carry on 246 cases. The amount required to carry on was expected to vary according to seasonal conditions, the price of wool and the prices of commodities used generally in the industry. I want to advise the hon. member and the Leader of the Opposition that the Royal Commissioner recommended an approach to the Commonwealth Government. It was the Royal Commissioner who suggested the means of making that approach. In our earnest endeavour to give effect to the Commissioner's recommendations, we did approach the Commonwealth Government.

Hon. C. G. Latham: The Royal Commissioner is a servant of the State Government.

The MINISTER FOR LANDS: The State Government approached the Commonwealth Government through the Loan Council. It presented a special case to the Grants Commission in an endeavour to obtain the money necessary to implement the scheme, but there was no money available. A case was presented for a State loan so that the implementing of the recommendations could proceed, but we could get no money because there was none available. What, then, does the hon. member suggest should have happened? If the Government had not been in earnest in this matter, it could have said, "Well, there is the report—a wonderful report and the best review the industry has ever had. But there is no money to implement the recommendations." The Government could have left the matter there. However, it did not do so. It explored every possible avenue, in an endeavour when money was not available to institute a scheme under a voluntary system designed to afford some relief to pastoralists.

By negotiation many difficulties were overcome, and continued negotiations resulted in an agreement that finds great favour with the pastoralists involved. I think it can be said very definitely that the great majority of pastoralists would oppose any compulsory scheme of debt adjustment. When, after many earnest endeavours month by month to eliminate this difficulty and overcome that one, we reach an agreement the hon. member suggests that we laid aside a duty, that we evaded a responsibility, which suggestion, I think, indicates to this House that he does not quite grasp the

importance of the voluntary arrangement that has been made. No duty was laid aside but a very great responsibility was accepted in an endeavour to bring about a somewhat similar result with very little money available to us.

The Government has a clear understanding of the difficulties of pastoralists and farmers, and it has endeavoured to give sympathetic and practical consideration to both. There is, however, a striking contrast between the two industries, such a contrast that it is impossible to assume that the same sort of arrangement would be satisfactorily applicable to both. For the purpose of examining whether recommendations for debt adjustment for the agricultural industry and the pastoral industry are closely allied, it is necessary to compare conditions in the pastoral areas and in the agricultural areas. There is a very definite and distinct difference on many points.

In the first place the pastoral industry is developed on areas where the Crown owns the land, where the system of reappraisal gives an opportunity to the Crown to derive some benefit from increments and appreciating values. In respect to the farming industry, with the exception of uncompleted contracts the Crown does not own the land and the only money owing to it is from such uncompleted contracts. As the security advances in value there can be no prospect of the Crown deriving any benefit from it.

The second point is that the pastoral industry has been privately financed. With regard to the farming industry, not only is the Government heavily involved, but there is also a great complexity in the nature of the structure of farmers' debts. There is quite a distinct difference between the two industries.

The third point is the tremendous recuperative power of the pastoral industry. On more than one occasion that industry has made a rather spectacular recovery from drought and has shown an ability to revive the numbers of its stock in quite a rapid manner. But with regard to the farming industry, we find that even where there has been no drought there is a tremendous debt in every section. We find that of two farmers living side by side under similar circumstances, one is prosperous and the other fails.

A further point is that the pastoralist has one creditor. His banker is his storekeeper. On the other hand, the farmer has many creditors and a very involved system of accounts. One could go on with very many points, all of which show very great differences in these two industries. They show variations which would prevent any practical application of a similar scheme. Although the Royal Commission which inquired into the pastoral industry was necessitated because of a seven years drought, there are, quite apart from that factor, so many varying differences that it is not possible to assume that the system which applied to one would apply to the other. I would not like to say, when a Royal Commissioner inquiring into the pastoral industry suggested that a compulsory system of writing down debts would apply to the pastoral industry, that it could apply to the farming industry. If the pastoral industry had had no drought it would have continued, as it has done in the past, to finance itself.

Although the arrangement which has been made on a voluntary basis will affect several hundred pastoralists there will be very many hundreds who will not be seeking relief, but who will be able to finance themselves. I submit to the hon. member that there are very many and distinct differences between the two industries. If he wishes further to read the report of the Royal Commission into the pastoral industry, he will find in paragraphs 881-3 some comments on the debt structure of the farming industry, and that very substantial assistance had been given to that industry over those years. I intend to quote at a later stage from the Royal Commissioner's report to give an idea of the extent and nature of these debts. The hon. member said, in his speech, that prior to 11 years ago there was a certain amount of prosperity in the farming industry. When the present Leader of the Opposition was Minister for Lands he appointed a Royal Commission to inquire into the disabilities affecting the agricultural industry of Western Australia, which made a very extensive examination of the condition of farmers at that time.

Mr. Seward: What was the date?

The MINISTER FOR LANDS: It was in 1931. This report discloses that the debt or liabilities of the farming industry at that time amounted to £31,659,654. That was at

a time, in the words of the hon. member for Katanning (Mr. Watts), "following 10 or 11 years when there was a certain amount of prosperity in the rural industries." On page 6 of that report will be found a tabulation of the institutions and persons to whom these big amounts were owing. It also gives the reasons causing the collapse at that time.

Mr. Watts: Why do you not make use of the qualification which I made to that statement in my speech?

The MINISTER FOR LANDS: Even with the qualification I am endeavouring, without any hostility, to illustrate the point that following years of prosperity very serious difficulties existed in the farming industry, and also a considerable amount of debt. I do not make the statement because of any critical desire, nor am I in any way endeavouring to compare the position then with the position now. It is simply an illustration to show the very great difficulties of that industry even following prosperous times. The reasons causing collapse which were quoted in the report, are as follows:—

In the year 1914 there was a crop failure. Since then there has been a succession of good to moderate seasons and prices. The average wheat yield from 1914-31 has been 10.6 bushels to the acre and the average price realised was 4s. 11¼d. a bushel.

How with good seasons and good prices such an accumulation of indebtedness should have arisen is hard to say, though apart from the indebtedness attributed to the price failure in 30-31 season, it is found there was a large carry-over of indebtedness from the previous seasons. The following reasons may, however, be suggested:—

(a) The false prosperity created by lavish and over-easy borrowing.

(b) The unlimited extension of credit.

(c) The over-trading by merchants in competition for business, particularly since mechanical farming came into existence.

(d) The mounting interest rates.

(e) The effect of steady increase in tariff.

(f) The belief that the strong world prices for wool and wheat would continue.

(g) The competition by Associated Banks for business.

(h) The more than forward policy of the Agricultural Bank.

(i) The purchase of estates for Soldier Settlements at high prices.

(j) The period of high prices for produce—such prices were discounted by the diminishing purchasing power of the Australian £1—gave farmers a false idea of their prosperity.

Those were given in the 1931 report as the reasons for causing collapse following the

1914-31 period when the average price was 4s. 11¾d. The report continues—

The whole industry was pyramided on good prices and lavish credit, without due inquiry being made into production costs, world production of wheat and the value of the assets on which such credit was being extended. The Government through the Lands Department and the Agricultural Bank, together with all classes of the trading community, including Associated Banks, are responsible for the accelerated and uneconomical development of the farming industry in Western Australia.

The Agricultural Disabilities Commission of 1931 showed that following these prosperous years, referred to by the hon. member, there were extreme debt difficulties in the industry.

Sitting suspended from 6.15 to 7.30 p.m.

The MINISTER FOR LANDS: Before tea I had completed quotations from the report of the Royal Commission of 1931 dealing with the reasons which caused the collapse of the industry prior to that time. I had instanced that although rural industries then owed £31,000,000 there had been a succession of good and moderate seasons prior to that time. I would now instance that until this period and this attempt to do something for the pastoral industry, in its whole history of 80 years nothing had been done of the nature of the inquiry suggested and promoted by the Government, which resulted in the recommendations of the Royal Commission. It is true that some substantial things have been done for the industry such as giving consideration to the waiving of rentals to those in distress, freight concessions, concessions in respect to the removals from properties of sheep to agistment and their return to the properties, but nothing comparable to what had been done with respect to the other industry. I think that all that had been done met with the ready appreciation of those directly concerned in the industry. A very small percentage even of those who were seriously involved would welcome any suggestion of compulsion in respect to the writing down of debts.

Hon. C. G. Latham: That is not compulsion. They have to make application themselves.

The MINISTER FOR LANDS: This motion makes for the writing down of secured debts by legislative methods. A statutory right in respect to secured debts is proposed

in the motion. Pastoralists would prefer to retain the goodwill which has meant much to them in their plight.

Mr. Mann: Are not many of them in a hopeless position?

The MINISTER FOR LANDS: The percentage of pastoralists whose position because of a voluntary debt adjustment arrangement is hopeless would be very small. They certainly welcome the voluntary arrangement rather than having anything of a compulsory nature attached to it. I would instance the legislation of a beneficial nature which has been considered and passed in the interests of the farming industry. In spite of what has been said and the criticism offered I would mention the Agricultural Bank Act of 1934, which was designed to assist the farming community. It has done so, in spite of critics and criticism on specified points. It can be claimed and substantiated that the Agricultural Bank Act of 1934 with the special provisions for writing down clients' indebtedness has been of material assistance to the rural industry. The Farmers' Debts Adjustment Act of 1930, the Rural Relief Fund Act, the Industries Assistance Act which is re-enacted every year, all such pieces of legislation were specially designed to afford some assistance in various ways to the farming industry.

Because of the implementing of that legislation and because of its being possible in other ways to assist it is very interesting to note the amounts which had been written off the debts of farmers under that legislation and in a voluntary way by the Government. The Agricultural Bank debts written off between 1930 and 1940 amounted to £6,774,970, the writing off of various accounts of other Departments approximate one and a half million, and the reductions in rates and charges written off by the Lands Department and other Departments for the same period amounted to £5,800,000. Advances under the Industries Assistance Act to farmers from 1935 to 1941 inclusive amounted to £574,432 for drought relief and additional refunds to £151,710. Farmers who have been afforded seasonal relief under Industries Assistance Act conditions have from year to year been carried and in cases where they have experienced three years of drought the whole amounts were frozen and are gradually being written off. That matter is still proceeding. We have written off

hundreds of thousands of pounds from the total amount and that is still going on.

Mr. Mann: The stock firms and banks are not doing that, I think.

