

Hon. A. LOVEKIN: It would be only a guess, and it is not out of order to guess. The Honorary Minister pointed out that it was necessary to have on the board a legal gentleman to look after the estates of deceased persons. But why create another department within the board? Already in Part V. of the Bill it is provided that the Official Trustee shall take charge of the deceased persons' estates. But the Minister says the Official Trustee does not want to deal with any small estates. Why should we have the Official Trustee to deal with the big business and a legal member to deal with the small business? I shall propose an amendment to Part V. to enable the Official Trustee to attend to the whole of the business.

The HONORARY MINISTER: One of the duties of the board will be to administer the moneys provided by Parliament for the purposes of the Act and to exercise other prescribed powers and duties. As the board may be confronted with complications, one of the members should be a legal man. I have no objection to the University Senate or the Education Department nominating certain people, but surely the University would have sufficient representation in the Commissioner of Public Health. I must resist any alteration to the clause.

Hon. H. STEWART: If the nomination were in the hands of the University Senate, it should be sound procedure. It is advisable that the clause should be amended because, if the State Psychologist were a woman, there would be two women on the board, and that would not be desirable. If Mr. Lovekin's amendment is not acceptable, some other modification should be adopted. This is to be a business board, and why should the number consist of five if there is difficulty in filling the places?

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

Ayes	..	..	8
Noes	..	..	7

Majority for .. 1

AYES.

Hon. V. Hamersley	Hon. H. Stewart
Hon. G. A. Kempton	Hon. C. H. Wittenoom
Hon. A. Lovekin	Hon. H. J. Yelland
Hon. H. A. Stephenson	Hon. E. Rose

(Teller.)

NOES

Hon. J. R. Brown	Hon. E. H. H. Hall
Hon. J. M. Drew	Hon. W. H. Kitson
Hon. G. Fraser	Hon. W. J. Mann
Hon. E. H. Gray	(Teller.)

PRESENT

AYES.	NO.
Hon. A. J. H. Saw	Hon. C. B. Williams

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

Clause 37—agreed to.

Clause 38—Vacation of office of member:

Hon. H. STEWART: Is there any reason why mental deficiency should not figure as one of the reasons why a person should give up his seat on the board?

The HONORARY MINISTER: It has been made clear that a mental deficient under the Bill is a person who has either suffered from that disorder from birth, or developed it before reaching the age of 18. There is no necessity to make the provision suggested by the hon. member. If a member of the board became mentally affected he would come under the provisions of the Lunacy Act.

Clause put and passed.

Clauses 39 to 56—agreed to.

Progress reported.

House adjourned at 11.29 p.m.

Legislative Assembly,

Tuesday, 26th November, 1929.

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

ASSENT TO BILLS.

Message from the Governor received and read notifying assent to the following Bills:—

1, University of Western Australia Act Amendment.

2, Royal Agricultural Society Act Amendment.

BILL—STATE SAVINGS BANK ACT AMENDMENT.

Message.

Message from the Governor received and read recommending appropriation for the purposes of the Bill.

In Committee.

Mr. Lambert in the Chair; the Premier in charge of the Bill.

Clause 1—Short title:

Mr. THOMSON: Even at this late hour I should be glad if the Premier could inform us whether, in view of the second reading debate, he has considered the possibility of amalgamating the functions of the Agricultural Bank and the proposed rural bank.

The Premier: In my reply to the second reading debate I stated that I had given the question due consideration.

Clause put and passed.

Clause 2—agreed to.

Clause 3—State Savings Bank:

Hon. Sir JAMES MITCHELL: I suppose the assets referred to here are the assets of the State Savings Bank.

The Premier: Yes.

Hon. Sir JAMES MITCHELL: I was wondering where the assets of the other bank could come in.

Clause put and passed.

Clause 4—Board of Directors:

Hon. Sir JAMES MITCHELL: It is here provided that the bank shall be administered by directors. That is perfectly right. But those directors will have a full-time job if anything is done by the bank. The Act of New South Wales provides for three directors, one of whom is paid a fee of £1,500 per annum whilst the others are paid £1,200 per annum. If anything is to be done by this institution it will be necessary to select pretty good men as directors. I do not at all like the proposal we are now dealing with, but it has been carried by the House. I do not think much good will come of it, nor that we shall get very much money into the bank, at any rate within the next 12 months. The Commonwealth Bank has

taken away £43,000,000 in deposits and has loaned only £12,000,000 for trade and to find employment. If money is to be withdrawn from trading in this fashion, there is bound to be serious unemployment and depression of trade. Money used in trade does far more for the State than does money used by the Government. Any money in this bank will have to be taken for loan authorisation. Money that we now borrow from the State Savings Bank is dear money when used for ordinary loan expenditure purposes. Our ordinary banks have done magnificently for the development of the State, and ought to be encouraged. The appointment of the provisional directors should be limited to one year. The Premier could then place Government officials in those positions.

The Premier: Provision would have to be made for the appointment of a board after the first year was over.

Hon. Sir JAMES MITCHELL: I hope I shall have the opportunity to alter the whole thing before the lapse of 12 months.

The Premier: Is that why you are doing this?

Hon. Sir JAMES MITCHELL: No. I told the Premier what I felt about the Bill, without any reference to party politics. He replied he had not time in which to alter the draft, so he wants the Bill to go through as it is. If the appointments are to be made for more than a year, the salaries will have to be fixed. I move an amendment—

That in Subclause 1, after "Governor," the words "who shall hold office for one year" be added.

Mr. DONEY: For what period will these officials be appointed? Will the Under Treasurer do this work in conjunction with his other duties? What salary is it intended to pay these directors?

The PREMIER: No decision has yet been arrived at with regard to salary. The amount will be sufficient to attract men of experience and capacity. Perhaps the salaries will be in the region of £1,200 or £1,500 a year. No term of appointment has yet been laid down. I have no objection to the amendment moved by the Leader of the Opposition. This would enable two other Government officials to be appointed with the Under Treasurer, so that all the preliminary work, and the organisation of the bank, might be gone on

with. It might be just as well for 12 months that the work should be done by Government officials. At the end of that time it would be necessary to appoint officials for the future years, and some amendment would have to be made to enable that to be done.

Hon. Sir James Mitchell: Could the salaries be fixed now?

The PREMIER: The Bill is drawn to cover that position. The Government of the day might be left to decide that point. There are advantages in allowing the salaries to be fixed by the Governor-in-Council. If they are fixed by law, it will not be possible to exceed that amount. Some person might be available but not at the salary arranged in the Act. I do not know that the Committee could come to the best decision as to the salaries that ought to be paid. Having regard to all the circumstances, and the men available for the position, the Government of the day would be in a better position to come to a decision. It might pay the State to give an extra £500 a year to secure the services of an expert, a really capable man, rather than lose such a man because a lower salary had been fixed in the Act.

Mr. Doney: Would you be prepared to go outside the service?

The PREMIER: Yes. It is possible we would get a man more suited for the work if we went outside the service.

Mr. Doney: Banking experience is essential.

The PREMIER: Yes. As the clause is drafted, it will be possible for the Government to appoint a person for any fixed term. The question arises whether, after the expiry of the first 12 months, the term of office should not be fixed for three years or five years.

Hon. Sir James Mitchell: There should be some provision for removal, but not until the term has been fixed.

The PREMIER: The Bill provides that if the term of appointment is fixed, the officers can also be removed by the Governor-in-Council without any reason being assigned.

Mr. STUBBS: The success of a rural bank depends upon the personnel of the board of directors. They must understand the conditions that prevail to-day. What was good for the development of agriculture 20 years ago is not necessarily good to-day. In the company of a Minister I traversed a

large area of country upon which 15 years ago the Agricultural Bank would not advance a penny. The settlers at that time were working under difficult conditions. There was a good deal of poison on the country, and when it was cleared it did not seem capable of growing much in the way of fodder. The Premier of the day visited the district and, after spending some time there, in the presence of approximately 100 persons, many of them new arrivals, said: "If you gave me the whole of this territory I would not take it as a gift."

Hon. G. Taylor: Who said that?

Mr. STUBBS: That was in 1916. I should like the present Premier to see the wonderful improvement that has been effected as the result of the use of superphosphate and by means of the pluck and enterprise of the settlers. The people were charged up to 18s. an acre by the Crown for their land. The Mitchell Government, however, reduced the price, and this assisted materially in inducing the settlers to remain on their blocks. The success of the measure will depend entirely upon the men controlling the institution. The right men must be selected, and they must be paid the salaries the Premier has in contemplation. A rural bank to act in conjunction with the Agricultural Bank is long overdue. Certainly we do not want a repetition of the difficulties of 1913-14, stated at the time to be due to Labour taking office and promulgating a regulation relative to transfer of holdings. I hope the Under Treasurer, who has sufficient work in other directions already, will not become the rural bank's permanent chairman. Moreover, the Under Treasurer is not conversant with the changing conditions of agriculture in Western Australia.

