Hon. H. TUCKEY: I am satisfied that where there has been no application by the occupier of the premises to be so registered as an elector and until he does make such application, he is not eligible to be registered as an elector, and therefore does not come within the provisions of Section 23 of the Act entitling him to be elected to act as a member of a road board. It would also be necessary for his application to be made prior to the holding of the revision court on the 31st January in any year. The measure, if carried, will have the effect of defining clearly the necessary qualifications of a person to act as a member of a road board, because other formalities would be dealt with when an owner or occupier made application to be enrolled as an elector. It would also prevent a great deal of trouble and confusion at certain road board elections. We should not overlook the fact that Section 33 refers to the qualification of electors, and I consider that that section should be amended, as well as Section 23 which the Bill proposes to amend.

Hon. C. F. Baxter: This Bill is restricted to an amendment of Section 23.

Hon. H. TUCKEY: That is so, but Section 33 deals with the same matter and, if this amendment is agreed to, it is unnecessary that the words should appear in the later section. I support the second reading and hope the House will agree to the amendment, which will improve the Act insofar as it deals with road board elections.

On motion by the Chief Secretary, debate adjourned.

ADJOURNMENT—SPECIAL.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West) [10.10]: I move—

That the House at its rising adjourn till Tuesday next.

Question put and passed.

House adjourned at 10.11 p.m.

Legislative Assembly,

Wednesday, 18th October, 1939.

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

QUESTION—NATIVE ADMINISTRATION ACT.

As to Quadroon, etc.

Hon. C. G. LATHAM asked the Minister for the North-West: 1, Is it a fact that a letter was written to Mr. H. Bright of Roleystone on the 12th August, 1938, and is on file 4466/35, stating that Jack Quinn was a quarter-caste? 2, If that statement is correct, under what authority does the Minister claim that the Commissioner of Native Affairs is the legal guardian of Jack Quinn? 3, Will the Minister state why the Government is not prepared to hand over the control of natives to the respective missions as was agreed to at the Canberra conference held on the 21st to the 23rd April, 1937?

The MINISTER FOR THE NORTH-WEST replied: 1, Yes, and the letter also stated that it was the Commissioner's desire to encourage Quinn to white standards, so that in due course he would become accustomed as an adult to conduct himself as a white person. 2, On the authority of the Solicitor General, Mr. J. L. Walker, K.C. 3, If the hon. member will specifically indicate the resolution he has in mind a reply will be given to his question, as presumably his inquiry does not refer to either of two questions of the Canberra Conference, viz.—

Resolved—That no subsidy be granted to any mission unless the mission body agrees to comply with any instructions of the author-

ity controlling aboriginal affairs in respect of—(a) the standard of education of natives on this mission; (b) the measures to be taken for the treatment of sickness and the control of communicable diseases; (c) the diet of natives fully maintained on the mission; (d) the measures to be taken to regulate the hygienic housing of natives, and (e) the maintenance of the mission in a sanitary condition; and that the mission be subject to regular inspection by an officer of the authority.

Resolved.—That governmental oversight of mission natives is desirable. To that end suitable regulations should be imposed covering such matters as inspections, housing, hygiene, feeding, medical attention and hospitalization, and education and training of inmates, with which missions should be compelled to conform.

QUESTION—RAILWAYS.

Coal Prices.

Mr. WILSON asked the Minister for Railways: 1, What was the price per ton paid by the Railway Department for imported coal on trucks at Fremantle for each of the years ended June, 1938, and June, 1939? 2, What was the price per ton paid for native coal at the railway sidings, Collie, for the years ended June, 1938, and June, 1939? 3, What was the price paid by the Railway Department for imported coal on trucks at Fremantle for the months of July and August of this year?

The MINISTER FOR RAILWAYS replied: 1, 39s. 3.33d. and 42s. 8.74d., respectively. 2, 13s. 7.1d. and 14s. 1.9d., respectively. 3. 44s. 5d.

QUESTION—TROLLEY BUSES.

As to Chassis.

Mr. CROSS asked the Minister for Railways: 1, Is he aware that owing to the war, it may not be possible to obtain new chassis from England for the trolley buses for the proposed new service in South Perth? 2, Does he know that the required chassis can be built in Sydney? 3, Is it a fact that the Commissioner of Railways (Mr. Ellis) is due in Sydney at the week-end? 4, If so, will he direct the Commissioner to make full inquiries personally in Sydney as to the possibility of supply, cost, quality and suitability of trolley bus chassis for this State's requirements, including the proposed new service for South Perth?