The MINISTER FOR LANDS: The hon. member will be surprised when I give him a few practical illustrations. I am not suggesting that the writing off of all these amounts has solved the difficulty, but I am using these figures as an illustration of the difficulties which have obtained in the farming industry, and have obtained in both good and bad times. If we refer to the £31,000,000 commented on by the 1931 Royal Commission we find that the amounts written off the various items are in the following percentages—Agricultural Bank and Industries Assistance Board, involving a total of £14,284,000, 36.7 per cent. has been dealt with; Associated Banks and financial institutions, involving a total of £12,508,000, 45.8 per cent. has been dealt with; unsecured debts £3,356,000, 33 per cent., machinery firms £1,500,000, 38.8 per cent. There has been considerable adjustment since that period.

Although legislative action has been fairly frequent and has attempted to relieve the position, to give those concerned some practical and hopeful outlook for the future, it has not been completely successful in relieving them of all their difficulties. It does not matter what attempts have been made many of those difficulties remain. We have had many Royal Commissions and inquiries, which, in connection with the farming industry, far outnumber those which have concentrated upon the activities of any other section of our community. In addition to inquiries into the disabilities of farmers we had one which perhaps I should not mention seeing that the member for Avon (Mr. Boyle) is not in the Chamber. We had the stored wheat inquiry. That was suggested by the hon. member to the Government. He said at the time that if his allegations were proved to be unfounded he would be the first to say so from his place in this House. It was proved that the allegations were unfounded and that the merchants had not been exploiting the farmers, but I have not heard the hon. member say so in the Chamber, or draw attention to the matter.

If members will refer to the Stored Wheat Commission of 1940 they will ascertain that the statements made by the hon. member in this Chamber when moving for the appoint-

ment of that commission were not borne out by the report. There have also been many departmental investigations and inquiries which prompted the Government wholly to investigate land values extending over thousands of square miles, of adjusting those values, not merely writing off past liabilities but current debts and future liabilities, writing down values, in short giving an opportunity to those in occupation not merely to remain there but some prospect for the future.

In marked contrast to all this is the fact that in 80 years of its history, with the exception of the inquiry into aspects of the cattle industry in the Kimberleys, there has not been an investigation of that nature. The member for Katanning (Mr. Watts) in his speech dealing with farmers' debts adjustment made several references to secured and unsecured debts, and went on to say that none of the Commonwealth funds for debt adjustment had been used to relieve the position of the secured creditor. We find in respect to debt adjustment that although in 1937 quite a substantial amount of the debts had in many instances been practically halved, the history of the industry shows that within 2½ years many of the accounts were as bad as before that adjustment was made.

I will give one or two specific instances of that. I have here the case of a debt adjustment made in 1937 of a debt for £2,992. The amount was written down to £1,500. On the 30th June, 1940, the debt was again £2,997, showing a drift in 2½ years of £1,497. That was the drift to secured creditors. In most of the accounts which formerly were bad and for which the unsecured creditor received various amounts, the average receipts were 5s. 10d. in the pound. The unsecured creditor has been very careful in connection with doubtful accounts.

Mr. Seward: In what district is that property located?

The MINISTER FOR LANDS: I am prepared to give the information to the hon. member.

Mr. Seward: I think I know the place.

The MINISTER FOR LANDS: I could give the hon. member further instances, for I have a list of them here.

Mr. Seward: You must take the district and the climatic conditions into consideration.

The MINISTER FOR LANDS: We have done so. In a district such as that in which

the Leader of the Opposition successfully farms we have bad failures.

Mr. Hughes: I am getting rather suspicious.

The MINISTER FOR LANDS: I intend to refer to a like case later on. To show just what is to be the basis of values I will instance another case. Here is one where a debt of £2,858 was written down by £1,343 to £1,525, and in 2½ years there was a drift back to £2,456, the leeway being £931. I have a list of such instances in various districts. This shows that in spite of the Farmers' Debts Adjustment Act, making it possible to write off unsecured debts, and the writing down in many instances of secured debts, in 2½ years the drift has been very substantial. It is true that the unsecured creditor since the original writing down has not advanced on very risky propositions, but contrary to the point the member for Katanning endeavoured to make, that secured debts were not written down, I give the following figures:—To the 30th June last payments totalling £202,459 were made from the fund to mortgage creditors.

Mr. Watts: How many were first mortgages?

The MINISTER FOR LANDS: The amount written off totalled £477,758, a reduction of £680,217 of the mortgage liability. Those were privately secured debts, not Agricultural Bank debts. The reduction approximated 12 per cent. of the secured debt and 16 per cent. of the total debts of all kinds written down under debt adjustment.

Mr. Watts: How many were first mortgages?

The MINISTER FOR LANDS: I cannot answer that question but I should say a large proportion were first mortgages. If the hon. gentleman would like the information I will obtain it. The unsecured creditors who have been paid over half a million from the fund have received payments of 5s. 10d. in the pound. But for the debt adjustment, I would ask the member for Katanning, how would the unsecured creditor have received anything? Had bankruptcy been the alternative, and had the Agricultural Bank not got out of the way as it did in hundreds of cases, the unsecured creditor would have received nothing. We must be fair.

I could compile a list of a thousand cases in which the unsecured creditors would have got little had not the Agricultural Bank got

out of the way entirely and subsequently written down the secured debt substantially. This motion, I submit, would eliminate entirely the unsecured creditor. If we statutorily wrote down the secured debt, as the motion suggests, without arranging for or providing finance, how could we work out any rate in the pound for the debt of the unsecured creditor? The unsecured creditor must first be brushed aside. If the first mortgage was written down, what would happen to the extraneous debt—the debt of the unsecured creditor and of the second mortgagee?

I submit that the debtor has had some protection. The Mortgagees' Rights Restriction Act provides against foreclosure and sale in the great majority of cases. That Act, as its name implies, was designed to protect the rights of the mortgagor and to restrict the rights of the mortgagee. That is as it has been interpreted. The mortgagee knows that unless his case is watertight, unless he has an undoubted case, he cannot chance going to the court. In addition, the secured creditor has had something written off, much more than was suggested by the remarks of the hon. member. There is another point. It is well to remember that before 1929 the value of the unearned increment, which had accrued to the owners of agricultural land in this State in the 20 years or so previously, amounted to about £8,000,000. Those who lent the money had no value in that increment; they received the money they lent and the interest rate. Many properties changed hands during that period and the farmer, in many instances, had the benefit of the increment due to the increase of land values.

I point out that if legislation such as is visualised in the motion were to become law it could be introduced to adjust secured debts, but it would be necessary for the farmers as individuals to apply for the adjustment of debts. We cannot by legislation compel the farmer to apply to have his debts adjusted. And what is to be the attitude of the farmer? We know that in Victoria under somewhat similar legislation thousands of farmers applied to contract out of the Act. We know, too, that although we can provide by legislation to have the assets of the secured creditor written down we cannot by legislation compel the secured creditor to make further advances, either to the person who has no equity after the writing

down or to the person who is to remain in occupation.

Let me refer again to the report of the Royal Commission of 1931 and particularly to the remarks regarding contractual obligations. In Part II. will be found the plan submitted to liquidate farmers' debts. Many plans were submitted but the White plan involved a scheme over 15 years. Very favourable comments on the plan are made in this report. These are the comments regarding the writing down of secured debts—

It is generally conceded that it would be a bad principle and precedent for the State to find funds to pay past debts, as it must be remembered, creditors practically joined with the farmers in their expectancy of payable prices for their products, and it cannot be asserted that the State should be involved in private obligations. Further, by focussing on the needs of assistance to farmers for future production, correlates the best chance of enabling creditors to recover or partly recover the past debts.

The practicability of any plan and the finances needed to carry the same into effect had to be carefully considered; also the effect of any plan on the investing public and the mercantile community had also to be taken into account.

It has been suggested that the conditions of Western Australia at the present time call for interference with contractual obligations. Your Commissioners cannot agree with this principle. Finance at the present time is sufficiently difficult without being accentuated.

It is the considered opinion of your Commissioners that any such interference at the present time would be in the worst interests of the farmers.

Those are the comments on the writing down of secured debts by the Royal Commission appointed by the Leader of the Opposition when he was Deputy Premier. It is pertinent to observe that the Leader of the Opposition, when a member of the Government, had the opportunity either of acting on that report or of doing something. While I appreciate and would not minimise the difficulties that confronted the Government of the day, I do say that nothing was done.

Mr. Doney: Do you think that anything really could possibly have been done then?

The MINISTER FOR LANDS: I say that those were very difficult times, but can the member for Williams-Narrogin (Mr. Doney) suggest that the Government of the day attempted to do anything either on the basis of that report or on any other basis?

Mr. Doney: But what when times improved?

The MINISTER FOR LANDS: I do not wish to weary the House on the point of contractual obligations, but some further pertinent remarks appear in the report of the Royal Commission on the Agricultural Bank of 1933. I refer members to pages 69 and 71 and to the findings on pages 78 and 79. I would like members to realise the enormity of the problem. The comments are those of the Royal Commissioners who inquired into farmers' debts at that time. If members read the passages I have indicated they will find some illuminating reading. But if we are to go against those recommendations, if we are to ignore the reviews not of persons but of authoritative Commissions, we must surely seek some alternative.

In seeking an alternative, I think many difficulties will be encountered. If the secured creditor has his equity interfered with to the extent visualised by some members of this House we will find that we cannot force him to re-advance on the same proposition. There would be no provision for the person remaining in occupation, and what provision or safeguard could there be that the money would not shrink in value? All those things must be taken into consideration. If the recovery of further advances is to be doubtful there must be some safeguard and some provision to obviate that debt and the prospective loss. It would not merely affect those in extreme difficulties today. Such a proposal, I point out to the hon. member, would affect very seriously the farmer who has struggled to make ends meet, the man who by his own effort has been able to get round while his neighbour has got into extreme difficulties. Surely it is the good name of the person concerned that has made it possible for farming to be carried on from year to year. If we depreciate the equity of a rural property as a basis of lending and borrowing, we are going to affect the man in good circumstances as well as the man in bad circumstances.

It is quite idle to say that a tremendous charge would not be imposed upon the Government. We would be expected to carry on and back up people in the agricultural industry, an industry which means so much to the economic life of the State. The Government would have great difficulty even where the past history of a property, if not of the man, showed there were some pros-

pects, and yet the man would be denied the right to carry on by those whose credits had been interfered with. I ask, what percentage of farmers would be prepared to risk the stoppage of their credit in this way? Would any farmer be prepared to risk his seasonal advance to carry on in order to obtain an adjustment of his debts? Members opposite know full well many farmers would not do that. I think a conservative estimate of the needs of those who, because of extreme circumstances and the effects and disabilities of recent years would have to be assisted would be £600,000 to £1,000,000 a year for seasonal carry-on. I repeat, if we assume that the first mortgage debt is to be written down in this way, we must not overlook this very important point, that the unsecured debt must be brushed aside.

