

tees have been at fault. With a Royal Commission we can get down to tin tacks and find out the true position of affairs.

On motion by Mr. Sleeman, debate adjourned.

House adjourned at 10.6 p.m.

Legislative Council,

Tuesday, 24th November, 1931.

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

QUESTION—TRAFFIC ACT.

Farmers' Requirements.

Hon. A. THOMSON asked the Chief Secretary: 1, Are the Government aware that, under the administration of the Traffic Act, a farmer is debarred from carting from Perth in his own truck bags required for containing his wheat or wool? 2, Will the Government consider amending the Act to enable farmers to cart any requirements for the carrying-on of their business?

The CHIEF SECRETARY replied: 1, Yes, if the extra prescribed fee has not been paid, although in exceptional cases permits have been issued. 2, No. The Act permits a farmer to carry requisites for production or use from the siding or town nearest to his farm without paying the extra fee.

QUESTION—WORKERS' HOMES.

Reduction of Interest Rates.

Hon. W. H. KITSON asked the Chief Secretary: What reduction of interest has been granted to clients of the Workers' Homes Board, and from what date does the reduction operate?

The CHIEF SECRETARY replied: One half per cent. to those clients paying interest at the rate of 7 per cent., less one half per cent. for prompt payment. To date from the 1st December, 1931.

MOTION—STATE FORESTS REVOCATION.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East) [4.36]: I move—

That the proposal for the partial revocation of State Forests Nos. 5, 14, 15, 20, 22, 24, 25, 27, 30, 32, 34, 36, 37, 38, and 39, laid on the Table of the Legislative Council by the command of His Excellency the Administrator on the 19th November, 1931, be carried out. At the last sitting of the House I stated that I would lay on the Table full particulars of each of the revocations, thus affording hon. members ample information. This has been done.

Question put and passed.

BILL—STAMP ACT AMENDMENT (No. 4).

Assembly's Message.

Message from the Assembly notifying that it had agreed to amendments Nos. 1 and 2, 5 to 12 inclusive, and 14 to 20 inclusive made by the Council, and disagreed to Nos. 3, 4 and 13, and giving reasons, now considered.

In Committee.

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

No. 3. Clause 5.—Delete "of" and insert "not exceeding," in line 37.

Assembly's reason for not agreeing to the amendment:—"Do not see how amendment alters the meaning."

The CHIEF SECRETARY: I move—

That the amendment be not insisted on.

The words "not exceeding" are quite unnecessary. Other Acts of Parliament set forth penalties for any breach, and the amount set forth cannot be exceeded, though the fine may be less. It is not usual to inflict the maximum penalty.

Hon. J. NICHOLSON: We might well insist on this amendment, because the words "not exceeding," appearing where they do, are a direction to the Commissioner administering the measure that he shall not impose a penalty exceeding treble the amount of the duty. If we simply leave the matter as suggested, the Commissioner will say he has no discretion whatsoever and must impose a penalty of treble the amount. Apparently another place has not viewed the matter as fully as we did here.

The CHIEF SECRETARY: I am astonished at the stand taken by Mr. Nicholson, who knows that many Acts of Parliament set out a maximum penalty.

Hon. J. Nicholson: A totally different thing.

The CHIEF SECRETARY: No. Except in extreme cases, the maximum penalty is not imposed. Those who will administer this measure can be trusted to administer it with common sense.

Question put, and a division called for.

The CHAIRMAN: Before the tellers do their work I indicate that I give my vote with the noes.

Division resulted as follows:—

Ayes	11
Noes	11

A tie	—
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AYES.

Hon. F. W. Allsop	}	Hon. J. M. Macfarlane
Hon. C. F. Baxter		Hon. W. J. Mann
Hon. J. T. Franklin		Hon. E. Rose
Hon. V. Hamersley		Hon. C. B. Williams
Hon. E. H. Harris		Hon. G. A. Kempton
Hon. W. H. Kitson		(Teller.)

NOES.

Hon. J. Cornell	}	Hon. J. Nicholson
Hon. J. M. Drew		Hon. H. Seddon
Hon. J. J. Holmes		Hon. A. Thomson
Hon. Sir W. Lathlain		Hon. H. J. Yolland
Hon. G. W. Miles		Hon. E. H. Hall
Hon. Sir C. Nathan		(Teller.)

The CHAIRMAN: The voting being equal, the question passes in the negative, and the Council's amendment is insisted on.

Question thus negatived; the Council's amendment insisted on.

No. 4. Clause 5, Subclause (2).—Delete all words after "Act," in line 39 down to end of subclause, and insert in lieu thereof the words "as the Commissioner shall determine."

Assembly's reason for disagreeing to the amendment: "The result of the amendment would apparently enable an improperly stamped document to be admitted as evidence contrary to the general law."

The CHIEF SECRETARY: I move—

That the amendment be not insisted on.

To fully understand the amendment one requires to read the whole of the clause. Any bona fide holder of the securities enumerated is not affected by this restriction. He is fully protected by paragraph 3. I think the Committee will agree that this amendment should not be insisted on. The purpose of the clause is to put the Commissioner in a position where he can deal with those people who are evading the Stamp Act to-day.

Hon. J. NICHOLSON: It is very necessary that the amendment be insisted on.

The Chief Secretary: What difference will it make?

Hon. J. NICHOLSON: It will make a very great difference. We struck out all the words after "Act," because it was recognised that the retention of those words would inflict a hardship on the holder of a promissory note. The effect of the words struck out would be that every man who took a bill of exchange, which would include a cheque, would require to be a ready-reckoner in himself in order to check the stamp duty appearing on each of those instruments, to make sure that it was the proper amount. Because if it were subsequently challenged, the bill of exchange would be invalid and could not be sued for in any court of law.

Hon. C. B. Williams: Is such a man not entitled to be careful?

Hon. J. NICHOLSON: How would it be possible for the ordinary business man to exercise the required care? To my mind the penalty should be inflicted when a document is stamped short of the proper amount.

Hon. C. B. Williams: Under your method the penalty would be eaten up in costs.

Hon. J. NICHOLSON: A grave injustice would be inflicted if those words were retained. Here the Commissioner has power to inflict a penalty of up to three times the

amount of duty chargeable. The next succeeding subclause safeguards the position, and the document could not be sued upon in a court of law until the full amount of duty, plus the penalty, had been paid. I desire to protect the revenue, but I do not want to see the Government inflict an injustice on any man.

The CHAIRMAN: If a promissory note were short-stamped it would be invalid?

Hon. J. NICHOLSON: Entirely.

The CHIEF SECRETARY: Had I not known the real facts, Mr. Nicholson might have convinced me the thing was wrong. He applies it to the ordinary promissory note, to bills of exchange and even to cheques. It does not deal with those documents at all; it applies only to a demand draft which is extended by agreement—a wilful evasion of the Stamp Act. I may say this clause has been taken from the Victorian Act.

Hon. J. Nicholson: I do not care.

The CHIEF SECRETARY: Of course you do not, so long as you get your point. This deals only with those evading the Stamp Act, and is not concerned with everyday ordinary bills of exchange, promissory notes or cheques.

Hon. E. H. H. HALL: After hearing Mr. Nicholson I would have had no hesitation in voting that the amendment be insisted on. However, I have since heard the Minister, and I will vote with him.

Hon. Sir CHARLES NATHAN: May I be equally frank and say that Mr. Nicholson had quite convinced me. But the Minister's assurance of the correct interpretation is given, I take it, with a full sense of responsibility and the knowledge that what he says is correct. That being so, one must accept the Minister's statement and vote with him.

Hon. J. NICHOLSON: The Minister states that a bill of exchange does not apply to a cheque. The object of the clause is to insert after Section 49 a new section. Referring to Section 49 of the principal Act, we find—

For the purpose of this Act the expression "bill of exchange" includes draft, order, cheque and letter of credit.

If the Minister has been told that a bill of exchange for the purpose of the Stamp Act does not include a cheque, then he has been misinformed. If you get an instru-

ment of this sort which is under-stamped, then if you retain the words which were struck out by the Committee, the result will be that that document will be invalid. Why?

Hon. C. B. WILLIAMS: The intention is to defraud the revenue.

Hon. J. NICHOLSON: Is every man going to carry about with him a schedule of the Stamp Act imprinted on his brain? The thing is so absurd and preposterous that I am astounded at Mr. Williams putting forward such a suggestion. The amendments carried here were designed with the intention of avoiding proceedings and leaving it to the Commissioner of Taxation to inflict up to three times the amount of duty, and if he saw that a party was bona fide he could say, "I will let you off with less than three times." I have no wish to see an innocent party mulcted in costs. An innocent party, who has paid for the bill or has received it for goods, would be left in the unfortunate position of getting nothing because he could not enforce payment of it. I do not see why the Government should be so insistent upon retaining such words as these. There has been no effort made to lessen the penalty. I say, get the penalty by all means.

The CHIEF SECRETARY: The words "other than" were put in by the hon. member. I assure him, in reply to his statement that what I was told was not correct, that I do not make statements in this House unless I am well informed.

Hon. J. Nicholson: I understood you to say that a bill of exchange did not include a cheque under the Stamp Act.

The CHIEF SECRETARY: I was not dealing with the Stamp Act; I was dealing with this particular section. The Committee ought to be well satisfied with the explanation I have given, and should not insist on the amendment.

Hon. J. M. MACFARLANE: I am not one of those who is likely to be convinced in two ways. I am somewhat alarmed at the position because Mr. Nicholson, who has had legal training, says that if I accept an instrument from a person in good faith and I find it under-stamped, I can prosecute him. I should like the position to be made clear, because to my mind Mr. Nicholson, who has had legal training, has upset what the Minister has said.

The Chief Secretary: I am voicing the opinion definitely given to me by the Commissioner of Stamps, who administers this Act, and he ought to know.

Hon. J. NICHOLSON: The Minister is under a misapprehension with regard to the amendment that was moved and carried here to Subclause 1, where certain words were inserted,—“When a bill of exchange or promissory note other than.” Those words were agreed to by this Committee, and they applied only to Subclause 1 of the new clause. If the words “bill of exchange or promissory note” are retained in the clause, it will be necessary for the Committee again to re-insert “other than a draft, bill, cheque, etc.” If those words are included, there is a grave doubt as to whether it will not even extend to and cover a cheque. We have to look at what happens in business. If the Government find that three times the amount of duty is not sufficient penalty, they can make the penalty five times the amount of the duty.

The CHAIRMAN: Order! The hon member is misleading the Committee.

Hon. J. NICHOLSON: I am sorry, Mr. Chairman, that you should say such a thing!

The CHAIRMAN: Did I understand the hon. member to say that the provision could be amended to make it five times the amount of the penalty?

Hon. J. NICHOLSON: I did.

The CHAIRMAN: That cannot be done.

Hon. J. NICHOLSON: Pardon me. I am afraid you misunderstood me. I am sorry that you should think that I would mislead the Committee.

The CHAIRMAN: Unwittingly, perhaps.

Hon. J. NICHOLSON: What I said was that if later on the Government found that three times the amount of the duty was not a sufficient penalty to be imposed by the court, the matter could be dealt with further and the Government could easily introduce amending legislation and make the penalty five times the amount.

The CHAIRMAN: That is not what the hon. member said.

Hon. J. NICHOLSON: That is what I stated.

The Chief Secretary: No.

Members: Yes, it was.

Hon. J. NICHOLSON: I did say that.

The CHAIRMAN: Order! The hon. member must not contradict the Chair.

Hon. J. J. HOLMES: I do not think the Chairman has any right to accuse an hon. member of misleading the Committee.

The CHAIRMAN: I merely wish to protect the Committee.

Hon. J. J. HOLMES: But I do not know that you should make such an accusation.

The CHAIRMAN: Does Mr. Holmes take exception to the remark I made? Other members heard what the hon. member stated. Without any equivocation, Mr. Nicholson said that later on the penalty could be made five times greater.

Hon. J. Nicholson: No, I said the Government could do that.

Hon. J. M. MACFARLANE: As one of the members of the Committee who heard what Mr. Nicholson stated, I understood him to say that later on, if it was found that the penalty was not sufficient the Government could introduce amending legislation to make it five times the amount.

Hon. J. Nicholson: That is all that I said.

The CHAIRMAN: Evidently there has been a misunderstanding. If I misinterpreted what Mr. Nicholson said, I am sorry.

