

seeks to cancel the reserve and re-vest the land in the Crown.

The final proposal in the Bill concerns Bunbury Lots 155, 156 and 174, these lots having been set aside as a reserve for recreation purposes. There has been no necessity for using the lots for such a purpose, and the municipal council has used them for a depot site. As the lots are in a residential area, it is considered that it would be in the public interest if they were sold to be utilised in the erection of dwellings, the proceeds of the sale to be applied by the municipal council towards meeting the cost of the acquisition of a new depot. The proposal in the Bill is that these lots shall be re-vested in His Majesty, with the intent that they shall be granted in fee simple to the Bunbury Municipal Council, with power to the council to sell the lots and retain the revenue received. That is the explanation of all the proposals in this Bill. Plans of the areas concerned are available, and these will be laid on the Table of the House for members' inspection. I move—

That the Bill be now read a second time.

Question put and passed.

Bill read a second time.

In Committee.

Hon. J. Cornell in the Chair; the Honorary Minister in charge of the Bill.

Clauses 1 and 2—agreed to.

Clause 3—Reserve A 7804:

Hon. A. THOMSON: I am seeking information. I have painful recollections of the Lands Department, after making certain land freehold, imposing conditions which I considered to be very unfair to the people who had erected homes on it. Have the owners of the three dwellings mentioned in the clause consented to what is proposed to be done?

The HONORARY MINISTER: The dwellings are the property of the road board.

Clause put and passed.

Clauses 4 to 7, Schedule, Title—agreed to.

Bill reported without amendment and the report adopted.

Third Reading.

Bill read a third time and passed.

House adjourned at 6.3 p.m.

Legislative Council.

Tuesday, 12th December, 1944.

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

QUESTIONS (3).

KOJONUP ROAD BUS SERVICE.

As to Revenue, Expenditure, Etc.

Hon. H. L. ROCHE asked the Chief Secretary:

On the Kojonup road bus service for the year ended the 30th June, 1944—

(i) What were the gross proceeds received?

(ii) What were the costs of—(a) general running, (b) maintenance, (c) repairs?

(iii) What was the net profit on the service?

(iv) How many passengers were carried?

(v) Will the Minister suggest to the Commissioner of Railways the desirability of furnishing the above information in the appropriate reports and so obviate the necessity for these questions becoming an annual occasion?

The CHIEF SECRETARY replied:

(i) £7,013.

(ii) (a) £1,370. (b) and (c) £695.

(iii) £4,023.

(iv) 8,667.

(v) Yes.

LANTIGEN.

As to Contents and Value.

Hon. J. G. HISLOP asked the Chief Secretary:

Will the Minister please state the contents of "Lantigen A, B, C, D, E and F"? If not known, will the Minister arrange for their analysis, and then advise the House of the contents, and also of the value of each in regard to the claims made for it?

The CHIEF SECRETARY replied:

The Minister is not in a position to supply the House with details of the composition and value of the preparations known as "Lantigen A, B, C, D, E and F." He will, however, cause inquiry to be made and will advise the House of the result.

ABATTOIRS, ALBANY AND ROBB'S JETTY.

As to Sheep and Lambs Slaughtered.

Hon. A. L. LOTON asked the Chief Secretary:

From the 1st July, 1944, to date—

(i) What was the total number of sheep and lambs slaughtered at (a) Albany Freezing Works. (b) Robb's Jetty?

(ii) What was the number exported from (a) Albany, (b) Robb's Jetty?

(iii) How many carcasses have been brought by rail from Albany (a) for local consumption, (b) for export?

The CHIEF SECRETARY replied:

(i) (a) Sheep, 12,379; lambs, 17,276; total, 29,655, to the 2nd December, 1944. (b) Sheep, 68,886; lambs, 113,193; total 182,079.

(ii) This information is not available at present for security reasons.

(iii) (a) and (b) In July 3,386 carcasses were railed from Albany to Fremantle from the 1943-44 treatment season. The exact figure for those used on the local market is not available but exceeded 2,000. From the present season's kill 4,657 carcasses have been railed to Fremantle for storage. The destination of these carcasses has not been determined yet.

BILL—RURAL AND INDUSTRIES BANK.

In Committee.

Hon. J. Cornell in the Chair; the Chief Secretary in charge of the Bill.

Clauses 1 to 6—agreed to.

Clause 7—Bank established:

Hon. C. F. BAXTER: Subclause (3) provides that the business and activities of the bank shall be distributed between and carried on in the two departments as provided, "or otherwise in the manner from time to time approved by the Governor on the recommendation of the Minister." The subclause would have been satisfactory had it been intended to continue the Agricultural Bank as at present according to the policy

of the Government of the day, but a trading bank is to be established and it must have a continuous policy. The subclause should stop at the word "provided"; otherwise the bank will be subject to political control. With a trading bank, we cannot have control by a Government that is liable to be changed every few years. I move an amendment—

That in Subclause (3) the words "or otherwise in the manner from time to time approved by the Governor on the recommendation of the Minister" be struck out.

The CHIEF SECRETARY: The hon. member has overlooked an important point, namely, that there is to be a Government agency section which will be charged with responsible duties on behalf of the Government and will be subject to the policy of the Government. The measure clearly lays down the responsibilities of the commissioners, and I cannot see that any Minister would be in a position to over-ride them. Undoubtedly there will be many matters with which the Minister will have to deal in the agency section from the point of view of the policy of the Government, because this section will really be the responsibility of the Government and the Minister must have power to determine the policy. From time to time, also, something might crop up that had not been foreseen, and it might be necessary for the Government to indicate the policy to be followed by the bank. There can be no political control as regards the rural section. I oppose the amendment.

Hon. H. L. ROCHE: Clauses 46 and 71 deal fully with the powers and duties of the commissioners in the respective sections and yet, with this subclause, there is no need for those clauses because the control and decision in both sections would be solely in the hands of the Minister. This would not be in the best interests of the proposed institution. The subclause would enable the Minister practically to control the working of the new bank almost entirely as regards both sections and the relations between the two. I support the amendment.

Hon. C. F. BAXTER: There may be something in what the Chief Secretary says, but the deletion of the words will obviate the risk of a change of policy every time there is a change of Government.

The CHIEF SECRETARY: There is indeed a great deal in this subclause. The Bill sets out fully all duties and conditions generally applying to a banking institution.

It would not be competent for the Minister to interfere, as implied by Mr. Baxter. It is unthinkable that the Government is not to lay down the policy in connection with, say, an irrigation scheme or a land settlement scheme. The bank may be called upon to administer a number of schemes which will be the responsibility of the Government. The amendment proposes to take away from the Government a privilege it always has had and must have. If the Government has to accept financial responsibility it must also have the right to dictate policy. The rural bank section of the Bill, however, is on a different footing altogether. The deletion of the words would be absolutely unacceptable to the Government.

Hon. L. CRAIG: What the Chief Secretary has said is perfectly true. Where the bank acts as agent for the Government, the Government should dictate the policy. But the subclause does not say that. In the rural bank section the Government certainly should not dictate policy. The words "or otherwise" mean "not in accordance with the Bill."

Hon Sir HAL COLEBATCH: This is a most extraordinary provision to find in any Bill or Act. I do not think the Chief Secretary can refer me to any Act of Parliament containing a similar provision. The subclause is most dangerous.

The CHIEF SECRETARY: Even the Governor has not the power to ignore the measure or to alter it. Therefore the Minister, necessarily, has no such right. As regards the Government agency, there can be no doubt that the responsibility for that particular section is the responsibility of the Government, exercised by the Minister on behalf of the Government. I should imagine there is in various Acts of Parliament provision for doing things which are outside the Acts. The words proposed to be struck out should be retained.

Hon. G. W. MILES: Those words should come out. I agree that the Minister should have power to control the agency portion of the measure, and an amendment giving him that power can be framed. On the second reading I took exception to the giving of power to the Minister to control the bank, which is undesirable. I support the amendment.

Hon. C. F. BAXTER: I am unable to follow the Chief Secretary's line of reason-

ing. It would be highly dangerous to retain the words which my amendment proposes to delete.

Hon. E. M. HEENAN: It might be unwise to strike out the words, especially at this stage. Let us go on with the clauses and find out what is "hereinafter provided."

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

Clause 8—Subject to the Minister, management of Bank vested in Commissioners:

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

That in line 1 the words "Subject to the Minister" be struck out.

The argument in favour of the amendment has already been raised on the preceding clause, and I do not wish to repeat it.

The CHIEF SECRETARY: I hope the hon. member will require a stronger argument than that which he mentioned. Surely an Act of Parliament such as this must be subject to a Minister, whose duty it will be to deal with the bank from the Government point of view. The bank will be a Government institution.

Hon. H. S. W. Parker: That is what I want to avoid.

Hon. H. L. Roche: What are the commissioners for?

The CHIEF SECRETARY: What does Mr. Parker wish to avoid? Is this Government, or any Government, going to agree that certain commissioners shall have the right to conduct the Government agency department and so forth without Ministerial control of any kind? To whom will the commissioners be responsible?

Hon. H. S. W. Parker: To Parliament.

The CHIEF SECRETARY: How can they be responsible to Parliament? The amendment is too ridiculous for words. I thought the hon. member had been here long enough to know that such an amendment is ridiculous.

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

Ayes	..	..	..	17
Noes	..	..	..	6
				—
Majority for	..	..	..	11
				—

AYES.

Hon. C. F. Baxter
Hon. L. B. Bolton
Hon. Sir Hal Colebatch
Hon. J. A. Dimmitt
Hon. E. H. H. Hall
Hon. V. Hamersley
Hon. J. G. Hislop
Hon. A. L. Lorton
Hon. W. J. Mann

Hon. G. W. Miles
Hon. H. S. W. Parker
Hon. H. L. Roche
Hon. A. Thomson
Hon. H. Tuckey
Hon. F. R. Welsh
Hon. G. B. Wood
Hon. H. Seddon
(Teller.)

NOES.

Hon. J. M. Drew
Hon. G. Fraser
Hon. E. M. Heenan

Hon. W. H. Kitson
Hon. C. B. Williams
Hon. C. R. Cornish
(Teller.)

PAIRES.

AYES.

Hon. L. Craig
Hon. F. E. Gibson

NOES.

Hon. W. R. Hall
Hon. T. Moore

Amendment thus passed.

[Hon. V. Hamersley took the Chair.]

Hon. H. SEDDON: I move an amendment—

That at the end of the clause the following words be added:—"one of whom shall have had experience as manager in a trading bank."

Obviously, this institution will be a trading bank and so will carry out ordinary commercial transactions. For that reason I think it only right that the manager should be a person who has had experience as manager of a trading bank.

The CHIEF SECRETARY: I cannot agree to the amendment. What does the hon. member mean by "manager in a trading bank"? Does he mean a branch manager or the manager of a head office? What particular qualifications does he want this particular manager to have? There are numerous very highly qualified men in the banking world today who never have been managers of trading banks and never will be. Some are under all sorts of titles. I do not think it is fair to tie down the Government to the selection of its men from a few people. It wants the men best qualified for the job irrespective of whether they have been managers of a trading bank or not and to tie the hands of the Government in this way is distinctly unfair. There are not very many managers of trading banks who would perhaps be qualified for these positions. Because a man occupies the position of manager of a trading bank, as I understand it, it does not follow that he has the qualifications necessary for this position. The Committee has already said that no Minister is to have anything whatever to do with the bank and that the commissioners shall have full control irrespective of what is involved,

and now it is desired to state definitely that one of them shall have been the manager of a private trading bank. There may not be such a man desiring the position and even if there were he might not have the qualifications we seek. I hope the Committee will not utterly destroy the Bill.

Hon. G. W. MILES: I do not agree that we are trying to tie the hands of the Government. This is a proposal to start a trading bank and my contention is that an experienced banker is needed to control it. When the Commonwealth Bank was inaugurated, the Commonwealth Labour Government at that time appointed as its head Sir Denison Miller, a trained banker.

The Chief Secretary: But he was not manager of a trading bank.

Hon. G. W. MILES: We can broaden this amendment to include "inspector," but we must have a man who understands the banking business. It will strengthen the hands of the bank if experienced men are in control. That is the secret of the Commonwealth Bank's success and its rural bank is a credit to it.