Mr. Hughes: Why could not it be apportioned?

The MINISTER FOR LANDS: The motion deals with the writing-down of the secured debt of those engaged in the two major industries. As to other industries, I shall make a passing reference later. The State has done much; it has written off about 6½ million pounds since 1935 and is continuing to write down. But one of the greatest problems is to endeavour to find some value for the security today. The first main point in the motion is that it is necessary, in the best interests of the State, to make solvent those two particular industries; the second is that the Government should so legislate that the debts of secured creditors should be written down. I submit that the first objective is a valid and good one for any industry. It is essential to the State's welfare that industry should be in a solvent condition, so that that point does not refer merely to these two industries but to all industries.

But if in the case of the agricultural industry one could formulate or devise a plan to make it solvent one important fact must be considered, and that is how to keep it in a solvent position. That is the task. Do not let us mislead ourselves, do not let us hoodwink others by thinking that a motion of this kind, however honourable the desire, is the solution. There is much more in the matter than that. In the great majority of cases land is held in large areas and in circumstances that show a surplus over working costs at the end of the year. With average seasons and ordinary costs of pro-

duction there is something left which would be the basis of capitalising just what that property could pay.

Mr. Hughes: The New Order!

The MINISTER FOR LANDS: I am not prepared to discuss any new order. My imagination is not great enough to discuss it and at the same time debate this motion. In arriving at a basis upon which to capitalise that surplus each year there will be many differing opinions as to the method of arriving at a valuation. The problem is exceedingly difficult.

I would ask one or two pertinent questions on that point. If the debt exceeds the value of the property how is it to be written down? Is the excess debt over the present earning capacity to be written off, or is the excess debt over some prospective future value and earning capacity to be written off? Is the excess of today to be suspended?

Mr. Doney: You could not do that, because you cannot assess the future earning capacity of the property.

The MINISTER FOR LANDS: We can. People today are making fortunes by anticipating future markets. Many people in the electorate of the hon. member are today changing over their production because they are anticipating a rise in value.

Mr. Seward: When supporting the motion last year we asked you to do that.

The MINISTER FOR LANDS: I repeat what I said then, that on the point submitted at that time we had the information—we still have it—upon which to assess the value. Do not let the hon. member think I am side-tracking the issue or the responsibility. Notwithstanding that we have that information we find as the years go by that there is still the drift, there is still apparently the unattainable. We cannot find an equilibrium in the farming industry that can be applied to all sections and all persons engaged in it. The hon. member will have to admit, if he makes inquiry, that banks and financial institutions have also written down debts voluntarily. Some debts so written off amount to hundreds of thousands of pounds.

Hon. W. D. Johnson: By the banks?

The MINISTER FOR LANDS: Yes, and by financing institutions.

Hon. W. D. Johnson: I did not think the banks would do that.

The MINISTER FOR LANDS: It is not usual for me to talk without my book. One particular institution in this city has,

during the past eight weeks, written off £107,000 of farmers' debts.

Mr. Hughes: Have they ever written off a shilling if it was not recovered?

Mr. Watts: That is the point!

Mr. SPEAKER: Order!

The MINISTER FOR LANDS: I am saying that these institutions have written down something.

Hon. W. D. Johnson: Did they only start doing so eight weeks ago?

The MINISTER FOR LANDS: No. I said that during the past eight weeks £107,000 had been written off.

Hon. W. D. Johnson: It is news to me.

The MINISTER FOR LANDS: I assume that the institutions which today have ample funds find it is in the best interests of themselves, the industry and the State, to make further writings-down. I make that point because it is an important one. Even if such institutions are prepared to write off what is admitted to be uncollectable it is a new order, or part of a new order. It is something new, at all events. It is a development that may have been occasioned by the times: it may not have been wholly prompted by the need. The fact that one institution has started to write down debts might have a snowball effect, particularly if we are prepared to tackle this matter by negotiation or by conference, in an endeavour to promulgate the spirit which should exist everywhere today. By this means we may go a long way.

Mr. Doney: You are two or three years late, but still it is a move in the right direction.

The MINISTER FOR LANDS: The answer of the member for Katanning (Mr. Watts) will be—he is not present at the moment—

The Premier: Tell the member for Pingelly.

The MINISTER FOR LANDS: I will. The reason for the writing down is this motion.

Opposition members: Oh!

The MINISTER FOR LANDS: Because the financial institutions fear that legislative action might be taken.

Mr. Seward: I do not attribute it to that reason, nor does the member for Katanning, either.

Mr. Doney: Nor does the Minister!

The MINISTER FOR LANDS: Let us give these institutions credit for making a move.

Mr. Doney: We do.

Mr. Mann: My God! They have had their pound of flesh for a long time!

Mr. Marshall: Do not reflect on people like that.

Mr. SPEAKER: Order!

The MINISTER FOR LANDS: Therefore it is possible that the changing times are having their effect in many ways. As I said, do not let us hoodwink ourselves into thinking that this motion will solve the difficulty. We must attack it in the proper spirit, without any threat to the balance of our industry or to the credit of this and every other industry. I think we will do much better by trying to open that door than by taking the steps which have been suggested in this and another place. I submit, too, that if legislation of this character is introduced in this State it will have a prejudicial effect, say what one will.

Several members interjected.

Mr. SPEAKER: Order!

The MINISTER FOR LANDS: If the principle is applied to this industry why not apply it to every industry in serious difficulties?

Mr. Doney: We do not object to that.

The MINISTER FOR LANDS: Why not apply the principle to every enterprise and every industry, even those within the city proper?

Mr. Doney: That is what we say.

The MINISTER FOR LANDS: I think then we would find there would be a distinct cleavage, if we analysed subjects like this. I imagine that some persons would be distinctly opposed to any interference with contractual obligations.

Mr. SPEAKER: There is nothing in the motion about contractual obligations.

The MINISTER FOR LANDS: Since that is so I shall pass from that topic. In the 25th Annual Report of the Commissioner of Taxation it will be seen that from about 1921 the unimproved values as assessed for taxation purposes in 64 country road board districts, excluding town lands, rose from £11,769,084 to £20,023,334 in 1929, and fell to £13,961,247 in 1932. So that in broad terms it can be said that the value of rural securities in this State has fallen by £6,000,000 in three years. Some idea of the valuation difficulties that would be en-

countered in the application of any compulsory debt adjustment scheme will be appreciated if some thought is given to the variations possible in district by district and farm by farm. The Leader of the Opposition said last year that he supported the freezing of debts, and not the compulsory writing down of them. He said that when dealing with a motion moved by Mr. Thomson in the Legislative Council. I respectfully submit to the Leader of the Opposition that he was on sound ground when he made that suggestion. But I would remind him that no matter what legislation is brought forward in this respect, if it were brought forward by the present Government it would meet the utmost criticism and opposition by members of his party. That is their prerogative, their right. The Government is attacked if it introduces: it is attacked if it administers. From 1930 to 1933 members on the Opposition benches had the opportunity to do something, but they did not avail themselves of it. I again admit that their difficulties were serious, even more serious than are the difficulties today.

Mr. Watts: And everybody expected things to take a turn for the better—very quickly, too.

The MINISTER FOR LANDS: Yes. Even if we could usher in the millennium there would still be complaints that nothing had been done.

Mr. Seward: You have thwarted our efforts in the past.

The MINISTER FOR LANDS: It has remained for this Government to endeavour to right matters, and it has received the utmost criticism. Did not the member for Avon (Mr. Boyle) before he was a member of this House, ruthlessly criticise the Leader of the Opposition? Of course he did! Did he not ruthlessly attack the Leader of the Opposition because of his failure to introduce legislation to relieve the farmers in their difficulties?

Mr. Doney: Was not criticism desirable on those occasions?

The MINISTER FOR LANDS: I am saying the member for Avon in 1932 ruthlessly criticised his present Leader.

Mr. Doney: Yes.

The MINISTER FOR LANDS: At the time this Government introduced the Agricultural Bank Act he applauded that legislation. Since he has been a member he

neither applauds that legislation nor the administration of it.

Mr. Seward: He has become wiser.

The MINISTER FOR LANDS: I am endeavouring in a friendly way to force home the extreme difficulties involved in this subject.

Mr. Watts: There is nothing like education.

The MINISTER FOR LANDS: Nothing, I admit. We have had the experience of the Agricultural Bank Act since 1934.

Mr. Watts: A great education to those who are subject to it.

The MINISTER FOR LANDS: It has done a wonderful job. No one has a monopoly of the appreciation of the difficulties of farmers. Members on the opposite side have not a monopoly of the ideas, or the need for the most earnest consideration of the farmers' difficulties.

Mr. Doney: We do not claim to have.

The MINISTER FOR LANDS: If they admit that much more can be done, do not let us ignore the benefits and possibilities of a voluntary arrangement. I wish to ask the hon. member a few pertinent questions on this subject—questions which require answering before the stage is reached for legislative action: Does he consider that the Farmers' Debts Adjustment Act has failed in spite of the many millions spent? Does he consider that the unsecured creditor, who has averaged 5s. 10d. in the pound for the debts he has written off, illustrates that the Act has failed?

Mr. Doney: You mean the Rural Relief Fund?

The MINISTER FOR LANDS: I ask him whether he thinks this will be the alternative, the pushing aside of the unsecured creditor and dealing only with the secured creditor? Has the Mortgagees' Rights Restriction Act failed? Is the voluntary arrangement for the debt adjustment of farmers not feasible?

Mr. Watts: Supported by legislation, yes; not supported by legislation, no.

The MINISTER FOR LANDS: If it is supported by legislation it is not voluntary. No one would consider that any coercive action would leave the way open to handle matters in a voluntary way. If compulsion is to be exerted by legislation, what is to be the formula for valuation, and anticipated earnings? Let us take the history of adjoining farms, and the position of a district such

as Cunderdin or Naremben, where there are most successful farmers who had properties worth £4 an acre when values were at their peak, which properties are today worth almost that amount, but where properties the other side of the fence—similar land in its undeveloped state—are worth very little. Such a successful man in his farming activities as the Leader of the Opposition has around him many men who could in no way vie with him in the conduct of farming operations.

Mr. Hughes: First-class people do not want these methods.