Hon. J. NICHOLSON: Thank you, Mr. Chairman. I am sure you will accept my assurance that I would not wittingly mislead the Committee.

The CHAIRMAN: Of course not. You are last person in the world to do such a thing.

Hon. J. NICHOLSON: I feel so strongly about this matter and the hardship that will be inflicted upon the general community, that I consider it incumbent upon me to argue the matter at length. I ask the Committee to insist upon the amendment.

Hon. C. B. WILLIAMS: I have followed the argument and I disagree with Mr. Nicholson. He wants to charge the treble penalty against people for their mistakes, wilful or otherwise. I think the people who make these mistakes should do the correcting at their own expense. They should know what duty was payable and pay it. What Mr. Nicholson wants is for the State to have to shoulder the expense and then if it is found that three times the penalty is not sufficient, he will allow the Government to make the penalty seven times the amount.

Hon. J. Nicholson: I did not say seven times.

Hon. C. B. WILLIAMS: You said it time and again and said they could make it anything so long as you got what you wanted! The Government do not desire mistakes to be made and we already have in the Government service too many staffs necessary to check mistakes. In this instance, the check-

ing should be done by the man concerned in his own time and at his own expense. The penalty provided should be adequate irrespective of whether the person makes a mistake innocently or not.

The CHIEF SECRETARY: Apparently Mr. Nicholson is going to hang on to something in order to get his amendment through. We do not require the penalty: we have already attended to that. Hon. members will see that although Mr. Nicholson expresses his regret that certain things are included, we have already omitted them in Subclause (2). There is no necessity for him to regret the inclusion of what is not there!

Hon. J. Nicholson: I said you could limit it.

The CHIEF SECRETARY: It is limited now to such an extent that if we limit it any more the clause will be useless. There will be no penalty to impose upon those people we want to catch. There are the people who are carrying on with the documents bearing the smaller amount of duty, although they know that it should carry a higher duty. Do members of the Committee desire to back up such people in their efforts to deprive the Government of their just dues? If they do, they will insist upon the amendment.

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

Ayes	..	..	..	..	19
Noes	..	..	..	..	5

Majority for .. 14

AYES.

Hon. F. W. Allsop
Hon. C. F. Baxter
Hon. J. Ewing
Hon. J. T. Franklin
Hon. G. Fraser
Hon. E. H. Gray
Hon. E. H. Hall
Hon. V. Hamersley
Hon. E. H. Harris
Hon. G. A. Kempton

Hon. W. H. Kitson
Hon. J. M. Macfarlane
Hon. W. J. Mann
Hon. Sir C. Nathan
Hon. E. Rose
Hon. F. Seddon
Hon. A. Thomson
Hon. C. B. Williams
Hon. Sir W. Latblain
(Teller.)

NOES.

Hon. J. J. Holmes
Hon. G. W. Miles
Hon. J. Nicholson

Hon. H. J. Yelland
Hon. J. M. Drew
(Teller.)

Question thus passed; the Council's amendment not insisted upon.

No. 13. Clause 9.—Insert after "unpire" in line 36, the words 'and of the val-

uator of the person presenting the contract or agreement."

The CHIEF SECRETARY: I move—

That the amendment be not insisted on.

I think Mr. Nicholson will be with me in this instance. In view of the earlier amendments we agreed to at Mr. Nicholson's suggestion, the inclusion of the amendment is quite unnecessary.

Question put and passed: the Council's amendment not insisted upon.

Resolutions reported.

As to Recommittal.

The CHIEF SECRETARY: I move—

That the report be adopted.

Hon. J. NICHOLSON: I have discussed with the Chairman of Committees the report that has been presented. It is clear to me, in view of the fact that the Committee decided not to insist upon the second amendment to Subclause (2) of Clause 5, the insistence upon the previous amendment to Clause 5 seems to be absolutely unnecessary because one decision of the Committee is inconsistent with the other. Is there any method of recommitting the message so that we might have an opportunity to reconsider the earlier amendment and bring our decisions into harmony?

The PRESIDENT: It is quite competent to move that the message be recommitted further to consider the amendments.

Recommittal.

On motion by the Chief Secretary, message recommitted for the further consideration of Amendment No. 3.

In Committee.

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

No. 3. Clause 5.—Delete "of" and insert "not exceeding" in line 37.

The CHIEF SECRETARY: I move—

That the amendment be not insisted on.

Hon. J. NICHOLSON: The decision to restore the words at the end of Subclause 2 would make the retention of the words "not exceeding" out of harmony with the clause.

In the circumstances we cannot do other than alter the previous decision.

Question put and passed; the Council's amendment not insisted on.

Resolution reported, the report adopted and a message accordingly returned to the Assembly.

BILL—INDUSTRIES ASSISTANCE ACT CONTINUANCE (No. 2).

Second Reading.

Debate resumed from the 19th November.

HON. SIR CHARLES NATHAN (Metropolitan-Suburban) [5.37]: In applying myself to the consideration of the Bill, I am mindful of the discussions which took place last year, and which prompted a number of members to vote for the continuance of the Act for a further period. I believe there is no question that a number of members in voting that way were largely influenced by the statements of the Managing Trustee of the Agricultural Bank in the reports of 1929 and 1930, in which he expressed the opinion on behalf of the board that the operations of the board should cease at the earliest possible moment, but that it was necessary then to seek a continuance for another year to give the board an opportunity to fund the balance of the accounts. I propose to address myself at some length to the Bill because I feel that the continuance of the board marks a particular phase in the State's activities, to which I desire to direct attention, and to which I feel that many of the present financial difficulties of the State are due. While I propose critically to analyse the affairs and activities of the board during the last twelve months, I do so only on account of the larger issues which I deem are involved—issues which have been discussed in this House time after time, disabilities under which we labour, and difficulties which still confront us. I propose to analyse the affairs of the board, not with a view to criticising the control, but more with a view to questioning the policy of the Government upon continuing certain activities which, to my mind, are distinctly harmful and prejudicial to the State, and must continue, so long as they

exist, to retard the State's rehabilitation. In the 1929 report, the chairman of the board stated in effect that it was necessary to continue the operations of the board to enable the funding of accounts still in control of the board, but it was considered necessary to close the operations of the board as early as possible owing to the inability of the board to control the crop proceeds. In the 1930 report, the chairman stated—

It is not proposed to make any further advances or accept new clients. The board considers the purpose for which it was created has been served and that its activities should not be renewed if such can possibly be avoided. It is obvious that a serious loss would ensue in carrying on operations under the present conditions.

I think Mr. Seddon quoted those remarks, and the Chief Secretary interjected that the remarks were made twelve months ago and that conditions had since changed. The manager of the board, in giving evidence before the Royal Commission on farmers' disabilities on the 26th June last, made the following statement in answer to a question by the chairman whether the operation of the Industries Assistance Board had been successful—

Yes; it carried the wheat industry over a most serious crisis from 1914 onward. It enabled thousands of farmers to remain on their holdings, it maintained production during the critical years of the war, and finally played an important part in establishing returned soldiers on the land. As far as the capable farmer was concerned, it admirably answered its purpose, but in too many cases it tended to destroy the settler's best asset—his self-reliance and initiative. In my opinion a mistake was made in continuing the operations of the board too long. The good farmers effected their clearance in the early years, and we were left with men who would not make a success under any conditions.

Those views were expressed by the manager only a few months ago, when the present conditions were prevailing. In analysing the affairs of the board, I propose to divide them under two headings: (1) administration expenses, and (2), capital absorbed by the board and the possibility of losses. I do not wish to weary members by reiterating large-scale figures that would be hard to digest, but it is necessary to quote some, and for the sake of simplicity I propose to quote round numbers. In 1929 the total number of clients on the board was 1,606, of which number 660 were

funded, 434 were assisted, and 512 were unassisted, but not then funded. In 1930 the total number of clients was 1,479, of which number 855 were funded, 208 assisted, and 415 not assisted and not funded. The reduction in that year was 129.

Hon. J. J. Holmes: What do you mean by funded?

Hon. Sir CHARLES NATHAN: The securities had been funded and proper liens effected, and the accounts had been taken over by the Agricultural Bank. In 1931 the total number of clients was 1,399, of which 1,011 were funded, and 388 still remained on the board. As the 388 were not dissected one does not know how many settlers were actually assisted. The reduction for that year was only 79. Members will note how slow the progress is, and may well ask how long it will be, at this rate, before the board achieves its set purpose and closes down upon its activities. A pertinent question might well be asked, what is the annual cost of the I.A.B., and how long will it continue? In 1929 the administrative charges were roughly £41,000, in 1930 the same, and in 1931 £42,500. The report shows that the total loss up to the 30th June last was £748,472.

Hon. J. Cornell: If the I.A.B. clients were all transferred to the Agricultural Bank there would still be no saving in the cost of administration.

Hon. Sir CHARLES NATHAN: I will come to that later. The significant fact is that administrative charges were responsible for £308,942 of the total loss. The bad and doubtful debts came to £438,529. It is also interesting to note the annual recurring cost due to this loss. Taking the losses as 5¼ per cent., we find that the annual recurring charge on the revenue of the State is over £40,000 a year, which goes on for a period of 50 years. Unless progress is accelerated, it looks as if it will take many years to complete the activities of the board. If the cost of administration cannot be substantially reduced, an estimate of these costs alone would be half a million pounds. That is by no means an exaggeration. In the past the board has had the benefit of 1.41 per cent., to use the manager's figures, that being the difference between the interest charged by the Treasury and the interest charged to settlers. As under recent administrative acts the interest to the settlers has been re-

duced by 1 per cent., and as that 1 per cent. on the capital charge of the fund, which is £2,568,000, amounts to £25,568 per annum, members will easily ascertain that there is very little chance of the administrative costs of £42,000 a year being reduced.

Hon. H. Seddon: You mean the present losses would be increased by £25,000 a year.

Hon. Sir CHARLES NATHAN: Not necessarily, for it might be possible to exercise economies, though not to the extent of £25,000. I will now reply to Mr. Cornell's interjection. The number of I.A.B. clients at the beginning of 1931, including 855 who were funded, was 1,479. According to the evidence given by the manager of the Agricultural Bank to the Royal Commission in June last, the total number of clients was actually 12,500. Assuming that this includes 1,479 I.A.B. accounts, there still remain under the Agricultural Bank 11,021 settlers. According to the Auditor General's report, upon the Agricultural Bank for the year ended 30th June, 1931, the administrative expenses were approximately £41,800, but to this should be added the amount recouped to the bank on account of group settlement administration, £19,850, making a total of administrative charges against the Agricultural Bank of £61,666. If my figures are correct, it would appear that whilst the cost of administering the affairs of 11,000 farmers under the Agricultural Bank amounted to £61,666, it cost £42,627 to take care of 1,479 clients under the I.A.B., and of that number 855 were funded accounts. If in the light of these figures Mr. Cornell persists in saying there will be no saving, the only inference we can draw from his interjection is that in his opinion an inequitable distribution of the costs as between the Agricultural Bank and the I.A.B. has been made, a distribution that has been going on for some years. With the knowledge we all have, however, of the capacity and integrity of those in control, is not the answer rather to be found in the deduction that, owing to the necessity for closer supervision, the difficulty of controlling crop proceeds, and other reasons that one need not perhaps mention, the cost of administering the affairs of settlers under the I.A.B. is and always will be out of all proportion to those under the administration of the Agricultural Bank? It is rather interesting at this stage to note just how unorthodox, judged by ordinary sound methods of commercial and

financial practice, are the methods employed to cover annual losses in Government finance. In the report of the Auditor General, page 6, we find the following:—

The loan fund was also drawn upon to recoup revenue for portion of the interest on loan expenditure applicable to group settlement and the Industries Assistance Board.

Under the heading of "Interest charged to loan—Industries Assistance Board," the Auditor General says—

After providing for the cost of administration and sinking fund contributions, the collections were short of the interest paid to the Treasury by £61,572. Of this sum an amount of £60,873 was met from loan fund moneys.

Hon. J. Cornell: Was that made from the Finance Development Act?

Hon. Sir CHARLES NATHAN: It is still money, and still a liability.

Hon. J. Cornell: I want you to complete your statement. The money must have been appropriated somehow.