Hon. G. TAYLOR: I gather that the Premier accepts the amendment. Not much harm can be done in the first year, especially as not much business will be done during that year. I do not know that there has been much change during recent years in the principles of banking. Safety has been and is the guiding star of private banking, and so it must be with the rural bank. This measure will prove of great advantage to Western Australia if it does all that the Premier intends and anticipates. Banking experience and a good banking record are essential in the men who will direct this bank, and they must be entirely removed from political and governmental influences.

Hon. W. D. JOHNSON: I agree with the member for Wagin that the men to conduct this institution should be conversant with the changing conditions of agriculture rather than that they should be possessed of the banking knowledge stressed by the member for Mount Margaret. The rural bank, indeed, is needed because private banking institutions mostly do not understand Western Australian agricultural conditions, do not understand that land which a few years ago was of little or no account is now of great value owing to the advance of science and the introduction of new plants.

Amendment put and passed.

The PREMIER: The clause may have to be recommitted with a view to providing for appointments upon the expiry of the first year. There is also the question whether appointments shall be made for fixed periods or allowed to continue indefinitely.

Hon. Sir JAMES MITCHELL: The controlling or managing officials should not be appointed for fixed terms, as the desire for reappointment affects the independence of officials. Removal, naturally, must be provided for in some shape. The management should be such as to appeal to people outside, so that in respect of funds for the rural bank Western Australia will not be tied up to the Financial Agreement.

Clause, as amended, agreed to.

Clause 5—agreed to.

Clause 6—Investment of funds:

Hon. Sir JAMES MITCHELL: I loathe the word "Commonwealth," which appears in paragraph (a). We do what is outlined in the clause now, and I consider that in this, as well as in all other measures, we should leave it entirely to the Government to invest their funds as seems best to them.

The Premier: The clause merely says that we may do what is outlined.

Hon. Sir JAMES MITCHELL: That is so, and we do all that is indicated now, except that we do not invest in the incorporated banks. We invest in Government securities and the Commonwealth Bank gives bonds, even to our own Savings Bank, and they become part of our authorised loan borrowings. By that means we do not gain anything. I shall not move any amendment, but whenever I see the word "Commonwealth" inserted in our measures, I resent it.

Clause put and passed.

Clause 7—agreed to.

Clause 8—Power to carry on rural bank:

Mr. DONEY: Paragraph (g) sets out that the bank shall be empowered to make advances, inter alia, to primary producers. Nothing has been said so far about the mining and fishing industries, but under the clause it will be optional on the part of the management of the bank, as to whether financial assistance will be rendered to those industries. I understand that the fishing industry is conducted mostly by Southern Europeans. Does this mean that, despite our preference to British and Australian labour, the bank will be able to make advances to those engaged in the fishing industry? If this is a fresh channel through which money may flow, it may mean diverting some from its proper use for developmental purposes. I would like to hear the Premier's explanation.

Hon. Sir JAMES MITCHELL: Paragraph (b) refers to the power to receive deposits to be inscribed as "deposit stock" repayable on notice as prescribed, and to pay interest on those deposits. I hope the Premier will agree to delete the paragraph.

The Premier: Yes, that was taken from the New South Wales Act and we have not that system here. I do not object to the paragraph being struck out.

Hon. Sir JAMES MITCHELL: I move an amendment—

That paragraph (b) be struck out.

Amendment put and passed.

Mr. THOMSON: The member for York has an amendment, which is set out on the Notice Paper, to paragraph (g). I would like to hear the Premier's explanation regarding the paragraph. To-day the Agricultural Bank has a first mortgage over the securities of a primary producer. It is desirable that he shall secure an advance or an overdraft from the rural bank to enable him to pay for sustenance, to secure his superphosphate supplies so as to take advantage of the cheap rates and the rebate to which he will be entitled, and to purchase his machinery and spare parts, thus saving considerable payments under the heading of interest. Do I understand that that is the intention of paragraph (g).

The PREMIER: Like other banks or lending institutions, money will be advanced

by the rural bank on securities. The operations of the bank will have to be conducted along business lines, and anyone requiring accommodation will have to satisfy the board that he can furnish the necessary security. Although the Agricultural Bank may hold a mortgage over a property, the farmer may be able to advance his crops or his machinery as security, or he may be able to secure guarantors.

Mr. Thomson: But the only security the man possesses may be held by the Agricultural Bank.

The PREMIER: Not necessarily. The Agricultural Bank may have the mortgage over the property, but the farmer's crop, his wool, his stock, his plant and machinery may be free, or he may be able to provide personal security or guarantees, as set out in paragraph (g).

Hon. W. D. Johnson: On top of which, the farmer may have an equity over and above the amount of the Agricultural Bank loan.

The PREMIER: Yes, and that will enable him to get assistance that cannot be rendered him by the Agricultural Bank under existing circumstances.

Hon. Sir JAMES MITCHELL: We already have the Agricultural Bank and the Industries Assistance Board, and paragraph (g) indicates that the bank will go a bit further than those institutions.

Mr. Thomson: It is the intention of the Government that the functions of the Industries Assistance Board shall cease.

Hon. Sir JAMES MITCHELL: The method adopted in connection with the board is the most convenient and cheapest that we know of. The officers of the board are in the country, and the procedure could not be more simple. An ordinary bank would find it difficult to do the whole of the work that is carried out by the Industries Assistance Board. The clause under discussion is a general banking clause, and I do not think it is intended to do away with the work of the Agricultural Bank or the Industries Assistance Board.

The Premier: It is a general banking clause, outside the functions of the Agricultural Bank now.

Hon. Sir JAMES MITCHELL: And it will enable the bank to have security for the money it advances.

Mr. THOMSON: At an earlier stage, I asked the Premier whether he had been able

to give consideration to the Title of the Bill, and to the possibility of amalgamating the three institutions that have been mentioned. The Government, I am sure, are honest and sincere in their desire to assist the rural industry, but I can see difficulties with which the primary producers will be faced. I had hoped it would be able to work in conjunction with the Agricultural Bank, which has performed a very useful function.

The Premier: But it is limited.

Mr. THOMSON: That is the trouble. If we are going to provide the additional assistance required by settlers we shall have two institutions holding security over the same assets. If the Agricultural Bank had been empowered to do what the clause proposes the new bank may do, it would have been what many of us have been striving for. With the Agricultural Bank conditions thus liberalised, the trustees could have said to a client who had received the full advance of £2,000, "You are a hard worker, have met your payments and been a good client; we shall give you an overdraft to enable you to meet your expenses, and take a lien on your crop."

Hon. W. D. Johnson: Do not you think that is exactly what will happen? The Agricultural Bank will be used largely by the directors of the new bank to sift out that information.

Mr. THOMSON: Still, there will be overlapping. No one knows better than the member for Guildford, who introduced the Industries Assistance Act, that there was considerable overlapping in the early stages.

The Premier: But was it work that could have been done at that time by the Agricultural Bank?

Mr. THOMSON: Had the Agricultural Bank trustees been handling the business, they would have been able to deal with the individual cases.

The Premier: The bank could never have handled the number.

Mr. THOMSON: The trustees say they could have done so.

Hon. W. D. Johnson: I know they could not have done so.

Mr. THOMSON: Anyhow, there was an enormous amount of overlapping, and the Industries Assistance Board did away with the security of the Agricultural Bank. It seems to me that this proposal will cause a certain amount of overlapping, though doubtless we shall not have the trouble that

confronted us in 1914. Assistance to a farmer at a particular stage is of vital importance. This year's assistance to a number of farmers came too late. Had the Agricultural Bank conditions been liberalised, greater assistance could have been granted, and the issue of dual documents obviated. I am afraid this provision will mean increased expenditure to the producer unfortunate enough to require assistance. Still, I wish the Premier to understand that I am not opposing the provision.

Hon. Sir JAMES MITCHELL: It is not proposed that the rural bank shall do the work of the Agricultural Bank. The new bank is intended to help the man who has made a farm and can offer portion of his property as security against a loan. It is the province of the Agricultural Bank to assist the settler with his initial work. The provision merely covers general banking and is necessary in order that the new bank might protect its own security. It was never more important than it is to-day that we should produce a greater amount of wealth from the land. Members should keep in mind that this provision will not limit in the slightest the functions of the Agricultural Bank or the Industries Assistance Board.

Mr. GRIFFITHS: The new bank is designed to operate when the settler reaches a stage that the Agricultural Bank has no more capital to advance to him and requests him to take his business elsewhere. But if the Industries Assistance Board suddenly ceased, many farmers in the eastern and north-eastern districts would have to leave their holdings. It was contemplated that the affairs of the board would be wound up, but I cannot see how that is possible. When the Industries Assistance Board was inaugurated it was necessary to start a big institution with officers totally unaccustomed to the work.

Hon. W. D. Johnson: And party politics made it as ugly as possible.