The MINISTER FOR LANDS: No.

Mr. Doney: The method has to be based on the ordinary man.

The MINISTER FOR LANDS: If the hon. member will follow the trend of thought I have endeavoured to express tonight, he will see that there are a thousand difficulties—

Mr. Doney: There are!

The MINISTER FOR LANDS—in trying to formulate a basis for a plan equitable to all.

Mr. Doney: You are quite right.

The Premier: Will you withdraw the motion?

The MINISTER FOR LANDS: While I admit we must have primary regard to the earning capacity it is very difficult to interpret just what these words mean. One very important point is: What arrangements are to be made for the finance necessary to carry on seasonally? Is the Government to be expected to supply it? If it is to be expected to do it, can it do it? These are very important points. I want to know, too, how it is to begin to force off the underserving. I was interested in the remarks of the member for Katanning (Mr. Watts) on that point. He apparently holds no brief for the undeserving because he said so. Even if we approve by legislation of ways and means to force off the undeserving how are we to have that accepted by organisations which might object to any farmer, undeserving or not, being ejected?

Mr. Doney: Do you not think the undeserving have already fallen by the wayside? If they have gone through the stress of the last dozen years they cannot be undeserving.

Mr. SPEAKER: Order!

The MINISTER FOR LANDS: From the remarks of the member who moved this motion there are still some undeserving.

Mr. Doney: Mighty few!

The MINISTER FOR LANDS: Even if there are mighty few, how are we to arrange for their elimination in a way to be approved by those who have some sentiment in respect of persons, but not in respect of their performances. That is a very difficult matter. I do not think the member for Katanning would like to nominate me, or someone else, or three members, to select the undeserving. I do not think he would voluntarily be one of a committee of that sort. A multitude of difficulties exist, and in addition, if it is not to be the accepted idea for this principle to extend to all other industries, what is to be the safeguard to prevent it? I have endeavoured to point out some of the very real difficulties, as I see them, in an attempt to implement the ideas which lie behind this motion.

The hon. member who introduced it is a solicitor of standing in a large country town. In this Chamber there are six legal men, all of them, I would assume, having the responsibility of investing trust moneys. I remind them that under the Trustees Act real estate is an approved trust security. The endeavour lying behind this motion is to interfere, not merely with the contractual applications of rural loans as at present, but it would, I submit, by that very action remove from the approved security investments any real estate. In a bald motion, submitted as an ex-parte case for the one side, there is no opportunity of solution released from the multitude of difficulties confronting us, if we attempt to do it by those means.

I do not like the motion as it is; it savours of party politics. This subject should be entirely divorced from politics of a party nature. If we are not prepared to concede that much has been done by Governments to alleviate this position we are very ungenerous. If we can only criticise the legislation which has been passed in an attempt to alleviate the position, and can see no good in it, but only pick out the weaknesses, which must obtain in any legislation, we are not rendering a very valuable contribution towards a solution. To one's opponents when something is done it is always too little, too late or too something: it is never too favourable. Very much could be done by an endeavour to co-operate with those with whom we are seeking to interfere in this way. Let us see if they can stand that test. I know

from experience in handling difficult things, in an endeavour to arrive at an agreement when the odds were about six to one against me, what the power of negotiation is; and of co-operation and mutual trust in an endeavour to overcome problems such as this. I believe there are no poles so wide apart that it is impossible to make a link between them.

In conclusion, I would say, in an endeavour to sum up the position fairly and frankly, and without being hostile and nasty in connection with this matter, let us face these facts and let us realise that the other fellow has an appreciation of the difficulties of the position and endeavours to surmount them. We must all realise the important place in our economic structure that the farmer occupies.

MR. HUGHES (East Perth) [8.25]: I wish to move an amendment but it will not be for the purpose of throwing a spanner into the pact.

Mr. Marshall: But something more like a crowbar.

Mr. HUGHES: My amendment would be as follows:—

That in line 2 after the word "pastoralists" the words "and other persons engaged in manufacturing, commercial and industrial enterprises" be inserted.

The Minister for Works: That will bring all in.

Mr. HUGHES: If it were not for fear of giving offence I would be inclined to include members of Parliament.

The Minister for Mines: But that would probably be over the fence!

Mr. HUGHES: The problem of the farmers and their debts is not new. If I remember aright there is a passage in Caesar's "Commentaries" in which he states that when the Romans first entered Gaul they found the farmers in one district were so overburdened with debt that they thought they would never be free from the burden.

Mr. J. Hegney: Are they yet?

Mr. HUGHES: One would be fairly safe in prophesying that when the present war is over there will be much adjustment in respect of debts. That was so after the 1914-18 war.

Mr. Marshall: And you suggest that the adjustment, if not done before the war ends, will not be done at all?

Mr. HUGHES: For the second time this evening I repeat that creditors get too much sympathy, not only in Australia but throughout the world. We must remember that owing to competition traders have been only too ready to give credit. To me it is extraordinary how much credit one can obtain in Perth. An unknown person can come along, go round the commercial houses and secure credit far beyond his capacity to pay. That happens time and again. I think the reason is to be found in the urge to do business. But surely some obligation must rest upon the creditor, before he grants extended credit, to make some inquiries as to the debtor's capacity to pay. The high pressure salesmanship we have experienced for years past, plus the basis for hire purchase agreement sales, has created conditions under which one can buy almost anything by signing on the dotted line—and deferring the date of payment. I do not know whether the H.P.A. system is good or bad. On the one hand the claim is advanced that it has developed industry and has enabled people to enjoy a higher standard of living than would have been possible for them if they had had to save money until they could purchase their requirements for cash. On the other hand it has been stated, with a good deal of foundation for the assertion, that the system has furnished a strong incentive to people to buy beyond their capacity to pay.

Mr. Marshall: And to involve themselves in debt for all time.

Mr. HUGHES: Yes. Under this system of deferred payment, many who could not possibly purchase the goods if they were required to pay cash, have been able to procure articles they did not absolutely need.

Mr. Raphael: Now it is the cash order system.

Mr. HUGHES: Yes, something worse has grown up. The cash order system is an extraordinary extension of the other. Under this more recent development people, not only here but throughout the world and particularly in the United States of America, are piling up debts far beyond their capacity to pay. When something happens such as a crisis in industry those people find themselves in the unenviable position of not being able to meet their liabilities. That, I think, is one of the most serious defects of the hire purchase system. If one purchases a chattel on that basis and has paid

a certain number of instalments, one must continue to meet the commitments, otherwise not only the chattel but all the instalments that have been paid will be lost. Thus an individual in that position will pay the instalments under the hire purchase agreement and allow the unsecured creditors to go by default. I sometimes wonder if it would not be a good thing if we were to pass legislation to eliminate, for the space of a decade, the right to recover debts for goods other than necessities. That would mean that if an individual allowed another person to drift into debt on account of other than necessities the former would not be allowed to recover the indebtedness.

Mr. Seward: What is a "necessity"?

Mr. HUGHES: Food and clothing, according to one's station in life?

Mr. Seward: What about machinery on a farm?

Mr. HUGHES: No.

Mr. McDonald: Not even drink.

Mr. HUGHES: No. This concerns one term in law that is defined with reasonable clearness. There was much truth in an interjection by the member for Guildford-Midland (Hon. W. D. Johnson), who said that a lot of the trouble in the agricultural industry was occasioned by the ease with which goods had been purchased and payment deferred.

Hon. W. D. Johnson: Farmers were encouraged to scrap quite good machines in order to buy others that were more modern.

Mr. HUGHES: Yes, plant that they could not afford to buy.

Hon. N. Keenan: They were thrown in the ditch.

Hon. W. D. Johnson: Yes, they were encouraged just to throw them aside.

Mr. HUGHES: There is a basis on which the relations of debtor and creditor, secured and unsecured, could be attacked. There is the fundamental, unwritten basis to all debt contraction that when a creditor extends credit to a debtor, always the implied condition is that the debtor is able to pay. If, from circumstances over which the debtor has no control, he is subsequently not able to pay, then the creditor should as part of his unwritten contract abate the debt accordingly. I had a very interesting book on the subject, but I lent it to someone. I should have liked to quote a passage from it to afford members an indication of what is the basis of such a contract. When wheat was

worth £1 a bag, traders travelled through the rural areas and sold their goods to farmers on the deferred payment system with the implication that the farmer could pay on the basis that he would receive £1 a bag for his wheat. That could be the only basis on which traders could grant that extended credit. When the price of wheat dropped to 6s. a bag that fundamental part of the contract went by the board. The whole basis upon which the contract was entered into failed in consequence. Because some people were able to get a first mortgage on property and place themselves in a secured position, their debt was paid in full while other people who had given credit to carry on the farmers had to rebate as much as 15s. in the pound.

There were three interests in the farms. Firstly there was the first mortgagee, generally a bank or a financial institution; secondly there were the storekeeper and the wages men, and thirdly there was the farmer. Each one of those people had an interest in maintaining the farmer on his holding. The mortgagee had the first interest to keep his security intact. Naturally he did not want his security depreciated. When we started to write down debts, we did not go to the three interests and say, "You all contracted on the basis that wheat would be £1 per bag and, through nobody's fault, it is only 6s. a bag, and you have each to rebate according to your interest in the property and share the loss that has arisen through economic conditions." The working man who had toiled on the farm for two years and was owed as much as £156 for wages was brought before the Rural Relief Fund Board, which made him take 2s. 6d. in the pound. Long before the days of the Labour Party, in the time when Parliament consisted solely of crusted Conservatives, the wages of the working man always received a preference, but when we came to farmers' debts adjustment, the working man, because he was not secured, had in some cases to accept 2s. 6d. in the pound. The average was 5s. 10d. In many instances it was his labour during the years of depression that kept the property intact and maintained the security of the first mortgagee.

The second one vitally interested in the farms was the country storekeeper. He had continued to give credit to carry the farmer over the difficult times, and he too helped to keep the security intact for the first mort-

gagee, but the country storekeeper received an average of 5s. 10d. in the pound. During the years 1931 to 1933, when the farm-hand had to work without wages and the country storekeeper had to accept one-eighth of his debt, the security of the banks and financial institutions was not reduced one scrap. I remember handling one adjustment case in which a machinery firm had charged 10 per cent. interest on arrears of instalments during the depression. After a lot of haggling I got the firm to write down the 10 per cent. to 5½ per cent. on the basis that it had had a bank overdraft on which 5½ per cent. interest was paid. I represented to the firm that it should at least forego making a profit of 4½ per cent. on the instalments that the farmer could not meet on time. The firm got the full amount of money right through the depression, plus 5½ per cent. on the unpaid instalments.