Hon. Sir CHARLES NATHAN: I am trying to deal with finance, not with the juggling of accounts. To me it does not matter whether the money comes out of one pocket or another. What I am endeavouring to show is that it is a charge upon the finances of the State, which ultimately has to pay both the interest and capital. I cannot follow members into side issues. Another problem must be taken into consideration in the endeavour to estimate the eventual losses which will arise from the operations of the board. I refer to interest still to accrue. The advances to the 30th June last amounted to £1,780,000. The annual interest, charged at 6 per cent., amounts to £106,827. Whilst this amount can be reduced by interest payments made on account from year to year, this will undoubtedly be offset as we know from past experience, through the default of many settlers in their interest payments. That there will be a substantial additional loss under this heading there can be no doubt. Another phase I desire to deal with is that of the capital cost still owing by settlers, namely £1,780,000. Dealing with the amount of the loss that may accrue in this respect, and the amount that may have to be written off, I would refer members to page 3 of the report for 1931, where they will find that on 21 properties only £11,000 was recovered and £9,034 was written off. So that is a reasonable indication of the

loss which may accrue. Hon. members can well see that a substantial proportion of the £1,780,466 will never be recovered. I have been bold enough to make an estimate, and to me it seems not unreasonable to assume that in the winding-up of these accounts at least another £600,000 or £700,000 will be lost. I am judging by past results, and feel that in making this estimate I am well within the mark. Before leaving this phase of the question, I wish to point out that even these figures do not by any means represent the total loss that will accrue to the State. It should not be forgotten that the method of arriving at the amount of loss on realisation is to revalue properties, write off the loss, and capitalise them at their written-down value. But it does not necessarily mean that this closes the loss, for, after all, the liability is merely transferred by way of book entry. At the present moment there are 150 foreclosed properties held by the board and carrying a total liability of £209,000 odd. So far I have dealt only with the losses that may be occasioned directly by the operations of the I.A.B., but hon. members must realise that that is not the end of the story. The activities of the I.A.B. have also a marked influence on losses and bad debts made by the Agricultural Bank, as is shown by the following information supplied by the courtesy of the Minister:—I asked the Minister whether he would be good enough to ascertain for me whether the Agricultural Bank had sustained any losses in the realisation and revaluation of its securities in those cases which were represented in the accumulated loss of £748,472 ls. 8d. made by the I.A.B., as shown in the Auditor General's report for the year ended June, 1931; and the answer was yes. The estimated extent of the additional losses was stated as £132,156. I also asked the Minister whether any of the clients who, according to the Auditor General's report for the year ended June, 1931, owed the I.A.B. £1,780,466 ls. 3d. were indebted to the Agricultural Bank for any further advances; and the reply was yes, £1,487,504 19s. 11d. If I remember rightly, during the course of Mr. Seddon's remarks the question of the Farmers' Debts Adjustment Act came up. It certainly is in my mind that that Act, operating as it is at present, might well be used in the place of the Industries Assistance Board. Hon. members of this Chamber are particularly inter-

ested in the working of the Farmers' Debts Adjustment Act, because I think it is not too much to say that it was the wise influence they brought to bear on the amendment of that measure which has made it one of conciliation rather than an instrumentality of law, so that it has been possible to conduct the affairs of farmers in financial difficulties under most satisfactory conditions and at reasonable cost.

Hon. J. J. Holmes: Very well expressed.

Hon. Sir CHARLES NATHAN: I thank the hon. member. For that reason I have gone to a little trouble to enable me to acquaint hon. members with just what the operation of that Act has been since it was brought into force, and also to be able to meet the arguments of those hon. members who contend that this Act cannot be made to fill the requirements for which it was passed in the first place, much less the considerably extended requirements which would arise if it were decided to close down the Industries Assistance Board. I want hon. members to compare the figures I now give with those relating to debtors under the Industries Assistance Board. There are at the moment 388 settlers under the Industries Assistance Board. This year there are 359 settlers whose affairs are being handled under the Farmers' Debts Adjustment Act. The area those farmers have under crop is 200,000 acres, and it is important also to note that they have 100,000 acres of fallow. The cultivated land of these farmers is 472,000 acres, and the total of the areas held by them is 850,000 acres. For the purposes of the present harvest, the harvest now being reaped, the merchants have released £80,000 worth of credit, to enable those 359 settlers to carry on. Where advances were made by the Agricultural Bank for super, sustenance and cornsacks, they were covered by statutory lien, and are a first charge upon the crop now being harvested. Similar advances made by private banks or other institutions were protected by bills of sale and are also a first charge. The next charge is one year's interest on the accumulated advances by the bank, and for hire of machinery. So that we see that whatever finance has been arranged, whether by the Agricultural Bank, private bank or other financial institutions, is made a first charge upon the crop. But my point is that if the director handled the accounts of 359 settlers, there is no reason why he cannot handle the accounts of a thousand more. There is

no reason to believe that in the majority of these cases these farmers cannot be carried on over the coming year. We were able to finance them with wheat at 1s. 9½d. Wheat to-day is at least 1s. more than that, and in addition there is the 4½d. bonus. Under those conditions the farmers can certainly be carried on over the coming harvest.

Hon. Sir Edward Wittenoom: Do the Agricultural Bank and the Industries Assistance Board work together, or work individually?

Hon. Sir CHARLES NATHAN: They are both under the same control. In the early part of the season a good many initial difficulties had to be overcome; but the Farmers' Debts Adjustment Act—and I say this with a full knowledge of the position—is now working smoothly. Merchants and farmers have complete confidence in the measure. The merchant community have arranged for a standing committee to assist the director in any difficulties he may encounter. The cost to the State of carrying on those activities is £2,500; and although that amount does not represent the whole of the cost, it represents the maximum cost to the State. The cost of carrying on affairs under the Farmers' Debts Adjustment Act is reduced to a minimum. The charge upon the farmers is comparatively small—£10 and 3 per cent. of the proceeds. But the point I want to make is that farmers carried on under the Act are not subject to what I may term the irritating supervision of the Industries Assistance Board, which means that men can hardly call their souls their own. In fact, under the Farmers' Debts Adjustment Act there is no supervision. A receiver is merely appointed to hold the crop proceeds and distribute them in accordance with the schedule laid down. Otherwise the farmer in debt is free to control his own affairs. The point I make is that the Farmers' Debts Adjustment Act represents an economical means of handling the affairs of a farmer in difficulties, and in any event frees him from all the irritating influences of Industries Assistance Board control.

Hon. E. H. H. Hall: The effect is to throw the responsibility on the mercantile community.

Hon. Sir CHARLES NATHAN: On the mercantile and banking community. I hope I do not weary hon. members, but I want to follow this out to its conclusion. There is another aspect I desire to deal with, in

connection with Part III. of the Act; and in this connection I should like hon. members to refer to page 37 of the Auditor General's report.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. Sir CHARLES NATHAN: Before tea I dealt with the general activities of the Industries Assistance Board. I now propose to deal with activities under Part III. of the Act, namely assistance to industries. If we refer to page 37 of the Auditor General's report we shall find a series of advances that have been made to industries, totalling in all £444,000 odd. It is interesting to note the various transactions covered in the schedule on that page and to see the amount involved in assistance to industries, which has been granted under Part III. of the Act. I will quote only a few of them, those of magnitude, such as the W.A. Manganese Company, advances for rails and fastenings, £135,000. Then there is, North-West Meat Works, £66,000. One small advance given is interesting as showing that while advances can be made under Part III. of the Act, other substantial advances are made under Section 3, Rural Industries, of the Agricultural Bank Act. Here is an item for Raynor & Co., jam products works, only £238. But under the Rural Credits, Section 3, there is from another department an item of £8,708. It is pointed out in the report that under the loan account of the Agricultural Department the amount Raynor & Co., £8,708 has been written off. Then there was an advance to the Avon Butter and Bacon Factory of £12,000. That was under Part III. Then under Section 3 there is a further advance of £504.

Hon. F. H. Harris: Is that written off also?

Hon. Sir CHARLES NATHAN: No, these amounts are not written off. They simply remain as assets of the State. There is £444,000 under Part III. and £18,975 admitted loss under the Agricultural Bank Rural Creditors. We find in the report that the amount of interest repaid to the Government during the past year on these accounts has not reached the sum of £6,000, out of which £4,000 has been collected by the Government from the Fremantle abattoirs by way of rent and credited to their interest account. Consequently from this

section of the activities under the Act the loss to the taxpayers of the State in interest alone amounts to at least £20,000 per annum, while the capital that unquestionably has been lost cannot be less than a quarter of a million of money. Seeing that we cannot square our Budget, and consequently have to fund our annual deficits at compound interest, members will appreciate the extent of the States loss on this unfortunate phase of the board's activities.

The Chief Secretary: That is spread over a long period of years.

Hon. Sir CHARLES NATHAN: Yes, over 50 years; for 50 years we shall have to pay out of the revenues of the State, by way of interest and sinking fund, an amount of over £20,000 per annum to meet loss of interest on this amount. Therefore, I ask could we not well have applied that money to lift from our primary industries some of the disabilities under which they labour? Taking into consideration the losses already made, it seems reasonable to assume that even if no further liabilities by way of further advances to other settlers or industries are incurred, the loss in realisation and administration on the present operations under the Industries Assistance Act cannot amount to less than 1½ millions, and is more likely to be two millions. I have been endeavouring to make a close examination of the board's affairs—and I am afraid I have taxed the patience of members—not for the purpose of crying over spilt milk, but for fear that the omission from this year's report of any reference to the early closing down of the board's activities is not merely an oversight, but may have been due to a changed attitude of mind; and that, despite the very strong views expressed by the board in the past, consideration is being given to a further extension of the board's activities. I am led to this assumption by remarks that recently have fallen from the lips of the Minister for Lands, and also by what have appeared to be inspired paragraphs appearing in the public Press. I trust sincerely this is not the case, and although I propose to vote for the second reading, I fervently hope that steps will be taken to accelerate the funding of the remaining activities of the Industries Assistance Board and permit of its closing down. I should like to refer to conditions as they existed twelve or eighteen months ago. I remember reading in June

of 1930 in the "Financial Times" a commentary on the position as it then was. That paper said *inter alia*—

Events are moving in the same vicious circle and one of the essentials to a reversal of that movement is a stabilisation of commodity price levels. How near at hand that may be cannot well be predicted, in spite of the heavy falls that have taken place. When the turn does come, the rate of recovery throughout the world will depend greatly on the wisdom with which each country handles its internal affairs.

The Government of the State have done a great deal towards the solution of this most difficult problem. That must be admitted by all, but the limitation of the assistance they are able to render is governed by the financial facilities at their disposal. Much remains therefore still to be accomplished, and when one remembers the discussions that have taken place in this House in regard to the disabilities under which the primary production of this State is labouring; when one listens with attention, as I did, to the remarks that fell from Mr. Thomson the other evening on railway administration, and the discussions on certain Bills for the amelioration of taxation that have been before the House recently, one appreciates how necessary it is that further steps should be taken by the Government to stop many avenues through which losses are occurring. To my mind there still remains a good deal to be done, such as rationalisation or the simplification of methods of government. I have dwelt at length upon the activities of the Industries Assistance Board, recognising as others do, that after all this is only one of the small avenues through which leakages occur. I did so to point my remarks on the necessity for tightening up administration as a whole, and I hope members will not say I am straying too far from my subject. My argument is directed not so much towards the losses that have been made by the Industries Assistance Board, as towards the losses that are being made on all sides by many departments administering Government affairs and expending huge sums of loan money. If I had my way in this process of rationalisation or simplification, I would see to the control under statutory authority by independent boards of various activities, especially the Agricultural Bank. I would have the tramways and electricity supply placed under a

trust, and provide for greater freedom from political influence in the administration of our railways, and I would have a much closer and more searching examination by independent and competent boards into all proposals for large scale expenditure of public money. All this is necessary if we are to stop the drift, meet our liabilities, rehabilitate the primary industries and find work for all. May I in conclusion quote from the appeal made by the Commonwealth Savings Bank which is daily appearing in the columns of our Press. It reads:—"To-day—To-morrow. Yesterday does not matter any more, but what you do to-day may make or mar to-morrow. It is no use repining about what should have been done—it is what lies to our hands now that really counts." I support the second reading of the Bill.

Hon. E. H. H. HALL: I move—

That the debate be adjourned.