Mr. GRIFFITHS: I did all I could to assist the board and the officers.

Hon. W. D. JOHNSON: The work of the Industries Assistance Board is not comparable with that of the proposed rural bank. The board is functioning to-day only for those settlers who are under its provisions. No additions are being made to its clientele. The members for Katanning and Avon are

simply asking for protection for the settlers still under the board.

Mr. Doney: No, for those leaving the board. How are you going to provide for them?

Hon. W. D. JOHNSON: I shall deal with that point. Parliament desires that the Industries Assistance Board be wound up as soon as possible. The board was introduced as a temporary expedient to overcome a great difficulty. Considerable sums were advanced without good security, but it was work that had to be done. I hope the new bank will not function in that way. When the Industries Assistance Act goes out of existence, and because the Agricultural Bank is precluded from doing work similar to that done by the Industries Assistance Board, this measure will be required. The Industries Assistance Act was not intended to interfere with the Agricultural Bank but was designed to do those things that Parliament did not permit the bank to do. Under this provision it is desired to continue to do those things, but to ensure that there is adequate security. The Agricultural Bank will still function in dealing with unimproved land. The rural bank will not touch such business, but will take up a client at the stage when he is dropped by the Agricultural Bank and is now taken over by private financial institutions. The Leader of the Opposition mentioned that the associated banks had advanced £8,000,000 or £9,000,000 in excess of their deposits in Western Australia. If they had advanced £16,000,000, I should be more fearful of the outlook, because their advances are on an overdraft basis. We all know that the stage is arrived at when the bank says, "We do not know what we can do for you." The farmer has reached that stage of development when he wants financial assistance to carry on. He cannot get it from the Agricultural Bank and he gets it on an overdraft basis from a private bank. It is because it is on an overdraft basis that it is a danger. Immediately there is a bad season, or the slightest difficulty arises, the bank will close on the farmer. What we want is a bank that will take possession of the farmer and help him right along.

Mr. Doney: What security will the bank have?

Hon. W. D. JOHNSON: Say a bank has advanced £2,000 on a property, the actual value of the land will be £4,000 and the bank will take into consideration the equity

in that land and will grant a second mortgage. Suppose there are two properties of equal value and the Agricultural Bank has advanced £1,000 on one and £2,000 on the other, surely the rural bank will take into consideration the difference between the existing mortgages and say that the one security is so much better than the other.

Mr. Clydesdale: It also depends on the individual.

Hon. W. D. JOHNSON: Of course. There is no doubt about it that the Agricultural Bank, in encouraging the rural bank to assist clients when they have finished with them, will be mainly influenced by the character of the farmer. There is no desire to interfere with the associated banks. We want a farmer to get from the rural bank an advance that will be of a permanent character; instead of being on an overdraft basis, it will be on a mortgage basis. I have no wish to see the rural bank encroach upon the Agricultural Bank, and I do not believe the rural bank would be a success unless it was associated with the Agricultural Bank and was advised by the latter in regard to clients.

Mr. THOMSON: The hon. member has gone to considerable trouble to explain to the Committee the dangers and difficulties that I see. As the Agricultural Bank is constituted to-day, all it can do is to advance in accordance with conditions laid down in the Act, that is, for clearing, fencing, dam-sinking, giving assistance for stock, and in some cases for machinery. The hon. member explained that the Agricultural Bank cannot assist in the direction we desire, and because of that the rural bank was being brought into existence. Agricultural Bank clients have had to pay a considerable amount in fees in securing advances, and they arrive at a stage when they may want £200 or £300 to help them along. The Agricultural Bank is not in a position to give the advance and will say, "You had better go to the rural bank." The Agricultural Bank has already advanced to the tune of £2,000, and whatever the equity may be, even though it be £4,000, as the hon. member suggests, the client has to be transferred to the rural bank, which means additional cost, and for that additional cost he is to be given an additional loan of £400.

Hon. W. D. Johnson: How do you arrive at that? I said that the £4,000 was

the unimproved value of the land; he has other assets. I was pointing out that the equity will be assessed.

Mr. THOMSON: If a man has received £2,000 he has been on the bank for a long period, and he should have a considerable equity. It is no use the bank saying "We will give you another £300 or £400" if he cannot cultivate the land that he has already cleared. I had hoped that when the Bill was brought forward, its object would be to assist in the direction I am endeavouring to show a man should be assisted.

The Premier: It will do that if he has security.

Hon. W. D. Johnson: You do not want to duplicate the Agricultural Bank.

Mr. THOMSON: But you are going to do so. The rural bank, in accordance with the conditions laid down, will only be able to give a three-fifths advance. It will not perform the functions I had hoped it would. I feel confident that the Bill will work a hardship on certain of the producers. In the absence of the hon. member, in whose name the amendment to the clause stands on the Notice Paper, I shall submit it to the Committee. I move an amendment—

That after "associations" in line 9 of paragraph (g), the following words be added: "of which the principal objects are to acquire, dispose of, or otherwise deal with products and/or requisites of any rural industry."

The hon. member said his desire was to see that the bank was kept as a rural bank, and he wanted to make doubly sure that any advance made by the rural bank would be for matters appertaining to rural industries.

The PREMIER: The hon. member who gave notice of the amendment misread the clause. Loans are to be made only on those lines the hon. member has in mind. This particular part of the clause deals with securities only and the amendment would really restrict a farmer who desired to obtain a loan, because the amendment narrows down the security. The clause as it is drawn would permit of the security of any co-operative society being accepted, whereas the amendment would restrict the co-operative societies. So it would restrict the farmer in the choice of security. Apparently the hon. member who drafted the amendment has misread the clause.

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

Clause 9—Issue of debentures:

Hon. Sir JAMES MITCHELL: I strongly suggest to the Premier that this rural bank be financed by the raising of money from outside of Australia. The need for this is strengthened by the fact that the Federal Government are going to take a hand in banking. I do not know just where that will lead us. I hope they will be very certain as to where they are going to step before they make any move in the matter. The rumours of the last day or two have been disquieting, but until we know what is definitely intended it would not be very wise to discuss the plan. I am only afraid the Federal Government by their new move will do considerable harm without doing much good, and that there will be very little money coming to us. I hope if money for the rural bank is to be raised in this way, it will be raised in London, where I am sure we could get all the money required for our farmers and settlers. We have to find money for the Agricultural Bank for the development of new territory, which this rural bank will not touch; but this proposed bank will touch ordinary mortgage business and that, I think, should be done by money from outside of Australia. I seriously suggest to the Premier that the money be raised in the Old Country, and that no attempt be made to raise it in Australia.

Mr. Thomson: Could we raise the money in England without the sanction of the Loan Council?

Hon. Sir JAMES MITCHELL: Yes, this is the only way to do it. In Eastern Australia the State Governments have turned over certain responsibilities to boards, just as we are doing here, and those boards are empowered to raise money. So we could get this necessary money from the Old Country. I impress on the Premier that to raise the money in Australia may do harm, whereas to raise it in the Old Country will do good for the State.

The PREMIER: I am glad the Leader of the Opposition brought up this question on the second reading and has again referred to it to-day. I agree with him that it would be unwise to raise the money locally, for that would be withdrawing it from investment and private circulation. The result would be that we would not

have any additional money in the State, that indeed we would merely be withdrawing money from channels in which otherwise it would circulate. So I think it would be entirely wise to secure the money from outside Australia. It would then mean additional money in the State, and it would in no way conflict with the Financial Agreement. Virtually we are setting up a borrowing authority quite separate from that of the State. This secondary borrowing authority is already in existence in nearly all the other States. It must have a material result on our per capita indebtedness. For example, if we were by these means to raise, say, £200,000 in England, it would be additional to the money in the State. And in some respects the security offered is even better than that offered by trusts and boards: because usually those authorities are not backed by the guarantee of their Government, but can offer only the security of the work on which the money is expended.

Hon. Sir James Mitchell: The people of Britain want these Government works done.

The PREMIER: Yes, they regard them as sound security. And when these works have the guarantee of the State we should not have any difficulty in raising money in England for the purpose. I agree with the remarks of the Leader of the Opposition, and if the rural bank is established I will bear in mind the suggestion that it is highly desirable that we should go overseas for the money to be obtained under this clause.

Clause put and passed.

Clauses 10 to 17—agreed to.

Clause 18—Encumbrances:

Mr. THOMSON: I move an amendment—

That in line 1 "no such" be struck out, and "shall" be struck out and "may" be inserted in lieu.

The effect of the amendment will be to permit any necessary loans to be made. My object is to provide a simpler method of giving the clients of the Agricultural Bank second mortgages. They would take a second mortgage with the consent of the Agricultural Bank and it would enable them to get an overdraft, the rural bank holding the second mortgage as a collateral security. It may be that all a man requires is an additional £300 or £400 to assist him in carrying on his farming operations, and

probably he would want it only as a temporary advance.

Sitting suspended from 6.15 to 7.30 p.m.