Mr. Marshall: Do you say that the financial institutions have received 100 per cent. of their interest right through?

Mr. HUGHES: No, they are bound to have lost some, but through all the years of the depression hundreds of working men on farms had to accept one-eighth of their wages—and their wages were only 30s. a week and keep. The country storekeeper, a man of substance before the depression, was ruined because his debts were written off. Through all that the financial institutions maintained their position, collected their interest and kept their security intact. There was every reason why the financial institutions should have written down their debts long ago. If members examine the position of the banks they will find that most of them in Australia have in reserve an amount equal to their capital. Those reserves were accumulated in good times out of interest paid by farmers and others and were to be used in time of emergency. Throughout the depression they did not apply any of those reserves to the writing down of debts. They always said, "It has to be done some day, but the time is not yet ripe." Ten years have now elapsed since the depression started, and I venture to say those reserves have been considerably increased. How long are we going to wait for those reserves, accumulated in good times, to be applied to debt adjustment?

Mr. Berry: When the farmer is so broke that it will be useless!

Mr. HUGHES: What the farmer should have done when the depression came was to allow the commercial system to take its logical course. We should not have had a Mortgagees' Rights Restriction Act or a Farmers' Debts Adjustment Act, or any writing down at all. The farmers in a body should have said to the first mortgagees, "We have worked for years on our farms and we now find that, owing to circumstances over which we have no control, our equity has entirely gone. Therefore, you take the whole of the 10,000 farms and we will start again off scratch." I venture to say there would have been an enormous writing off of debts ten years ago—more than there has been or will be in future. The first mortgagee would have had the farm on his hands and would have had to consider what he was going to do with it. Instead of farm-hands working for 3s. 6d. a week, the mortgagee would have had to pay them the proper wages in order to keep the security intact.

Mr. Rodoreda: How could you have brought that about?

Mr. HUGHES: If all the farmers whose holdings were down to the first mortgage value had handed over their properties to the first mortgagees—

Mr. Rodoreda: Yes, but how would you organise it? I have no doubt as to the effect.

Mr. HUGHES: I have heard of certain men being excellent organisers, but the best organiser I know is the gentleman called "Necessity."

Mr. Rodoreda: It has not proved highly effective in this instance.

Mr. HUGHES: No, because instead of letting the system take its logical course we started interfering and tinkering with it by legislation. We said to the farm labourer, "We will take seven-eighths of the money owing to you as wages," and to the country storekeeper, "We will take from you seven-eighths of the money due to you for your goods." In each instance the object was to leave the first mortgage intact. Here was the cruellest part of the system: If a country storekeeper was indebted to merchants and had seven-eighths of the debts due to him written off, he could not get any rebate from his merchant-creditors. Whilst his source for obtaining payment of his debts was cut off, he was obliged to pay in full. On the one hand he was by law forced to release his debtors from their obligations, but himself was compelled to meet his obligations in full.

Thus men who had worked for a lifetime to build up a competence found themselves ruined overnight. Therefore, if we are to have any debt adjustment we should go to the length of saying that any person precluded by law from recovering from a debtor should in turn be allowed to write off that debt against his own creditors. Let the whole economic cycle complete the circle, and let us see where it finishes. I believe the Minister for Justice can confirm a great deal of what I have said about country storekeepers. The hon. gentleman, himself, when compelled by law to write off debts owing to him, got no corresponding absolution from the merchants. That is one of the serious aspects about the writing-down of debts.

There is another section of the community now suffering severely because of irrecoverable debts—the unfortunate garage proprietors and men engaged in the motor trade. Trading in the normal course of business they incurred liabilities. The war broke out, and for national purposes it was necessary that petrol should be rationed—I should like to say that I assume it was necessary. Those unfortunate traders, through no fault of their own, found their businesses practically ruined. But they got no relief from their debts.

Mr. McDonald: They can get it. It has just started.

Mr. HUGHES: What about the man who has given credit to the garage proprietor in the course of trade?

Mr. McDonald: He comes in too.

Mr. HUGHES: Does the system go to the extreme limit?

Mr. McDonald: Yes; it includes everybody.

Mr. HUGHES: That is the kind of writing-down of debts we ought to have, so that when a person is compelled to write off a debt he cannot be squeezed by the other man. Another section of the community that I believe to have been very badly hit by the war is the people engaged in selling on time payment radios, motor-cars, and so forth. Frequently they have sold an instrument or a car to some person on terms, and in order to carry on they have discounted his paper with a discount company. The purchaser or hirer enlisted, and they were precluded from obtaining their instalments. But, on the other hand, they were not released from their obligations. They find themselves precluded from getting

their money from their debtors, but are forced to pay their creditors. Thus in all these arrangements there is an unfortunate section that is squeezed in between. I have not seen the new regulation referred to, but I hope it includes those people as well. I hope that every person precluded by law from recovering against his debtors can get similar relief from his creditors.

Mrs. Cardell-Oliver: How far back would you go?

Mr. HUGHES: I do not think we need worry about anything external to Australia. I have always had a foolish notion, one in which I am obstinate enough to persist, that one only pays for goods imported by goods exported.

Hon. W. D. Johnson: Practically that is true.

Mr. HUGHES: Exporters in New York can look after themselves. If there is any difficulty I understand the Americans have 900 million pounds' worth of gold that was dug out of the ground in Kalgoorlie, taken to New York, and guarded by the banks there. In the event of any difficulty they should establish a fresh New Deal in New York, and distribute some portion of that 900 million pounds' worth of gold. I believe, however, that the external position will right itself, because unless we can establish credits by goods the flow of imports will soon fall off. If we are in the unfortunate position that our products are not required overseas we shall not have the means to buy imports. And was not that our trouble? When people overseas wanted our wool and our wheat, the wheat brought £1 per bag and the wool 44d. per pound. Then we had plenty of credits with which to buy goods in foreign countries. But when wheat fell to 6s. per bag and wool to 8d. per pound, we had no credits. Thereupon, instead of letting the system adjust itself, we did not have the foresight to sit down and say, "Let the system take its course and let us not interfere with it in any way. Let there be hundreds of thousands of bankruptcies." That expedient would have adjusted the trouble much more quickly than tinkering with it by legislation.

The farmer is not the only man who has suffered by incurring debts he finds himself unable to meet. The working-man in the metropolitan area has been a heavy sufferer from the same cause. Under our system of supplying workers with houses on deferred payment, this is the principle: If the work-

ing-man has £100 or a block of land worth that amount, a builder will build him a house valued at, say, £900, making a total house-and-land value of £1000. The builder raises a first mortgage of £600, and carries the remaining £300, or sells the equity for £200. At the beginning of the depression there were hundreds of cases where the working-man had paid a certain amount on a house, and there were three people who had an interest in it. The first mortgagee had an equity of, say, £600; the second mortgagee had an equity of £200; and lastly, the working-man also had an equity of £200. But when the depression came the working-man's equity of £200 was wiped out overnight.

As the depression proceeded, the second mortgagee's equity was wiped out. Because of the depression in values over which nobody had control two parties to the contract sacrificed 100 per cent. of their equity, whilst the third party sacrificed nothing at all. I know of a case where a purchaser bought a house for £1,025. Later he paid the first mortgagee the amount of the stamp duty to take it over for £750. So the working man, after having paid over £300 on account of his purchase money, because of the depreciation in values, unemployment and inability to meet his commitments, had to walk out and hand his house over to the first mortgagee. Surely, it was a basis of the contract when the first mortgagee lent his money that he did not lend it entirely for the benefit of the borrower. It is just as important for lenders that there shall be borrowers as for borrowers that there shall be lenders. It is a mutual contract. I have not heard of any lender advancing money, as a business transaction, for the benefit of the borrower.

The prospective lender puts his money out as an investment; he examines the security and because he thinks it will bring him a sufficient return, and because the security is good, he enters into the contract. But there is always the understanding, the unwritten term of the contract, that the borrower shall be in a position to pay. Why could we not have said to those people, "As the asset has depreciated in consequence of economic circumstances over which neither party has control, let the interests in the house abate accordingly." If the total depreciation has been one-third, why cannot the interests of the first mortgagee, the second mortgagee and the working man abate accordingly?

Why should the working man who is buying a home, and the builder who is carrying a second mortgage, lose in order that the first mortgagee's interest may be kept intact?

Mr. F. C. L. Smith: Suppose the values go up?

Mr. HUGHES: There is no difficulty on a rising market.

Mr. F. C. L. Smith: Do you mean the equity of the first mortgagee?

Mr. HUGHES: In the history of the world over the past 50 years there has been no instance, to my knowledge, of hardship having been caused to anyone by rising values. I do not know of any country in the world where anyone has suffered because the value of a security has appreciated. But I go so far as to say, "Yes. Let that be a term of the contract. Let it be on a strict equity basis. If the property appreciates 25 per cent. in value, let the 25 per cent. be apportioned according to the interests in the property."

Mr. McDonald: That is fundamentally a partnership. It is different from a mortgage.

Mr. Rodoreda: A new order?

Mr. HUGHES: A mortgagee is, in principle, a partner in the enterprise. What is the position of a man who lends money on mortgage? What is the position of a man who lends money on a bill of sale over chattels used in industry? He knows he can only get his money back if the industry succeeds. Should the industry go down he will lose his money. A new order has been promised rather often this session. I hope there will be no retraction of that promise, which I have taken seriously.

Mr. Marshall: It is a prophecy.

Mr. HUGHES: It has been promised several times this session. I hope that in this new order the relationship between mortgagor and mortgagee will be different. After all, we are not so much concerned about appreciation in values. What we are concerned about are the working men who were trying to buy their homes, had their equity wiped out and were obliged to pay the first mortgagee his full debt.

Mr. Tonkin: Does your amendment provide for that?

Mr. HUGHES: No, for the reason that not many of such cases are left. Unfortunately, the Mortgagees' Rights Restriction Act did not confer the boon many people thought it would. It merely deferred the

rights of the mortgagee who, unless he got his interest, eventually secured the right to foreclose on the property. Not many working men are now left who lost the equities in the homes they bought in 1929 and 1930. They were forced into the position of surrendering their homes to the first mortgagee because it was hopeless for them to attempt to pay for properties bought at peak values.

Mr. SPEAKER: We shall now get back to the matter before the Chair.