The CHIEF SECRETARY: I should like to offer a few remarks before the motion is carried. I went to some trouble a week ago to prepare the second reading speech when introducing this Bill, in the hope that hon. members would get through the debate within a reasonable time. Unfortunately we have had speeches at the rate of one each evening. I should like to impress on members the fact that the Government are desirous of concluding the session at a reasonably early date, because if ever there was a time in the history of Western Australia when close administration was needed, as well as concerted action on the part of all Ministers, that time is the present. If we go on at the rate at which we are proceeding, we shall not conclude the business before Christmas. Therefore I appeal to members not to keep on adjourning the debates on Bills, but to assist in expediting their passing.

Motion (adjournment) put and passed.

BILL—TENANTS, PURCHASERS AND MORTGAGORS' RELIEF ACT AMENDMENT.

Received from the Assembly and read a first time.

BILL—LOAN (No. 2) £2,450,000.*Second Reading.***HON. H. SEDDON** (North-East) [7.50]:

In view of the remarks made earlier in the evening, remarks which are really directed towards creating efficiency in the handling of our finances, it is desirable that in discussing the second reading of the Loan Bill we should approach the matter from that standpoint. The Bill asks the House to agree to authorise further loans amounting to 2½ million pounds. It differs from previous Bills insofar as there is a clause included which authorises the Government to obtain short-term advances to meet the deficit for the present year. Although in the past we have carried Loan Bills to fund deficits, I think this is the first occasion on which the House has been asked to sanction the raising of loans to meet an anticipated deficit. This is a new departure, and it is a responsibility that has not been placed on us before. Evidently it is determined that we shall deliberately sanction the policy of the Government which apparently is to incur a further deficit. So, while we can compliment the Government on their honesty, it is also put up to the House to approach the passing of this Bill from the standpoint that by passing it we shall be party to a policy which we have from time to time denounced and deplored. We are to blame for what we have done during the past 20 years, but on this occasion the Government are simply carrying out their avowed intention of passing on to posterity the bills of to-day. We are asking the taxpayers who will come after us to undertake the payment of accounts we have incurred in carrying on the services of this country. When Bills have been passed by previous Governments for the funding of deficits, the Auditor General has drawn attention to the fact that under the Act which allows the funding of deficits by the issue of Treasury Bills, there must be provided a sinking fund which shall wipe out the debt in 30 years. On each occasion that the Bill has been passed and a loan has been floated to fund the deficit, the Auditor General has drawn attention that the Act has not been put into operation and that therefore the debt incurred would not be wiped out in accordance with the provisions of the Act within the 30 years. In the Bill placed before us now there is an item of £1,250,000, which is pro-

vided for the purpose of floating a short-term advance to meet expenditure pending the receipt of revenue. I intend to ask the House, if this Bill be passed, to see that the existing agreement to which the Government are a party, is carried out, and to see that the undertaking embodied in the Financial Agreement to provide sinking fund of 4 per cent. in the case of a deficit being funded is applied in the provisions of the Bill. I am aware that the intention is to issue Treasury bills, or what are known as short-term securities, to provide for the deficit. I know also that it has been argued in certain quarters that such security should not carry the 4 per cent. sinking fund which was intended to apply only in connection with the funding of deficits. In my opinion it is simply a twisting of the intention of the framers of the Financial Agreement, because, if members will turn to Clause 3, Subclause (j) of Part III. of the Financial Agreement, they will find it provides that in the case of any loan raised to meet revenue deficits, no sinking fund shall be paid by the Commonwealth, but the State shall provide for redemption by a sinking fund contribution at the rate of 4 per cent. per annum. I ask the House to see that this agreement is carried out and to see also that there is added to the Bill a proviso that whatever short-term debt is incurred to meet the deficit, it shall carry that 4 per cent. sinking fund. There is one thing we will do by the adoption of this proviso, and it is that we shall endeavour to take a certain amount of expense in carrying on our services to-day, and we shall not be asking future taxpayers to carry it for us. I recognise that the Government during the past years have had a very severe task to undertake and I give them credit for what they have done. I hope that before I resume my seat I shall be able to give them due recognition for the wonderful result they have attained in certain directions in handling the finances. In support of that I should like to show that the Auditor General's report for 1930, in commenting on the cash position of the State, pointed out that there was a total deficit on various funds at the end of the June amounting to £5,800,000. There is an amount of £500,000 on Consolidated Revenue account; a further amount of £579,000 overdraft in connection with State trading concerns; advance to Treasurer amounting to another half a million; stores purchased amounting to £660,000,

and Federal aid roads account overdraft £17,000. These amounts make up a total of about five and three quarter millions, to which extent the State was to the bad at the end of June, 1930. By June, 1931, the position had been very materially altered. The loan fund had changed from a debit balance of 3½ millions to a credit of £600,000, and the debit items had been reduced and now total £3,000,000 odd. Consolidated Revenue Account accumulated to £1,900,000; stores purchase account to £709,000, and advance to Treasurer to £934,000. So that the debit balance of the State to the end of June, 1930, was reduced from five and three-quarter millions to £3,100,000 at the end of June, 1931. Considering the times through which we are passing, this is a very creditable achievement indeed. There is this point, and it is important though it is not always recognised outside, that every month the Government have been able to pay the employees their wages cheque. Only those who have been in close touch with the actual cash position of the Government during the past twelve months know how closely they have been to the position of not being able to meet their liabilities. I desire to give the Government praise for that. At the time of the Niemeyer investigation, the Premiers' Conference adopted certain decisions. I wish to refer to three of them. One was to clear up the short-term debts before seeking further overseas loans. I take it that the improvement in the cash position is the result of following that decision. The second was that no new works that would not yield in a reasonable time interest and sinking fund should be undertaken. The third was that the Governments undertook to balance their budgets during the year. The cash position shows that the Premier of this State has tried and partly succeeded in meeting the first requirement. With regard to the second, personally I am very doubtful about the result. I am inclined to think that some of the works put in hand by the Government are open to serious question and criticism when viewed from the standpoint that within a reasonable time they will pay interest and sinking fund. As regards the third, to quote the Premier's own words, it means incurring debts for which no assets have

been created. At the end of June, 1930, the Premier had a deficit of £518,000. For the year ended June, 1931, there was a further deficit of £1,420,000, and for the first three months of the present year, a still further deficit of £622,000. In other words, the total to September, 1931, on account of the deficit was £2,500,000, for which no assets have been created. That deficit represents the failure of Governments to balance their budgets within the year the deficits were incurred. Thus, the Government have not been able to carry out the third decision of the Premiers' Conference. Now the Government desire authority to borrow further money. I have quoted these figures so that hon. members may realise they are being asked to continue the undesirable state of affairs of creating debts for which no assets are being provided. In other words, the Government have been living beyond their means, and have not been able to balance their budget. To use the words of the Chief Secretary, when replying to my criticism regarding another Bill, "The Government consider that the money can be made better use of by the people themselves." That contention is quite all right provided we are in agreement with it. Personally I do not think we are justified in asking future taxpayers to pay our bills. I shall refer to financial returns placed before hon. members regarding the transactions of the present year. Those returns are submitted each year in connection with the Budget, and I desire to deal with some items that are covered. Referring to Return No. 7, which appears in "Hansard" on page 4497, and was included among those placed before Parliament when the Budget speech was delivered in the Legislative Assembly, I draw the attention of members to the fact that certain particulars are set out therein. We find that the total amount of loans authorised was £93,000,000, and the total loans floated aggregated £90,300,000, leaving a balance authorised for flotation by previous loan Bills of £2,800,000. That means that at the end of June, 1931, the Government had the right to float a further loan of £2,800,000 to carry on necessary loan works during the coming year. Members will be rather interested to know that last year, during which finance was so

difficult, the Government were able to add to the loan fund £5,500,000 that had been obtained in the twelve months. Among the items embodied in the total were £2,400,000 in the form of London Treasury bills and debentures, £1,500,000 in Commonwealth stock at 6 per cent., and £1,600,000 in Australian Treasury bills. Those are the principal items. Thus the position that the Government will find themselves in if we refuse to pass the Bill will be that they will still have the benefit of the right to borrow £2,800,000 as at the 30th June last. There can be no question, then, that the activities of the Government will be seriously handicapped for some little time to come at any rate, if we refuse to agree to this legislation. Dealing with the condition of the loan account from June, 1931, to September, 1931, during that period the Government received into the loan fund £933,000, and spent £307,000 on loan account. Thus they had a credit on the operations of those three months of £625,000, in round figures. On the other hand, Consolidated Revenue Account went to the bad to the extent of £622,000. Thus we are justified in saying that the credit the Government were able to secure on loan account through the various loan flotations has been just about set off by the money expended in excess of that raised under revenue account. The Bill before us practically asks for further authority to continue that policy. I have shown that the Government have incurred—I want to be just and I will admit that part of the deficit was incurred by a previous Government—indebtedness totalling £2,500,000 for which no assets have been created, and that the Government now ask for authority to raise a further debt covered by the Bill which provides for raising a further £1,250,000, which is also for the purpose of meeting the deficit. They are therefore seeking to borrow money to create a dead debt and to use the money raised by way of loan to pay for current services.

Hon. J. J. Holmes: Are the Government providing the special sinking fund mentioned in the Financial Agreement?

Hon. H. SEDDON: No, they are not. Because of that I have placed an amendment on the Notice Paper, the effect of which will be that the Government will have to provide a special sinking fund in connection

with the loan flotation to provide for the deficit of £1,250,000.

Hon. J. J. Holmes: The Financial Agreement specifically provides for sinking funds being created.

Hon. H. SEDDON: Yes, but the fact remains that previous Governments have not carried out the provisions of the law that a sinking fund shall be provided to meet funded deficits within a period of 30 years. That legislation has been consistently ignored by Governments in years gone by, and that leads me to say that they should be compelled to provide a sinking fund of 4 per cent. on any loan floated for any purpose, especially if to meet a deficit. The suggestion has been made that we should have a sinking fund. At the end of 1929 the State had floated loans to cover the deficit incurred to that date and the total amount was £6,300,000. No assets were created against which that expenditure could be set off. At the end of that period we had a sinking fund totalling £8,800,000. In other words, we set aside a sinking fund that we prided ourselves on and three-quarters of it was represented by debts for which no assets had been created. If we are to talk about the finances, let us be honest with ourselves. Let us say that instead of a sinking fund being created for the purpose of wiping out debts, it is simply a reserve fund to meet our losses. In that regard I intend to show that we have a debt created amounting to £6,330,000, not supported by assets nor with a sinking fund as a set-off. Not only that but I shall show that there have been serious losses incurred on loan account, which would more than wipe out the balance. So I say that the sinking fund has been nothing but a farce. It has been a most inadequate reserve established to meet our bad financing. It may be said that we have loan works to show for the money we have borrowed and spent. Return No. 11 shows that our loan assets are valued at £76,500,000. I shall deal with that more extensively later on. In the meantime I would point out that the Public Accounts show what the loan assets comprise and among the various items are some I shall enumerate. There is the Kanowna railway, which is set down at a valuation of £39,000. That railway has been pulled up. There is the Celebration-Lakeside railway set down at £18,000. That line has been pulled up. We have the Lake Clifton railway, which stands in the loan account at a valuation of

£62,000, and that line has been pulled up. Under the heading of Harbours and Rivers, we find that the Fremantle dock stands in the books as representing an expenditure of £208,000. That dock was sunk in the ocean. Under the heading of "Development of Mining," loan expenditure amounting to £990,000 is shown. I want to know from the Minister just how much of that expenditure is represented by solid assets. Then we have the State smelters at Ravensthorpe, which stand in the books at £139,000.

Hon. J. J. Holmes: We have 320 miles of railway authorised for construction, the money borrowed for the works, and no railways constructed.

Hon. H. SEDDON: That is so. Under the heading of the "Development of Agriculture" we have agricultural migration represented in the books by £413,000. Is that expenditure represented by solid assets? Then there is the working capital for the Agricultural Bank of £4,500,000 and we know that the amount of money written off in the form of losses is considerable. I ask hon. members to refer to this particular report and note the figures for themselves. In connection with the Agricultural Bank we have a loss exceeding £1,000,000 in connection with soldier settlement. Then the group settlements stand in the books as representing an expenditure from loan funds of £5,133,000, and again there is the item, "Group Settlement and Migration," £2,451,000. We know that £3,000,000 has been written off on account of those two items alone. Under the heading of sundries we find that the State ships stand on the books at £1,200,000. How much of that expenditure is represented by solid assets? The Agricultural Implement Works stand in the books at £155,000, and we know that there has been a huge writing-off under that heading as well.