Mr. THOMSON: My object in moving this amendment is to widen the scope of the clause, and give the governors of the bank discretionary power with regard to the advances they make. I wish also to avoid expense to clients of the Agricultural Bank, such as would of necessity have to be incurred if the clause were allowed to remain as printed. It is necessary that every facility should be afforded to enable the Agricultural Bank and the rural bank to work together as far as is possible.

Mr. FERGUSON: I support the amendment, which is calculated to strengthen greatly the weak spot in the Bill. Settlers who acquired land from the Midland Railway Company have always been debarred from getting assistance from Government institutions that has been freely given to persons settled in other parts of the State. When they saw that the Government intended to establish a rural bank, they felt the opportunity had arrived to obtain the same privileges in this direction as have been afforded to other people. Altogether they are settled upon about 13,000,000 acres of Midland land, but they have had no chance in the past to obtain Government assistance. Unless the clause is amended in the direction indicated, the rural bank will be of no use to the settlers. The institution will be unable to take second mortgages over the blocks because the Midland Railway Company have the prior claim in the event of there being money still owing upon them to the Company.

Mr. DONEY: In a measure of this kind all inelastic and hampering parts should be eliminated, and as wide a discretion as possible allowed to the directors. As the clause is worded, I am doubtful about its usefulness. It will certainly affect Agricultural Bank clients and those whose interests are mortgaged to the Industries Assistance Board. I thought these were the very people the Bill was designed to assist, but as the clause is drafted it is not likely to touch deserving and needy settlers. It is not sufficient to allow overdrafts on stock or machinery, for in most cases such things are already under lien to the Agricultural Bank. The giving of overdrafts on crops is a rotten way to finance settlers out of their

difficulties. I shall be disappointed if the obvious flaws in the clause are not eradicated.

Mr. MALEY: As the clause is worded it will eliminate all settlers along the Midland Railway line from any benefit. These people have never enjoyed anything like the Governmental assistance that has been meted out to settlers in other parts of the State. I am in perfect agreement with the claim of the member for Moore on behalf of the Midland settlers. Equity and justice make that claim irresistible. A private bank will not, save in very rare cases, lend on second mortgage. I urge the Premier to extend consideration to numerous settlers who have embarked capital of their own in agricultural development.

Hon. Sir JAMES MITCHELL: If one advances on second mortgage, one must be prepared to pay off the first mortgage, or else forfeit one's security. The individual amounts here involved are comparatively small, the price of the land seldom being high. However, second mortgages should not be legislatively encouraged. What we do want to encourage is increased production. The rural bank's policy cannot be nearly as liberal as that of the Agricultural Bank, which advances up to the full value of improvements. If the rural bank had sufficient capital to assist Midland settlers as proposed, the effect on the Midland Railway Company would be highly beneficial.

Hon. W. D. Johnson: The rural bank's client would have to pay off the Agricultural Bank if that institution held a first mortgage over his land. Thus the rural bank would need a great deal of capital.

Hon. Sir JAMES MITCHELL: It does not matter greatly to which institution the money is owing. Personally I should prefer the Midland Company's mortgage paid off in the case of a Midland settler borrowing from the rural bank. A second mortgage to the State would mean that the State became responsible for paying off the first mortgage. It would never do for a settler to have two creditors dunning him for interest. I do not oppose the amendment; my remarks are dictated by considerations for the good of the settler.

Mr. BROWN: I support the amendment. Reading the clause makes one wonder where the rural bank is to get its clients. The client of a private bank who is refused additional accommodation goes straight away to another private bank in the hope that

the latter will prove more liberal. The rural bank should be authorised to accommodate Midland settlers.

Mr. GRIFFITHS: I heard Midland settlers say to the late Mr. James Gardiner that they considered they were looked upon by the rest of the State as foreigners. Certainly they are beyond the pale of benefits derivable from the Agricultural Bank. They suffer because of a lack of justice. The rural bank should be authorised to help them. I understand these settlers' mortgages to the Midland Company carry 4 per cent. interest.

Hon. W. D. JOHNSON: I fail to see how the Government can be expected to grant loans on second mortgage. That would be an impossible proposition.

Mr. Lindsay: The other banks advance on second mortgages.

Hon. W. D. JOHNSON: Yes, on an over-draft basis. The rural bank will stabilise the financial position of the farmers. The only reason I desire the establishment of a rural bank is to get away from the £8,000,000 advanced by the associated banks. That amount is a potential danger because the money is liable to be called up at a time when the individual and the State cannot meet the demand. What we want is a bank that will pick up a man when he has finished with the Agricultural Bank, and carry him on from that point. I shall be interested to hear from the Premier how we shall get on with the Agricultural Bank clients to-day. The vast majority of the advances included in the £8,000,000 loaned by the associated banks, have been in the form of overdrafts.

Mr. Maley: On the security of the first mortgages.

Hon. W. D. JOHNSON: No, largely on second mortgages. The associated banks do not pay off the Agricultural Bank mortgage, but take a mortgage over the balance of the security and make advances to improve the security. The farmers cannot get that accommodation from the Agricultural Bank owing to its limitations. If we attempted to work on the basis suggested by hon. members, no Government would agree to such a measure, because the money is loaned at call. In that event, should anything go wrong, the security could be called up. The proposal is to have a fixed mortgage that will not be subject to call. No Government would accept the amendment

and expect the bank to function on such a basis, because it would be too dangerous.

Mr. Ferguson: But a percentage only of the business would come under that heading.

Hon. W. D. JOHNSON: If we include the amendment, everyone will have the right to the same accommodation.

Mr. Doney: But the whole thing will be subject to the discretion of the directors.

Hon. W. D. JOHNSON: With such a provision included in an Act of Parliament, the directors could not make any difference between "may" and "shall." This business must be administered on the basis of giving full consideration to the obligations involved. We do not want any more of the Industries Assistance Board, which has induced the farmer to think he can get money without security. If the Government intend the rural bank to take over the Agricultural Bank advances by paying them off, it will reduce the number of Agricultural Bank clients, but it will increase enormously the capital of the rural bank. I do not see how the bank will be able to secure sufficient capital to pay off the mortgages, before it gets clients.

Mr. Thomson: That is why I thought you would support my amendment.

Hon. W. D. JOHNSON: No, because the hon. member desires to remove the basis of the bank's security.

Mr. Davy: Then you are really against the whole Bill.

Hon. W. D. JOHNSON: No, I am against the amendment, which will undermine the Bill.

Mr. Thomson: Not at all.

Mr. Doney: It will strengthen the Bill.

Hon. W. D. JOHNSON: The member for Katanning wants to assist the farmer at the expense of the bank.

Mr. Thomson: No, I do not.

Hon. W. D. JOHNSON: I hope the Treasurer will tell the Committee how the bank will get sufficient capital to carry on along the lines I have indicated.

Mr. LINDSAY: I understood the Bill was for the purpose of lending money to primary producers but if it is merely to do as the member for Guildford says, it will be of no assistance at all. Every bank advances on second mortgages. If the associated banks are doing that and making a success of the business, why cannot the rural bank do the same? The amendment is not mandatory. It will not give anyone any specific right and the directors, being business men,

will decide what is to be done. They will merely exercise their discretion. Unless the rural bank is allowed to advance money apart from first mortgages, I do not know that it will be much good to the primary producers.

Mr. DAVY: It would be a pity if the amendment were carried; it would be better to vote against the clause altogether. If we insert the amendment it will be an invitation to the bank to make advances accordingly.

Mr. Maley: There will be no invitation at all; it will be at the discretion of the directors.

Mr. DAVY: If the hon. member desires to allow the directors of the bank a free hand, he should vote for the deletion of the clause. Then, again, I understand the proviso is to be left in the clause. Apart from the principle of establishing a rural bank, it seems to me that if we are to have such a bank, and we are to appoint skilled directors, we should leave it to them to conduct the business on sound lines. The object of the member for Katanning will be achieved if he deletes the clause itself.

Mr. THOMSON: Perhaps the Premier will give an indication as to whether he will agree to the deletion of the clause. All I am endeavouring to do is to protect those who will require assistance from the rural bank. The member for Guildford said I was anxious to assist the farmer at the expense of the rural bank. That is not so. I merely desire the bank to assist the farmer to the fullest possible extent.

Hon. W. D. Johnson: We all want that.

Mr. THOMSON: And we are approaching the same matter from different angles. I do not wish to see the struggling farmers under the Agricultural Bank penalised by having to pay fees for transfer to the rural bank and be no better off. The point raised regarding Midland settlers is important and demands consideration. With the statement of the Leader of the Opposition that the Midland Railway Company should be paid off, I do not agree. If the rural bank could get sufficient security on Midland land, would it not be a better proposition for the State to allow the settler to continue paying his land dues to the company at a four per cent. interest rate instead of the rural bank paying off the Midland Company in hard cash? The argument of the Leader of the Opposition is at variance with his

view about financing the new bank with money obtained from overseas instead of money raised locally by debentures. If I fail with the amendment, I shall still have a chance to defeat the clause.