Mr. HUGHES: How many men in the metropolitan area who were engaged in industry and borrowed money on the basis of the existing order to extend their businesses, obtained relief when the economic crisis came? They had to bear the whole brunt of the economic loss. The time is long overdue when there ought to be a more equitable adjustment of debts. Does any person seriously think that, if this war continues and money is borrowed at the rate it is now being borrowed in various countries today, it will be repaid? Before this war Great Britain's debt was £8,000,000,000. Does anybody seriously think that if the debt increases to £28,000,000,000 it will be repaid?

Mr. Marshall: Is anybody stupid enough to think the £8,000,000,000 will be repaid?

Mr. HUGHES: We are told there is to be a new order. To most people that means they will get relief from a crushing burden of debt. The time is long overdue when secured creditors should come in and take their share of the burden. The secured creditor may be a poor man, too. For instance, I think there is a good deal of misunderstanding about banks, which are owned by the shareholders. Some shareholders in banks are not affluent.

Mr. Seward: Some are employees.

Mr. HUGHES: Yes. Why ask a bank clerk to accept 5s. or 10s. for a £1 share, when he is receiving only £6 or £7 a week, and at the same time ask a farm labourer to suffer a loss of 17s. 6d. in the pound? Why is the bank clerk so sacrosanct? Why should he not be under a debt adjustment scheme and abate some of the money that he has invested and that is owing to him? Is not the answer to him, "It is unfortunate you have to abate some of your shareholding in the bank, but you are only being asked to do it because we have taken seven-eighths of the country storekeepers' income and seven-eighths of the farm labourers' wages." I daresay there would be some cases of hard-

ship. There would be cases of hardship in respect of people who perhaps had their income invested in one particular direction; but cases of hardship are legion. What of the working man and his wife who struggle for ten years to pay a couple of hundred pounds off a house in order to make a home, and then have to walk out without having anything at all? What of the business man who works for 25 years to build up a business and finds his whole interest wiped out? That sheltered section of the community is not being asked to do something that has not been done already.

As for the writing off of debts: In my opinion not a shilling has been written off under the Rural Relief Fund Act or the Farmers' Debts Adjustment Act that could have been recovered. In every case the farmers were in the unfortunate position of having unsecured creditors and secured creditors, and the latter were maintained intact at the expense of the others. I do not know of one machinery firm trading with private producers in Australia that got into difficulties during the depression. So far as I know, of the big machinery firms that supply harvesters and ploughs not one went into liquidation by reason of non-payment of their accounts by farmers, because they had security and they did not abate anything. They went on paying dividends, and putting their money into reserve and finished up safely. Although they were an integral part of the primary producing industry, the depression did not cost them a shilling.

What banking institution went into liquidation because of the depression? There is not a bank in Australia today that could not honestly say, "We went through the ten years of depression and we did not lose a shilling. Our assets are much greater than they were before the depression, our reserves have increased, we paid substantial dividends right through and the depression did not touch us?"

Mr. Marshall: To say nothing of their secret reserves!

Mr. HUGHES: The time has arrived when we might make some adjustment. If we do not do it on scientific terms it will be done in another way. I notice that the Federal Treasurer is already talking about finding money by credit expansion. That is a very elastic term. I would like to know what he meant. I asked the Right Hon. Mr. Menzies what he meant by "credit expan-

sion" and he answered me by telling me what Schacht said to him and what he said to Schacht when he was in Berlin. Neither of them understood the language the other spoke.

Mr. McDonald: Dr. Schacht speaks very good English.

Mr. HUGHES: I do not think there is anything to be alarmed at. If the problem is not attacked in some such way the burden will become so great that we shall have an orgy of uncontrolled inflation. Once we had uncontrolled inflation these fixed debts would be paid off like the mortgagees in Germany were paid off when worthless paper marks were circulated. If the problem is not tackled scientifically it will eventually be dealt with in that way. Once uncontrolled inflation begins, people who have sat so firmly on their securities and who say, "We are not going to abate anything because we are in a sound legal position" will probably find that they have carried their obstinacy too far, and that it is reacting to their detriment.

A question was asked by the Minister for Lands, "What would the lawyers do if money could not be lent on real estate?" I for one think it will be a good thing when real estate is not regarded as something existing for the sole purpose of lending money on it. Real estate is the life of the people. If one owns the land, one owns the people. So long as somebody owns the real estate and so long as we look upon land merely as an instrument for the investment of money by those who have money to invest, we divorce land from its proper function of maintaining the people. I have suggested—and I do not intend to inflame the view at length on the House again—that there is a way of handling this problem. We should shift our currency base from gold to land. We have tried a currency based on gold for many years. Nearly all the countries of the world except the gold bloc have got away from the gold base. We in Australia have only about a 25 per cent. gold currency base. I suggest we could go a long way towards establishing a new order by shifting our currency base, not to a land base alone but to a gold plus land base. We could back our currency with land, the best security in the world, certainly a better security than gold. It would ease many of our financial problems but it would mean, of course, that those people whose interest today is to make

money by lending money would find that their main source of income and lending was cut off because currency could be expanded and contracted, under a properly controlled plan, with land values.

By a proper use of the national currency the farmer could then get his seasonal credit, and the seasonal credit could be expanded and contracted from our own currency operations without charging the interest rates that are charged today. That is all the financial institutions do. They expand the currency or the credit to give the farmer seasonal facilities and they contract when the harvest comes in. I do not think there is any reason why, if we shifted from a 25 per cent. gold and a 75 per cent. nothing basis to a land basis, we could not give seasonal credits; and we could contract them when the harvest came in. Thus we could avoid the necessity for a lot of debt adjustment. We are always talking about the need for secondary industries. One of the problems facing secondary industry is that those sponsoring it need finance and have to borrow it and pay interest. If we could give them credit, scientifically controlled and expanded and contracted according to the needs of the commercial, primary and pastoral industries, we would go a long way to establishing a new order. We would get rid of this interest-ridden order.

Everything today gravitates to interest. We are more interest-ridden now than at any time in the world's history. We will not get a new order unless we get some relief from that. It has to be either by an adjustment of debts, including secured debts, or by a controlled currency. All this motion asks is that one section of the community that has suffered no detriment at all as a result of the economic depression should now, after ten years, come in and bear its share just as the house-owner, the working man who tries to own his own home, the farm labourer and the country storekeeper are doing. They all bore more than their share of the national calamity, and this other favoured section should at least be asked to come into line. I have indicated the amendment I should like to move.

Mr. SPEAKER: Will the hon. member look at his suggested amendment and see if he wants the word "other" retained? It is superfluous.

Mr. HUGHES: I will agree to the de-

letion of the word "other." I, therefore, move an amendment—

That in line 2 after the word "pastoralists" the words "and persons engaged in manufacturing, commercial and industrial enterprises" be inserted.

MR. SEWARD (Pingelly) [9.17]: Although the hon. member in submitting his amendment made out a good case I intend to move a further amendment. I think it is necessary.

Mr. Hughes: The fun has started.

Mr. SEWARD: There is no reason for any fun. I move—

That the amendment be amended by inserting after the word "persons" the words "whose difficulties have been occasioned by the same economic factors."

Mr. Hughes: I am satisfied.

Mr. SEWARD: It has been pointed out by the member for East Perth that what is sought in this motion is relief to be given to pastoralists and agriculturists. It is well known too that many other businesses besides farming and pastoral, particularly as mentioned by the hon. member, storekeepers, and possibly manufacturing and industrial enterprises, have suffered through the inability of those engaged in these first two industries to meet their commitments due to the causes brought about in 1930-31—that is, the depression. In moving my amendment on the amendment, I wish to support the hon. member in giving these people relief. The amendment moved by the hon. member does not take into consideration the circumstances which brought about the difficulties of these people. Only one factor is responsible for the difficulties in which the agriculturists and pastoralists find themselves, and that is the fall in prices at the time of the depression.

Many other sections mentioned in the amendment, commercial, industrial and manufacturing, may have got into difficulties between the period 1930-31 and the present day by conditions which have nothing whatever to do with the depression. Some of them, as indicated by the member for East Perth—garage people particularly—have got into very serious difficulties in recent days, but these difficulties have been occasioned by war influences, and, as the member for West Perth (Mr. McDonald) pointed out, they have redress under the National Security Regulations. A

moratorium has been granted to people whose financial difficulties have been brought about by war purposes. There is no necessity for us to bring those difficulties into this motion, as would happen if the amendment as moved by the member for East Perth were allowed to stand. It is essential if we are going to give relief to the people mentioned by the member for Katanning (Mr. Watts)—and I think I have his support in moving this amendment because I heard him say when the member for East Perth was nearing the end of his remarks that he thoroughly agreed with practically everything if not all that was said—

Mr. F. C. L. Smith: You will charge entertainment tax now.

Mr. SEWARD: There is always an alternative for those not being entertained: there is room outside.

Mr. SPEAKER: Order!

Mr. SEWARD: I have a duty to perform to those I represent, and whether I am giving the hon. member entertainment or not, I will not be deflected from my purpose. At the same time I do not wish to detain the House longer than necessary. The member for East Perth has made out a case in moving his amendment, and the amendment I have moved, although only a small one, is very important, and is simply to make provision for those people engaged in other activities affected financially by the depression. If we do not pass this amendment we will bring in people who have suffered difficulties or got into difficulties in the years between 1931 and 1941, and who would not be able to claim relief by reason of the effects of the depression.

MR. TONKIN (North-East Fremantle) [9.22]: I am sorry I missed the opportunity of obtaining from the member for Pingelly (Mr. Seward) an assurance that his amendment would cover the people I have in mind. I now have to take advantage of this opportunity to explain my point of view and move a further amendment if the hon. member's amendment will not achieve my object. I agree with the member for Katanning (Mr. Watts) that it is a hopeless proposition for farmers overloaded with debt—

Mr. SPEAKER: Order! The only matter before the House is the amendment on the amendment.

Mr. TONKIN: It is very necessary for me to make this statement to show why

some support should be forthcoming for the amendment. It can easily be seen why the member for Katanning moved the motion to give relief to farmers facing an almost hopeless future through being overburdened with debt. They are not, however, the only people in an almost hopeless position. The member for Pingelly seeks to include other persons in a similar position to the farmer, due to similar economic factors.

Mr. Raphael: What about dentists and doctors?