The CHIEF SECRETARY: I think I have made it perfectly clear that the Government is intent on having men in these positions who have the highest possible qualifications.

Hon. L. B. Bolton: The Committee is intent only on seeing that it does.

The CHIEF SECRETARY: The Committee is trying to restrict the selection to certain people occupying certain positions, but that is neither right nor fair. There is a number of men to my knowledge who are not managers of trading banks but who perhaps have higher and wider experience than such managers or even inspectors. The Committee does not seem prepared to accept the word of myself or the Government that the intention is to get the highest qualified men for the positions but that is no justification for the Committee to tie the selection down to certain men holding certain positions.

Hon. H. SEDDON: My object is to ensure that at least one of the commissioners shall have had managerial experience in a trading bank. If the words I have suggested do not meet the wishes of the Government, then the Government can bring down another amendment and set out what the Chief Sec-

retary says is the intention, that is, to appoint a man highly qualified.

The CHIEF SECRETARY: I do not think the hon. member is fair. He is telling me that he does not believe the Government or myself, and that it is absolutely essential that we should have in this Bill certain words which he desires. He says that if the Government does not want what he suggests, it should bring down an amendment of its own. I cannot say any more than I have. To tie the hands of the Government to selections from any particular set of individuals is unfair.

Hon. A. Thomson: You have an opportunity to appoint two out of the three who need not have such experience.

The CHIEF SECRETARY: I have stated on several occasions that it is our intention to have the best qualified men for these positions but apparently some members are of the opinion that what I am saying is not worth very much.

Hon. A. Thomson: You have taken the wrong view.

The CHIEF SECRETARY: Then there is no need to suggest that the Government should select certain individuals from a very small coterie—those who have held the position of manager of a trading bank, whether a branch bank or a central office. If the amendment is enlarged to include inspectors, there are other men who have had wider experience than some inspectors, but who have some other title.

Hon. H. S. W. Parker: Accountant.

The CHIEF SECRETARY: It might be that; but I think we have several highly qualified banking accountants in our own service, if that is that is wanted. This is to be an important institution and I ask again that the Committee shall not tie the Government's hands.

Hon. A. THOMSON: The Chief Secretary feels that we are doubting his integrity, but I do not think that is the intention of the Committee. However, we are framing an Act under which this bank will be governed; and, while the intentions of the Government may be quite serious, and while the Government may have every determination to carry out what the Chief Secretary has suggested, it seems to me that we shall safeguard the administrative section of the bank if we provide that at least one commissioner shall have had banking ex-

perience. The principal feature of the amendment is to be found in the words "manager in a trading bank." If we struck out the words after "as" in the amendment and inserted the words "expert banking experience" it would leave it wide open. I do not know whether they are the correct words to use. The Minister has in view, no doubt, the possibility of appointing some men who are in charge of the Agricultural Bank and have carried it on under Government administration for many years. I would not like to see those men suffer because of a decision of this Chamber but we have a duty to perform, namely, that in framing this Bill, which involves the handling of millions of money we should provide for the appointment of a man who has had experience. If we want a foreman of a construction gang we appoint a practical man. The deletion of the words I have suggested might leave the way open to the appointment of a man who has been, perhaps, a director of a trading bank.

Hon. G. B. WOOD: I ask Mr. Seddon not to persist with this amendment. After all we have to trust the Government in a big thing like this. I do not intend to cast my vote towards restricting its choice. What is meant by "manager in a trading bank"? Does it mean a country branch or a city branch, or what? We want men of vision, those who have had experience. If at a later stage Mr. Seddon drafts an amendment on different lines he may get my support.

Hon. E. M. HEENAN: I hope that no further amendment will be made to this clause. The success of this bank will depend on the three commissioners and it is vital that the Government shall have the widest field in selecting them. Whatever amendment is made will have the effect of restricting that selection.

Hon. G. W. Miles: To a competent man.

Hon. E. M. HEENAN: This amendment will restrict the selection to a man who has been a manager of a trading bank. It cuts out, probably, a clever accountant or inspector. If those two words were included someone else might be excluded. We can all believe that the Government will set itself out to get the three most expert and capable men possible. It is conceivable that the three of them may be bank managers or accountants or inspectors.

Hon. W. J. MANN: Mr. Seddon's object seems to be that one of the three commissioners should be a man with banking experience. I do not hold with him in confining it to a manager, nor do I think we would give very much away if we added the word "director." As this is to be a banking institution it seems natural that there should be a man appointed who can claim a record of successful banking administration. I would like this amendment to be postponed so that Mr. Seddon can arrive at a better formula to cover what he desires.

Hon. H. SEDDON: I am not wedded to the actual wording of the amendment. I want to see appointed to this position a man who has had administrative experience in a trading bank.

Hon. J. CORNELL: Why not use those words?

Hon. H. SEDDON: I am quite agreeable to doing that. I am also willing to accept the word of the Chief Secretary. I believe that the Government wants to get the best man available, and the best man is one who has had experience in trading banking. Therefore we are justified in inserting these words. I suggest that with the consent of the Committee I be allowed to postpone my amendment and bring up another definition on recommitment.

Hon. H. L. ROCHE: I cannot support the amendment. The orthodox banker with his marked rigidity of ideas and at times narrowness of outlook is not always the best individual to be placed in a position of supreme authority, such as those commissioners appointed under this Bill will be if it ever comes into force. We have made two amendments restricting the Minister's control, which means that more control and authority will be vested in the commissioners. It is conceivable that the Government might appoint a business or commercial man, when possibly there may be available members of the staff with banking experience, seeing that Mr. Abey was appointed as manager of the Agricultural Bank. A commercial or business man could bring a much broader vision to bear in his consideration of the activities of the proposed bank than could a man who had been trained in banking, and who had but little idea of what takes place outside the ordinary routine of his business. There was a gentleman associated with the present Agricultural

Bank since the passing of the Act, about whose work as commissioner I have heard less complaint than about that of anyone else and who, on the other hand, has been given a great deal of credit. That gentleman was the late Mr. Alex. McCallum who was one of those deplorable creatures—a politician. In the circumstances, I do not think it wise for Mr. Seddon to restrict the appointment of one commissioner to the manager of a trading bank. It must be remembered that there are only two full-time commissioners to be in control of the banking operations, the other being a part-time commissioner representing the Treasurer. The choice of selection should be left as wide as possible for the Government.

Hon. H. SEDDON: It has been suggested that I re-draft the amendment. I shall do so and, in order to give the Chief Secretary an opportunity to consider it, I ask leave to withdraw my amendment with the object of placing the re-drafted amendment on the notice paper so that it can be dealt with on recommitment.

Hon. T. MOORE: Why not forget it?

Hon. H. SEDDON: No, I am going on with the matter.

Amendment, by leave, withdrawn.

Clause, as amended, agreed to.

Clause 9—Commissioners to be appointed by Governor and to be a body corporate:

Hon. J. CORNELL: I propose to move an amendment—

That at the end of Subclause (3) the following words be added:—"Provided that the Governor shall when nominating the full-time member other than the chairman give preference to a person who has served in the Armed Forces of His Majesty in the 1914-18 war or in the present war."

That simply means that in the appointment of the full-time commissioner preference shall be given to a returned soldier. I do not intend to listen complacently to the claim that the Government should be untrammelled in its choice of appointees. I know men of banking experience who have served in both wars.

The Chief Secretary: Such a man might not want the job.

Hon. J. CORNELL: I know that all sorts of excuses will be advanced. This is the first opportunity Parliament has had since the outbreak of the present war to express an opinion on the question of whether re-

turned soldiers should be given preference in appointments to full-time jobs. This has no reference to a pick and shovel job, but to a high position. I know of bankers who have been in the Armed Forces who would fill this position satisfactorily. Let us view the matter in retrospect. At the present time four of the Under Secretaries are returned soldiers from the 1914-18 war; they are good men doing good work. I do not think we shall circumscribe the choice of the Government if we say that preference shall be given to a returned soldier respecting one of these commissionerships. I do not intend to include the words "all things being equal"; that phase was fought out long ago.

The CHIEF SECRETARY: This is not a request for preference in the ordinary way; it is a request that one of the commissioners shall be a returned soldier.

Hon. J. Cornell: Exactly.

The CHIEF SECRETARY: I ask the hon. member whether that is a proper action to take.

Hon. J. Cornell: Yes.

The CHIEF SECRETARY: This institution will be one of the most important in the State.

Hon. J. Cornell: That is said about all big jobs.

The CHIEF SECRETARY: At any rate, I make that statement regarding this institution. It will have a capital of £12,000,000, and will be responsible for the development of Western Australia for the next 20 to 40 years. Mr. Cornell wants this Committee to say that a returned soldier must occupy one of the commissionerships, and he is not prepared to include the words "all things being equal."

Hon. L. Craig: But preference means that!

The CHIEF SECRETARY: Of course it does; but that is not what Mr. Cornell is seeking. I do not know who are likely to be appointed to these positions, but they will be the best men available. If there should happen to be two men upon whom the choice of the Government would rest and one happened to be a returned soldier, that man would receive preference. I think that goes without saying.

Hon. J. Cornell: No, it does not.

The CHIEF SECRETARY: That is the hon. member's opinion. He seems to have a bit of an obsession.

Hon. J. Cornell: There were two jobs filled the other day and returned soldiers did not get the appointments.

The CHIEF SECRETARY: Were their qualifications equal to those of the successful applicants?

Hon. J. Cornell: I think so.

The CHIEF SECRETARY: The hon. member thinks so, but were they? If the amendment is agreed to, the Government will have to look round and say, "What returned soldiers are there who have had the necessary wide experience of banking, men who have served either in the present war or in the 1914-18 war and who will be prepared to accept this position?" If there is only one man, he has to be appointed irrespective of his qualifications, even though there might be a hundred other applicants with far higher qualifications. I cannot emphasise too strongly how important this bank is going to be to the State. We have had experience of the existing organisation over the last 20 years and we are hoping that the new organisation will do good work for settlers, including the returned soldiers. While I sympathise with the hon. member in his desire to get returned soldiers appointed I cannot go all the way with him in this matter.

Hon. L. CRAIG: The amendment simply means that, of the commissioners, one shall receive preference; and, when two applicants balance, the choice to fall upon the soldier.

Hon. J. Cornell: I will agree to insert words to that effect.

Hon. L. CRAIG: If the words are inserted, the amendment should be acceptable.

The Chief Secretary: I would have no objection to it then.

Hon. J. CORNELL: Then I ask permission to move the amendment in this form—

That at the end of Subclause (3) the following words be added:—"Provided that the Governor, when nominating the full-time member other than the chairman, shall, all things being equal, give preference to a person who has served in the Armed Forces of His Majesty in the 1914-18 war or in the present war."

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

[Hon. J. Cornell resumed the Chair.]

Clauses 10 and 11—agreed to.

Clause 12—Disqualification for appointment as chairman:

Hon. H. S. W. PARKER: The clause provides that no person shall be eligible for appointment or continue to hold such appointment while he is or if he becomes an officer of any bank or institution carrying on the business of making loans on security of any lands in the State. We have been told that the Government desires to get men of the highest experience for these posts, but under this clause a banker would not be eligible to apply for appointment. I would like the Chief Secretary to explain the position.

The CHIEF SECRETARY: The clause means that the appointee must devote the whole of his time to the work and not be associated with any other banking concern while filling the position.

Hon. H. S. W. Parker: That point is dealt with in Clause 17.

The CHIEF SECRETARY: Unless an officer of a bank dissociates himself entirely from the position he is holding when he applies, he shall be disqualified under this clause. He cannot hold two positions—one with a private bank and the other in the proposed Government bank.

Hon. E. H. H. Hall: The clause would be better if it read "No person on appointment shall be eligible either" and so forth.

Hon. H. SEDDON: The clause could be read as prohibiting men from applying. Mr. E. H. H. Hall's suggestion would overcome that difficulty. A man who otherwise would apply might consider himself disqualified under this clause.

Hon. W. J. MANN: I see nothing wrong with the clause. A man who desired to apply for the appointment would make application and, if he were successful, would resign from the position he was holding.