Hon. J. J. Holmes: There was £120,000 some time ago, and £60,000 later on.

Hon. H. SEDDON: The Wyndham Meat Works are shown on Loan Account as costing £286,000. Of course we know that a greater sum than that has been expended on the works, but we also know that there have been enormous losses. All the figures I have quoted are in respect of the General Loan Account. I want to know how much of the amount covered by the items I have

referred to is included in the total of £76,500,000 which represents the value of the loan assets, according to the returns placed before members. I want to know how much of that amount has been actually written off. I contend the majority of them are simply paper assets for which there is no solid value existing, while others have a seriously diminishing value. The Government have commenced certain projects during the last 12 months, and in my opinion many of them may be regarded as doubtful. There are the Nornalup railway and the Nornalup settlement. I would like members to ask themselves what is their honest opinion? Are those works such as comply with the decision of the Premiers' Conference and are of the type that will, within a reasonable period, pay interest and sinking fund charges? We have the Herdsman Lake scheme on which a large amount of money has been spent. How long will it be before that scheme will pay interest and sinking fund? There is a scheme at Collie about to be started by the Government. That scheme has been seriously challenged as to its ability to pay interest and sinking fund. Many of those works were started by the Government without the sanction of Parliament. I recall that in the past there have been serious complaints against Governments for having started certain trading concerns without the authority of Parliament. I say the present Government have been just as great offenders as the previous Government in that respect, because they have started works without the authority of Parliament, and have presented them to Parliament for approval under the Appropriation Bill. So far as expressing any opinion on those works is concerned, this House might just as well be a rubber stamp. Either we have to sanction the passing of the whole of the Appropriation Bill, or take the responsibility of throwing it out. Still, we have the power that I am asking the House to exercise, and that is to control the Government in the matter of incurring any further debt until they have shown they can handle the present loan assets in a way that will return interest and sinking fund. The theory that "posterity will pay; why worry?" is a theory that has led Australia into its present financial morass, and that theory behind the failure of Governments to handle their finances has to go.

Hon. W. J. Mann: Where?

Hon. H. SEDDON: It has to be abandoned. If Parliament does not abandon it, the general public will see that it is abandoned, because they will reject anyone who advocates the policy in future. The sooner the public realise their responsibility, the sooner will they require every member to attend to his duties in the matter of controlling the finances of the State. Almost regularly during the last 12 months the newspapers have given a column weekly to squealing about the tremendous burden of debt on the people and the burden of interest on the people, and maintaining that we cannot meet our responsibilities. Bondholders have been asked to stand aside in the matter of their claims. It has been urged by certain prominent men that the currency should be inflated and that the bondholders should be paid off in inflated money. We are inflating to-day. Every deficit represents so much additional inflation. We are still pursuing the wrong track, in spite of the avowed intentions of Governments to readjust the financial position. It has been said that the taxpayer cannot bear the burden. Hard as is the load to carry to-day, the longer we defer facing the position, the heavier it will become. It would be far better to spread the burden and make every member of the community realise his responsibility than to defer action and later on find ourselves in the position of having to impose a much heavier burden and even

then be unable to meet our responsibilities. We shall be spending money in incurring further losses and running the State into a more and more hopeless position. I wish to compare the classification of loan assets for 1931 with those for 1930. In 1931 the loan assets liability amounted to £76,512,934, whereas in 1930 it was £72,453,431, an increase of £4,059,503 for the 12 months. The interest charged in 1930 was £3,323,000, and in 1931 the amount was £3,400,000, an increase of £77,000. The net earnings in 1930 were £2,246,000 and in 1931 £2,300,000, an increase of £91,000. The loss in 1930 was £1,077,000 and in 1931 £1,063,000. We lost roughly £12,000 less last year in the operation of our loan assets than in the previous year. Some time ago I managed to get some figures from the Treasury, and I think they tend to show that the State has been incurring a loss of some million pounds per annum in the operation of its loan assets. I wish to compare the details further, because in the course of such a comparison an interesting financial phenomenon is presented. I ask members to refer to copies of the table placed before them, containing a comparison of the returns for the two years 1930 and 1931. I place the table before members in order that they may follow the criticism and to obviate the need for reading masses of figures that tend to become meaningless. At the same time I wish to have them embodied in "Hansard" so that they will be on record.

COMPARISON OF LOAN ASSETS RETURN, 1930 AND 1931, WITH LOAN EXPENDITURE RETURN.

Undertaking.	Return No. 9.	Return No. 11, Loan Assets.		Increase.	Decrease.
	Loan Expenditure.	1930.	1931.		
	£	£	£	£	£
Railways	454,395	22,973,997	24,602,191	1,628,194	...
Tramways	9,550	1,094,157	1,131,080	36,903	...
Electricity	11,289	1,253,311	1,225,968	...	27,343
Other ... ..	...	3,346,924	3,997,808	650,884	...
Metropolitan Water Supply	197,238	2,511,453	2,471,318	...	40,135
Country Water Supply ...	...	4,113,619	2,875,248	...	1,238,371
Sewerage and Drainage ...	42,102	1,507,491	2,060,797	553,306	...
Harbours and Rivers ...	133,706	5,630,133	5,741,525	111,393	...
Roads and Bridges ...	...	1,927,178	2,059,788	132,610	...
Agricultural Bank Advances	298,734	5,600,239	6,629,393	1,029,654	...
Assistance to Settlers ...	262,880	2,310,899	2,936,526	625,627	...
Soldier Settlement ...	39,369	6,391,928	7,947,073	1,555,145	...
Group Settlement ...	213,298	7,737,137	5,090,170	...	2,646,967
Development Agriculture ...	61,490	1,504,924	3,660,231	2,155,307	...
Public Buildings ...	...	1,236,295	1,353,316	117,021	...
Loans to Local Bodies ...	5,072	26,270	101,643	75,373	...
Miscellaneous ...	...	1,397,842	834,095	...	563,747
Development of Mining ...	27,077	1,869,634	1,794,283	...	95,351
Totals	1,750,263	72,453,431	76,512,934	8,671,417	4,611,914
		Net Increase £4,059,503		Net Increase, £4,059,503	

The first column, under the heading "Return No. 9" placed before us in connection with the Budget, shows a loan expenditure of £1,759,263. The loan assets on which that expenditure was made were valued at the end of June, 1930, at £72,453,431, and at the end of June, 1931, those assets had been written up to £76,512,934, or an increase of £4,059,503, although we expended only £1,759,263 of loan money. But that is not all. The two latter columns give details of certain assets that have increased and certain assets that have decreased. Although there was an increase of £4,000,000, there had, in addition, been written off an amount of £4,600,000, and only £1,759,263 had been added to the loan assets. There is a conundrum.

Hon. E. H. Harris: Which will take a little explaining.

Hon. H. SEDDON: Yes. If members study the details of expenditure, they will find other items still more puzzling. Railways in 1930 were valued at £22,973,997. During the year £454,395 was spent on them, but the loan asset had risen by June, 1931, to £24,602,191, an increase of £1,628,194 on an expenditure of less than half a million.

Hon. J. J. Holmes: How does that come about?

Hon. H. SEDDON: That is what I want to know.

Hon. J. Nicholson: The value of the asset has been increased?

Hon. H. SEDDON: The item "Other," I understand, relates to State trading concerns. In 1930 the value was £3,346,924, and in 1931 £3,997,808, an increase of £650,884, but nothing is shown in the return of loan expenditure against that item. Apparently they improved in value by some £650,000. How? Perhaps they grew without money being expended on them.

Hon. W. J. Mann: That would cover depreciation!

Hon. H. SEDDON: Country water supplies in 1930 stood at £4,113,619, but by the end of June, 1931, the total had diminished to £2,875,248. I want to know how that diminution in the value of country water supplies occurred.

Hon. E. H. Harris: A decrease of 1½ millions.

Hon. H. SEDDON: Yes. Yet I have not heard of any serious debacle or loss or de-

preciation in connection with those water supplies.

Hon. J. J. Holmes: Perhaps some of them were transferred to the railways.

Hon. H. SEDDON: Under the heading of "Roads and Bridges" the value in June, 1930, stood at £1,927,178, and in June, 1931, the value was £2,059,788, an increase of £132,610, and not a penny was spent on them during the year. "Agricultural Bank" in 1930 stood at £5,600,239, and in 1931 at £6,629,893, an increase of £1,029,654, and the amount charged against loan expenditure was only £298,734 for the year. Under "Assistance to Settlers," which includes the amount expended under the I.A.B., the expenditure for the year was £262,880, and the assets rose from £2,310,899 in 1930 to £2,936,526 in 1931, an increase of £625,627 against an expenditure of £263,000. Under "Soldier Settlement" the expenditure was £39,369, but the value of the assets increased by £1,555,145. Under "Group Settlement" the expenditure was £213,298, and the assets decreased in value from £7,737,137 in 1930 to £5,090,170 in 1931, a drop of £2,646,967. Immediately under that item is another item "Development of Agriculture," which increased from £1,504,924 to £3,660,231, an increase of £2,155,307, this for an expenditure of £61,490.

Hon. E. H. Harris: That is hard to take.

Hon. H. SEDDON: The other items are comparatively unimportant. In "Miscellaneous" the asset was valued at £1,397,842 in 1930 and it had diminished to £834,095 in 1931, a depreciation of £563,747. Taking the totals, we spent one and three-quarter millions, we wrote off four and a half millions, and the value of the assets increased by four millions. Those are items that demand a thorough explanation because they comprise a statement placed before members intended to portray the value of the assets upon which the public debt has been raised—the assets that we have to show for the expenditure of the money. Those figures do not refer to debts incurred for which there is no asset. I take it the figures will require a considerable amount of elucidation before members will consent to pass the Bill and permit of that state of affairs being continued.

Hon. C. B. Williams: Is that inflation or deflation?

Hon. H. SEDDON: It is some new method of valuing our assets that has been adopted.

I want to know what is going to be done with respect to these assets. Are they to go up and down according to the state of the weather, or are we to have a system whereby we can say that as the result of the expenditure of certain money upon which we have to pay interest for 50 years, we are going to see that these assets are kept in a sound position or even improved?

Hon. J. J. Holmes: I hope this is not the result of the conference between our Treasurer and the Federal Treasurer.

Hon. H. SEDDON: I do not know that it is. This is the evidence set before members as an inducement to them to pass this Bill. If it goes for anything, it goes for evidence that will lead them to oppose any further loan Bills until we see what the Government have been doing and what the position of our assets is. With regard to the items in the Loan Bill, over one half of the amount is for the purpose of funding the deficit, in fact a debt for which no asset will be created. I want to look at the matter from another angle. This State now has some 76½ million pounds sunk in public works, which are supposed to be revenue producing. Much of that capital we may regard as circulating. A certain amount is used to finance the sewerage installations for private individuals in the metropolitan area. That money comes back into the hands of the department, and is lent out again to other clients who wish to be connected up. My contention is that if these loan assets were doing their job properly and were properly administered, we should have the £76,000,000 not only paying interest and sinking fund, but circulating in such a manner that it would be continually re-employed to provide for the further development of utilities for the State and to increase the value of the State's assets. Until we can see some evidence of that, we are not justified in giving the Government any further authority to raise loan moneys, particularly as they have at present authorisation to raise £2,800,000 which they can use if they find the occasion propitious. The present position of the State is this: The time is not opportune for the extension of our services; rather is it opportune for the restriction of our services. Instead of encouraging and extending further assets, we should fill in the production behind existing assets, and enable our railways to get better traffic as the result of increased production;

our harbours to handle increased traffic by reason of the improvement in production; to secure better returns from the other activities in which we have sunk our money and thus put the State on a more stable basis. The Government cannot do it if we provide the sinking fund on the one hand, and incur losses on our services to the State annually on the other hand, losses that will more than mop up the sinking fund when we consider the depreciation of the assets upon which past loans have been sunk. The Government have power to raise £2,800,000. They cannot, therefore, say they will be embarrassed if the House rejects the Bill. The Government have made no provision in the Bill to comply with the terms of the Financial Agreement, and provide for a four per cent. sinking fund for loans to meet the deficit. The Government have up to the end of September incurred 2½ millions of debt for which there is no asset, for it is in the form of a deficit. Governments in the past have created 6½ millions for which no asset has been created. Governments have incurred other losses in the carrying out of public utilities, for which apparently no provision has been made, but which stand at their purchase value in the accounts. The Government have submitted returns of loan assets which do not agree with the loan expenditure. They have left the whole position obscure and uncertain. This House will only be doing its duty if it insists upon the position being cleared up before giving authority to raise any further loan moneys. The Government have consented to a conversion loan, which will stand as a black mark against Australia for all time. They have consented to a violation of the obligations they undertook to the bondholders, and are asking them to take the responsibility for their losses which have been incurred as the result of the maladministration by the Government of their loan funds. This House should insist that before it gives further authority to borrow money the matter should be cleared up, and that we shall get better results from our loans than we have had in the past. I am not convinced that this country took the wisest step in adopting that measure. I am satisfied that if they had made the spread of taxation as they should have done, this country could have met its obligations and come out of its difficulties with a clean flag. Out of this very serious national crisis the coun-

try could have emerged clean, and stood higher than ever it has done in the past in regard to its national obligations. For these reasons I ask the House to refuse to pass the Bill, and refuse to grant to the Government or any other Government further loan moneys until we see better results for the assets which have been created by the past expenditure of loan moneys. We want to see the Government's position clearly set out and cleaned up, in respect to the discrepancies and returns of which I have given the House some information. I oppose the Bill.