The Premier: You would not be likely to win on the second if you lost on the first.

Mr. Maley: You never know what the result of a second ballot will be.

Mr. THOMSON: I wish to give the directors of the bank discretionary power, so that if a client of the Agricultural Bank be in need of assistance, it may be granted without putting him to the expense of transferring his documents.

The PREMIER: To attain the object of the member for Katanning, the whole clause should be struck out. The amendment would almost amount to an instruction to the board to lend on second mortgages only.

Mr. Thomson: That is not the intention.

The PREMIER: It would be stupid to suggest that it was the intention, but if the amendment were carried, it might be construed in that way.

Mr. Davy: It would read very quaintly.

The PREMIER: Yes; unless the hon. member followed it up by making amendments later in the clause and of course the proviso would be unnecessary. I cannot accept the amendment; nor do I agree to the clause being deleted. The clause does not aim specially at the Midland Company's lands and is not intended to exclude them.

Mr. Ferguson: But it does.

The PREMIER: It might operate in that way, but it would impose no greater disability on Midland producers than on settlers in other parts of the State. I mention that in order to remove any impression that the clause is designed to single out Midland lands. Midland settlers hold their land subject to a first mortgage to the company, and therefore would be excluded by the clause.

Hon. Sir James Mitchell: The bank could pay the company off.

The PREMIER: Yes; and that would apply to other first mortgages. Legislation governing similar institutions in New South Wales and South Australia contains a precisely similar provision and it would not be wise, and I do not think Parliament would agree, that the bank should embark on the lending of money on second mortgages. Whatever the associated banks do, second mortgages are regarded by money-lending institutions in not too favourable a

light. Portion of the clause provides for the lending of money to pay off a first mortgage. It may be contended that the bank would require a large sum of money, but there is no reason to doubt that the money required will be obtainable. There is no limit to the sum that might be raised by debentures, and as the debentures would be guaranteed by the State, the investment would be as sound as Government bonds, and I do not think the bank would be hampered in the matter of securing the requisite capital. Instead of a settler being harassed by having two mortgages, it would be better to have the first lifted and to make one mortgage of it. If the Midland settlers are paying as low a rate as four per cent. interest, there would be no inducement for them to change to seven per cent.

Mr. Ferguson: It would be a waste of three per cent.

Mr. Maley: But their payments extend over 15 years only.

The PREMIER: I do not think Parliament would be justified in permitting the bank to risk second mortgages, seeing that the money is guaranteed by the State.

Amendment put and negatived.

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

Ayes	..	..	..	19
Noes	..	..	..	17

Majority for 2

AYES.

Mr. Chesson	Mr. McCallum
Mr. Clydesdale	Mr. Millington
Mr. Collier	Mr. Munsie
Mr. Corboy	Mr. Rowe
Mr. Cowan	Mr. Troy
Mr. Cunningham	Mr. A. Wansbrough
Mr. Johnson	Mr. Willcock
Mr. Kennedy	Mr. Withers
Mr. Lamond	Mr. Wilson
Mr. Marshall	

(Teller.)

NOES.

Mr. Brown	Mr. Sampson
Mr. Davy	Mr. J. M. Smith
Mr. Doney	Mr. Stubbs
Mr. Ferguson	Mr. Taylor
Mr. Griffiths	Mr. Treadale
Mr. Lindsay	Mr. Thomson
Mr. Maley	Mr. C. P. Wansbrough
Mr. Mann	Mr. North
Sir James Mitchell	

(Teller.)

Clause thus passed.

Clauses 19 to 27, Schedule, Title—agreed to.

Bill reported with amendments and the report adopted.

BILLS (2) RETURNED FROM THE COUNCIL.

1, Redistribution of Seats Act Amendment.

Without amendment.

2, Companies Act Amendment.

With amendments.

TEMPORARY CHAIRMAN OF COMMITTEES.

Mr. SPEAKER: I desire to announce that in the absence of the Chairman of Committees and other temporary chairmen appointed at the commencement of the session, I have nominated Mr. Stubbs, the member for Wagin, to act as temporary Chairman.

BILL—INDUSTRIAL ARBITRATION ACT AMENDMENT.

In Committee.

Mr. Stubbs in the Chair; the Minister for Works in charge of the Bill.

Clause 1—agreed to.

Clause 2—Amendment of definition of “worker”:

Mr. DAVY: I should like to hear what justification the Minister has for amending this particular portion of the definition of “worker” so soon. In 1924-25 it was desired to include industrial insurance canvassers as workers, and after considerable debate the Minister got his way, subject to the definition to be found in the principal Act at the present time. The argument was advanced at that time that they were not workers in the true sense of the word, and that there could be little reason for including them and not a hundred and one other workers. It was argued that most of them conducted their vocation of insurance workers in conjunction with other duties, and in the end a compromise was reached, to be found in the Act. I suppose the argument will be advanced now that these people are unable to approach the Arbitration Court because they run their insurance canvassing in connection with something else. It would be a bad precedent to allow one small section of the community doing commission

work in conjunction with other work to go before the court.

The MINISTER FOR WORKS: The difficulty has been that the person must be wholly and solely engaged in industrial insurance business. I have here a copy of the agreement that these men have to sign when they are engaged. In addition to setting out their duties, it reads—

The agent is authorised, should opportunity offer while attending to industrial business, to receive proposals for not less than £100 each from persons desirous of assuring in the ordinary department provided always that such cases are not being worked up by an ordinary department agent.

The mere fact that that is included has debarred the men from coming under the Act.

Mr. Davy: Why don't you include land salesmen and other people?

The MINISTER FOR WORKS: I am not singling out insurance agents. These men have repeatedly tried to get to the court. They have formed an organisation amongst themselves and have asked to be given facilities under the Act to gain their ends. By the imposition of the restriction that they must be industrial insurance canvassers only—

Mr. Davy: This is a departure from the whole spirit of arbitration. Why not land salesmen and others?

The MINISTER FOR WORKS: These men are given a book and they set out on a task not like that of a land agent who is given a block of land to sell. They actually went out on strike for some time because they could not get to the court. On the previous occasion an arrangement was made that they should be included, but the restriction was imposed that they must be wholly and solely engaged on insurance business. They have not been able to take advantage of the Act because of that restriction.

Mr. Davy: Because they were doing other jobs.

The MINISTER FOR WORKS: That is the only job they are doing; I was with them for a considerable period, and particularly at the time they were on strike.

Mr. Mann: How many are there in the union?

The MINISTER FOR WORKS: At the time of the strike there were about 300 men employed. I do not know the number now.

Mr. Mann: I should not think there would be half that number.

The MINISTER FOR WORKS: These men canvass from door to door and they are in all the country towns.

Mr. Thomson: And the sooner that is altered the better; I reckon many of them are an absolute take-down.

Mr. Mann: What is meant by industrial insurance?

The MINISTER FOR WORKS: Collecting so much a week.

Mr. Mann: Is there not a difference in the business, one man being paid monthly and the other weekly?

The MINISTER FOR WORKS: One may be paid every half year, or quarterly, but here it is set out that they shall not be paid more than monthly. In industrial insurance the collection is made weekly, whereas in ordinary insurance it is made quarterly, half-yearly or yearly.

Mr. SAMPSON: There may be some reason why these workers should be brought under the measure, but if there is there are equally good reasons why many others should be brought under it. What about the army of men who comb the city and suburbs selling electric cleaners, or books, or land? They should all have an equal right to be brought under the measure, for all are doing closely similar work. I will vote against the clause.

Mr. MANN: The Minister explained that the reason for the amendment was that the canvassers could not get before the court, owing to their doing general business. Was it that the companies were opposed to bringing them into court, or was it that the court itself found a difficulty?

The Minister for Works: They were opposed by the companies as not being workers within the meaning of the Act.

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

Ayes	20
Noes	15

Majority for	5
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AYES.

Mr. Chesson	Mr. Marshall
Mr. Clydesdale	Mr. McCallum
Mr. Collier	Mr. Millington
Mr. Corboy	Mr. Munsie
Mr. Cowan	Mr. Rowe
Mr. Cunningham	Mr. Troy
Mr. Johnson	Mr. A. Wansbrough
Mr. Kennedy	Mr. Willcock
Mr. Lambert	Mr. Withers
Mr. Lamond	Mr. Wilson

(Teller.)

Nosa.

Mr. Brown	Sir James Mitchell
Mr. Davy	Mr. Sampson
Mr. Doney	Mr. Taylor
Mr. Ferguson	Mr. Teesdale
Mr. Griffiths	Mr. Thomson
Mr. Lindsay	Mr. C. P. Wansbrough
Mr. Mahey	Mr. North
Mr. Mann	

(Teller.)

Clause thus passed.