Hon. H. S. W. PARKER: I shall vote against the clause, seeing that it provides that the chairman shall devote the whole of his time to this bank. The clause is not needed.

Clause put and passed.

Clause 13—Leave of absence and preservation of certain benefits of commissioners:

Hon. H. S. W. PARKER: The clause provides that the commissioners shall have the same rights of leave of absence as are or may be granted to officers of the bank under any award or industrial agreement

applicable to such officers. What is to happen if there is no such industrial agreement or award? Surely the officers of the proposed bank would have their set leave.

The Chief Secretary: The Public Service regulations, which would apply to bank officers in this case, would provide for leave.

Hon. H. S. W. PARKER: The clause does not speak of the regulations, but of awards or industrial agreements. That means that the State Arbitration Court has to determine the leave. I do not think the words are necessary. Bank officers have an agreement under the Public Service regulations, and that is registered in the Arbitration Court. I see nothing wrong with the clause.

Clause put and passed.

Clauses 14 to 18—agreed to.

Clause 19—Powers and authorities:

Hon. L. CRAIG: I move an amendment—

That in line 1 the words "and to the Minister" be struck out

The CHAIRMAN: That is really consequential.

The CHIEF SECRETARY: I do not agree that the amendment is consequential. The fact that the hon. member has raised the question again shows what a serious position has been created by a previous amendment. The clause deals with the powers of management.

Hon. L. Craig: The Committee has agreed that the Government agency department should be subject to Ministerial control.

The CHIEF SECRETARY: The Committee has struck out all reference to the Minister although I think the Committee did not give the matter enough consideration. I feel sure the words will be re-inserted.

Hon. A. THOMSON: I support the amendment. We have a parallel case in the administration of the Railway Department. The Commissioner of Railways is appointed for a term.

Hon. L. Craig: He is appointed by Parliament.

Hon. A. THOMSON: That is so. The object was to remove him from political control. The Commissioner of Railways has complete control of Government railway property. I well remember that when certain regulations were laid on the Table of this House dealing with increased railway freights the Government used the power

which it held to override the decision of Parliament. The Commissioner of Railways has control of property worth about £26,000,000; the commissioners of this institution will control capital assets of the value of some £12,000,000. If it is right to free the Commissioner of Railways from political control, it is equally right to free the commissioners of this institution from political control. Should Parliament think that the commissioners exceeded their powers, amending legislation could be brought down to deal with that aspect.

THE CHIEF SECRETARY: I am afraid there is no analogy between the case put forward by Mr. Thomson and the provisions of this Bill. We might desire the bank to deal with the question of the establishment of a canning factory or a meat works or something of that sort. That kind of thing must be done through a Minister. If members read through the Bill carefully, they will see that provision is made throughout whereby such things can be done in a proper way. If we delete all reference to the Minister, we are going to be faced with an absolutely impossible position from the Government's point of view. When members think over this, I consider they will agree that they have gone too far. If the Committee desires this should be cut out, that is the Committee's responsibility; but it appears to me that an entirely wrong view is being taken. The assumption seems to be that because the Minister is mentioned in the Bill he is going to adopt an attitude of which Parliament would not approve, and is likely to do something the commissioners themselves would not do; but he cannot get away from the Act.

Hon. A. Thomson: That is not my intention.

THE CHIEF SECRETARY: Then why cut out the words? We must have a Ministerial head to deal with Government business.

Hon. W. J. Mann: Why does the Minister have to control the trading bank?

THE CHIEF SECRETARY: It is not a question of control. The Minister is responsible, on behalf of the Government, for discussing with the rural bank or making arrangements with the commissioners to carry out certain work which could not possibly be done by the Minister or the Government. Suppose, for instance, that a particular area of land

is felt to be suitable for closer settlement! The Minister himself would not want to deal with that, nor would the Government. So the Minister would say to the commissioners, "We would like you to examine this particular area and give us your opinion whether it is suitable for the purpose we have in mind." There is a Government agency section which will deal with all manner of things. I can imagine quite a large number of matters with which it would deal and in connection with which the Minister would be the mouthpiece of the Government. I cannot see where we are going to get if we cut out the word "Minister" wherever it appears in this Bill.

Hon. H. L. ROCHE: I hope the Committee will delete these words. It is not a question of striking out "Minister" wherever it occurs. This comes in under the powers of management; it is not a matter of the policy of the institution. I cannot see the need for appointing expensive commissioners for the management of a concern if the Minister is going to have power vested in himself; all he would want in those circumstances would be a manager whom he could direct. The references to the Minister in paragraph (f) seems to presuppose advice to the Minister and to have no relation to the reference in the first line of the clause. If the institution is to be established and commissioners are to be appointed who will be responsible for the management of the institution, with an Act of Parliament to guide them, then the reference to the Minister, giving him these particular powers, should be deleted.

Hon. H. S. W. PARKER: I quite appreciate the Chief Secretary's viewpoint and agree with him, but unfortunately he has it tied up. We have a double institution here; we have a straight-out trading bank and then a Government agency. I agree with him in regard to the Government agency but I disagree when he asks us not to consent to the deletion of the words "and to the Minister." Amongst other things, the clause provides that, subject to the Act and to the Minister, the commissioners shall have power to carry on the business of banking generally in all forms authorised or recognised by law, including the receipt of money on current account, the receipt of money on fixed deposit, etc.; and to consider and determine applications

for loans under the Act, on the security of amortisation loans, fixed loans and long-term loans and to make loans to persons engaged in or about to engage in any rural industry or other industry and to other persons. Why should not the commissioners carry on that business, if a trading bank is desired?

Sitting suspended from 6.15 to 7.30 p.m.

Hon. H. S. W. PARKER: The real name for this institution is that of a State trading bank and, combined with that bank are certain activities of the Government, such as the Agricultural Bank, the Industries Assistance Board, etc. This clause gives general powers, and I have no objection to the agency department being subject to the Minister, but I have a strong objection to the general trading section being subject to him. If we are to have a general trading section, it should be carried out without political control, which might place the Minister in an extremely awkward position. Political pressure might be brought to bear on the Minister to grant loans to particular classes of individuals, and his political life might rest on whether he agreed to lend that money. I appreciate the view that he should have a say in the agency section. If so, the Bill must be redrawn to meet that position.

Amendment put and passed.

The CHAIRMAN: I draw attention to paragraph (f).

Hon. H. S. W. Parker: That is different.

The CHAIRMAN: The same words are used there. They are also used in paragraph (h).

Hon. L. Craig: They are consequential, are they not?

The CHAIRMAN: No.

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

That in lines 1 to 3 of paragraph (h) the words "with the approval of the Minister and the consent of the Governor" be struck out.

We do not want to place the Minister in the invidious position of directing the commissioners. We cannot have a trading bank and hang on to it with a political string. It is, therefore, essential that the words "with the approval of the Minister" come out, because the Governor cannot give consent without the approval of the Minister. Why

should we want to bring the Governor-in-Council into a State trading concern?

The CHIEF SECRETARY: Again I desire to object. There will be no necessity for writing down or even postponing, so far as the rural bank section is concerned. That section will consist of those clients who are perfectly sound. It is in the agency section that we shall find the accounts which, from a trading bank point of view, are unsound, and it is in those cases where there may be a necessity for the postponement of payments or the reduction of total indebtedness. That can only be done with the approval of the Minister, because the Government is accepting that responsibility. It is essential that the Minister should be brought into the picture so far as that section is concerned. To take out these words will wreck the clause altogether.

Hon. L. CRAIG: It seems to me that the Minister is right in this case, because paragraph (f)——

Hon. H. S. W. Parker: Paragraph (h) is under discussion.

Hon. L. CRAIG: This follows on.

Hon. H. S. W. Parker: No.

Hon. L. CRAIG: Either cut out the word "Minister" altogether or put it in where any clause deals with the agency section, and accept the word "Minister" in such clauses as consequential.

Hon. A. Thomson: The Government could introduce a new clause to cover the position.

Hon. L. CRAIG: If the Minister would accept that idea it would save a lot of trouble. The Committee obviously wants to eliminate the Minister in regard to the rural section but is agreeable to leaving the Minister in on the agency side.

Hon. H. S. W. Parker: It does not.

Hon. L. CRAIG: I think it does. Any money over 70 per cent. comes to the agency side.

The CHIEF SECRETARY: The bank will be divided into two sections. The underlying idea of this Bill is based on the New South Wales Rural Bank, which is extraordinarily successful. The rural bank section is to deal with all those accounts which I have described as being safe. In other words, the indebtedness of the clients of the bank is not greater than 70 per cent. of the valuation of the bank in that section whereas, if a client has an indebtedness greater than 70 per cent., the whole of his account goes into the agency section.

When the account improves it can be transferred from the agency section to the rural bank. Under the paragraph, authority is given to do more than postpone or write off debts; authority is given to make all sorts of arrangements which can apply only to accounts in the agency section. The Government is responsible for that section and it is only right that the Minister should approve of what the bank desires to do in that direction. If we pass the amendment, there will be no connecting link between the agency section and the Government.

Hon. C. F. BAXTER: To delete the words would be wrong. The commissioners could not take the responsibility but the Minister would be able to do so. If we delete the words, there will be nothing to take their place.

Hon. H. SEDDON: Another aspect ought to be considered. This is to be, not purely and simply a rural bank but a trading bank. Assume that a person obtains an overdraft and gets into trouble, the commissioners will want the approval of the Minister in order to make a compromise. I consider that the commissioners should have the full power mentioned in the paragraph.

The CHIEF SECRETARY: The case quoted by the hon. member would be the responsibility of the commissioners. If losses are made in that way, they will have to be borne by the bank. The clause contains a survey of the many things the commissioners will be called upon to do on their own account or with the approval of the Government. There is no provision in the rural bank section of the measure dealing with the writing-down of accounts. Writing down or making arrangements with creditors has no relation to the rural bank side of the measure. For that reason members should hesitate before cutting out the reference to the Minister's approval.

Hon Sir HAL COLEBATCH: I cannot see any particular objection to the paragraph. The commissioners are to have power to postpone or suspend debts, and if they wish to wipe out portion of a debt, they should get Ministerial approval. This is entirely different from the matters we have already dealt with.

Hon. H. S. W. PARKER: I am afraid we are bound to argue over each provision of this sort on account of the way the Bill

is drawn. It has been drawn on the basis that the institution shall be a politically-controlled State trading concern plus a State agency.

The Chief Secretary: I take exception to the hon. member's remark that this Bill is drawn to provide a politically-controlled rural bank section. I have made the position perfectly clear on several occasions.

Hon. H. S. W. PARKER: I withdraw the remark, but if anything requires the approval of the Minister, it must be political. That is the only sense in which I used the term. The Bill is drawn on the basis that there shall be Ministerial interference, and the Committee has decided that, as regards the trading portion, it will not agree to Ministerial interference or control, but is quite agreeable to Ministerial control over the Government agency section of the bank. The Bill is a hotch-potch and has to be segregated. The reference in paragraph (h) would apply to both sections of the bank.

Amendment put and a division called for.

The CHAIRMAN: Before tellers are appointed, I give my vote with the ayes.

Division resulted as follows:—

Ayes	..	..	..	..	15
Noes	..	..	..	..	14
Majority for					1

AYES.

Hon. L. B. Bolton	Hon. H. S. W. Parker
Hon. J. Cornell	Hon. H. Seddon
Hon. J. A. Dimmitt	Hon. A. Thomson
Hon. F. E. Gibson	Hon. H. Tuckey
Hon. E. H. H. Hall	Hon. F. R. Welsh
Hon. J. G. Hislop	Hon. G. B. Wood
Hon. A. L. Loton	Hon. H. L. Roche
Hon. W. J. Mann	(Teller.)

NOES.

Hon. C. F. Baxter	Hon. V. Hamersley
Hon. Sir Hal Colebatch	Hon. E. M. Heenan
Hon. C. R. Cornish	Hon. W. H. Kitson
Hon. L. Craig	Hon. G. W. Miles
Hon. J. M. Drew	Hon. T. Moore
Hon. G. Fraser	Hon. C. B. Williams
Hon. E. H. Gray	Hon. W. R. Hall
	(Teller.)