The MINISTER FOR RAILWAYS replied: 1, Yes. 2, Chassis frames are being imported from England to Sydney but Australian companies are manufacturing the greater portion of the electrical equipment required. 3, Yes. 4, Yes.

BILLS (2)—FIRST READING.

1, Main Roads Act Amendment.

2, Traffic Act Amendment (No. 2).

Introduced by the Minister for Works.

BILLS (2)—THIRD READING.

1, Workers' Compensation Act Amendment.

2. Land Tax and Income Tax.

Transmitted to the Council.

MOTION—RAILWAYS, GOODS RATES BOOK.

To Disallow By-law.

MR. SEWARD (Pingelly) [4.37]: I move—

That the alterations and additions to Railways By-law 55, as published in the "Government Gazette" of the 29th September, 1939, and laid on the Table of the House on the 3rd October, 1939, be and is hereby disallowed.

In moving this motion, I make no charge of profiteering against the Railway Department. I believe that the increased charges have been imposed solely with the desire of bringing about a balance in the accounts of the department. But while I and most members can agree with the objective aimed at, I cannot agree either that the proposed amendment will enable the objective to be reached or that there is any justification for the proposal. I have stated before—and I find no reason to alter my opinion—that the lag in the finances of the Railway Department are due more to the inefficiency of the control than to any other cause, and I believe that the present state of the railway finances will persist until such time as the department is subjected to a thorough investigation. As members are perfectly well aware, very marked improvements have been

made in transport facilities during recent years, and I defy anyone to show that the Railway Department has kept pace with the times. The railway system has not been brought up to date, and until that has been done, the department cannot expect to receive the amount of public patronage that it is aiming to get. It has been contended that to ask the general taxpayer to make good the deficit that is being incurred by the running of the railways would be unfair. To my mind the only unfair feature of the proposition is that it would be asking the users of the railways to pay a small amount of the money so raised to make good the losses.

But the Government's proposal is that the financial responsibility—or extra financial responsibility, if I may put it that way—necessary to bring about a balancing of the railway finances is to be thrown exclusively on the people who are doing their duty by using the railways. Surely, if there are other sections of the community not patronising the railways and through that fact bringing about a loss of revenue and so contributing to the deficits that have been caused in the working of the department, it is not an unfair proposition to say that those other people at all events, if we cannot make them pay the whole of the loss, should certainly be called upon to bear their fair share of it. But instead of putting up that proposition the Government say to the people who patronise the railways not only in railway fares, but also in goods traffic, "You are sending your goods by the railways and are travelling by the railways, and therefore you will have to pay increased charges because other people are not giving the Railway Department their patronage." That is not a fair thing, and especially do I advance that contention when the extra charges are imposed solely on the country people.

If hon. members will consult the report of the Commissioner of Railways laid on the Table quite recently, they will find that last year there was a falling-off in suburban passenger traffic of 545,417. Now is it proposed to increase suburban fares in order to make up the leeway occasioned by that loss of traffic? Not at all. On the other hand, as members will know, certain extra facilities and extra inducements have been provided, as stated in the Railway Commissioner's report. To mention just one: instead of a day's ticket being available for return only on the day of issue, the period has been extended to one week after issue of the ticket, with the object of trying to induce suburban people to patronise the railways. Speaking on the Estimates a few nights ago, I gave six instances taken from various reports of the Commissioner of Railways placing on record that reduction in fares and freights had led to big increases in the patronage of the railways during recent years. That being so, I contend that it is difficult to reconcile the Commissioner's proposals, made through the Government in this case, to increase charges in order to make up deficiencies, with his own admission that he has found the very opposite result, that where he has reduced charges added business has come to the Railway Department. It was mentioned by the Premier, I think when making his Budget speech, that there was a deficit of £75,000 in the railway accounts caused by two items. One was the loss of timber traffic and the other was the delay in the moving of wheat. As to timber markets the Commissioner says that world conditions affecting outside markets have caused a loss in hardwoods traffic amounting to £60,680. Further, he states that the slow movement of wheat, due to the low prices offering, reduced wheat traffic last year to the extent of £16,415. Yet the Commissioner proposes to recoup that loss by adding extra freights to items which I shall enumerate in a few moments. As regards wheat, if the department lost £16,000 by the slow movement of wheat last year, it must recoup that loss this year, because wheat is even now coming down and will be cleared by the end of the year. Further, we have every reason to hope at all events, although we have not as yet much material evidence to back up that hope, that wheat prices will be considerably better next year than they were last year. Notwithstanding the unfortunate circumstance which has given rise to it, that hope is there; and with the more favourable season operating, especially in the far out wheat areas, whence receipts will be relatively higher, we have every reason to expect that not only will last year's loss of £16,000 be made up this year, but that there will be money added to it so as to do