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

BILL—LAND ACT AMENDMENT (No. 2).

Second Reading.

Debate resumed from the 19th November.

HON. W. J. MANN (South-West) [8.40]: There are one or two phases of the Bill that seem to call for explanation. The Bill is twofold in character, one section dealing with the pastoral industry and the other with the extension of homestead farm areas. It is proposed to introduce a system of taxation. The principle appears to me to be somewhat of an experiment, and I begin to wonder where it will lead the industry. Paragraph (b) of Clause 2 says, *inter alia*, that the rental payable shall be adjusted from the first day of July in each year on the basis of the price of greasy wool in Western Australia during the preceding season. This is advanced as a means of assisting the pastoral industry. I wonder how much assistance it will really mean. I have in mind such things as the basic wage, that rises and falls with the cost of living and the state of industry. I also have in mind income tax. If the industry is going to have its rentals assessed on the price of wool, and the price of wool rises to any extent, we can assume that the pastoralist is going to pay not only additional rental, but an additional income tax. He will, therefore, be affected in two ways. I cannot see that he is going to get any material benefit from the Bill if there is a serious fall in the price of wool. I should like to hear the opinions of members representing the North.

Hon. G. W. Miles: We have already advanced our views.

Hon. W. J. MANN: I was not in the House at the time. I wanted to hear what benefit they thought it would give the pastoralists.

Hon. J. J. Holmes: We get the crumbs that fall from the South-West table.

Hon. W. J. MANN: We shall shortly be distributing loaves. I do not like the idea of rentals which rise and fall with the price of wool. I know of no instance in which this sort of thing has been of any advantage. I question whether there has been any precedent for this method of fixing rentals, and I should like to hear more about it from the Chief Secretary. The other matter is in regard to homestead farms. We are told that this is designed to cover certain specified areas settled by unemployed married people. I am a strong advocate of land settlement, but would point out that there are a lot of people to come after us, that a great deal of the land is good land that will be required for future generations, and that we should be cautious in a matter of this sort. We are told that this Bill is only to cover a limited number of people who have been put on the land on the permit system and who, later on, if they make good, will be dealt with in the same way as people who took up homestead farms and be granted without payment areas of 160 acres and perhaps more. One cannot put up any great opposition to this provided a reasonable limit is imposed. There is no limit in the Bill, and as I read it there is nothing to prevent those who have taken up a homestead farm in the past from asking the Government for additional land. It may be argued by the Minister that it is not so intended. We may accept that; but that is not the Bill. If I read it aright, the Bill clearly leaves it open to any person holding a homestead farm without other land to ask for additional area. Once that comes home, I can see quite a procession going up to the Lands Department and the Government having a lively time in dealing with these people. That is a phase of the Bill which should be looked into; some provision should be made whereby this idea will apply only to the few areas mentioned by the Minister in his second reading speech. If at a later period further land settlement is made on these lines by unemployed married people, it would be perfectly simple to introduce another Bill en-

abling an additional area, if such is required, to be allotted up to a small extent. I have always understood that the praiseworthy idea behind the granting of homestead farms was to induce people to settle on the land, and encourage them, as their business grew, to take up conditional purchase areas, thus extending their operations and cultivating and improving the country. The conditions of land settlement in this State are extremely liberal. I believe the terms for payment are easier than anywhere else in the Commonwealth.

Hon. J. J. Holmes: In the North-West?

Hon. W. J. MANN: In the whole State.

Hon. J. J. Holmes: Not in the whole State; not in the North.

Hon. W. J. MANN: There is no comparison as regards the North in this respect. So far as my knowledge goes, the prices charged for conditional purchase areas in this State are more favourable to the purchaser than any other terms.

Hon. J. J. Holmes: Except in certain areas.

Hon. W. J. MANN: We will accept that statement. If the other areas are not in an equally fortunate position, I suggest to the hon. members concerned that they get busy, and we will help them to try to secure something better. I advance that view because I consider that people who have taken up homestead farms have no case if they say that their operations are growing and that they cannot afford to purchase additional acreage. They can afford to purchase it, and they should be forced to purchase it. I shall not oppose the Bill, but I look forward to the Committee stage, and I suggest to the Government that they impose some restriction on the area that may be granted under the measure.

HON. H. J. YELLAND (East) [8.30]: Initially I looked somewhat askance at the Bill, until I was able to go into it thoroughly. As a result, I must compliment the Government on their honest effort to assist the pastoralists of the North-West through the difficult problems now facing them.

Hon. J. J. Holmes: Do you think the Government are doing it by this Bill?

Hon. H. J. YELLAND: That is a matter which we shall probably be able to discuss more fully in Committee. I feel that the Government have been actuated by the best of motives. It has been urged that the vari-

ation in the amount of relief to be given to East Kimberley pastoralists as against those in West Kimberley ought not to exist. In my opinion, the Government have been influenced by the report which the departmental committee of investigation submitted during the present year. The committee made numerous extracts from the reports of earlier Royal Commissions, particularly from the joint report of the Queensland and Western Australian Royal Commissions on the Cattle Industry of Queensland and of the North and the North-West of Western Australia and the Northern Territory, submitted in 1929. That joint report contains a passage which I think has a distinct bearing upon the attitude of the Government in differentiating between the two sections of the Kimberleys.

Hon. J. J. Holmes: I suppose you know that no action has been taken on that report, although it has been before the Government for two or three years.

Hon. H. J. YELLAND: I understand that the report has been before the Government. The Bill appears to be to some extent based on the report. I quote the following passage:—

The producers of West Kimberley enjoy a marked advantage over those of East Kimberley, whose cattle are not permitted to cross a certain quarantine line giving access to the port of Derby.

Hon. E. Rose: How long ago is that?

Hon. H. J. YELLAND: This was in 1929.

Hon. E. Rose: There was no embargo then.

Hon. H. J. YELLAND: The report continues—

The line appears to serve no purpose other than to restrict the supply of beef for the metropolitan population of the State. This does not infer that producers of West Kimberley unduly profit by their relative advantage. The high cost of transporting live animals, together with the wastage involved, are factors that considerably reduce their returns. We believe that consumers of the southern portion of the State would benefit by the removal of the quarantine restriction against the East Kimberley district, and that by the slaughter of cattle at Derby savings would be effected, enabling a greater number of producers to participate profitably in the domestic trade.

The chief point of that report is contained in the first two or three lines of my quotation, and I believe it is that point which actuated the Government in making the differentiation between the producers of East

Kimberley and those of West Kimberley—the marked advantage enjoyed by those of West Kimberley over those of East Kimberley. I do not know the Kimberley districts, it never having been my lot to inspect that country; but I do realise, from the geographical situation, that there must be something that actuated the committee in making that report. A reduction of 40 per cent. has been granted to East Kimberley, and a reduction of 20 per cent. to West Kimberley. When I heard the figures given by the members for the North Province, I realised that there was something behind their advocacy of equality as regards the reduction of 40 per cent. I went into the question why the Government had made this differentiation. I find that the difference is due largely to the fact that East Kimberley pastoralists are restricted to the Wyndham Meat Works as an outlet for their cattle, whereas West Kimberley pastoralists are able to send their cattle away through Derby, or even to send them to the Wyndham Meat Works if they so choose. Therefore the West Kimberley pastoralists have a great advantage over those of East Kimberley. While holding that view, I am quite open to have my opinion removed by members for the North Province if they can show any reason why the 40 per cent. reduction should apply to West Kimberley as well as to East Kimberley. I am quite convinced that this relief is being given by the Government owing to a desire to assist the pastoralists. I believe that that relief will be a considerable help to them.

Hon. J. J. Holmes: You know, of course, that since that report the West Kimberley cattle have been quarantined?

Hon. H. J. YELLAND: I recognise that.

Hon. J. J. Holmes: And then the West Kimberley pastoralists cannot get rid of their culls and aged stock like the East Kimberley pastoralists can.

Hon. H. J. YELLAND: I have taken the trouble quietly to follow out what would be the amount of reduction to the station holders. Take the maximum area of 1,000,000 acres that may be held by one of them, appraised at anything from 3s. to 12s. per thousand acres per annum, and the amount of the reduction at 20 to 40 per cent. is considerable. While I regret that reduction of rents is necessary, I quite believe that the Government are justified in

making the sacrifice in order to assist the pastoral industry. The other point dealt with in the Bill has been referred to by Mr. Mann—the matter of homestead farms. Members know that the maximum area granted for a homestead farm has been 160 acres in the past, but that when group settlement was brought into existence it was considered that 160 acres should be granted to every landholder, and that he should be given that holding free. Still, the land varies in quality; and it was thought that the principle applied under conditional purchase should also apply under homestead farm conditions. If the property purchased under conditional purchase is valued at varying amounts from 3s. up to 15s. per acre, the value is averaged and a price struck accordingly. As regards a homestead farm, if only half the area is cultivable, the holder is to be entitled to an additional area to make up 160 acres of cultivable land.

Hon. W. J. Mann: That has not been the general practice.

Hon. H. J. YELLAND: No; but I understand that it is the practice applied to group settlements. The Bill practically proposes the extension of that principle to the new areas being settled in the southern portion of the State. If that is the principle, I am quite prepared to support it; but, like Mr. Mann, I do not care for the idea of leaving it open so that any area can be granted at the will of the Minister. I should like to have some restriction placed on the area, and I hope that will be done in Committee.

HON. E. ROSE (South-West) [9.0]: I support the Bill because I have a pretty thorough knowledge of the North-West, having spent a number of years up there. I desire to congratulate the Government on having at last recognised that the northern part of Western Australia deserves better treatment than it has had in the past. When, some years ago, those leases were appraised the times were very different from what they are to-day. Wool was bringing a very high price and so, too, were sheep and cattle. If the settlers of to-day had to wait until the new appraisements could be made, it would mean a great deal of hardship for them. The Chief Secretary the other day, replying to a question by Mr. Holmes as to what acreage had been abandoned in the Kimberleys, gave the total as 6,209,000 acres. We

know that new selections have totalled 1,581,000 acres, which tends in some measure to offset the area of abandoned holdings. But unless the settlers have more relief than they have had, I am afraid we shall have many big areas up there abandoned this year. I know a number of settlers who have been there since the early days of 1882 and 1883. They saved up what they could and finally put it into sheep or cattle runs, but I am sorry to say a number of them have had to abandon their country. I cannot understand the wide difference made between East and West Kimberley in fixing 40 per cent. for the one and 20 per cent. for the other. I cannot see the reason for this. There are very few sheep stations in West Kimberley, only about 10 in all, whereas there are 20 or 30 cattle stations. Why, then, should rents in that district be based on the price of wool as it rises or falls? Will any member tell me why the cattle stations should suffer because the price of wool happens to go up? I confess that I cannot see the logic in it. The West Kimberley cattle stations are at a great disadvantage. When that land committee was appointed to go into the matter, there was no embargo on the movements of cattle from West Kimberley, and they could be either overlanded or shipped, as desired. Moreover, the cattle men could dispose of their stores down here. Since the embargo has been placed on them, their store cattle have to be sold for immediate slaughter, and so they fetch a much lesser price than they used to, and not infrequently the owners have to put their hands in their pockets to pay the freight. In my view both East Kimberley and West Kimberley should be put on the one footing. Unless some further encouragement is given to the pastoralists, I am afraid a big area of that country will be abandoned, and so the Government will get no revenue whatever for it. As a corollary we shall then have a number of the men coming down to the South-West looking for employment, and we all know what that means. Very little money has been spent in Kimberley except, of course, at Wyndham. The Government went to a lot of expense in opening up the Canning Stock Route, but of what use is that to-day when no cattle are allowed to travel overland?