Amendment thus passed.

Hon. L. CRAIG: I move an amendment—
That paragraph (1) be struck out.

The power proposed to be given to the commissioners by this paragraph appears to me to be extraordinary. The commissioners will have the powers of inquisitors and could adopt Star Chamber methods. No associated bank manager could treat his bank's clients in that way.

Hon. C. B. Williams: What would happen if a private bank called in a client to be interviewed by the management?

Hon. L. CRAIG: If the bank did not consider his replies satisfactory, it could take the matter to court; or it could go into possession as mortgagee.

Hon. H. L. Roche: This provision does not apply only to clients of the bank.

Hon. L. CRAIG: It applies to any person.

Hon. H. L. Roche: To any person doing business with a client.

Hon. L. CRAIG: Yes. The commissioners might order a storekeeper to come to Perth to give evidence. The commissioners would have all the powers of Royal Commissioners.

Hon. L. B. Bolton: The provision is a reflection on the client.

Hon. L. CRAIG: Yes.

Th CHIEF SECRETARY: Mr. Craig is the last member of the Committee who, I thought, would jump to conclusions like this.

Hon. L. B. Bolton: You can never tell!

The CHIEF SECRETARY: This particular provision is taken from the 1934 Act. The present commissioners of the Agricultural Bank have these powers, but they are not inserted in the Bill for the purpose that Mr. Craig suggests. The commissioners may be called upon by the Government to make some inquiry as to an area of land suitable for closer settlement or as to some area for irrigation purposes. This would give the commissioners power to call for evidence to ascertain all the facts necessary.

Hon. L. Craig: There is nothing in the Bill to say so.

The CHIEF SECRETARY: There has not been one case of the kind mentioned by Mr. Craig since the provision was inserted in the 1934 Act, although there have been many occasions when there would have been justification for the present Commissioners to call for such evidence.

Hon. L. Craig: I should say so.

The CHIEF SECRETARY: If we do not wish the commissioners to do the work set out in the provision then let us strike out the provision.

Hon. L. B. Bolton: Let the commissioners do their job as bankers and stick to that.

Hon. L. Craig: Why could not the commissioners be appointed a Royal Commission for such purposes?

Hon. L. B. Bolton: Yes, for some specific purpose.

The CHIEF SECRETARY: Unless we are prepared to give the commissioners the power which this provision proposes to give them, there will not be much chance of their being able to carry out their job successfully.

Hon. L. CRAIG: It is all very well for the Minister to say, "This is what we mean," but it is not what the Bill says. This is a power which would not ordinarily be given to a bank manager or commissioners or directors. I agree with the Minister that the provision is desirable for the purposes which he suggests, but it should be amended in such a way as to state the Minister's intention. If that were done, I would withdraw my amendment.

The CHIEF SECRETARY: I have already indicated that the provision does not apply to clients of the bank. I refer the Committee to Clause 107 of the Bill, dealing with regulations. The commissioners would have power to fix the procedure in any case where they hold any inquiry, including the procedure for compelling the attendance of witnesses and the production of documents. We must provide that the commissioners shall have certain powers, and I suggest it is essential that we shall provide those powers in the clause dealing with the powers of management.

Hon. L. Craig: Why not provide in paragraph (1) that the commissioners may have the power in respect of matters referred to them by the Minister?

The CHIEF SECRETARY: That is a very nice suggestion!

Hon. L. Craig: It is dealing entirely with the agency department.

The CHIEF SECRETARY: The hon. member has spent much time in trying to get the Minister out of the Bill, and now he wants to put him back again!

Hon. H. S. W. PARKER: The Minister's statement is the most extraordinary I have ever heard. This provision will give the commissioners power to compel people to appear before them, take the oath and give evidence on various matters because the Government desires to inquire into some matter or other. It may be about a water supply; but the Minister may say that is not what is meant. If the Minister desires this to have the effect that a similar provi-

sion in the Agricultural Bank has, let him say so. Let it apply so far as the agency section is concerned. This is a hotch-potch measure now because we are endeavouring to deal with two classes of business in one Bill, this Committee having decided to split the two businesses. This sort of thing will continue throughout unless the Bill is drastically redrafted. We cannot allow this provision to be included. I agree with Mr. Craig that this is getting back to Star Chamber methods.

The CHIEF SECRETARY: I object to the interpretation Mr. Parker has put on this provision. As a legal man he should be more charitable. I have already pointed out that this particular power would be exercised only under regulations which have yet to be drawn up and placed on the Table of the House. There is the additional safeguard, if one is required. I thought I made it clear at the outset that the Bill is divided into parts, one dealing with the rural bank business and the other with the Government agency. There is nothing in the rural bank section which has any connection whatever with this subclause, but there is under the Government agency section. I am afraid members' misapprehensions are due to the fact that they have not read the Bill.

Hon. L. Craig: That is why I suggested putting back the words regarding the approval of the Minister. This is quite all right.

The CHIEF SECRETARY: The more we tinker with the Bill, as suggested by some members, the less the Bill will be worth.

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

Ayes	..	..	..	..	19
Noes	..	..	..	..	9
Majority for	..	..	..	..	10

AYES.

Hon. C. F. Baxter	Hon. G. W. Miles
Hon. L. B. Bolton	Hon. H. S. W. Parker
Hon. Sir Hal Colebatch	Hon. H. L. Roche
Hon. L. Craig	Hon. H. Seddon
Hon. J. A. Dimmitt	Hon. A. Thomson
Hon. F. E. Gibson	Hon. H. Tuckey
Hon. E. H. H. Hall	Hon. F. R. Welsh
Hon. V. Hammersley	Hon. G. B. Wood
Hon. J. G. Hislop	Hon. W. J. Mann
Hon. A. L. Loton	(Teller.)

NOES.

Hon. J. M. Drew	Hon. W. H. Kitson
Hon. G. Fraser	Hon. T. Moore
Hon. E. H. Gray	Hon. C. B. Williams
Hon. W. R. Hall	Hon. C. R. Cornish
Hon. E. M. Heenan	(Teller.)

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

Clause 20—agreed to.

Clause 21—Assets, funds and securities to be divided between departments:

The CHAIRMAN: The words "with the approval of the Minister" appear in this clause, and I draw the attention of members to the fact.

Hon. H. S. W. PARKER: But this deals with the Government agency business!

Clause put and passed.

Clauses 22 to 27—agreed to.

Clause 28—Application of funds of the bank:

The CHAIRMAN: I draw members' attention to the fact that in this clause the words "with the approval of the Minister" again appear.

Hon. A. THOMSON: Will not those words be struck out as consequential upon the early amendment?

The CHAIRMAN: I do not know that this is consequential; I want the Committee to be consistent.

Hon. A. THOMSON: We should be consistent and these words must be struck out. I shall move that these words be treated as consequential and be struck out.

The CHIEF SECRETARY: But they are not consequential at all. If the commissioners desire to utilise any of their funds for purposes other than those specifically prescribed in the Act, such as, for instance, providing funds for agricultural research, then the Minister must approve of the expenditure. The Committee will make itself ridiculous if it strikes out the words.

Clause put and passed.

Clause 29—Sinking fund for repayment of moneys appropriated by Parliament:

Hon. L. CRAIG: I move an amendment—

That in line 1 after the word "rate" the words "not less than one per centum" be inserted.

The clause provides that the interest on, and contributions to, a sinking fund for the redemption of money appropriated by Parliament shall be at a rate to be fixed by the Treasurer. It seems to me that a minimum rate should be provided.

Hon. H. L. Roche: Why not a maximum rate?

Hon. L. CRAIG: I suppose no Treasurer could contribute too much to a sinking fund for this purpose, but I think a minimum rate should certainly be fixed. Money is ap-

propriated by Parliament for the use of the bank and it is left to the Treasurer to determine each year what sinking fund provision shall be made for the redemption of the money so appropriated. In a good year the Treasurer might allocate a certain rate and in a bad year might allocate no rate at all. I suggest that a minimum rate of one per cent. should be fixed.

The CHIEF SECRETARY: This clause is the same as the relevant section in the present Agricultural Bank Act. It should stand as now worded, because it is just possible that the rate may have to be varied by reason of the fact that moneys appropriated by Parliament for this purpose come within the scope of the Financial Agreement, which lays down that the rate shall be 10s. per cent. For that reason it is necessary that the clause remain as printed.

Hon. H. SEDDON: The Financial Agreement provides that any money borrowed shall carry a sinking fund of 10s. per cent., but there is nothing to prevent an arrangement being made by the Government with the bank for the rate suggested by Mr. Craig, which I regard as desirable.

Amendment put and negatived.

Clause put and passed.

Clauses 30 to 34—agreed to.

Clause 35—Investment of moneys in the control of the bank:

Hon. A. THOMSON: I move an amendment—

That Subclause (2) be struck out.

The subclause reads—

No moneys shall be invested under the authority conferred by this section in any kind of investment whatever without the consent of the Treasurer being first obtained.

As Ministerial control has been deleted up to this stage, I hope it will be deleted here.

The CHIEF SECRETARY: I cannot agree to the amendment. In the first place, the Treasury will find all the money required to enable the rural bank to function. In the second place, the Government accepts the responsibility for the rural bank. In the third place, the Treasurer has considerable sums of money to invest and, if the bank commissioners are allowed to invest money just as they think fit, there is likely to be competition between the Treasury and the bank in the investment of money. At all times the State is responsible for this proposed bank, and there

should be collaboration between the bank commissioners and the Treasury in regard to investment of moneys.

Hon. A. THOMSON: If it is necessary to get the Treasurer's consent, or the Sub-Treasurer's, should it be definitely laid down how funds may be invested?

Hon. H. S. W. PARKER: Does not the clause preclude the bank from lending money to individuals?

The Chief Secretary: The clause itself answers the question raised by Mr. Parker.

Hon. H. S. W. PARKER: Yes. I am satisfied.

Amendment put and negatived.

Clause put and passed.

Clauses 36 to 39—agreed to.

Clause 40—Members of staff not eligible for loans but may deposit moneys with bank:

Hon. A. THOMSON: I move an amendment—

That in lines 5 and 6 of Subclause (1) the words—"save and except with the approval of the Governor on the recommendation of the Minister" be struck out.

The CHIEF SECRETARY: If this amendment is agreed to, I fear we shall be acting rather unfairly in regard to some officers of the bank. I agree that no officer of the bank shall in any instance whatever advance any money to any other officer of the bank. We have, and probably shall have in future, inspectors in whose cases the bank has agreed to finance the purchase of motorcars, and the moneys advanced have of course been repaid. In some cases officers have not been able to secure house accommodation without the assistance of the Agricultural Bank. If these commissioners desire to do similar things, they must get the Minister's approval. I hope the amendment will not be agreed to.

Hon. H. S. W. PARKER: Will the Minister agree to the whole of the clause being deleted, thus leaving the matter entirely to the commissioners, who surely are fit and proper persons to decide whether one of their staff shall be granted an advance?

Hon. A. Thomson: I would prefer to have the whole clause struck out.

The CHIEF SECRETARY: In the proceedings of the Royal Commission of some years ago there was reported a case—

Hon. A. Thomson: Only one case!

The CHIEF SECRETARY: Only one case was featured, and we do not want a repetition of it.

Hon. H. L. ROCHE: I hope the Committee will agree to delete the words in accordance with Mr. Thomson's amendment, although in respect of some details of administration of this institution it might handicap the commissioners in financing some of their officials. It is no use blinking the fact that under the previous administration certain financial advances were made to officers of the bank which were not perhaps in the best interests of the bank; certainly one case I have in mind did not inspire confidence in other clients of the bank as regards the institution's general administration. While the clause remains as it is, the way is still open for a similar advance to be made.

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

Ayes	14
Noes	10
Majority for	4

AYES.

Hon. L. B. Bolton	Hon. H. L. Roche
Hon. Sir Hal Colebatch	Hon. H. Seddon
Hon. J. A. Dimmitt	Hon. A. Thomson
Hon. E. H. H. Hall	Hon. H. Tuckey
Hon. V. Hamersley	Hon. F. R. Welsh
Hon. A. L. Loton	Hon. G. B. Wood
Hon. W. J. Mann	Hon. C. F. Baxter

(Teller.)