away entirely with the deficit and give a balance in favour of the Commissioner.

As regards hardwoods, our timber trade, as I pointed out a few days previously and also pointed out last year, failed to get in open competition contracts for our sleepers. It is not to be expected that the people using our country stores and buying the goods which I shall presently enumerate, and on which added cost is to be put in order to make up for the loss of timber markets, will assent to such a proposal. There is something radically wrong with the timber industry, I maintain, when it is unable to secure contracts against other people. There should be inquiry into that aspect.

The Premier: The Government has spent hundreds of pounds in trying to improve conditions in the timber industry.

Mr. SEWARD: That may be; but I have not seen evidence of any inquiry made as to why our timber industry could not get more than four contracts out of 17 for sleepers to be delivered at Parkeston and Port Augusta, when in competition with New South Wales and Victorian firms. These States can come in and secure those contracts against Western Australia. Out of the 17 contracts three were obtained by Bunning Bros. and one by the State Sawmills, and these four contracts were the highest in price of the whole 17. There must be something wrong with the industry. Parkeston is in Western Australia, and Port Augusta just outside; and yet Eastern States sawmillers can beat the Western Australian timber industry under those conditions. I recommend an inquiry into that phase, to see whether our timber industry cannot be placed on a better footing and in a more favourable position to contribute its share to railway revenue.

It has been contended by the Premier that this is the first time in years where an increase has been suggested in railway freights and charges. It may be so; but that is not to say that it is right on this occasion. On other occasions exactly the reverse has been right. The decreasing of freights and charges on the railways has led to increased patronage. Consequently I consider that the Commissioner, through the Government, is departing from the proper policy for regaining lost patronage.

The Premier: There is such a line of argument as "reductio ad absurdum."

Mr. SEWARD: Yes; but I fail to see that the Premier can in any way disprove what I am saying, since I have quoted the Commissioner's reports for 1935 and 1936, and given instances where the Commissioner says that he made reductions and that these reductions led to increased business, and that they were not made in response to requests.

The Premier: But requests were made in this Chamber.

Mr. SEWARD: Whether the Commissioner made reductions spontaneously or as the result of requests addressed to him does not affect the issue. I consider myself perfectly justified in maintaining that it is a policy of reduction of charges which has maintained the business of the department at the level on which it is at the present time.

The Premier: No. The passing of the Transport Act caused that, and not reduction of charges.

Mr. SEWARD: It is a funny thing as regards the passing of the Transport Act. The Premier cannot have it every way. If the railways are losing patronage, as according to the Commissioner's report they undoubtedly are, the produce not now being carried by the railways is still being produced in this country, and our people are still moving about in this country. If they are not sending that produce and not travelling by the railways, they are doing these things in some other way.

I therefore contend that the railways are failing to maintain the business they had years ago. I gave this House instances when I moved for the appointment of a Royal Commission to investigate the working of the railways. We are not nearly approaching the peak of the business that was conducted by the railways in years past. I think we are not within 40 per cent. of the amount of that business. Means of transport have progressed; the railways are lagging behind, and that is the reason why people are driven to use other means of transport. As has been pointed out, the proposal to increase freight charges for "C" class traffic by 10 per cent. is a very serious matter. To give members some idea of what "C" class traffic comprises, it includes binder twine. Generally speaking, the increase would not apply to a consignment of a ton of binder twine; but it would apply to consignments of 3 cwt. The items concerned are binder twine, sugar, blue, cornflour, starch, copper carbonate, disinfectants,