Clause 3—Amendment of Section 7:

The MINISTER FOR WORKS: Members will recollect that the explanation I gave for this clause was that it was desired that members of a union, on leaving the industry, should have no further part in the business of the union. But I find that in trying to remedy one defect I am likely to create innumerable injustices.

Mr. Davy: You are not going to suggest that we vote out this clause, are you?

The MINISTER FOR WORKS: Yes, I am. Quite a number of unions have benefit funds, and some of their members have been paying into those funds for many years. But because they are no longer working in the industry, under the clause they could not continue to be members of the union, and so they would lose the monetary benefits to which they have been contributing for perhaps a quarter of a century. The principle underlying the clause is perfectly sound, but it is coming to be seen that in practice it would inflict hardship.

Mr. Davy: And this is one of the few clauses against which I have written "O.K."!

The MINISTER FOR WORKS: Well, I suggest that the clause be voted out.

Clause put and negatived.

Clause 4—Amendment of Section 11:

Mr. DAVY: I am a little puzzled about this clause. It proposes to alter the requirements as to the name of a union. Section 11 of the principal Act provides that part of the name of every union shall be the name of the locality in which a majority of the members of the union reside or exercise their calling. The clause proposes to render it unnecessary to include the name of the locality. But when we turn to Section 19 of the principal Act, we find it is provided that the Registrar may refuse to register any union if in the same locality there exists a union to which the bulk of the members of the new union could conveniently belong. It appears to me that if we wipe out the locality portion of the name

of the union, it will be impossible for the Registrar to refuse to register a new union on the grounds set forth in Section 19. Either we must repeal Section 19 or this clause must go by the board.

The MINISTER FOR WORKS: The existing provision was all right at the time when we had separate unions in all the chief centres of the State. But to-day all those unions are State-wide organisations, and so it is found impossible to comply with Section 11 of the principal Act. Consequently it is undesirable that that section should remain. Section 19, of course, deals with the registration of a union, and more particularly with an application for the registration of a new union. If there is opposition to the registration of such a union, it must be shown that there is in the locality another union to which the members of the new union could conveniently belong. I cannot see that any such case is likely to crop up again, or that the clause, so far as locality goes, will be likely to have any effect. The other portions are essential, namely, that the registrar should not grant registration to a union when there is already in existence an organisation to which the bulk of those members can conveniently belong. But for that provision there could be a multiplicity of organisations, leading to endless troubles between them. Every part of the State is now catered for by trade unionism, and its application is therefore State-wide.

Hon. G. Taylor: Will this affect the A.W.U.?

The MINISTER FOR WORKS: Their two registrations are State-wide.

Clause put and passed

Clause 5—Amendment of Section 19:

On motion by the Minister for Works, consideration of this clause postponed.

Clauses 6 to 8—agreed to.

Clause 9—Amendment of Section 40:

Mr. DAVY: in view of the decision of the Full Court the other day, this clause is so much surplusage. The tribunal decided that when an industrial agreement was declared a common rule it had the effect of an award, and it was just as if it had been an award in the beginning. The clause is designed to repeat in the Act the decision of the Full Court, but I cannot see that it makes the slightest difference. The Minister

suggested that the result of the decision in Spurge's case was that it would be likely to prevent people from entering into industrial agreements. If that is so, we should make some provision to overcome that difficulty. Probably the Minister desires that persons should be in exactly the same position, whether they are parties to an agreement or to an award if both have been made a common rule. It might be wise to amend the law to clear up the point.

THE MINISTER FOR WORKS: This is really the vital clause of the Bill. It is necessary that the position should be clarified as early as possible. Up till recently it has been held that persons entering into an industrial agreement, which has been made a common rule, were free to retire at the expiration of the term fixed for its currency. I never held that view. There are many reasons why, in the interests of the smooth working of industry, persons should not be allowed to retire from an agreement. It is most unfair that a certain section of employers should be bound by an agreement, and others be at liberty to pay what wages they like and impose what conditions they like, while the remainder are endeavouring to keep to the agreement. When such a position arises, in order to regain smooth working in an industry, the employers and the union, who remain parties to the agreement, have to go through all the ramifications of getting a new agreement made and having it applied as a common rule. The Act was designed to indicate to people who were dissatisfied and wanted to break away and do what they liked, that they must prove to the court that an alteration was justified. The obligation was cast upon them, not upon those who were content to abide by the agreement, to induce the court to make an alteration. That was in our minds when the previous Bill went through. The recent decision of the Full Court sets out, despite the acquiescence in the other view that parties could retire, that there was no right on their part to do so, and that the agreement, once made a common rule, has the effect of an award. That is what was intended from the beginning. Had the decision of the court stopped there, it would have put the Act back to where we thought it should have been.

Mr. Davy: The Full Court says we are right in our view, and that we have expressed our desires in the Act.

The MINISTER FOR WORKS: Then we are told all sorts of other problems have been created.

Mr. Davy: The Arbitration Court says that.

The MINISTER FOR WORKS: Other people have said so, too. The court held that when an agreement had been made a common rule, there was no escape from it; it went on in perpetuity, and was binding upon the parties for ever. If that is so, it means that no one will enter into an agreement that will be made a common rule and will be imposed upon the parties for all eternity. No one desires that. In recent years there has been a good spirit on both sides in this State. We want to encourage that sort of thing and the making of agreements between parties. If the position is as set out by the court we cannot remedy it too soon. That view is put to me as being the result of the Full Court's decision. On the 13th November, this month, the Arbitration Court dealt with a case involving the Amalgamated Society of Engineers and Millar's Timber and Trading Company. The union have an agreement with Millar's Company. The agreement has been made a common rule, and now the Amalgamated Society of Engineers are applying to the court for an award in relation to the timber industry. They are exactly in the position I have just mentioned as having been dealt with by the Full Court. The following view was expressed by the President of the Arbitration Court:—

I want to say that personally I am not particularly anxious about dealing with this reference in a hurry, as I am in hopes that the Legislature, by passing certain amendments to the Act, will do away with all the shifts and expedients that may be necessary to bring this reference, so far as the timber workers are concerned, within the four corners of the Act. Holding, as I do, very definite views in regard to the effect of Section 39 on industrial agreements, whether made a common rule or not, except something is done in that direction, I may yet have to say to the union, in regard to that endeavour to establish a dispute within the timber mills, that they are bound by the terms of an industrial agreement and that when they come into court they are still bound by the terms of an industrial agreement, and that in those circumstances I find it difficult to see how a dispute could be created that the court could take cognisance of in all the other circumstances of the case.

Mr. Davy: What does all that mean? I do not know.

The MINISTER FOR WORKS: It means that the Arbitration Court has no power to alter such an agreement, but that if all the parties to the agreement come to the court and ask that the court alter the agreement, the court can step in accordingly. Thus everybody governed by an agreement made a common rule would have to agree that something should be done, and then approach the court, failing which the court could not function. So long as the agreement was in force, the court would have to rule that there could be no dispute, and that accordingly the court could not intervene. The proposal in the Bill merely confirms, in clear language, the Full Court's decision. I now propose to quote from the "Industrial News," the official organ of the Employers' Federation, some of the arguments used in court—

Mr. Symons (the union's representative): Nobody has retired from it (the agreement) at all. The common rule is still in existence to-day. As regards the decision of the Full Court, I obtained advice on it, which was that it was an award, and that a new award could take its place. I have an award for Perth, and I can apply for a new award for Perth tomorrow, the new award taking the place of the old award.

The President: That seems to be the effect of the decision of the Full Court; that is, an agreement which has been made a common rule becomes an award; and if that is so, it is subject to amendment under Section 30 of the Act. If that is the case, you are right; but, of course, as you are aware, that may be tested in another court. You will understand that in making a fresh award here, we are not guaranteeing that you are right; but we do not want to raise any technical difficulties here.

Mr. Symons: I am placed in this position, your Honour, that I cannot retire from the agreement, because it is an award. The union cannot retire from an award. I did not know that this point would be raised, and I did not bring my copy of the Act with me.

The President: It is one of the numerous discussions we have had upon the matter. Section 39 of the Act says—I am reading the material portions of it—"Every industrial agreement made under this Act . . . may be varied, renewed, or cancelled by any subsequent industrial agreement made by and between all the parties thereto . . . ; provided, however, that no industrial agreement . . . shall be varied or cancelled without the leave of the court." Impliedly that, of course, requires not only the leave of the court, but a preliminary step, namely, the consent of the parties thereto. I wish you to understand the difficulty that may arise, but I am not going to raise any technical difficulty now. If your common rule agreement has ceased to be an agreement, and become an award, of course Section 90 opens the door to it.