NOES.

Hon. C. R. Cornish	Hon. W. H. Kitson
Hon. J. M. Drew	Hon. G. W. Miles
Hon. G. Fraser	Hon. H. S. W. Parker
Hon. E. H. Gray	Hon. F. E. Gibbon
Hon. W. R. Hall	
Hon. E. M. Heenan	

(Teller.)

PAIRS.

AYES.	NOES.
Hon. J. G. Hilslop	Hon. C. B. Williams
Hon. L. Craig	Hon. T. Moore

Amendment thus passed.

Hon. H. SEDDON: The usual method of banks in regard to fixed deposits is that if a client finds that he needs money he can raise it against his fixed deposit. I take it that, under this provision, a client might have a fixed deposit and yet not be able to obtain an advance against it.

Clause, as amended, put and passed.

Clauses 41 to 45—agreed to.

Clause 46—Powers of commissioners in relation to conduct of business in rural department:

Hon. H. SEDDON: On behalf of Mr. Craig, I move an amendment—

That in line 5 of paragraph (g) the word "stock" be struck out and the word "livestock" inserted in lieu.

The CHIEF SECRETARY: There is no objection to the amendment.

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

Clauses 47 to 51—agreed to.

Clause 52—Power to make loans:

Hon. H. L. ROCHE: I move an amendment—

That the following proviso be added:—
"Provided that the borrower shall be entitled to choose whether the loan for such amount as is approved by the Commissioners shall be a fixed loan, an amortisation loan or a long-term loan."

That, to my mind, is a most important provision. An amortisation loan is defined as being a loan secured by mortgage repayable with interest by periodical instalments. That means, to all intents and purposes, that the borrower knows what repayments he must make over various periods. A fixed loan is defined as being a loan on mortgage granted for a fixed term of years during which interest only is payable. That definition is plain enough. A long-term loan is a loan on mortgage granted for a period of years, not exceeding 25 years, during which interest is payable, and instalments of principal may be repaid at the will of the borrower. When I spoke on this Bill on the second reading, I tried to demonstrate the danger I saw if it became the policy of the administration to have the farmers at present indebted to the Agricultural Bank, and who may be transferred to the rural bank, placed under overdraft conditions. The overdraft conditions can be very onerous, and I believe that most of the people who are at present indebted to the bank and will be taken over by the rural bank are farming under conditions where they can justly claim it is a two-or-three-generation job for them to acquire, develop and pay for their property. If this institution is carried on, as seems to be possible, on somewhat similar lines to those on which the present bank has on occasions seemed to operate—namely, that it is a matter of collecting money willy-nilly in order to place the accounts in a more healthy condition—the imposition of the overdraft provision, without giving the farmer any option which form of loan he

desires, will inflict a definite hardship and one that I think calls for some protection for the people concerned.

The CHIEF SECRETARY: If we agree to this proposal, I should say that we will be going against the best interests of the clients. Almost invariably the wishes of clients are taken into consideration; but it may be that the circumstances are such that it would be more advantageous to a client to have his loan under conditions different from those which he desires. In those cases there would be negotiation between the bank and the client. If the client were satisfied that the proposal of the bank was a better proposal than his own, naturally he would accept the bank's proposal. If we agree to this amendment we shall tie the hands of both parties, because the bank is not likely to agree to a loan unless satisfied in regard to several matters. It is remarkable that in New South Wales, where this type of organisation has been so successful, the number of overdraft accounts has increased to a great extent in the last two or three years. I gave the figures when introducing the Bill. But that is not because overdrafts have been forced on the clients. It is because they have been prepared to accept them, and because they have seen that by that method they have been able to get credit for the moneys they received for their production, which otherwise they would not get. In that way they have improved their accounts by virtue of the fact that they were operating on overdraft. If the hon. member is afraid the overdraft may reach such proportions, even if it were forced upon the client—and it is not—I would tell him that the procedure in most of these cases, I understand, is to have a certain proportion on fixed loan. Suppose the amount was £3,000: The arrangement would be for £2,000 on fixed loan and £1,000 on overdraft, which would allow the wheat and sheep farmer to obtain the benefits of paying into that account his wool and wheat cheque; and, seeing that it is on the daily balance that these accounts are calculated, one can easily see that would be a great benefit to the client. It is all a question of negotiation between the two parties and I do not think we should tie their hands. If I, as a client of the bank, desired to obtain a loan for a particular purpose and under particular conditions, and the rural bank commissioners said: "We don't mind your having the money but would pre-

fer you to have it under these circumstances, which will be of greater benefit to you, than your conditions," I would be very foolish not to accept the alternative. The rural bank could say, "We are prepared to advance you £1,000 but not under the conditions stated by you. We are prepared to determine whether you are entitled to the money. We say you are entitled to it under certain conditions and we are not prepared to lend it under any other conditions." Members can see how the hands of the parties could be tied if the client were able to determine the conditions under which he would receive an advance from the bank.

Hon. H. L. ROCHE: I submit that none of the situations advanced by the Chief Secretary would arise under my amendment, unless those in charge of the bank wished to make it mandatory on the person concerned to accept an overdraft willy-nilly. The matter could just as readily remain one of negotiation if my amendment were passed as if the clause were not altered. As the clause stands the bank decides the conditions; it is not a question of mutual agreement. The alternative I have suggested will do more to stimulate goodwill than will the clause.

Amendment put and a division called for.

The CHAIRMAN: I will give my vote with the ayes.

Division resulted as follows:—

Ayes	..	..	..	..	14
Noes	..	..	..	..	13
Majority for					1

AYES.

Hon. C. F. Baxter	Hon. W. J. Mann
Hon. L. B. Bolton	Hon. M. L. Roche
Hon. J. Cornell	Hon. H. Seddon
Hon. L. Craig	Hon. A. Thomson
Hon. J. A. Dimmitt	Hon. F. R. Welsh
Hon. E. H. Hall	Hon. G. B. Wood
Hon. A. L. Leton	Hon. H. Tuckey

(Teller.)

NOES.

Hon. Sir Hal Colebatch	Hon. E. M. Heenan
Hon. C. R. Cornish	Hon. W. H. Kitson
Hon. J. M. Drew	Hon. G. W. Miles
Hon. G. Fraser	Hon. T. Moore
Hon. F. E. Gibson	Hon. H. S. W. Parker
Hon. E. H. Gray	Hon. V. Hamersley
Hon. W. R. Hall	

(Teller.)

PAIR.

AYE.	No.
Hon. J. G. Hislop	Hon. C. B. Williams

Amendment thus passed.

Hon. H. S. W. PARKER: Is it the intention of the bank to advance money on a bill of sale, or is such provision made elsewhere in the Bill? It struck me an error

was made in not providing for that in this clause.

The CHIEF SECRETARY: Clause 46 covers the powers of the rural department. The hon. member will find what he wants in paragraph (g) in the words "or any other security approved of by the commissioners."

Hon. H. S. W. Parker: That refers only to overdrafts.

The CHIEF SECRETARY: It is not limited to overdrafts.

Hon. H. S. W. Parker: I am only drawing attention to the matter.

Clause, as amended, put and passed.

Clauses 53 and 54—agreed to.

Clause 55—Persons over 16 years of age may obtain loans:

Hon. H. L. ROCHE: I move an amendment—

That at the end of the clause the following words be added:—"And while indebted to the bank shall also be capable of contracting with any person, firm or corporation, for any purpose connected with his engagement in rural industry as if he were of full age."

As the clause stands a minor can do business with the commissioners in the way of a mortgage or opening an account, etc. Business people may do business with such a minor under the impression that he is of adult age. My amendment would make the minor liable for any debts he may contract with business people. As the Bill stands action against a minor in such matters would not be enforceable.

The CHAIRMAN: The amendment opens up a wide subject, and I hardly think it is within the scope of the clause.

The CHIEF SECRETARY: A minor under 16 may be granted land under the Land Act, and land has been granted to sons of farmers in such circumstances. If the Committee agreed to the amendment we should be conflicting with other Acts of Parliament, the Bills of Sale Act, for instance, as well as the Land Act.

Hon. H. S. W. Parker: Have you not ruled this amendment out of order, Mr. Chairman?

The CHAIRMAN: I have not ruled yet.

The CHIEF SECRETARY: Other Acts would be materially affected. The passing of the amendment would alter entirely the usual methods adopted by firms when doing business with minors.

Hon. H. L. ROCHE: When one does business with a minor one should have opportunity to recover debts due by him: It seems wrong that a minor should be able to contract debts with private business people and not be sued for them.

The CHAIRMAN: The hon. member's amendment would give a minor standing under half-a-dozen other Acts, whereas this clause provides for giving him standing under the particular legislation we are discussing. The amendment runs very close to the wind.

Hon. E. M. HEENAN: I hope the amendment will not be accepted. If the bank has seen fit to grant a mortgage, a salesman might induce a lad to buy a motorcar or something of the sort and he would be bound by his contract. Thus a young man might be imposed upon. To include the amendment would be a radical alteration of common law.

Hon. G. FRASER: If we pass the amendment would it have any effect on other legislation?

The CHAIRMAN: I do not think it would.

Amendment put and negatived.

Clause put and passed.

Clause 56—agreed to.

Clause 57—Costs and expenses which may be charged in respect of loans:

Hon. A. THOMSON: I move an amendment—

That paragraph (b) be struck out.

This paragraph provides for charging prescribed fees for valuation, and it looks to me as if the bank is after procuration fees. I understand that the trading banks do not charge a valuation fee.

The CHIEF SECRETARY: This provision is discretionary and the charge is made by trading banks at times. The bank might be put to a good deal of inconvenience and cost to investigate an impossible proposition, and it is necessary that the commissioners should have the right to make a charge if they think fit.

Hon. L. CRAIG: The paragraph is in conformity with ordinary trading practice. To value a large property would involve time and expense and the client would have to pay for it.

Hon. H. L. ROCHE: Would valuation fees be charged on all properties that the rural bank intends to take over from the

Agricultural Bank? I cannot see why such an institution should not have its own valuer without requiring provision to charge valuation fees.

The CHIEF SECRETARY: The properties to be taken over by the rural bank will be valued before the measure is proclaimed and there would be no charge for valuation. The valuation is the basis upon which loans are made, and it is only fair that the cost should fall on the applicant, not on the bank. If the bank had already made a valuation of a property being taken over from an existing client, there would be no charge.

Hon. A. THOMSON: I understand that a large number of trading banks do not charge a valuation fee. If a man approached the rural bank for a loan, he would have to submit facts and figures. Under the National Security Regulations, a man wishing to sell his house has to submit a price to the department and a departmental valuer places a value on it. I still think that the rural bank should not be in a position to charge valuation fees.

Amendment put and negatived.

Hon. A. THOMSON: I move an amendment—

That paragraph (c) be struck out.

This paragraph would entitle the commissioners to charge other expenses and definitely relates to procuration fees. Objection has been taken to procuration fees being charged by moneylenders.

The CHIEF SECRETARY: I hope the amendment will not be passed. This is another discretionary provision. The commissioners might have to investigate various kinds of security. Under the Bill the charge for the first £1,000 would be £5 5s.; for £2,000, £7 15s., and for £3,000, £10 5s., whereas at present I am informed that the cost would be approximately £30. Thus we are proposing a material reduction in charges if charges are in fact imposed. The amendment would handicap the commissioners.

Hon. H. L. ROCHE: I understand that trading banks do not make this charge. We have already given the commissioners power to charge fees for making a valuation. The only people who charge procuration fees nowadays are mortgage brokers. The banks do not charge them; and it seems extraordinary that persons doing business with

a banking institution should be asked to pay a procuration fee. I cannot imagine any person doing business with this institution if he is called upon to pay a procuration fee.

Hon. L. CRAIG: Mr. Roche is caustic in his criticism of this provision. In no circumstances can expenses be deemed to be a procuration fee. The clause deals with costs and expenses which, in effect, must have been incurred. One cannot make a charge and call it costs.

Hon. H. L. ROCHE: This provision refers to "other expenses." What sort of expenses?

Hon. L. CRAIG: First, there is the cost of searching the title to ascertain that there is no prior mortgage on the property.