cheese, axle grease, honey, galvanised iron, ploughshares, wire netting, jams and fruits, meat (preserved in tins),methylated spirits, milk, nails, lubricating oils, paper bags, rice, sauces (made in the Commonwealth), sheep branding fluids, soap (made in the Commonwealth)—I do not know why the increase should apply to products manufactured in the Commonwealth—golden syrup and treacle, tapioca, twine, vinegar, whiting, galvanised piping, aerated waters, bacon and ham, breakfast foods, wheatmeal, grapenuts, builders' materials, butter (cool storage vans), cartridge shells, cement, cotton waste, eggs (packed) and pulp, fruits and vegetables (dehydrated), ice cream, printer's ink, paper (printing and wrapping), cornsacks, skins (kangaroo and native), sheep skins and wire (small consignments). All these items come under the "C" class, and the freight on them has been increased by 10 per cent. In some cases, however, as I will show in a moment, the increase is not 10 per cent., but 50 per cent. Class "M" traffic is also to be increased by 10 per cent. Not so many items come under this class; but bricks, brimstone used for manufacture of superphosphate, charcoal (loaded to carrying capacity of wagon), cement and concrete blocks, coal, face cuts, grain refuse from breweries used for stock feeding, pig iron, manures and agricultural drain pipes are included. Another increase is on goods known as "smalls". As was indicated by the Premier the other evening, on amounts up to 2s. 9d. charged by the Railway Department up to the present time, 3d. is to be added, bringing the total up to 3s.; anything above that rate is to be increased by 6d. Unfortunately, some of the items coming under the "C" class are sent at the smalls rate, that is, under 3 cwt. These articles will not only bear the 10 per cent. increase, but also this added increase. A farmer saw me at Pingelly on Monday and inquired about the increased railway freights. I asked him what the position was. He said, "I have just taken a case of 8 dozen eggs to the railways. Last week the freight cost me 1s., plus 6d. for the return of the box. To-day I am charged 1s. 6d. freight, so that I shall now have to pay a total sum of 2s. The value of the eggs is 8s.—8d. a dozen." He had to pay 2s. to rail the eggs to Perth and he will receive a net return of 6s. instead of, as previously, 6s. 6d. This will prove a serious matter to the farming community. I have told the House before, as have many other members, that if items such as butter and particularly eggs could be sent to Perth by motor truck, the sender could be sure the goods would arrive in prime condition, without breakages. I can adduce ample evidence to bear out this statement. But when such goods are sent by rail, there are repeated breakages. That is not an encouragement for the consignor to use the railways; but when, in addition, he has to pay 50 per cent. increase in freight, it is probably rather more than he can stand. To give members an idea of what the increases mean, I will give a few instances. Kalgoorlie is 375 miles from Perth, and the freight on "C" class goods is £3 16s.; if the increase is maintained the freight will be £4 3s. 7d. Katanning is 225 miles from Perth; the present freight is £2 14s. 4d., under the increase it will be £2 19s. 9d., or 3d. short of £3. Moora is 98 miles from Perth, the freight is £1 11s. 3d., now it will be £1 14s. 5d. The freight to Geraldton is £3 18s. 9d., now it will be £4 6s. 7d. The freight to Narrogin is £2 11s., now it will be £2 16s. 1d. Poor, unfortunate Williuna now pays £5 18s. 7d., and it will pay £6 10s. 6d. If these charges are to be maintained on the items I have enumerated,—and I have selected only a few—it means that country residents and farmers will be required to pay a far greater amount for groceries, hardware, binder-twine and other articles.

The Premier: They are in a similar position to the Commissioner; he has to pay added costs.

Mr. SEWARD: They are not in a similar position. Although there has been a serious falling off in suburban traffic, people in the metropolitan area are not being asked to pay extra; greater inducement is held out to encourage them to use the railways, and that is the proper policy to pursue. It is unfair to ask the country users of the railways to pay extra freights on such articles as I have mentioned.

On motion by the Minister for Railways, debate adjourned.

MOTION—WHEAT BOARD.

Price for Compulsory Acquirements.

MR. BOYLE (Avon) [4.58]: I move—

In view of the fact that under the Commonwealth National Security Act, 1939, Regulation No. 96, all wheat in Australia is to be

compulsorily acquired by the Australian Wheat Board, this House is of opinion that the price of wheat fixed by the Board should be not less than 3s. 4d. per bushel delivered at country railway sidings, and that payment in full should be made within one month of delivery.