Later the President said—

The point with regard to an agreement is this: First, let me put it this way, if an award is in existence I cannot see how those who are bound by that award can make an industrial agreement to alter any of its terms, for the very reason that the Act sets forth, that in order to alter an award the parties must come to the court to get the amendment. But take the other side, suppose there is an agreement in existence; then the question arises (like, for instance, your common rule agreement), how can you come to the court for an award, because you have an agreement in existence? You have to presume that that agreement is legally binding, and that means there cannot be a dispute until you get the agreement out of the road. That is one of your difficulties. That turns us back to that Full Court case again. If the agreement is in existence it means you have an industrial agreement between the parties, binding both, made with the consent of both; and while that is in existence how can you have an industrial dispute? . . . Let us suppose for a moment that Millars have an agreement with their blacksmiths and that it is an industrial agreement in the sense in which the term is used in the Act. That being the case, how can there be a dispute between Millars and their blacksmiths while the agreement is in existence? . . . How you can create an industrial dispute when the parties are in agreement, I cannot see. But, with regard to an award, when 12 months have expired you can apply for an amendment; and furthermore, when the original term of the award has expired, the ground is clear and there is no necessity for an amendment. You can come to the court for a fresh award if there is a dispute.

Commenting upon the case the "Industrial News" writes—

From the above extracts it will be realised that the position arising out of the Supreme Court—

That should be Full Court—

—decision is one fraught with very great difficulties.

The same journal's issue of the 15th August contains the following—

It is well known that the majority of the industrial disputes which arise in this State are dealt with round the table, and large numbers of agreements have been reached without the aid of the court, and unless the restrictive effect of Clause 40 is immediately altered we feel sure that there will be considerably fewer industrial agreements made round the table and the stoutest opposition given to all applications for common rule orders. This is not a desirable state of affairs, as by making industrial agreements much time is saved and the cost of court action is avoided, besides which, when parties can be brought to agreement outside the court, there is invariably a much better feeling in industry as a result.

Trades Hall officials have expressed the same opinion to me. In view of this concurrence of the parties concerned, I think we should lose no time in making the intention perfectly clear. The Committee are now being asked to do what the President of the Arbitration Court has said is absolutely necessary. The amendment will remove the hybrid character of an industrial agreement which is made a common rule. This clause is the essence of the Bill, and the reason for its urgency.

Hon. G. TAYLOR: The Full Court's decision suggests that there is no need for the clause. The Arbitration Court has caused the confusion. That court disagrees with the Minister. In those circumstances, how can we make our legislation sufficiently clear for these various parties to agree? The Full Court is a higher authority than the periodical quoted by the Minister, or the persons whose opinions he read from it. Should the Arbitration Court be more capable than the Full Court of interpreting a law? The effect of the proposed amendment will be to complicate the law still further.

Mr. DAVY: The Minister and Parliament thought they were determining, by the language they put into the Act, that when an industrial agreement was made a common rule, it became just as binding as an award. The President of the Arbitration Court, certain employers, and certain unions thought that that was not so, but that a party to an industrial agreement, even though the agreement was made a common rule, could retire from it. Someone attempted to do so, and the Full Court, agreeing with the Minister, declared that once an industrial agreement had been made a common rule, one could not retire from it any more than one could retire from an award.

The Premier: But the Full Court did not stop there.

Mr. DAVY: Yes; the Full Court did stop there. That is the sole finding to be elicited from the Full Court's judgment.

Mr. Chesson: But an award is made for a period.

Mr. DAVY: So is an industrial agreement; and an industrial agreement, when made a common rule, becomes the same as an award, according to the Full Court. It bound people who were never parties to the agreement. If that is so, what the Minister proposes is unnecessary and dangerous because it alters the language on which already we have a decision of the Full Court.

The Minister read an extract from the "Industrial News" and the learned writer of the article, whoever he may be, said that the surprising result of the Full Court's decision would be that parties would be discouraged from entering into industrial agreements. The writer, with whom the Minister agreed, contended that would be an ill result. The Minister wants people to continue entering into industrial agreements. If the Full Court's decision has stopped people entering into industrial agreements, and will do so in the future, so will the amendment the Minister proposes.

The Minister for Works: The amendment to the section will wipe out the position by which they will be called agreements.

Mr. DAVY: They will be industrial agreements irrespective of what the amendment may say. An agreement cannot be made into an award, any more than we can, by Act of Parliament, make the sun into the moon. If people are to be encouraged to enter into industrial agreements freely and retire from them freely, a different amendment altogether is required.

The Minister of Works: I am not in favour of that.

Mr. DAVY: I know that, and I do not propose to favour it or oppose it. I do not want to see the Industrial Arbitration Act interfered with at the moment. It should have a longer trial—a year or more—before we start tampering with it. I believe we are too ready to amend legislation every year or so. We should give new legislation a longer trial before we put it on the operating table and carve it up again. It is useless pretending to the public that the amendment to the section will encourage people to enter into industrial agreements more than at present, because it will not do anything of the sort.

The Minister for Works: But it will clear away a doubt.

Mr. DAVY: I do not think it will. The real trouble is that industrial agreements have been entered into and have been made a common rule, without proper consideration being given to the terms of those agreements. Agreements made are often ultra vires the Industrial Arbitration Act. One such contained a clause granting preference to unionists. That agreement was made a common rule despite the fact that under the provisions of the Act, no such clause could be allowed. I have heard the president of the court state, when an industrial agree-

ment had been declared a common rule, that the court took no responsibility for the material contained in the industrial agreement, and whether it was *intra vires* the Act.

The Minister for Works: One judge put a clause to that effect in every declaration.

Mr. DAVY: That is so. If we are to encourage industrial agreements being entered into and made common rules, we should impress upon the court, if that is possible, that the court will be held responsible for the language and meaning of every such agreement. The danger of industrial agreements being made common rules and having the force of awards, is that they are made to cover interests that were never considered by the draftsmen of the original agreement. I shall not divide the Committee on the clause. The Full Court has done nothing extraordinary, but has agreed entirely with the Minister who, I am sure, will regard that as a most laudable act!

Clause put and passed.

Clause 10—Amendment of Section 43:

On motion by the Minister for Works, consideration of the clause postponed.

Clause 11—Pension of ordinary members of the court:

Hon. Sir JAMES MITCHELL: During the second reading debate we objected to the clause. Why should the ordinary members of the Arbitration Court be granted pensions whereas so many of our public officials are denied that right? The members of the court are not appointed by the Government; one is chosen by the union of workers, and the other by the union of employers. The Minister confirms the selection of those members and, of course, the Government pay them. There is no reason on earth why they should be granted a pension, and such a proposal could not come before us at a worse time. The clause means that at the end of 12 years the ordinary members of the court may claim a pension of £200, and at the end of another four years, a pension of £400. I suppose Mr. Somerville has completed his 16 years of service as a member of the court already.

The Premier: He has served for 24 years.

Hon. Sir JAMES MITCHELL: Then we could make a pension available to Mr. Somerville straight away if he cared to retire. I do not think we are justified in

such a course. I do not say that because it is Mr. Somerville who is concerned; I refer to the principle. There is no justification for those two gentlemen being granted such a privilege, seeing that it is denied to men who have served practically all their lives in the Government service. I cannot understand the Minister making such a suggestion. To my mind, both the ordinary members of the court are superfluous officers, and the president could do the work required himself. I know the Minister does not agree with that, but I think the work of the court could be done just as well if the president were sitting alone. I hope the proposal will not be insisted on.

Hon. G. TAYLOR: I am not opposed to the principle of the clause, but I do not like the basis of the proposed pension. Twelve years is too short a period to entitle a man to a pension equivalent to a quarter of his salary. I dare say the Minister has been influenced by the service of Mr. Somerville, who has been a member of the court for about 24 years and has represented the workers faithfully and well. Had Mr. Somerville been eligible to retire on a pension after 12 years' service, he would have been a comparatively young man able to re-enter his original calling. After 24 years' service, however, he would not be able to resume his old work, and therefore consideration should be shown to him. Perhaps the Minister would amend the clause to provide for a pension to a lay member who retired at 60 years of age or when he felt he was no longer capable of carrying out the duties.

Mr. Thomson: Suppose he had been appointed at the age of 45?

Hon. G. TAYLOR: He would have given 15 years' service. It would not be wise to allow a member of the court to retire on a pension after 12 years' service and then compete in his original calling. Conceivably a mine manager might undertake the work at the age of 28 and, after 12 years, would be able to return to his calling. He would be receiving a pension and competing with his fellows. It is a point that should be safeguarded. We might well offer some incentive to long service. The Minister would be well-advised to report progress in order that a reasonable amendment might be agreed upon.

Mr. THOMSON: To grant a pension after 12 years' service to men who have been fairly well remunerated might establish a

principle far-reaching in its effects. There are many people who cannot find work of any kind to-day.

Hon. G. Taylor: You do not blame the court for that.

Mr. THOMSON: I believe the court is responsible for a certain amount of the present unemployment. Many union officials have served their organisations for years, but I doubt whether any after serving 12 years, has received a retiring allowance or a pension. The only pension that most people can look forward to is the old age pension. Many men have served private firms for 20 years and longer, and left without a pension. The lay members of the court are receiving a much higher salary than a majority of people outside who are not entitled to pensions, and by the time they relinquish their positions, they should have set aside a little for the rainy day.