Hon. H. L. ROCHE: That is already accounted for in paragraph (a). You have not read the clause.

Hon. L. CRAIG: The point is that these charges will not be made if the expenses have not been incurred. I shall vote against the amendment.

Hon. A. THOMSON: The lengthy explanations given by Mr. Craig are amusing. Paragraphs (a) and (b) provide for all expenses in connection with a loan; therefore, paragraph (c) should be struck out.

The CHIEF SECRETARY: I thank Mr. Craig for his assistance.

Members: Hear, hear!

The CHIEF SECRETARY: This institution will be dealing with securities other than those over farming properties. Investigations may have to be made which might entail much accountancy work and the preparation of a number of documents, besides the drawing up of a balance sheet.

Hon. A. THOMSON: Would not all of those come under the heading of "other expenses"?

The CHIEF SECRETARY: No. I am advised that that is the reason for inserting this paragraph. The commissioners are not likely to make the charge unless it is fair, and then only to cover the actual expenses to which they have been put. No matter what the expenses of such investigations might amount to, the commissioners would be limited to the percentages set out in this provision. Nothing could be fairer.

Hon. E. M. HEENAN: I support the Chief Secretary. We must preserve this provision. I have in mind the case of a man at Leonora or Wiluna who might want

to raise a loan on his mine; surely considerable expense would be involved in making an inspection of the mine.

Hon. A. Thomson: But would they not be covered by the expenses mentioned in paragraph (a)?

Hon. E. M. HEENAN: No. The expenses mentioned in that paragraph are restricted to the words which precede it.

Hon. Sir HAL COLEBATCH: I consider it would be dangerous to strike out this paragraph. If it is struck out, there would be no limit to the expenses mentioned in the two preceding paragraphs.

Hon. G. B. WOOD: In my opinion, paragraph (a) covers all expenses.

Hon. L. Craig: But we are dealing with paragraph (c).

Hon. G. B. WOOD: That is why I am advocating the striking out of paragraph (c). The term "other expenses" must mean all expenses. If paragraph (c) is not a clause providing for the charging of a pro-curation fee, I do not know what is.

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

Ayes	..	..	..	11
Noes	..	..	..	17
Majority against				6

AYES.

Hon. C. F. Baxter	Hon. H. Seddon
Hon. L. B. Bolton	Hon. A. Thomson
Hon. J. A. Dimmitt	Hon. H. Tuckey
Hon. E. H. H. Hall	Hon. G. B. Wood
Hon. J. G. Hlalop	Hon. A. L. Loton
Hon. H. L. Roche	(Teller.)

NOES.

Hon. Sir Hal Colebatch	Hon. E. M. Heenan
Hon. O. R. Cornish	Hon. W. H. Kltson
Hon. L. Craig	Hon. G. W. Miles
Hon. J. M. Drew	Hon. T. Moore
Hon. G. Fraser	Hon. H. S. W. Parker
Hon. F. E. Gibson	Hon. F. R. Welsh
Hon. E. H. Gray	Hon. C. B. Williams
Hon. W. R. Hall	Hon. W. J. Mann
Hon. V. Hamersley	(Teller.)

Amendment thus negatived.

Clause put and passed.

Clause 58—Amount of loan and nature of security:

Hon. H. L. ROCHE: I move an amendment—

That at the end of the clause the following proviso be added:—"Provided that notwithstanding any other provision of this Act, or the provisions of any other Act, or any security, interest shall not be payable on the interest (if any) in arrear at the date of commencement of this Act in respect of any security formerly vested in or held by the Agricultural Bank

which by this Act is vested in or held by the Bank and the amount of such interest in arrear (if any) in respect of each person so indebted shall be entered in a separate account and paid by such instalments over such period as the Commissioners and such person may agree, and failing agreement, as the Commissioners shall require.

The proposed proviso would not prevent the bank from recovering arrears of interest; but it would have the effect, in those cases where the institution takes over a security from the Agricultural Bank, of its ceasing to charge compound interest. This would apply only where farmers are still having difficulty in meeting their commitments. In a reorganisation such as that contemplated under the Bill, it is only reasonable that people in that position should be assisted and not continue to pay accommodation interest.

The CHIEF SECRETARY: This clause is very important. If I understand Mr. Roche's intention aright it is that outstanding interest is to be frozen. The bank should have no other recourse than to impose no penalty whatever respecting the outstanding interest.

Hon. H. L. Roche: They have to pay the penalty that is imposed.

The CHIEF SECRETARY: They have not paid any penalty whatever. Let me remind the hon. member that the agency section of the bank is set up for the purpose of taking over the unsound accounts or accounts in connection with which it may be necessary to postpone payment or to allow a reduction in the amount owing, which is all in the interest of the clients concerned. Mr. Roche's idea is not only to freeze the interest owing but to prevent the rural bank from charging compound interest. As a matter of fact the Agricultural Bank has never charged compound interest but has always placed arrears of interest in a separate account and has charged interest at times on that amount of interest.

Hon. L. B. Bolton: Is not that compound interest?

The CHIEF SECRETARY: No. It is an entirely different procedure from that adopted by the banks which every six months capitalise the outstanding interest and the interest on it and charge interest on the total amount, which is compound interest, an entirely different thing.

Hon. L. B. Bolton: It is the same.

The CHIEF SECRETARY: It is not; the hon. member cannot get away with that. It is an entirely different procedure and what is proposed is to the advantage of the client.

Hon. H. L. Roche: The result is the same.

The CHIEF SECRETARY: In hundreds of cases where the circumstances of Agricultural Bank clients have been such that they have not been able to meet their commitments, the bank has been prepared on all occasions to make provision to help the clients meet the situation. The same applies here.

Hon. L. Craig: The trading banks and institutions do exactly the same. They carry the interest to suspense.

The CHIEF SECRETARY: I agree that they carry the amounts to suspense but the general practice is to capitalise the outstanding interest every six months and deal with it as I indicated earlier.

Hon. L. B. Bolton: What is the difference in the procedure?

The CHAIRMAN: I suggest we do not enter upon an argument as to the different practices of the private banks and the Agricultural Bank.

The CHIEF SECRETARY: There is a very big difference. Let the hon. member put the figures down on paper or better still let him pay and he will appreciate the difference. I do not think the Committee desires that in cases such as those referred to by Mr. Roche the clients of the bank should be freed entirely from any further liability. The agency section will deal with such accounts.

Hon. H. L. Roche: I find it difficult to follow the Chief Secretary's argument. First of all he says that the provision in the Bill will advantage the bank's clients better than my proposal. Then he says that I propose to provide the client with free advances without any responsibility. My amendment does not provide for anything of the kind but merely that interest already in arrear shall be placed in a suspense account or funded and shall not from time to time carry further accommodation interest. That is a fair proposition.

Hon. L. Craig: I am sorry I cannot support the amendment which will deprive the commissioners of discretion. Mr. Roche suggests that the interest shall remain static but he does not say for how long. In

effect it will mean a free loan carrying no indebtedness. From experience I have found it essential that those in charge shall have discretion. If some people are not charged interest they will never pay although they may have the money. They will regard unpaid interest as money saved. If we allow the commissioners to have discretion then in times of drought they will be able to make provision for interest owing and after a good season they may require the clients concerned to reduce their indebtedness. I hope the clause will remain as it is in the Bill.

Hon. L. B. Bolton: I cannot support the amendment. I have always believed that if a man borrows money it must be repaid and he must also pay something for the accommodation. It is not a sin to be poor or hard up. I have experienced both, and I cannot understand the Chief Secretary's reasoning. I have much sympathy for the farmer who helps himself and does his best to repay what he borrows. My experience is similar to that of Mr. Craig. There have been times when I was unable to pay my interest to a trading bank and the interest was capitalised and I paid interest on the overdraft plus the interest. I have also been unable to meet the interest on a loan from the Agricultural Bank. While it was not capitalised I was charged interest on the unpaid interest, and that was quite fair.

The Chief Secretary: You did not pay interest on accommodation interest.

Hon. L. B. Bolton: Of course I did. The accommodation interest started 60 days after the interest was due.

The Chief Secretary: No.

Hon. L. B. Bolton: I tell the Minister I did pay it.

The CHAIRMAN: I suggest the hon. member addresses the Chair and not the Chief Secretary.

Hon. L. B. Bolton: I speak from experience. It is reasonable that interest should be paid. If it is necessary to help a farmer I do not mind the interest being reduced. I do not think he should be in a position to sit like jacky without being made to pay interest, for in those circumstances it would never be paid.

The CHIEF SECRETARY: I wish to make one other point. I wonder if Mr.

Roche really appreciates the fact that money provided for the bank bears interest which has to be paid. Usually it is payable to the Treasury and consequently if the amendment be agreed to it would mean that in this instance the rural bank would have to find interest for payment to the Treasury respecting the money it was not receiving from its clients. The amount involved could easily be large and the bank might be confronted with the necessity to borrow further money in order to pay the interest to the Treasury merely because its clients were in arrear with the payment of interest for which they were liable. If we are to establish a rural bank it should be done on sound principles.

Hon. L. Craig: I am glad you say it should be founded on sound principles. I did not think your Party liked the word.

The CHIEF SECRETARY: I appeal to the Committee not to agree to the amendment.

Hon. A. THOMSON: I hope the Committee will favourably consider the proviso moved by Mr. Roche. Surely if the commissioners and the client come to an agreement as to the amount overcapitalised, the excess should be set on one side instead of being allowed to add to a difficult position. At all times, of course, the bank has power to foreclose should a debtor not be playing the game.

Hon. G. B. WOOD: I support the amendment. The interest is in arrear through no fault of the farmers.

Hon. A. Thomson: Owing to bad seasons!

Hon. G. B. WOOD: Many factors have contributed—grasshoppers, for instance. As to compound interest, the Chief Secretary's supporter mentioned that compound interest must be derived from the dark ages. It is a terrible thing.

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

Ayes	..	..	..	8
Noes	..	..	..	17
				—
Majority against	..	..	..	9
				—

AYES.

Hon. C. F. Baxter	Hon. H. Seddon
Hon. E. H. H. Hall	Hon. A. Thomson
Hon. V. Hamersley	Hon. G. B. Wood
Hon. H. L. Roche	Hon. A. L. Loton
	(Teller.)

NOES.

Hon. L. B. Bolton	Hon. J. G. Hiehop
Hon. Sir Hal Colclatch	Hon. W. H. Kitchin
Hon. L. Craig	Hon. G. W. Miles
Hon. J. A. Dimmitt	Hon. T. Moore
Hon. J. M. Drew	Hon. H. Tuckey
Hon. F. E. Gibson	Hon. F. R. Welsh
Hon. E. H. Gray	Hon. C. B. Williams
Hon. W. R. Hall	Hon. W. J. Mann
Hon. E. M. Heenan	(Teller.)

Amendment thus negatived.

Clause put and passed.

Clause 59—Rate of interest:

Hon. H. L. ROCHE: I move an amendment—

That the proviso to Subclause (6) be struck out.

If the subclause remains in its present form, it would appear that some rural business will be left in the agency section of the bank. Thus some clients of the bank will not be able to avail themselves of the dates arranged in another place for payment of half-yearly interest.

The CHIEF SECRETARY: I do not quite grasp the point raised by Mr. Roche. If we agree to the amendment, it will simply mean that certain people will be vitally affected by this legislation. The carrying of the amendment would destroy the agreement entered into by them. If the only points involved were with regard to the dates upon which interest should be due and payable, that could easily be fixed; and the commissioners would have power to deal with the matter under this measure. I hope the amendment will be defeated.

Hon. H. L. Roche: In view of the Minister's statement, I ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause put and passed.

Clauses 60 to 63—agreed to.

Clause 64—Repayment of loan:

Hon. H. L. ROCHE: I move an amendment—

That in lines 1 to 3 of Subclause 1 the following words be struck out:—"who is not in arrear with the payment of any instalment or any interest due in respect of his loan."

It is hard to understand why this provision was inserted. Really the clause deals with repayment of loans made to the people concerned, and I fail to understand why those words should appear. After all is said and done, if a man is financial enough to repay his advance, he is sufficiently financial to repay his arrears.