There is a feeling among farmers to-day—especially wheatgrowers—of absolute uncertainty and insecurity in regard to the price to be offered for their forthcoming crop. Circumstances are entirely different now from the ordinary trading conditions. A state of war exists, and the Federal Government in its wisdom has passed a National Security Act, under which it has evolved a number of regulations. Acquisition of wheat has passed completely from the ordinary mercantile community and the ordinary marketing methods into the hands of an all-supreme body known as the Australian Wheat Board. The board consists of nine members: a chairman, three representing merchants, two representing wheat pools, one representing wheat-handling interests, and two representing wheatgrowers. That is, on a board of nine, there are only two wheatgrowers' representatives. So we commence with a board that to all intents and purposes is loaded against the wheat producer, that is, the farmer himself. One in fairness can but readily admit that two representatives in nine is very poor representation indeed. In addition, the flour millers of Australia have decided that they want to be represented on the board and have applied for the inclusion of one of their number. I was pleased to learn that the Minister had refused to comply with that request. Having provided for the constitution of a board, the regulations proceed to give that board powers justifiable only in war time. Regulation 14 states—

For securing the public safety and the defence of the Commonwealth and the territories of the Commonwealth, for the efficient prosecution of the war, and for maintaining supplies and services essential to the life of the community the Minister may, from time to time, by order published in the "Gazette," declare that any wheat described in the order is acquired by the Commonwealth and that wheat shall thereupon become the absolute property of the Commonwealth, freed from all mortgages, charges, liens, pledges, interests and trusts affecting that wheat, and the rights and interests of every person in that wheat (including any rights or interests arising in respect of any moneys advanced in respect of that wheat) are hereby converted into claims for compensation.

Members will perceive therefore that the powers given to the board are absolutely complete in every particular, which means in effect that the wheatgrower is deprived of any opportunity to sell his wheat. As soon as his product has been delivered at the siding it becomes the absolute property of the Wheat Board established under statutory rule No. 96, and the board has power to fix the price of the commodity. When one realises that there can be only one decision and one fixation of price he sees that the responsibility of the Board is enormous. In the circumstances, I am justified in asking this House to express the opinion that the price should not be less than the cost of production plus a reasonable profit. For that reason I have suggested an amount of not less than 3s. 4d. per bushel. The statement has been made that we cannot look forward this year to a price exceeding 2s. 3d. a bushel. If that attitude is adopted by the Australian Wheat Board—though I do not say it will be—a monstrous hardship will be inflicted on wheat producers.

Mr. Warner: It will be the end of the industry.

Mr. BOYLE: Yes. The Imperial Government made a request such as we might have expected it to make. When asking for the appointment of the board, it mentioned particularly that a fair price should be paid for the products acquired. If this motion is carried, we shall be merely emphasising the request made by the ultimate purchaser of this commodity. The Press has reported that Japan will be in the market for eight or nine million bushels of wheat this year. I think that that is an under-statement. So far this year Japan has not taken from us in excess of 1,000,000 bushels of wheat. If it is correct that Japan will require between eight and nine million bushels, is it right that farmers should be bound by the decision of the Wheat Board, if that decision provides for a price less than the cost of production plus a reasonable profit? That the Australian Wheat Board would offer the wheatgrowers less than the cost of producing the commodity is morally inconceivable, but should it do so, I shall use every influence to cause the board to come and get the wheat. Even though the wheat is to be compulsorily acquired, the farmers cannot be compelled to take it to the siding and dump it there for the board's convenience.

There is a feeling in some quarters that the farmers should take what they can get but, as I have previously pointed out, the ordinary channels of trade no longer exist. If the war continues the price of wheat will be greatly enhanced. Who knows but that it may be the commodity on which the success of the Allies will depend? I have received many letters, as well as requests during my travels through the wheat belt, that indicate that the farmers are looking for a fair deal from the Wheat Board. I have had confirmation of my opinion that not less than 3s. 4d. a bushel is not an unreasonable price to ask. There is nothing particularly blessed in the amount of 3s. 4d., but I have not arbitrarily specified that amount in my motion. I based it on the opinion expressed by the Australian Wheatgrowers' Federation, of which I was a foundation member and, in 1934, the president. That organisation is to-day the mouthpiece of the wheatgrowers of Australia, and by a substantial majority at its last conference passed a resolution that wheat in Australia—and this was before the war—should not be sold under 3s. 4d. or that the Commonwealth Government should guarantee that price. The motion supports the attempt of the Australian Wheatgrowers' Federation to secure a minimum price of 3s. 4d. During the last war wheat was acquired by the compulsory pool from the growers of Australia at 5s. a bushel and money had a value at least one-third higher in 1914 than now. Any price less than the figure assessed by the Australian Wheatgrowers' Federation would not be a fair return to the wheatgrowers of this State in particular, and of Australia in general.