The Premier: The members of the court have not been getting the present salary for long.

Hon. Sir James Mitchell: It was only a part-time job.

The Premier: No, it was not.

Mr. THOMSON: The same might be said of members of Parliament. Some members have served the country for many years, but if they lost their seats they would receive no pension. In my opinion some of them are more deserving of a pension than are the lay members of the court.

Mr. Teesdale: Hear, hear!

Mr. THOMSON: I do not like the principle; we have taken from the civil servants the right to claim pensions, though there are some left who can make a claim, those that were appointed before the passing of the Public Service Act of 1904.

The Premier: The members of the court are fully occupied.

Mr. THOMSON: I am not casting a reflection on any of the gentlemen who constitute the court; I am discussing the principle of pensions and I cannot consistently vote for the clause.

Hon. G. TAYLOR: I move an amendment—

That in line 4 "twelve" be struck out and "twenty-five" inserted in lieu.

My desire is that the members of the court shall serve for a period of 25 years before becoming entitled to a pension.

The MINISTER FOR WORKS: I am not averse to meeting the wishes of members, but I desire to do a fair thing. If a man has occupied such a responsible position for 12 years, we have proof that he has taken the job seriously and we know that that job has carried enormous responsibilities. There is no position in the State that carries a greater responsibility. If a man has served 12 years on that bench he has rendered good service to the country. We know that if he does not do his work conscientiously and well, he is not likely to be reappointed. The members of the present court have already been appointed four times successively, and that is proof that they have done their work very well. We know, too, that the court on occasions has given unanimous decisions.

Mr. Thomson: Not very often.

The MINISTER FOR WORKS: There was no more important decision given in the history of arbitration that that associated with the mining industry. It was fraught with the very existence of the industry, and yet the court was unanimous in its decision. That shows that the members of the tribunal realised the full sense of their responsibilities. When it came to the question of the basic wage recently and where it was always regarded that the goldfields should get a higher rate we found that the goldfields were left where they were and 2s. was awarded to the rest of the State. The members of the court have rendered valuable service to the State. We know, too, that Mr. Somerville has used stronger language in that court than has any other member of the bench, and yet he has been returned no fewer than four times. He carries a big load of responsibility and passes many hours of anxious thought. I thought the Leader of the Opposition had a better knowledge of that tribunal than to speak of it as a part-time job. He surely has not forgotten the period when it was in arrears with its work to the extent of two years.

Mr. Davy: At that time the President was doing other work and then the other members of the court were idle.

The MINISTER FOR WORKS: Not always; they always had something to do. From my knowledge of the work of the court, and I have been associated with it and with unions for many years, I know that it has never been a part-time job. If it is thought that 12 years is too short a period, I shall be glad to meet hon. members, but I consider that 25 years is too long a period.

Hon. G. TAYLOR: The Minister has reminded me that the members of the court have to stand for re-election every three years, and that if the period is altered to 25 years, it would mean that they would have to be elected nine times. I think we could make the period 15 years and then it would necessitate the members being appointed five times in succession. If a man is elected five times, he must surely have the confidence of those who put him there. With the permission of the Committee I will substitute "fifteen" for "twenty-five."

Hon. Sir JAMES MITCHELL: It is not a matter of time with me. What I claim is that we have no right to select these gentlemen for special treatment. I dare say they have done their work conscientiously and well, but we must not forget that we abolished pensions when we passed the Public Service Act in 1904. The two gentlemen who assist the court are not even appointed by the Government; they are elected by partisans employers and workers.

Mr. CORBOY: The Leader of the Opposition has struck the right note in saying that it is a question whether or not there shall be a pension. It is only splitting hairs to say whether the period shall be 12 or 15 years. That does not affect the principle. If a man can be returned four times, he is entitled to consideration equally with the man who is returned five times. The question is whether they shall or shall not receive a pension. The Leader of the Opposition and the Leader of the Country Party are of opinion that there should be no pensions for these officers. Personally I hope the amendment will not be carried, and that the principle of superannuation will be established.

Mr. Thomson: That is a totally different position. I am in favour of superannuation.

Mr. CORBOY: But on what basis? Is the basis to be service, or is to be that the man in the job shall create his own superannuation by paying for it throughout his term? That proposition was rejected by the railway servants because under it the older servants had to pay too much out of their wages. I hope the Minister will stick to the clause as printed.

Hon. Sir JAMES MITCHELL: This is not superannuation, but straight out pension. It is proposed that these well-paid men shall receive pensions at a much higher rate than is paid to any public servant, except the judges. Every day there are be-

ing retired from the Public Service men who have spent many years in the service and who will get no pensions at all.

Mr. SAMPSON: The clause provides for preferential treatment. If we are to adopt the principle of pensions for these two men, we must adopt it right through the service. Many members of Parliament have performed wonderfully good service for the State and are to-day deserving and even in need of pensions. To provide pensions for these two gentlemen of the Arbitration Court would create intense dissatisfaction throughout the Public Service.

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

Clause 12—agreed to.

Clause 13—New section, representative respondents:

Mr. DAVY: I have not been able to see anything objectionable in this clause, but I am a little suspicious of it. I wonder would the Minister relieve that suspicion.

The MINISTER FOR WORKS: I assure the hon. member there is no nigger in the wood pile here. The clause deals with the position of the court when called upon to hear a dispute by an unregistered body, following upon a cessation of work. At present it is necessary to make everybody concerned parties to the dispute. The clause will overcome the difficulty by allowing the court to pick out certain respondents. Recently there was a dispute on the railway construction of the Meekathara-Wiluna line. The A.W.U., with whom the department had an agreement, was not registered for railway construction purposes. The executive of the union disapproved of the attitude taken by the men and agreed to the viewpoint of the department. The men stopped work. The court intervened, but could not name the union as respondent, for the union was against the men and with the department. In order that the case might come before the court, all of the 300 or 400 men concerned were actually the respondents. It was impossible to summon them all before the court, and so a few men were picked out and summoned by the president to a compulsory conference. But even so the president had no power to fasten responsibility on to them. The clause gives the court power to name interested persons in such cases to be representative respondents.

Hon. G. Taylor: Then this would have the same effect as if an industrial union were before the court?

The MINISTER FOR WORKS: Yes.

Clause put and passed.

Clauses 14 to 16—agreed to.

Clause 17—Amendment of Section 83:

Mr. THOMSON: This clause will mean considerable trouble to those engaged in industry in country districts. A common rule applies very harshly in country districts. Take an illustration: There are awards dealing with certain building trades in the metropolitan area. The court decides that when an employee has to go out into the country he is entitled to an additional 6s. a day for the first week and subsequently to 5s. per day. That seems reasonable to apply to those living in the metropolitan area who may be sent hundreds of miles away from their homes. The application of the common rule principle must inflict hardship upon persons in country districts. The work that is provided in a town is generally scarce, and confined to the building of farmers' houses, stables, etc. In the city thousands of men can get employment at award rates, whereas in the country the men are to be paid an additional 5s. a day because of the application of the common rule.

The Minister for Works: This clause does not concern any common rule.

Mr. THOMSON: Yes, it does. A farm hand may have to be paid teamster's wages because he is driving horses in a plough, or a painter's wages because he is painting a door and so on. The job of vigilant officers of unions is to go round the country making trouble—I do not say that offensively—and to bring employers before the court for any breaches of awards. I know it is impossible to procure any amendment because of the numbers behind the Government, but I cannot allow the clause to pass without offering my strong objection to it.

Progress reported.

House adjourned at 10.35 p.m.

Legislative Council,

Wednesday, 27th November, 1929.

Question :	Miners settlement, taxation	PAGE
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	Reserves (No. 2), 2B., Com.	1857
	Alaskan Dog, 2B.	1858

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

QUESTION—MINERS' SETTLEMENT, TAXATION.

Hon. J. CORNELL asked the Chief Secretary: 1, Are the Government aware that location holders in the Miners' Settlement Area, Southern Cross, are being served with—(a) land tax assessment notices (b) vermin tax assessment notices, and that they have been fined for failure to furnish land tax returns? 2, If so, do the Government consider that, in view of the settlers' failure so far to produce anything from their locations, the levying and demand of these taxes, especially the vermin tax, is in all the circumstances equitable; and do the Government consider it reasonable to fine such location holders for unwittingly committing a technical breach of the law by failure to furnish land tax returns?

The CHIEF SECRETARY replied: 1, No. 2, The matters are governed by respective Acts of Parliament, and no power exists to grant exemptions not provided therein.

BILL—SANDALWOOD.

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

BILL—APPROPRIATION.

Second Reading.

Order of the Day read for the resumption of the debate from the 20th November.

On motion by Hon. C. B. Williams, debate adjourned.