The CHIEF SECRETARY: This is another very important clause. Mr. Welsh knows that arrangements are made for lending money under varying conditions. This refers more particularly at the moment to amortisation loans, which are based on actuarial calculations as to the amount that must be paid periodically in order to liquidate the loan on a certain date. If a client happened to be behind in the payment of one of his instalments, that would throw out of balance altogether the repayment of the loan, and in the event of one or more instalments not being met for a considerable time and the client wanting to pay off the balance of his account, it would be found that he had received a very distinct advantage. I understand that this particular clause is necessary in order to make sure that when a client desires to pay off the whole of his indebtedness, or portion of it, the first thing he will do will be to pay his indebtedness in respect of arrears of interest. I think that is only reasonable, and that I am correct in saying that this would be the practice of all private banks. I do not know from personal experience, but I should imagine that without exception one of the first conditions that would be laid down would be that the arrears should be paid off first; or, as an alternative, if the client desired to pay off the whole of his indebtedness, he should include the amount of arrears of interest.

Amendment put and negatived.

Clause put and passed.

Clause 65—Loans for purchase of farms:

The CHIEF SECRETARY: I have two amendments on the notice paper dealing with subparagraph (i) and subparagraph (ii) of paragraph (d) which are merely an alteration in verbiage. I move—

That in line 1 of subparagraph (i) of paragraph (d), after the word "bank," the words "the difference between the full amount of the loan and that portion thereof which the bank has advanced on behalf of and as agent for and at the risk of the State as aforesaid" be struck out and the words "in full the amount of that portion of the loan which the bank is to be deemed to have advanced at its own risk" inserted in lieu.

Those accounts where the indebtedness is more than 70 per cent. of the valuation of the property will go to the agency section of the bank. If action has to be taken to realise on the security, we have to provide

a method whereby the amount received shall be distributed between the bank and the Treasury, the Treasury being responsible for all indebtedness over 70 per cent. All this clause does is to say that, upon realisation, the proceeds shall be paid to the bank to the extent of the 70 per cent., and that if there is any balance left it shall be paid to the Treasury to meet as far as possible what is a Treasury responsibility.

Amendment put and passed.

The CHIEF SECRETARY: I move an amendment—

That subparagraph (ii) of paragraph (d) be struck out and the following inserted in lieu:—" (ii) Secondly in repaying to the bank the amount of that portion of the loan which the bank is to be deemed to have advanced on behalf of and as agent for and at the risk of the State."

Amendment put and passed.

The CHIEF SECRETARY: I move an amendment—

That in line 3 of paragraph (e) the figure in brackets "(i)" be struck out and the figure in brackets "(ii)" inserted in lieu.

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

Clause 67—Forfeited Crown lands securities:

Hon. H. TUCKEY: I intend to move an amendment—

That in Subclause (4) a new paragraph be added as follows:—" (d) in payment of all rates."

This will protect local governing authorities for rates in the case of land being sold. There has always been difficulty in collecting road board rates and, when a property is sold, road boards or municipalities should obtain their share of the proceeds.

The CHIEF SECRETARY: I am sorry the hon. member should have introduced an amendment of such importance without notifying me of his intention to do so. I understand this clause is strictly in accordance with the practice followed for very many years. It deals with the question of the sale of land, and I understand the hon. member desires that the whole of the rates outstanding at the time of sale shall be a first charge on the moneys received. I cannot agree to that.

Hon. H. TUCKEY: Under the existing law it is impossible for local authorities to collect rates; and, if land is sold, it is only fair that local authorities should get a pro-

portion of the proceeds to meet outstanding rates. I am sorry I did not have an opportunity to inform the Minister of my intention to move this amendment, but I did not see my opportunity until tonight. I do not propose the local authorities should claim the money in advance of the Crown but they are entitled to some consideration. If the amendment is not agreed to, I feel that some other effort should be made to compensate local authorities in some way.

Hon. G. B. WOOD: I support the amendment. This is a matter that has caused local governing bodies some concern. Some of these authorities have great difficulty in carrying on. The Lake Grace Board has £3,000 or £4,000 outstanding which should come from Agricultural Bank properties. One board I know had to put off its secretary on account of outstanding rates. Another board is dependent on licensing fees. Eighty per cent. of the people are Agricultural Bank clients and the boards often do not get any money at all.

The CHIEF SECRETARY: There is another amendment on the notice paper dealing with the general question of the payment of rates. Further on in the Bill there is a clause dealing with the liability of the bank for payment of one year's rates. This clause deals with cases where the bank sells certain land. The local authorities are already protected. They have the right to take proceedings for the recovery of rates under the Road Districts Act or the Municipal Corporations Act.

Hon. G. B. Wood: Oh yes!

The CHIEF SECRETARY: Not having done so, they now desire that the proceeds received by the bank shall first be devoted to payment of one year's rent or instalments, and then that the whole of the rates outstanding be paid. When the bank sells a property, it sells it subject to payment of rates. The rates follow the land, and the buyer knows of that liability and that he has to carry it. The idea now is that the bank shall pay the rates that may be due on the property.

Hon. H. TUCKEY: The Chief Secretary is right in his argument. When a property is mortgaged to the Agricultural Bank it cannot be sold for rates due, whereas in the case of other properties the local authorities can sue.

The Chief Secretary: The property can be sold subject to bank mortgage.

Hon. H. TUCKEY: About two years ago I went to the trouble of finding out what rates were owing to various road boards. There were five boards in question and it appeared that, to the 30th June, 1942, the sum of £13,769 was due for rates. Of that amount, £9,684 was due from Agricultural Bank clients.

Hon. W. J. Mann: Where was that?

Hon. H. TUCKEY: In the Dalwallinu, Perenjori, Wongan Hills and Lake Grace districts. Local authorities are entitled to more consideration from the Government and the Agricultural Bank than they have received in the past. The Road Board Association has never been able to get anything more than promises from the bank. I therefore hope the Government will make some provision so that at least a portion of the rates due on these properties may be recovered by local authorities.

The CHIEF SECRETARY: Provision is already made for that. There is a clause in the Bill dealing with that very question.

Hon. H. TUCKEY: I do not mind withdrawing the amendment, provided I can discuss the matter at a later stage.

Hon. H. SEDDON: We should draw a parallel between what occurs in the case of ordinary land and what occurs in the case of Agricultural Bank property. It is the duty of the bank to see that the man who buys the property receives it clear of the liabilities due upon it.

The CHIEF SECRETARY: I would prefer that the hon. member withdraw his amendment. There is no need to make such a provision in the Bill. Clause 90 deals with the question of road board rates, and there is an amendment on the notice paper also dealing with it. The hon. member should withdraw his amendment until he knows the fate of the other amendments on the notice paper.

The CHAIRMAN: If the hon. member is not satisfied, later on the clause can be re-committed.

Hon. H. TUCKEY: We are dealing with land that is sold. If the rates are not collected out of the proceeds of the sale, they will be gone for all time. I am inclined to think that the amendment should appear as paragraph (d).

Hon. L. CRAIG: If the amendment appears as paragraph (d), I am afraid the rates will never be paid, although that might be the right place for it to go. When

land is sold by the Crown it has usually either been abandoned, or the owner has reached a hopeless position.

The CHIEF SECRETARY: What is meant by "rates"? There are rates other than those imposed by road boards. If the hon. member desires to cover road board rates only, he should be more specific.

Hon. H. TUCKEY: I mean local authority rates. I now desire to move an amendment in this form:—

That in Subclause (4) a new paragraph be added as follows:—“(d) in payment of all rates owing to a local authority.”

Hon. C. B. WILLIAMS: Recently there was a land sale in Boulder. A man owed £6 in rates on a block of land and bought it back for 10s.

Amendment put and passed.

Hon. H. S. W. PARKER: Is there any reason why the balance should be paid to the Treasury? It is usual to pay any balance remaining to the mortgagor.

The CHIEF SECRETARY: I understand that this is the usual practice. The clause deals with forfeited Crown land.

Hon. H. S. W. PARKER: The clause deals with land mortgaged to the bank and forfeited. It is sold by the bank, and the proceeds are distributed in various ways, and any balance remaining should go to the mortgagor.

Clause, as amended, put and passed.

Clause 68—Dealings with land subject to a loan:

Hon. G. B. WOOD: I move an amendment—

That in line 3 of paragraph (a) the words "let or sublet" be struck out.

The clause seeks to impose safeguards against the mortgagor doing certain things. While it is advisable that the mortgagor should not be able to transfer, mortgage or assign any part of the holding, it is going rather far to prevent his letting or subletting portion of his holding, say, on share-farming or for grazing for a limited period. The mortgagor should have the right to do this without seeking the consent of the commissioners.

The CHIEF SECRETARY: This condition appears in practically every mortgage and is a safeguard. Otherwise the security might rapidly deteriorate because of the property being let to an irresponsible person. It is only a matter of notifying the bank and

giving it an opportunity to protect its interests.

Amendment put and negatived.

Clause put and passed.

Clause 69—Statutory charge:

Hon. L. CRAIG: I move an amendment—

That in line 4 of paragraph (c) of Subclause (1) the word "stock" be struck out and the word "livestock" inserted in lieu.

Amendment put and passed.

Hon. H. L. ROCHE: I move an amendment—

That in line 1 of Subclause (5) the word "new" be struck out.

This clause is almost identical with Section 51 of the Agricultural Bank Act. It is just as anti-social, just as coercive and just as unnecessary. There are other ways and means whereby the institution could protect itself and take ample security. It is neither reasonable nor decent that the bank should arrogate to itself rights under the statutory lien.

The CHIEF SECRETARY: The amendment would remove all clients of the bank from the effect of the statutory lien. We have provided that the statutory lien shall not apply to new business, which will be covered by a mortgage under a different instrument from that used in the past. If the word "new" is deleted, all those clients who are today called upon to meet one year's interest out of their proceeds will be released from that obligation. We have further provided that the statutory lien shall operate only when the interest is 12 months in arrears. Seeing that the interest charge is raised in six monthly periods, 18 months will have to elapse before the statutory lien can take effect. I do not know of anything fairer than that. If we agree to the amendment we will simply say that respecting the Agricultural Bank accounts to be taken over by the rural bank, there will be no statutory lien existing. That is something which no doubt the hon. member would like, but I am afraid it is something which neither this bank nor any other bank would agree to.

Hon. H. L. ROCHE: It would be interesting to know what other bank has the benefit of a statutory lien. The Chief Secretary says that the farmers would be released from the obligation of meeting their interest. It is news to me to learn that the Agricultural Bank has no mortgage agreement or security which entitles it to raise interest.

Of course the Agricultural Bank has a mortgage. It is said that new business will not be affected by the provision, but there would be no new business if it were subject to a statutory lien. I hope the Committee will support my amendment. I think I am justified in saying that the statutory lien has done more harm than good. There should be no need for it in the future. If the readjustment of the farmer's affairs were done on a realistic basis, the property should be worth what is owing on it, and if a man could not meet his obligations then the bank would have its remedies in the same way as a private institution has. This institution is being set up to compete with other banks. In my opinion, there is very little rural about it. This concession is not extended to other banking institutions.

The CHIEF SECRETARY: The hon. member knows better than I do that the other banking institutions are protected to a far greater degree than is the Agricultural Bank, by the statutory lien.

Hon. A. Thomson: That is impossible.

The CHIEF SECRETARY: The stock and station mortgage is far more comprehensive than is the mortgage taken by the Agricultural Bank.

Hon. H. L. Roche: The other institutions have to take proceedings under the stock and station mortgage. But such mortgages are rare. The banks mostly take stock liens.

The CHIEF SECRETARY: I do not know that it is right to describe stock and station mortgages as rare. I am inclined to think that that is the usual security taken and it is certainly far more comprehensive than is any security taken by the Agricultural Bank. The Agricultural Bank mortgage certainly provides protection for the bank, but not by any means the same protection as is given by mortgages demanded by private institutions. But we need not compare private institutions with this proposed new institution. The Bill provides, regarding the statutory lien, that the client must have had the money with which to pay, and even then the lien does not come into operation until such time as action has been approved by the Minister. That is a protection for the client which I hope the hon. member will appreciate. It would be most unfair to release thousands of Agricultural Bank clients from an obligation which has been theirs for years past, es-

pecially an obligation which affects but a small proportion of the total number of the clients of the Agricultural Bank.