As I have indicated, absolute power is given to the board under the Commonwealth statutory rules. The wheat is to be compulsorily acquired and any farmer resisting renders himself liable to penalties up to £200 or two years' imprisonment, or both. So we are living under wartime regulations with a vengeance. Regulation No. 19 reads—

(1) Upon delivery or consignment of any wheat in accordance with Regulation 16 of these regulations, every person having any right or interest in that wheat may forward to the board a claim for compensation in accordance with form B in the schedule to these regulations and shall be entitled to be paid such amount of compensation as the Minister, on the recommendation of the board, determines.

Regulation No. 20 states—

(1) Every contract relating to the sale of any wheat acquired by the Commonwealth entered into before the acquisition of that wheat is hereby declared to be void and of no effect in so far as that contract has not been completed by delivery.

Members will perceive that there is nothing not provided for in the 30 regulations. Regulation No. 20 further states—

(3) No action for the enforcement or for damages for breach of any contract of the kind specified in sub-regulation (1) or (2) of this regulation, whether the contract was entered into or is to be performed in Australia or elsewhere, shall, in so far as that contract has not been completed by delivery prior to the acquisition of that wheat, be brought in any Federal or State court or court of a territory under the authority of the Commonwealth.

So the Commonwealth Government has debarred action in law being taken against the board. I have asked in my motion that payment should be made in full within one month of delivery. Under Regulation No. 28 it is provided that—

The Minister may arrange with the Commonwealth Bank of Australia for the making by that bank of advances to the Commonwealth for use on its behalf by the board for the purposes of these regulations, and may guarantee to that bank the repayment, out of moneys lawfully made available by the Parliament of any advance made by the bank in pursuance of the arrangement.

Members will recall that recently a foolish statement was telegraphed from the Eastern States to Western Australia that the new season's wheat would be subject to a first advance of 1s. The member for Pingelly (Mr. Seward) telegraphed to the Australian Wheat Board, as a result of which it was ascertained that no such statement had been made. I want to impress upon members that there will be no trouble about finance in this particular transaction. The Board will have behind it the Commonwealth Bank to assist in the making of advances, so why should the farmer be kept waiting? Why should he have to await successive advances spread, possibly, over the ensuing twelve months? Suppose the same argument were applied to those supplying the farmer with superphosphate. The lien will still be enforcible and probably, after the harvest, the farmer will be compelled to meet the debt against him to the extent of 20 shillings in the pound. It is a most unjust and inequitable arrangement.

Mr. Warner: No other business man or manufacturer would work under those terms.

Mr. BOYLE: That is so. He would not tolerate it. Nor would any of us. But the farmer will probably receive an advance on delivery and then, when his wheat is shipped, a further advance. I hope that that will not be the case, and that I am taking an unnecessarily gloomy view of the position. There is nothing, as far as I can see, to prevent the Board, with the resources of the Commonwealth Bank behind it, from paying in Australian currency the total purchase price of the wheat acquired from the farmer, within 30 days of such acquisition. The acquisition will be compulsory and the customer will be the Australian Wheat Board. The subsequent buyer of probably 80 per cent. of the wheat will be the Imperial Government. We may succeed in establishing through this board what we have sought for years to establish, namely, equal treatment of the farmer with other sections of the community. The farmer should not be selected as the subject of special laws regulating his comings and goings. If he puts his product into the hands of this board, he should be able to say to his creditors, "Within 30 days I shall be paid in full, and I in turn will pay you." I assure members that a motion similar to this will be introduced into every Legislative Assembly in every wheat-producing State in Australia. In the belief that the motion will be carried by this House, I have had such arrangements made. I trust the motion will be accepted and have much pleasure in moving it.