Mr. TONKIN: Some difference of opinion may exist as to the similar economic factors, because a farmer might find himself in an awkward situation as a result of the working of certain economic factors, while a person in a different line of business, subject to the same economic factors, might not be similarly affected. Many workers because of certain economic factors during the depression lost the equities in their homes, as was pointed out by the member for East Perth. I know, too, that many people entered into contracts with a firm called Land & Homes to buy blocks of land and that quite a number of them have from time to time endeavoured to get out of their contracts by offering to hand the land back to the firm.

Mr. J. Hegney: Plus the money they paid?

Mr. TONKIN: Yes. But they have been unable to get out of those contracts, irksome though they were during the depression. If there is to be a writing down of debt on the shoulders of people faced with a hopeless proposition, we are not going to be out of it. This is our opportunity, just as it is the farmers' opportunity. The amendment moved by the member for Pingelly will not quite meet my view. Therefore I propose to move a further amendment.

Mr. SPEAKER: The hon. member proposes to give notice of a further amendment?

Mr. TONKIN: Yes. May I indicate it now?

Mr. SPEAKER: We will dispose of this one first.

Mr. TONKIN: I should like to outline it. I will move to add the words "and numerous citizens not so engaged who are in difficulties substantially through reasons beyond their control."

Mr. SPEAKER: The hon. member proposes to add those words?

Mr. TONKIN: Yes. The bulk of those words I have taken from the remarks of the

member for Katanning. He said he had no desire to help any person who was not worthy, but was desirous of affording relief to people who had got into difficulties through reasons substantially beyond their control. I agree with that sentiment. In order to ensure that all persons in that position are safeguarded, I shall later move as indicated.

Amendment on amendment put and passed.

Mr. TONKIN: I move—

That to the amendment, as amended, the following words be added: "and numerous citizens, not so engaged, who are in difficulties substantially through reasons beyond their control."

I move this amendment because I wish to ensure that all persons who have found themselves in difficulties through circumstances beyond their control shall be afforded relief. I am very much afraid that, if the motion is limited to a section of the community, my opportunity will be lost. The attitude I take is that, if there is to be anything of the kind, we must be in it. If the House agrees with the amendment and it is implemented, it will certainly be the commencement of a new order for which we are so earnestly hoping. It is desirable that people faced with a hopeless proposition should be given some outlook for the future. We are told that hope springs eternal in the human breast and that hope deferred maketh the heart sick. Many people from year to year have been looking for some relief and they are not confined to farmers. If the time has arrived when the long-looked for relief is to be given I wish to ensure that, for the many hundreds of working people who were obliged to mortgage their homes in order to exist during the depression, and for the many hundreds of people who purchased blocks of land at a time when they felt they were able to do so and subsequently, because of factors which operated during the depression, found it impossible, without running up debts elsewhere, to meet their obligations under those contracts, this opportunity should be taken to afford relief from the hopeless position in which they have been placed through circumstances substantially beyond their control.

I feel I can confidently appeal to the member for Katanning because he definitely stated that his idea was to afford relief to such people. I do not think he would claim

that the farmers are the only people in that position. The member for Pingelly had somewhat the same idea in that he did not want a certain section of business men to be left out—business men who found themselves in difficulties through the same economic factors. If we have reached the stage when there is to be an adjustment, why should we confine the relief to the farmers? As has been pointed out there are business men such as garage proprietors and others who, because of a new set of circumstances beyond their control, find themselves in much the same position as the farmers. If there is to be an all-round adjustment in order to remove the hopelessness that confronts a section of the community why should not those men say, "We have a right to be in this, too"? I think they have a perfect right to be in it.

The member for West Perth indicated by interjection that there was now provision for a moratorium under the National Security Act. If I know the position that is not a provision for a writing down of debts; it is a provision for a temporary suspension of debts—an entirely different matter from that proposed by the member for Katanning. If relief is to be given, let everybody be in it! Surely we are not here to advocate the claims of a section of the community! The hon. member said that, in the interests of the State, we should have a contented people. I agree with him. It is just as much in the interests of the State that the hundreds of workers who lost the equities in their homes be contented as that the farmers should be contented.

Hon. W. D. Johnson: That depends upon your constituency, does it not?

Mr. TONKIN: Well, let us all be in it! The member for Katanning rightly referred to the loss of morale among the section of people whose interests he is advocating. The same loss of morale exists amongst the workers who have lost their homes and who are faced with the necessity of meeting contracts for the purchase of land. If relief is to be given, we are not going to be left out. My object in moving the amendment is to make the motion all-embracing.

Mr. Rodoreda: All in to win!

Mr. TONKIN: The hon. member has suggested an excellent slogan.

Hon. W. D. Johnson: And who is to pay?

Mr. TONKIN: I repeat that if this relief is to be afforded, it should not be for the

benefit of a section, even though a worthy section; we should all be in it.

Amendment, as further amended, put and passed.

Mr. RAPHAEL: I move—

That the debate be adjourned.

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

Ayes	..	..	..	..	7
Noes	..	..	..	..	30

Majority against 23

AYES.	
Mr. J. Hegney	Mr. Rodoreda
Mr. Marshall	Mr. Willcock
Mr. Millington	Mr. Pantou
Mr. Raphael	

(Teller.)

NOES.	
Mr. Abbott	Mr. Needham
Mr. Barry	Mr. North
Mrs. Cardell-Oliver	Mr. Nulsen
Mr. Coverley	Mr. Sampson
Mr. Doney	Mr. Seward
Mr. W. Hegney	Mr. F. C. L. Smith
Mr. Hill	Mr. Tonkin
Mr. Hughes	Mr. Triat
Mr. Johnson	Mr. Warner
Mr. Kelly	Mr. Watts
Mr. Latham	Mr. Willmott
Mr. Leahy	Mr. Wilson
Mr. Mann	Mr. Wise
Mr. McDonald	Mr. Withers
Mr. McLarty	Mr. Hawke

(Teller.)

Motion thus negatived.

THE MINISTER FOR WORKS (Hon. H. Millington—Mt. Hawthorn) [9.41]: I should say that on a question such as this the House should know what it is voting upon. All that is now involved in the motion is that the Government should take immediate action to legislate for the adjustment of "such secured debts." Does anyone here know what is involved in that?

Hon. W. D. Johnson: Only a few millions!

The **MINISTER FOR WORKS**: I am not speaking about the amount. I am speaking about "such secured debts." It is plain enough what the mover of the motion is after; but now several others have joined in, and I want to know what is involved at present. What instruction would the Government have to introduce legislation? What would be the nature of that legislation? To provide a moratorium for all secured debts! "Such secured debts" referred to farmers and pastoralists. To those words has been added "and other persons engaged in manufacturing, commercial, and industrial pursuits," but subject to a qualification that the same economic conditions obtain. That is the contribution of the member for Pin-

gelly (Mr. Seward). Then there is a final contribution embracing those in difficulties owing to circumstances beyond their control. I suggest there is not a section of the Western Australian public that is not covered by those words. Therefore, to simplify matters, let us see if the House will agree to a motion that the Government shall introduce legislation to adjust all secured debts. Then we shall know where we are. I hope this motion will not be carried in the same way as two or three other motions have been. One was sent on to the Prime Minister but no notice was taken of it. I doubt whether the House was much concerned about that motion.

[The Deputy Speaker took the Chair.]

Mr. McDonald: Some notice will be taken of it in future.

The **MINISTER FOR WORKS**: Here is an instruction to the Government to introduce legislation for the adjustment of secured debts.

Hon. W. D. Johnson: Or wipe them out!

Mr. McDonald: To extinguish the excess above the value.

The **MINISTER FOR WORKS**: The Leader of the National Party has lent some countenance to this.

Mr. McDonald: I have.

The **MINISTER FOR WORKS**: He has encouraged the enlargement of the original scheme or plan.

Mr. McDonald: And I agree to it.

The **MINISTER FOR WORKS**: Does he agree to all of this now?

Mr. McDonald: I do.

The **MINISTER FOR WORKS**: I understand now why the great National Party has become a mere remnant in Western Australia. The idea that the Leader of the National Party, of those who stand for law and order—I think we have heard about the enforcement of law and order—

Mr. McDonald: Not from your party!

The **MINISTER FOR WORKS**: Is it not a function of government and a function of law to have some respect for written contracts?

Mr. McDonald: Of course it is!

The **MINISTER FOR WORKS**: I remember, many years ago, when Legislative Councillors affirmed the sanctity of the mortgage bond. Some of them looked serious and savage. If this motion is carried we shall have a further motion that it be for-

warded to another place desiring its concurrence therein. We shall then know whether those who represent the farmers, the people who have some sense of responsibility left, will agree to the motion carried in such a glib way. Not a member of this Chamber, except you, Mr. Deputy Speaker, could read out the motion. I have it in scrap form, certainly. The least we can do before a vote is taken is to have a clean copy made and presented to each member. If carried, the motion would be a serious instruction to the Government. Are we to do away with the sanctity of a written contract?

Let us know what we are doing. Let us have the motion in black on white. The most trifling legislation must be placed plainly before members. Although we do not insist on the adjournment of the motion members should have the opportunity to understand what it is, so that they may vote in a responsible way. I am not lecturing the House, but giving it a bit of advice. Perhaps tomorrow morning some member might say, "I do not believe I voted for that motion. That is not as I understood it." I am sure the member for Katanning (Mr. Watts), who represents a respectable solid district, would not like to have his name attached to a motion that might be termed irresponsible. The same remark applies to the Leader of the National Party.

Mr. McDonald: I take full responsibility for my action.

The MINISTER FOR WORKS: Responsibility for what? The hon. member could not recite the motion. He does not know what it involves, unless he understands it means that this House solemnly determines to instruct the Government to introduce legislation providing for the writing down of all secured debts. What about unsecured debts? Why not write them down? Let those people suffer who were foolish enough to lend money without security!

Mr. McDonald: Your Government has already written down unsecured debts.

The MINISTER FOR WORKS: No.

Mr. McDonald: Yes, to the extent of 5s. 10d. in the pound.

The MINISTER FOR WORKS: The motion does not deal with farmers' debts only. There is no instruction in it to the Government to introduce legislation to write down all debts, secured and unsecured. It seems to me that the unsecured debt now takes precedence over the secured debt. That is where

we have got ourselves. I propose to give the House an opportunity not to act in a ridiculous way. I question whether all the ingenuity of the Crown Law Department could, with this motion and the amendments before it, draft a measure that would carry out the instruction. The measure would probably provide for the mandatory writing-down of all debts. Here is the real peak doctrine of irresponsibility.

Mr. Sampson: The motion is to adjust secured debts.