Hon. G. B. WOOD: The Chief Secretary says that the lien would not operate unless the client had the money to pay, but would not pay. Who is to be the judge as to whether he can or cannot pay? Will the Chief Secretary answer that question?

Hon. L. CRAIG: A lot of unnecessary discussion has taken place on this clause. A stock and station mortgage covers everything on the station except the man's wife and children. It is not a common form of mortgage. Usually, a stock lien is taken over all the stock or some of the stock, but the Agricultural Bank automatically obtains a lien over all the stock on the farm. The practice, today, however, is that clients of the Agricultural Bank can obtain assistance outside that bank on the security of their stock, which is exempted from the statutory lien. Therefore, the statutory lien provision is not operating harshly today.

Hon. H. L. Roche: Not today.

Hon. L. CRAIG: No. I do not think there is much wrong with the provision.

Hon. H. L. ROCHE: First, from what I can ascertain it is very doubtful whether the statutory lien was ever legally enforceable until the client was one year in arrear with his interest. I know for a fact that where the accounts were adjusted after the passing of the 1934 Act, the accounts were deliberately left one year in arrear with interest, because of some doubt as to the legality of the charge until the interest was outstanding for that period. Therefore, the concession of which the Minister speaks in that regard is not very great, because apparently the position will be the same as it always was. The concession that the man must have had the money to pay does not really bear much examination, because that also was always the position. The point is that those who were to judge whether he had the money or not were the officials of the bank which was bent on collecting the interest. To my mind, it is only obscuring the issue to bring in the question of the stock and station mortgage. The Agricultural Bank's mortgage taken since 1934 has effectively covered the farmer's property. The stock and station mortgage only gives the holder the right to realise on his security; it gives him no statu-

tory lien. The position as regards the statutory lien is, as Mr. Craig said, somewhat easier, but it is only so because prices have been better and seasons satisfactory. It is neither reasonable nor decent to clothe the proposed rural bank with parliamentary authority to exercise powers given under the statutory lien.

The CHIEF SECRETARY: Mr. Roche's remarks are rather interesting. The 1934 Act made the operation of the statutory lien automatic, and I think it will be agreed that there was very good reason for that. Even this Chamber agreed to it.

Hon. L. Craig: But not very willingly.

The CHIEF SECRETARY: But it realised that it was both desirable and necessary. Many farmers who were clients of the Agricultural Bank at the time were to blame for the introduction of the statutory lien. We have dealt with the old accounts ever since then and now it is proposed to transfer them to the new institution. We say that the conditions that have applied to them since 1934 shall continue to apply in a modified form.

Hon. H. L. Roche: There is no modification at all.

The CHIEF SECRETARY: There is a lot of difference between the provision in the Bill and the statutory lien section in the Agricultural Bank Act. This will not be automatic, for several steps have to be taken before it becomes operative. While it has been the custom in the past for the Agricultural Bank to send lists to the various firms showing the amounts owing under statutory liens, one would have thought from members' remarks that such an action is confined to the Agricultural Bank and that outside institutions do not act similarly. If that opinion is held, members are very much mistaken. The same thing is done by the private banks.

Hon. H. L. Roche: They have no statutory liens.

The CHIEF SECRETARY: No, but they have stock and station mortgages and in that respect they send out information similar to that provided by the Agricultural Bank. I am told on the very best authority that that is done generally. Indeed the stock and station mortgage is a more comprehensive document than anything issued by the Agricultural Bank. The proposal that interest must be at least 12 months in arrear is a very fair suggestion, in view of the

fact that at present the legal position is that interest is due within two months.

Hon. H. L. Roche: It is a wonder the Minister in another place did not contradict the statements that have been made.

The CHIEF SECRETARY: In view of the statements that are made and replied to and are then repeated again and again, it is a wonder the Minister replied to some of them. I certainly do not intend to repeat explanations after I have made them once, particularly if those statements are repeated over and over again. The Committee should be careful in dealing with this matter because a tremendous number of accounts is involved. In most instances the accounts will be passed over to the new institution, which is entitled to some protection. The provision regarding interest having to be at least 12 months in arrear really means that 18 months must elapse before any action can be taken, and even then the commissioners must be satisfied that the client concerned has the money with which to pay the interest and the approval of the Minister must be obtained as well. I cannot understand Mr. Roche's contention that this is a dreadful provision. In every instance where a client of the Agricultural Bank has paid his interest and instalments and then finds difficulty in carrying on, the bank has assisted the man.

Hon. H. L. Roche: But the assistance comes under the statutory lien for the following year.

The CHIEF SECRETARY: Of course. Why should it not do so? All this means is reasonable protection for the bank.

Hon. A. THOMSON: One of my reasons for voting against the second reading of the Bill was the settled policy of the Government to continue the statutory lien provisions. For many years we have been trying to improve the position of the clients to whom that applied. Do I understand that all accounts, old and new, will be valued by the new bank and reduced to a level of 70 per cent. with regard to advances?

The Chief Secretary: No.

Hon. A. THOMSON: Then I feel that the present clients of the Agricultural Bank will not be subject to the application of Clause 69 of the Bill. Is that fair?

Hon. L. Craig: The bank would not get any new business if that were not so.

Hon. A. THOMSON: Is that fair to many who, by force of circumstances, have not been able to act independently?

Hon. L. Craig: Because you are starting a new section of the bank, that is no reason why you should release the old clients from the obligations they have today. That is not very harsh.

Hon. A. THOMSON: The position is that a condition is to apply now that was not intended when the statutory lien provision was introduced for the purpose of protecting clients from avaricious creditors.

Hon. L. Craig: It was to protect the Agricultural Bank.

Hon. A. THOMSON: That was the reason given to the public. The effect was certainly very different. At the time members of another place were under the impression that they were protecting clients of the bank.

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

Ayes	..	..	..	..	13
Noes	..	..	..	..	11
Majority for	..	..	..	..	2

AYES.

Hon. C. F. Baxter	Hon. H. S. W. Parker
Hon. L. B. Bolton	Hon. H. L. Roche
Hon. E. H. H. Hall	Hon. H. Seddon
Hon. V. Hamersley	Hon. A. Thomson
Hon. J. G. Hislop	Hon. H. Tuckey
Hon. A. L. Loton	Hon. G. B. Wood
Hon. W. J. Mann	(Teller.)

NOES.

Hon. Sir Hal Colebatch	Hon. W. H. Kitson
Hon. O. R. Cornish	Hon. G. W. Miles
Hon. L. Craig	Hon. T. Moore
Hon. J. A. Dimmitt	Hon. C. B. Williams
Hon. E. H. Gray	Hon. G. Fraser
Hon. E. M. Heenan	(Teller.)

PAIR.

AYE.	No.
Hon. F. R. Welsh	Hon. W. R. Hall

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

Clause 70—As to charge under Group Settlers' Advances Act, 1925:

Hon. C. F. BAXTER: I move an amendment—

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

To impose a charge on all the goods, chattels and effects of the borrower that may at any time be on or about to be brought on the land is unreasonable and is going too far. Even goods not actually on the land could be included.

The CHIEF SECRETARY: This provision was inserted in the Agricultural Bank Act of 1934 in order to protect the bank in the matter of certain transactions that had taken place. We have included it in this Bill for the same reason. As members know, it was an essential provision at that time. Whether it is retained now is immaterial, but I would prefer to have it included.

Hon. W. J. MANN: The Minister says it matters not very much now, but there was a time when this mattered a great deal. I have lived to see some very despicable things, at least in my opinion, done under that section in the earlier days of the groups. I trust that the Committee will delete the clause. My reference is to the action of some officers of the bank, in the way they applied the provision which prevented even eggs and butter being sold to storekeepers by the group settlers. What I say can be substantiated. Scores of worthy people were forced off the groups by the manner in which that section was operated. I hope this will be the last we ever see of it.

Hon. C. F. BAXTER: The Local Courts Act Amendment Act, 1938, by Section 2, lays down—

Provided that the following goods shall be protected from seizure:—Wearing apparel of such person to the value of five pounds and of his wife to the value of five pounds and of his family to the value of two pounds for each member thereof dependent on him; bedding to the value of ten pounds; household furniture to the value of ten pounds; implements of trade to the value of fifteen pounds; family photographs and portraits.

The best thing is to strike the clause out.

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

Clauses 71 to 80—agreed to.

Clause 81—Powers of bank to make appropriations and to determine place of payment:

Hon. L. CRAIG: I move an amendment—

That the following words be added to Subclause (1):—"and such person shall be notified in writing within 14 days of such determination of the Commissioners."

Where money is sent by a client of the bank, or a mortgagor sends money in payment to a mortgagee or a creditor, the debtor or the mortgagor can nominate to what account the cheque shall go. He has that right. He may have money owing for wire-netting, or he may have a debt to the Industries Assistance Board. It is his right to nominate

the account to which that money shall be paid. The mortgagor has the right to say, "This shall go against my overdraft account—or against accumulated interest—or against current interest." Where the mortgagor does not nominate how the money shall be allocated, the mortgagee or creditor can place it to any account that he wishes. There can be no objection to this amendment at all. All I am asking is that the mortgagor shall be notified as to what account his payments have been credited.

The CHIEF SECRETARY: No difficulty has been experienced up to date with the usual procedure of the Agricultural Bank. The bank has to wait for 14 days. What it does is to send a receipt to the client indicating very clearly to what account the amount has been credited.

Hon. L. Craig: That is all I ask.

The CHIEF SECRETARY: If the client is dissatisfied with the way in which the money has been credited he notifies the bank to that effect. If his desires can be met, they are met.

Hon. L. Craig: If that is done, then there should be no objection to the amendment.

Hon. A. Thomson: If that is the practice of the bank, why not accept the amendment?

The CHIEF SECRETARY: It does not make very much difference. I have just been advised that there is another reason why, if the bank delays in notifying the client, difficulties arise. I am not raising any strong objection to the amendment, but there is no necessity for it.

Amendment put and passed.

Hon. G. B. WOOD: I move an amendment—

That at the end of Subclause (1) the following proviso be added:—"Provided that no such appropriation shall be made by the Bank unless such person fails to appropriate the said moneys before the expiration of twenty-eight days after the bank has forwarded by registered letter addressed to the last known place of abode of such person a notice setting out the various accounts on which such person is indebted to the bank, and requesting such person to appropriate such moneys."

Mr. Craig's amendment does not go as far as mine. This proviso recognises the right of the client to nominate to which account his money shall be appropriated. I think that is the right procedure. The commissioners of the bank can appropriate the money and give the client 28 days' notice of what they have done. If the client does not

reply within that time, then he is deemed to approve of the appropriation.

The CHIEF SECRETARY: The hon. member would be well advised to reconsider this matter. The client may have drawn against an account in which there was nothing to his credit. He would thus find that he was issuing cheques which could not be met. The procedure usually adopted by the bank has given no trouble in the past. I would be glad to hear of any case where complaints have been made about the bank's methods.

Hon. G. B. WOOD: In view of the Chief Secretary's explanation, I ask leave to withdraw my amendment.

Amendment, by leave, withdrawn.

Clause, as amended, put and passed.

Clauses 82 to 88—agreed to.

Clause 89—Further powers to commissioners in possession of land:

Hon. H. L. ROCHE: I move an amendment—

That in lines 5 to 7 of Subclause (2) the words "the estate or interest in the land of the borrower and all persons claiming under him as well as upon" be struck out.

The purpose is to make this clause more equitable to the individual who was the original borrower. As the clause stands, the commissioners have power to lease a property, charge expenditure up to the account of the original borrower and then presumably, under the personal covenant, if it is possible, proceed against the original borrower for expenditure to which he was no party. I hope that, in justice to any borrower who may be affected, the Committee will support the amendment.

Progress reported.

BILL—GOVERNMENT EMPLOYEES (PROMOTIONS APPEAL BOARD).

Received from the Assembly and read a first time.

BILL—LOTTERIES (CONTROL) ACT AMENDMENT (No. 2).

Returned from the Assembly without amendment.

House adjourned at 11.58 p.m.