The Chief Secretary: Why, 150 head came down that route two weeks ago!

Hon. E. ROSE: Yes, from two stations only. Apart from that, the pastoralists are not allowed to overland their cattle because of the embargo against pleuro. We have just had a Royal Commission to inquire into that.

The Chief Secretary: This Government were not responsible for the embargo; we were committed to it.

Hon. E. ROSE: Thousands and thousands of pounds have been spent on opening up the stock route, and now it is of no use except to two stations.

Hon. G. W. Miles: Only one station.

Hon. E. ROSE: The Government will be wise in accepting the amendments proposed by Mr. Holmes and Mr. Miles, because they will gain more than they will lose by the stations. To-day the pastoralists are suffering very great disadvantages and what with the tick fever, the buffalo fly, the drought and this embargo, it is almost impossible for them to live at all. I certainly think the Government should grant more assistance than is contemplated in the Bill. As to the homestead farms, I have always held that in some instances they should be of larger area than 160 acres. But I think there should be a limit set, so that no man shall be given a very large area of really good land for a homestead farm. I have pleasure in supporting the Bill and I hope the Government will accept the amendments proposed by Mr. Holmes and Mr. Miles.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East—in reply) [9.10]: As is well known, Mr. Holmes possesses an abundance of knowledge of the subject matter under discussion. It is equally recognised that he has exercised that knowledge in seeking to rectify those things which his sound experiences convince him are not in the best interests of the pastoral industry. On this occasion he very kindly expressed his appreciation of the action of the Government in bringing forward this Bill. I was pleased to hear him say so, because, nowadays, a word or two of praise is very helpful to the members of the Government. Having said "Thank you," the hon. gentleman, like Oliver Twist, is asking for more. But I can assure him the Government, in giving this small measure of assistance, have already scraped clean the cooking pot and there is nothing left to give. That was made

perfectly clear in another place and so I cannot understand why the hon. member, devoted as he is to the pastoral industry, should inconvenience the passage of the Bill, as he will do if his amendment is persisted in.

I have already admitted that the relief proposed will not greatly assist the pastoralists individually; but small as it is, it is all the Government can afford at the moment and therefore I cannot accept any amendment for a greater measure of assistance to the growers. In introducing the Bill the Government have shown clearly that they are favourable to the industry; that they want to do more for it, but are unable to do so because they cannot spare the money involved in any further sacrifice. I trust members will not ignore that limitation in the consideration of the amendments on the Notice Paper. Mr. Holmes desires to date the concessions in the Bill from the 1st July last, instead of from the 1st January next. I desire to point out that it would necessitate refunds from revenue where rents have already been paid, and short collections in the future to the serious inconvenience of the already harrassed Treasury. When the Bill was introduced in another place it was estimated that pastoralists would benefit to the amount of £33,310, but since then the South-West Division has been included in the scope of the measure and now the Treasury must forego another £1,500.

If effect is to be given to Mr. Holmes's proposal that the concession should date from the 1st July last instead of from the 1st January next, the total amount of £34,810 will be increased by another 50 per cent., making a total concession to the industry to the end of 1932 of £52,215. Members should need no words of mine to convince them that the Treasury is not in a position to make good the loss. It is recognised, of course, that the industry is passing through very difficult times, but the measure of relief provided in the Bill is considered reasonable in our present circumstances and to ask for more would endanger the Treasury. After all, the payment of rent plays only a small part in the overhead costs of running a station. Then again the State Government are the least culpable in the disasters which have overtaken the pastoralists. Their troubles are due mainly to economic conditions, to the Commonwealth

Government and its iniquitous tariff, and to their own shortcomings in times of plenty when no determined effort was made to improve the dressed weight of beef by the introduction of fresh blood. In regard to Mr. Miles speech, the Government cannot agree that the percentage reduction for the West Kimberley should be increased to 40 per cent., as it would mean a further loss to the Treasury for the next eighteen months of £3,324, or a total concession to the pastoral industry of £55,539, but we are willing to accept an amendment providing for an all-round reduction of 30 per cent. in the Kimberleys.

In that connection, the evidence taken on oath by the Royal Commission on the Beef Industry was accepted in justification of the proposal that a 40 per cent. reduction should apply in the East Kimberley, and that evidence is supported by the returns from the Western portion of the Kimberley district over a period of years, which show a higher average return to growers as against the prices obtained by the growers in East Kimberley. I do not think the honourable gentleman should persist in his proposal that the price realised at Perth auction sales of wool should be taken as the average price. To my way of thinking the suggestion is a dangerous one. It must not be forgotten that a considerable quantity of wool is shipped and sold overseas, and in such circumstances it may be unfair to pastoralists themselves that the local prices should govern the relief under the Act. Again, it would certainly be unreasonable to expect the Crown to adjust rentals on local prices. They may be entirely different to those realised overseas and would undoubtedly form a wrong basis for adjustment. Surely there can be no logical objection to taking the average price of the total product irrespective of where it is sold. It might easily happen that a pastoralist would send all his wool home and obtain a price much in advance of the local sales, and yet would revive the same concession as the pastoralists who had been forced to sell locally to secure a quick turnover.

Again, if the reduction were based on the average local price, those pastoralists who market overseas would certainly be aggrieved if the relief in their cases were based on the average local price, should that price be lower than that obtained overseas. Reply-

ing to Mr. Wittenoom, I am not aware of the position between the pastoralists and the banks, although I do know that the banks are assisting the pastoralists in every possible way. The honourable gentleman said he did not know whether the method provided in the Bill would give satisfaction to the pastoralists, but perhaps he does not know that the Pastoralists' Association made a similar suggestion to the Premier. It may be that the measure of relief proposed in the Bill is not considered sufficient by the Pastoralists' Association, but the honourable member must not forget that the relief is governed entirely by financial considerations and we cannot get away from the fact that the Government cannot afford to give greater relief at this juncture.

Mr. Hall referred to the position of the small wool grower in the South-West along the Great Southern line as well as others in the Central Province or the Eastern Division. The small grower of wool in the South-West holds his land mostly under conditional purchase, and the Bill deals only with land held under pastoral lease. In regard to the Central Province, otherwise the Eastern Division, lessees will receive the same consideration as in the North-West, South-West and Eucla Divisions, namely, an adjustment of rent on the price of greasy wool.

In connection with Mr. Hamersley's remarks, it is admitted that there are a few cattle stations in the North-West Division, and that their rent will be adjustable on the rise or fall of the price of greasy wool. The Kimberley Division is peculiarly utilised for cattle growing, but where stations in West Kimberley are devoted primarily to the production of wool they are subject to the same adjustment of rent as leases in the North-West and other divisions. The cattle stations in the North-West or other divisions south of the Kimberleys are not specially provided for on a cattle basis, as they have greater facilities for getting their cattle to markets as well as lower costs.

Much has been said about the prices obtained for cattle from the Kimberleys. Undoubtedly they are poor at the present time even for prime bullocks. In discussing prices, the return for fats only should be taken as a guide, and that should be borne in mind in all figures put forward, as sometimes shipments come to hand which cannot

be classed as prime cattle. During the debate the rentals of the Northern Territory were compared with those obtaining in the Kimberleys. But are the rentals of the Northern Territory fair, and what are the tenure conditions? Those are important considerations in any comparisons between the Northern Territory and the Kimberleys, and I am not aware of any great outcry from the pastoralists in normal times in regard to the rentals and tenure conditions.

The Government are carrying a very heavy burden in the interests of the growers in East Kimberley. The Wyndham Meatworks were established as the result of representations in this Chamber and they have been very costly to the Treasury even if we overlook the extravagance in the building of them. They cost us approximately £70,000 every year for interest. Last year the interest bill was £77,000, but that amount was reduced by a profit of £2,225 on the operating account. Since the works were established they have been responsible for an accumulated loss, including interest, of £1,024,569. The works have treated 293,632 head of cattle from 1919 to 1931, and up to the end of 1930 the growers received £1,099,570 on account of 262,462 bullocks delivered to the works up to the end of 1930. When Mr. Drew was in Ministerial control of the works he imported and supplied to Kimberley pastoralists carefully selected bulls accustomed to tick and other tropical conditions. As a matter of fact he imported 182 head of stock, of which 119 were bulls, and although he offered them to growers on very easy terms he had the greatest difficulty in disposing of them. Generally speaking the growers did not want them even though they were the best that could be secured in Australia. The same honourable gentleman also prevailed upon his Government to make advances up to £10,000 per annum to the growers in East Kimberley so that they would be enabled to improve their herds, and I am not so sure that he is satisfied with his experiences in that regard also. Therefore something has been done to help the cattle growing industry. The present position of the industry demands some consideration from Parliament. It is not suggested for a moment that the small relief proposed in this Bill will place the industry on a sound financial basis. Even the wiping-out of the whole of the rents would not do that. However, the Bill is an indication that the Government appre-

ciate the difficulties of the pastoralist and perhaps it will assist those engaged in the industry to carry on.

In regard to homestead farms, Parliament has already approved of the principle that the Minister for Lands should have authority to exceed the 160-acre limit.

It was laid down in connection with the Group Settlement Act, and I am not aware that there has been one word of complaint that the Minister has abused the power which Parliament saw fit to give him. It is desired now that the principle should also apply to the settlements for the absorption of a certain number of unemployed married persons at Nornalup, Nannup, Busselton, and at North Albany, and I cannot see why the Minister should not be entrusted with authority to exceed the 160-acre limit and so avoid complaint in the future that the holdings of the persons concerned are not sufficiently large to exist on.

Hon. W. J. Mann: There will be no end of trouble if that is made a general rule.

The CHIEF SECRETARY: It will apply roughly to between 170 and 180 people, and there is no intention to abuse the privilege. Apart from this Bill, some day Parliament will have to consider the homestead farm difficulty. To my mind it is unfair to give one man 160 acres of first class land in a good area, while another man in light-land country is able to get only 160 acres of third-class land. That is not equitable, and at some future date it will be necessary to consider the matter. However, that aspect is not before the House at the moment.

The Government intend to use the additional authority only in respect to the settlement of unemployed persons, and the sole desire is to give them enough land on which to make a living.

Question put and passed.

Bill read a second time.

BILL—LAND AGENTS ACT AMENDMENT.

Second Reading.

Order of the Day read for the resumption of the debate from the 18th November on the second reading.

Question put and passed.

Bill read a second time.

In Committee.

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

Clause 1—agreed to.

Clause 2—Amendment of Subsection 3 of Section 4 of the principal Act:

Hon. A. THOMSON: Will it be necessary for firms like Goldsborough Mort, Dalgetys and Elders, who have agencies throughout the State, to apply for a bond for each centre in which an agency is established, or will one bond apply for the whole State?

The CHIEF SECRETARY: Wherever a representative is operating for any of those firms, it will be necessary for him to hold a license.

Hon. J. J. HOLMES: Do I understand that the object of the Bill is to get over the difficulty similar to what was experienced some time back with regard to the confiscation of a bond by the Crown? I know it was thought at the time that if the insuring person or company made good the amount involved, they were entitled to what remained. For instance, if a bond were taken out for £200, and an employee got away with £50, the Government would retain the remaining £150. Seeing that the Bill seeks to increase the amount of the bond to £500, does that mean that if an employee steals £50, the Government will make good that amount and retain the £450 remaining, or will that amount be returned to the company?

The CHIEF SECRETARY: The object of the Bill is to relieve that very position. In the past the balance was retained, and the court agreed that that was the proper course in accordance with the law. Now the Bill provides that, the Government having paid back the £50, and deducted certain expenses incurred by the Crown, the balance will be returned to those issuing the surety, but at the end of six months.

Hon. J. J. HOLMES: I understand the companies issuing this type of policy practically refused to carry on under the old conditions. We know that a Government came in opposed to trading concerns, but continue to carry on an insurance department without Parliamentary authority. When the business was refused, they said they would insure with their own department.

Hon. W. J. Mann: Is it a fact that the State Insurance Department do marine business now?