The MINISTER FOR WORKS: The member for Swan (Mr. Sampson) would have difficulty in explaining the motion to the prosperous people living in the Hills. They have a respect for property and would not tolerate interference with their orchards. They would have a boy gaoled for stealing an apple. Now he is going to tell those people, with that wonderful respect for property, that he has instructed the Government to legislate in the way proposed by the motion.

Mr. Sampson: To adjust secured debts.

The MINISTER FOR WORKS: I shall vote against the motion and the amendment.

Mr. Sampson: "The boy stood on the burning deck!"

The MINISTER FOR WORKS: What sort of case will the member for Katanning have now that everybody has been roped in?

Mr. Watts: I have not roped in everybody.

The MINISTER FOR WORKS: The hon. member seems to have accepted all the amendments.

Hon. C. G. Latham: We want to be obliging to the Government's supporters.

[The Speaker resumed the Chair.]

The MINISTER FOR WORKS: Now that you are in the Chair again, Mr. Speaker, I think the motion could be read. It is not asking too much to request that typed copies of the motion, as amended, be placed before members. Whatever merit the original motion may have had, with its amendments it is now ridiculous. Certainly that would be the verdict of any person outside this Chamber. The whole thing has become farcical. I shall certainly move not that the concurrence of another place is desired in the motion, as amended, but a motion asking its views on it.

Mr. Hughes: If another place does not carry the motion we shall move for its abolition.

HON. C. G. LATHAM (York) [9.53]: I did not propose to speak to the motion, although I intended to give it my support; but I have since heard that I did not intend to support it. The motion had my full concurrence. It certainly is now much more complicated than when it was introduced. I can hardly believe that the amendments were intended to be frivolous. Knowing the member for East Perth (Mr. Hughes) as I do, I can hardly believe that he was not honest in his effort to improve the position of business people who have been forced to write down their accounts. Likewise, I have much respect for the member for North-East Fremantle (Mr. Tonkin).

The Minister for Works: You missed the member for Pingelly. You would not call him frivolous!

Hon. C. G. LATHAM: I shall mention the member for Pingelly now. He saw that it was not wise to confine the motion entirely to those persons mentioned by the member for East Perth (Mr. Hughes) unless they were affected in the same way as is the farmer, that is by lack of markets and inability to pay debts through bad seasons. That seems a reasonable view. If we are going to give relief we cannot unload responsibility for the debt structure from one section of the community to another. Some time ago a request was made for an inquiry into this problem. Even now I would like an inquiry to be held in order that we might see to what extent relief can be given.

I was surprised to hear the Minister for Works state that we should not violate a written contract. What is the difference between a verbal and a written contract from the point of view of violation? Surely we believe that a man's word is as good as is a written contract!

The Minister for Justice: It is not.

Hon. C. G. LATHAM: In most cases it is.

The Premier: No.

Hon. C. G. LATHAM: I know the law states that agreements relating to the lending of sums of money shall be in writing.

The Minister for Works: Would this motion include breach of promise, I wonder?

Hon. C. G. LATHAM: Heavy damages can be claimed for breach of promise. It

does not have to be in writing. To my mind there is no difference between a written and a verbal contract.

The Minister for Labour: A verbal contract is not worth the paper it is written on!

Hon. C. G. LATHAM: Not so far as the Minister for Labour is concerned! I have tried for a long time to ascertain the difference between a debt that is secured by a mortgage and one that has been entered into with an honourable understanding that it will be met. To my mind there is no difference except that one creditor has a piece of paper and the other has accepted the word of the individual to whom the amount has been lent. I am speaking not from a legal but from a moral point of view. Morally there is no difference. I do not see why we should worry about the sanctity of contracts. To me one type of contract is the same as is another.

The Minister for Works: You would lend to a total stranger under a written contract but I presume you would not do so otherwise.

Hon. C. G. LATHAM: I do not know that one would lend to a total stranger in any event except on a good security. The banks and financial institutions generally do not lend money with a view to getting possession of the security offered. Their main idea is to obtain interest on the money advanced and the return of the money on the due date. That is their business. It seems to me that if we carry this motion we will not be doing any more than we have done already in other directions. Already provision exists for people to secure an adjustment of debts. The bankruptcy law is still in existence and can be availed of to wipe out debts.

Taking into consideration the difficulties facing our primary industries, I think both farmers and pastoralists could—and probably would except for the fact that they desire to retain possession of their land—go to the Bankruptcy Court and obtain relief in time, and eventually procure a clean discharge enabling them to become business people at a later stage.

The Premier: They would be dispossessed of their property and we do not want that.

Hon. C. G. LATHAM: That is so. For that reason legislation was introduced during the depression period. The Farmers' Debts Adjustment Act, the Mortgagees'

Rights Restriction Act, and the Tenants, Purchasers, and Mortgagors' Relief Act were passed to prevent people from losing their properties, because the depression was so severe that they were unable to control the position. I agree with the statement made about people who purchase homes and buy blocks of land. Generally speaking people are patient, but I find that the great drawback is that one can go on being patient as long as one likes until the accumulated interest makes the debt so big that it exceeds the value of the security offered. That is a problem we have to face. I have referred previously to the relief that has been given in New Zealand, both prior to and since the assumption of office by Labour. Considerable relief was afforded to people on the land in that Dominion. Canada had a different method. The secured debts were written down and the Government paid to the mortgagee a certain portion of the amount written off. In common with other countries where agriculture has been carried on during the last decade we have a problem that must be faced. Whether the present or some other administration faces it, the time will come as surely as I stand here when an adjustment will have to be made.

The Premier: Do you think it will be made on a State-wide basis or nationally?

Hon. C. G. LATHAM: I do not know but we will have to make a start. The Minister for Lands described this as a compulsory writing down. There is nothing compulsory about it. If a person does not want relief he need not make application. That is exactly what we did before. People had to make application.

The Minister for Works: You remember what happened to Lang!

Hon. C. G. LATHAM: The Minister is referring to repudiation? Do not let us associate our farmers with the John T. Lang class. I do not want to speak disrespectfully of a member of another State Parliament. As Premier of New South Wales at the time Mr. Lang did what he thought was best. Whether I agree with what he did is a totally different matter, but I do not associate him, as a former Premier of New South Wales, with farmers or any other debtors in this State. We have a problem to face.

There is nothing to prevent those who do not want relief and who are prepared to carry on in the belief that even-

tually they will be able to pay twenty shillings in the pound from doing so; but unfortunately this State is not in a position to do what the rest of the wheatgrowers in other parts of the world have been unable to do. One has only to read the paper to discover what has been done in America, not once or twice but several times. Even now the Government in America is making advances from the Treasury. Canada has done the same. Assistance has been granted to producers in every way. The position has been occasioned by the international situation. I do not know what is the best thing to do. I agree with the Minister for Works that it is difficult to decide exactly what the motion now means.

The Premier: I do not like it.

Hon. C. G. LATHAM: I do not like it as it stands, but members comprising this House are a sane, sober body of individuals representing 200,000 people. As a matter of fact they represent the whole of the community, but in particular 200,000 voters. I believe the destiny of the State can be entrusted to them, and it would be wrong to charge any of them with being frivolous in an important matter like this. However much we differ in our opinions on the subject I think we can commend the member for Katanning (Mr. Watts) for introducing the motion. He did not submit it because he desired any personal benefit, but because he knows that if progress is to be made in the agricultural industry relief must be given to those engaged in it. If we are going to make this industry attractive enough to provide some employment for the men who will return to this country from overseas, we have to do something. This country depends upon it. It is important. After the war is over we will have to feed and clothe the people who are today starving and wanting. We will be in a position to do it if we do the right thing now. I appeal to the House. I do not mind if the debate is adjourned if we cannot understand the motion, but I hope consideration will be given to this matter. I would like to see something more done on the lines adopted by the Minister for Lands regarding those engaged in the pastoral industry. Whether he will be able to do it or not is another matter.

Mr. Marshall: Do not be too optimistic about that.

Hon. C. G. LATHAM: I am not. I have had similar experience to that of the Minister for Lands.

Mr. Watts: It must be backed up by legislation.

Hon. C. G. LATHAM: We will have to do exactly what we did when we appealed to the Commonwealth and State bond-holders a little while ago to convert their money from 7 per cent. to 4 per cent., or whatever it was.

The Premier: We did not appeal to them.

Hon. C. G. LATHAM: Yes, we did, and 97 per cent. responded. Three per cent. had to be forced by legislation.

Mr. Rodoreda: It was a voluntary-compulsory arrangement.

Hon. C. G. LATHAM: I suppose they knew. If we pass legislation in this House, and through another place, we will find very little of it will be needed. It would be there as—

Mr. Marshall: Intimidation!

Hon. C. G. LATHAM: No, it would not be intimidation.

Mr. SPEAKER: Order!

Hon. C. G. LATHAM: Provision was made in that case that if they did not do the right thing they could be asked to do it by court intervention, or by some other responsible authority. In these circumstances I make it perfectly clear where I stand. I am one hundred per cent. behind the member for Katanning in his motion. I want those members who said I was not prepared to support this to hear every word I say. If this is introduced fifty times, until these people get relief, it will have my whole-hearted support.

On motion by the Premier, debate adjourned.

House adjourned at 10.8 p.m.

Legislative Council,

Thursday, 18th September, 1941.

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

QUESTION—LAMB KILLING CHARGES.

Hon. G. B. WOOD asked the Chief Secretary: 1, Is the Government aware that the following lamb killing charges are in vogue at treatment works in the several States of the Commonwealth—

	Per Head.
Per 32 lb. lamb—	s. d.
N.S.W. total return to works ..	2 3
Queensland total return to works ..	2 0
South Australia total return to works ..	2 7
Tasmania total return to works ..	3 1
Western Australia	3 10?

2, Was it with the Government's sanction that the charges in Western Australia increased approximately 11d. per lamb since 1940? 3, Will the Government take steps to rectify the disadvantageous position which the lamb producers in this State are experiencing in comparison with the producers of other parts of the Commonwealth?

The CHIEF SECRETARY replied: 1, The exact charges made at Eastern States' treatment works at present are not known. Unless the services embraced in the prices quoted are specified, the figures may not necessarily indicate the comparative charges being raised at Western Australian treatment plants. "Treatment" charges may be higher in Western Australia, but this is governed by a number of factors—not the least of which is the short killing season in this State. It is not known what the charge of 3s. 10d. quoted as being applicable to Western Australia includes. The actual "treatment" cost is 2s. 8d. per 32 lb. lamb, to which must be added the edible offal, the value of which