THE MINISTER FOR LANDS (Hon. F. J. S. Wise—Gascoyne) [5.16]: I have no wish to delay the passage of the motion, but this has to be remembered, that it will not expedite the payment of 3s. 4d. a bushel whether we carry it or fail to carry it. The hon. member's motion might have some effect if the weight of this Parliament and its opinions had any influence with the Australian Wheat Board. The hon. member has stated that he has arranged for a similar motion to be carried by other Parliaments in Australia, and he desires that we should set the example and lead the way here. The position has not altered in respect to stocks of wheat since the outbreak of war, except in a very minor degree, as the position is affected by France, Germany and Russia. The world's visible supply of wheat has not materially altered, while the difficulty of obtaining charters and orders has materially increased. We are faced with very real difficulties to ensure a price anything approaching 3s. 4d., and the difficulties appertaining at the time war broke out are still with us. The hon. member has intimated that the basis of his price—I think I have correctly copied his words—was so fixed because the Wheatgrowers' Federation of Australia carried by a substantial majority a motion that wheat should not be sold at under 3s. 4d. a bushel. That may give the hon. member a basis, but it recalls to my mind a story that was told by the father of the present member for Forrest. He recalled a meeting at which a motion had been carried unanimously that the wheat farmers of Western Australia should all grow 25 bushels of wheat to the acre. There is some parallel between the two motions. Unless we can see that finance can be arranged—the hon. member states there is no trouble about finance—I think a real difficulty will arise. Although he suggests that payment within a month would also present very little difficulty, I feel that grave and real difficulties will be encountered, and will have to be surmounted before this motion can be given effect to. I have no desire to prolong the debate. Although the objective is perhaps a very desirable and a very fine thing to wish to bring about, even if this House carries the motion without any dissent the difficulties will still remain with us.

MR. McDONALD (West Perth) [5.18]: I support the motion. I appreciate what the Minister for Lands said, that while it is one thing to carry the motion and express the opinion that the objective is a proper one, it may be quite another thing for the Australian Wheat Board to carry it out. Whilst I support the motion, I desire to say—not having heard the board that is charged with the acquisition of the wheat and the fixing of the price—that factors may be involved of which I know nothing and about which the mover of the motion may know nothing, that may have an important and perhaps an over-mastering influence on the decision that may ultimately be arrived at. I support the motion for the reason that there has been a change in the marketing of wheat. If the nation

takes over a product, or the services of any man, it should be an implied contract to pay him a reasonable price. Whilst the farmer is on the general market he takes the ups and downs. If the nation says to him, "That wheat is no longer at your disposal but is there for national purposes," there should be an implied contract that he will receive a fair price for his wheat, and I think that 3s. 4d., if it can be paid, represents a fair price. For that reason, and whilst appreciating many of the difficulties that the Minister mentioned, difficulties that will readily occur to all members in making payment in full within one month, I support the motion.

HON. C. G. LATHAM (York) [5.20]: It is extraordinary that the acquisitions that have been made by the Federal Government refer only to foodstuffs. That is very important from the point of view of the people. We have a surplus of foodstuffs and that surplus has to be exported. It is extraordinary also that the Federal Government has not seen fit at the same time to acquire all our iron and steel works for the time being, and probably many other industries that are essential to the welfare of the nation. These, however, have been left severely alone. Whilst the Federal Government has acquired our wheat, the producers have been left to accept the position without knowing what they are to get. That is unfair. Why should the producers be selected to have their commodity acquired in this fashion? It is just as essential that we should have clothing for our people, yet the woollen mills of Australia have not been commandeered. Equally essential it is that we should have shipping. Australia possesses limited shipping, and the vessels belong to companies registered in Australia, but the vessels have not been acquired by the Federal Government. I support the motion whole-heartedly. Whilst it may not influence the Wheat Board or the Federal Government a great deal, the House would do well to pass it. It strikes me that the Federal authorities take very little notice of the representations of the people of this State. When we passed a motion the other night, the Prime Minister and the chairman of the Wool Council definitely stated they did not intend to carry out the request, reasonable though it was. This particular request may not be so reasonable. A large amount of wheat will be available for export. The problem that will in all likelihood confront the Federal Government, as well as the Wheat Board, will be to find a ready market for the wheat, even at a price below that referred to in the motion.

The Minister for Lands: The difficulty will be to get rid of the wheat at any price.