Hon. J. J. HOLMES: I think they take what they can get.

Clause put and passed.

Clauses 3 and 4, Title—agreed to.

Bill reported without amendment and the report adopted.

BILL—FORESTS ACT AMENDMENT (No. 2).

Second Reading.

Debate resumed from the 19th November.

HON. E. H. H. HALL (Central) [9.35]: The Bill is one that is brought before Parliament annually. I have been looking through the report of the Conservator of Forests, and I find that the revenue of the department is short by £78,324, and the officials are not able to carry out their full activities. The revenue received from the sandalwood industry amounted to £5,380, which is £35,995 less than that received during the previous year. When the Bill was before us last session, I supported the Government in order to make funds available to the department. I remember the discussion that took place on that occasion when it was suggested it was not fair that the money should be spent as the Government proposed. I supported the Government last year, and I intend to do so again.

Question put and passed.

Bill read a second time.

In Committee.

Bill passed through Committee without debate, reported without amendment and the report adopted.

BILL—DEEDS OF SEPARATION ALLOWANCES REDUCTION.

Second Reading.

HON. J. NICHOLSON (Metropolitan) [9.40] in moving the second reading said: In ordinary times the Bill that I am presenting would not find a place on the Notice Paper, but by reason of conditions that prevail and have been evident for some time past, it has become obvious that legislation of an emergency character is required in the interests of those who, unfortunately, are

concerned with deeds of separation. So that the House may appreciate the position, I may explain that in many homes where unhappy domestic relationship exist, the parties concerned have endeavoured to settle their differences by deeds of separation privately without having to go to the court, or by the alternative method of one of the parties concerned making application to the court for separation and alimony. Most people, particularly where children are concerned, have found it better to settle their differences without making particulars of their unhappy experiences public, or engaging in what is known as washing their dirty linen in court. Unfortunately there are some cases that have to be taken to court. Where it is possible to arrive at a settlement privately by means of a deed of separation, the husband undertakes to pay a certain amount by way of maintenance to his wife, sometimes during their joint lives and sometimes by agreeing to pay an amount during the lifetime of the wife. Where the parties have entered into a deed of separation they stand in a position totally different from the individuals who appear before the court because, by statute, where a divorce or a separation has been granted, the court may order a certain sum to be paid and secured for the benefit of the wife during the joint lives of the parties. No such power, however, is given to the court in the case of deeds of separation. I particularly draw the attention of members to the Divorce Act and, by way of illustration, I shall quote Section 29, which reads—

The court may, if it think fit, on any such decree, order that the husband shall to the satisfaction of the court secure to the wife such gross sum of money, or such annual sum of money for any term not exceeding her own life, as having regard to her fortune (if any), to the ability of the husband, and to the conduct of the parties, it shall deem reasonable, and for that purpose may refer it to any conveyancing counsel to settle and approve of a proper deed or instrument to be executed by all necessary parties; and the said court may in such case, if it see fit, suspend the pronouncing of its decree until such deed shall have been duly executed; and upon any petition for dissolution of marriage the court shall have the same power to make interim orders for payment of money, by way of alimony or otherwise, to the wife, as it would have in a suit instituted for judicial separation.

That Act was amended by 34 Vic., No. 7, as follows:—

In every such case it shall be lawful for the court to make an order on the husband for payment to the wife during their joint lives

of such monthly or weekly sums for her maintenance and support as the court may think reasonable: Provided always that if the husband shall afterwards from any cause become unable to make such payments, it shall be lawful for the court to discharge or modify the order, or temporarily to suspend the same as to the whole or any part of the money so ordered to be paid, and again to revive the same order, wholly or in part, as to the court may seem fit.

The section was amended in 1919 as follows:—

Section one of the Act intituled an Act to amend the procedure and powers of the Court for Divorce and Matrimonial Causes, 34 Vict., No. 7, is hereby amended by inserting after the word "payments," in sixth line of said section, the following words:—"or if such wife shall re-marry or if her circumstances shall, in the opinion of the court, render the continuance of such payments or any part thereof no longer necessary for her maintenance or support."

In such cases it would be lawful for the court to modify, temporarily suspend, or discharge the order. The Bill has been prepared, after reference to the Attorney General, by the Parliamentary draftsman, Dr. Stow.

Hon. J. J. Holmes: Does the Attorney General approve of the Bill?

Hon. J. NICHOLSON: It has been before him.

Hon. J. J. Holmes: Does he approve of it?

Hon. J. NICHOLSON: That is for him to say. It was introduced following a suggestion made by the Attorney General that this would be the only method of dealing with it. The measure is of a temporary nature and is to continue to the end of 1932 and no longer. It has been rendered necessary by the emergency that has arisen. Clause 2 provides that any husband who, by virtue of a deed of separation, is under an obligation to make periodical payments to his wife, may apply to the court for the reduction of the amount on the ground that his income has fallen below what it was when the deed of separation was executed. There are many husbands whose circumstances have altered from what they were when they entered into such deeds, and it is to meet such cases—I am informed there are many of them—that the Bill has been introduced. The matter would be entirely in the hands of the court, and unless the applicant could show that he had just cause for applying for a reduction, the

court would refuse his application. There are instances in which the husband has died and has directed by deed of separation that an annual sum be paid by monthly or weekly payments to his wife during her life. The widow is entitled to recover from the estate, but the estates of many people which a year or two ago showed a handsome surplus have diminished in value, and the executors are placed in an awkward position. In order to meet such cases Clause 3 provides that if the legal personal representative of a deceased husband is by virtue of a deed of separation liable to make to the wife any periodical payments, he may apply to the court for an order reducing the amount, on the ground that the income receivable from the estate is insufficient to discharge the payments as they fall due. Clause 4 is a machinery clause dealing with application to the court and the power of the court to reduce payments. The matter would be entirely in the hands of the court, and a just case would have to be made out before an order would be made. Clause 5 is equally a machinery clause and relates to the operation of orders. Clause 6 gives the definition of "court." Clause 7 limits the duration of the measure until the end of 1932. The object is to limit the measure to the emergency that exists. When matters right themselves, the measure will disappear from the statute-book.

Hon. J. M. Drew: Why limit it?

Hon. J. NICHOLSON: That is only right because it is intended to provide for an emergency.

Hon. J. J. Holmes: I do not think it should be granted.

Hon. J. NICHOLSON: Circumstances have altered since the time when such deeds were entered into. The matter would be entirely in the hands of the court to determine. It is not a matter of making automatic reductions. Applicants would have to show justification for a reduction.

Hon. G. Fraser: They already do that.

Hon. J. NICHOLSON: No, there is no power.

Hon. G. Fraser: I read that orders were refused only recently.

Hon. J. NICHOLSON: Those were cases apparently where applications had been made under the Act and the court had granted a dissolution of a marriage. In such cases the court may order main-

tenance or alimony, and the court has power to vary the orders in such cases, as I have shown. But the position is entirely different when the parties have entered into a private deed of separation. In such cases there is no power competent to vary such a deed. All that the Bill will do will be to give that power to the court, somewhat on the lines of the powers given in cases where the parties made their original application and washed their dirty linen in the court. There are many people who do not wish to wash their dirty linen in court, probably for the sake of the children, and so they enter into a deed of separation, not foreseeing that a time might come when they would not be able to meet the obligations. There is no power to vary such deeds unless legislation be passed to give the court power to intercede and inquire. We have passed laws to permit of interest being reduced automatically. Why then should not a law be passed to make provision to meet such emergencies as have arisen in connection with deeds of separation? It is only fair and equitable, and I commend the Bill to the House. I move—

That the Bill be now read a second time.

HON. J. J. HOLMES (North) [9.58]: I am sorry that I cannot support the second reading of the Bill, at all events, not unless I am given further information than the hon. member has supplied. It has been represented to me, rightly or wrongly, that this Bill is designed to meet one case, and one case only. Mr. Fraser interjected just now that variation orders could be made by the court, and variation orders have been made. From information at my disposal it seems that this is a Bill more or less to interfere with the will of a deceased husband who, I understand, directed that a certain amount should be provided for the widow. The people handling the estate have not set aside sufficient to meet the payments that he directed should be made to the widow. The parties, it is true, were separated, but that does not affect the case. If the interest on the amount set aside to provide for the widow is not sufficient to meet the payment, which I understand is only £6 a week, whereas the estate was sworn at about £100,000, I am advised that there is nothing to prevent the executors from using some of the capital to tide them over for a year or

two until matters rectify themselves. Mr. Nicholson said that these private arrangements were made in order that dirty linen might not be washed in the court. The proposal now is that the dirty linen is to be washed before the Commissioner.

Hon. J. Nicholson: It will come before a judge in Chambers.

Hon. J. J. HOLMES: The decision will be given on the evidence placed before a judge in Chambers.

Hon. J. Nicholson: But it will not be in open court.

Hon. J. J. HOLMES: There is nothing to prevent the proceedings from being published.

Hon. J. Nicholson: They would not be published.

Hon. J. J. HOLMES: I am of opinion, from my knowledge of the courts, that orders have been made.

Hon. J. Nicholson: They cannot be made on a deed of separation.

Hon. J. J. HOLMES: If a man has left a large estate and provided that his wife shall get so much per week during her lifetime, and there is sufficient in the estate to pay the amount, I am of opinion that an order could be made. Whether that is provided in a man's will or not, I do not think it is fair that the House should be asked to legislate for individual cases. That is the position as it is explained to me, and until I have further information I propose to vote against the second reading of the Bill.

On motion by Chief Secretary, debate adjourned.

BILL—LAND AND INCOME TAX ASSESSMENT ACT AMENDMENT (No. 3).

Second Reading.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East [10.3], in moving the second reading said: The object of this Bill is to amend section 55 of the Land and Income Tax Assessment Act, 1907-1924, as reprinted in 1924, so that taxpayers may arrange with the Commissioner of Taxation for the payment of taxation in monthly or periodical instalments to suit their convenience. At present taxpayers are required under Section 55, to pay their taxes in two moieties. The operation of the pro-

vision has not been as convenient to taxpayers as was intended, particularly in our present circumstances, with the result that the Commissioner of Taxation has had many applications from taxpayers to be permitted to pay their dues by instalments spread over the year.

In the circumstances it is necessary to alter the law to meet the wishes of taxpayers. It is proposed that payments may be made month by month or periodically to suit the taxpayers, subject to a request to the Commissioner. This convenience has been asked for by many taxpayers. If Parliament agrees to its being given it is anticipated that it will be availed of by a great number of people, particularly salary and wage earners, because very often they are quite unable to pay in two moieties or in a lump sum as was the case up to the deletion of that offending requirement from the recent Taxing Bill.

The arrangement will no doubt be of great assistance to taxpayers because they will have an opportunity to pay over the whole of the year instead of in two moieties, and that will apply to the assessments about to be issued. When the instalment has been fixed, the taxpayer will be subject to a penalty if it is not paid as arranged. If the tax is over-paid in the course of the monthly instalments, the Commissioner will be required to make a refund of the excess amount paid, and if the tax is underpaid the taxpayer will have to make good the deficiency.

Members are aware that there are exemptions and deductions to be taken into account. So far as they can be calculated before the monthly payments are decided upon, they will be calculated, and eventually if there is a small balance either way at the end of the year, it will be adjusted promptly by the Commissioner, or the taxpayer will be asked for the balance as the case may be. So long as the Treasury gets the money month by month, and has the whole of it by the end of the year, it will be quite satisfactory to the Government. Because of that the Government think the convenience of taxpayers should be studied as proposed in the Bill.

It is rather a trial for salary and wage earners to meet the present requests of the Commissioner. Many of them will appreciate the opportunity to pay by monthly

instalments. Perhaps traders will also seek the indulgence, as they may find that their financial dealings will not be disturbed so greatly if the tax is paid in monthly or quarterly instalments. The amendment will be a convenience to the Treasury as well as to the taxpayer, because the money will be coming in steadily over twelve months, instead of being confined to the last few months of the financial year. I move—

That the Bill be now read a second time.

On motion by Hon. E. H. Harris, debate adjourned.

House adjourned at 10.7 p.m.

Legislative Assembly,

Tuesday, 21st November, 1931.

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

QUESTIONS (2)—EDUCATION, SCHOOL READERS.

Supplies from Victoria.

Mr. J. MacCallum SMITH asked the Minister for Education: 1. Is it correct, as reported in the "West Australian," that an