Hon. C. G. LATHAM: I have already stressed during the current session that the problem ahead of the wheat producer—one that will probably remain with him for another year—will be to find a market for his product. I rose chiefly to protest against the compulsory acquisition of the product of people on the land, while no steps have been taken by legislative enactment to acquire the goods produced by other people. I agree that in war time the Government is justified in doing anything within reason from motives of defence or for the protection of the country, or for the purpose of gaining success in this war. The situation as we find it is a lopsided one. To ensure success for the nation, we must take into consideration other commodities that are just as essential as are foodstuffs. Why have not the Federal authorities said that all the money in Australia will be acquired, and why has not a rate of interest been fixed in accordance with our desires? The Federal Government has done nothing of that kind.

Hon. P. Collier: The rate of interest should be the first thing to fix.

Hon. C. G. LATHAM: Yes. When a person has money to lend, it becomes a commodity; for by means of that money he earns his income. That, too, should be taken into consideration. I have no desire that people should think I have become a reformer.

The Premier: Not at all.

Hon. C. G. LATHAM: Of course our ideas are in advance of those of the Premier, who belongs to the Conservative type. I believe on this occasion he and his colleagues intend to vote for the motion. Probably they are beginning to see the light. Money is a necessary commodity just as are foodstuffs when it comes to a question of winning the war. A low rate of interest should therefore be fixed on all money, so that our industries may be carried on profitably.

MR. BERRY (Irwin-Moore) [5.26]: I support the motion on ethical grounds. If money can be found—it has been found and will continue to be found—for the building

up of armaments for destruction, it is the duty of any country that acquires wheat, as the Federal Government has acquired it, to find the money with which to ensure that the producers receive a fair and profitable recompense for the labour, trouble and hardship they have endured in the growing of the wheat. It appears that in the long run the producers will not own the wheat they have grown because the Federal Government will acquire it all at whatever price it thinks fit. The position with regard to the acquisition of wheat has not been creditable to those concerned. Time and again we have read in the Press statements to the effect that the producers were going to receive a certain price, but only too often the statements have been contradicted the following day. Old season's wheat has not been acquired by the Federal Government at a stabilised price. It represents only pooled wheat, and will fetch whatever price is ruling on the market from day to day. That represents little advantage to the producer. I cannot help feeling, as the member for Avon has suggested, that the Commonwealth Bank could deal with this matter at once if it desired to do so. There is no shadow of doubt about that.

Mr. Marshall: The Commonwealth Government should direct the Commonwealth Bank to do this.

Mr. BERRY: It will have to be done. We shall have to depend upon the wheatgrowers to grow our wheat, but they should not be obliged to grow it, even at a time of crisis, at a loss. We shall find that if we want wheat in six or eight months' time the farmers will not be there to produce it. There is neither rhyme nor rhythm in commerce or commonsense in expecting people to go on producing commodities at a loss, as the wheatgrowers have been producing wheat. Every other commodity has advanced in price, and in due course every other commodity will receive the consideration it deserves. It behoves us to pass this motion and see that the wheat industry is brought into the category of other commodities. As a matter of forecast, we may assume that in a few months we shall be wanting wheat, because the growers of the world will be at war. We may then expect wheat to be produced at a loss, but the producers will refuse to do so. The people in the bush are becoming restive. They are tired of the humbug of producing at a loss, and of a price being fixed that will only pay the bank rate of interest. Ethically this is a very proper motion, and on the ground that it is morally as well as ethically right I will support it.

Mr. F. C. L. SMITH: I move—

That the debate be adjourned.

Motion put and negatived.

MR. F. C. L. SMITH (Brown Hill-Ivanhoe) [5.31]: I am desirous of supporting the motion, but members on the Government side of the House are not afforded much opportunity to deal with the subject effectively unless we have a chance to look into the data associated with the wheat growing industry, and are able to refer to notes relating to the present situation of the industry and its experiences during the past 10 or 15 years. I listened to the Minister for Agriculture some time ago when he presented the House with a mass of figures relating to the industry. We know that the indebtedness of the farmers of Western Australia has been estimated at £37,000,000, while the production from their industry averages about 36,000,000 bushels per annum. Thus the farmers in the aggregate are required to find the interest on a pound from every bushel of wheat they produce. In other words, on the basis of 5 per cent., they have to pay interest amounting to 1s. per bushel. I have no doubt that in view of the heavy burden imposed upon them from that standpoint alone, they experience great difficulty in making ends meet. The member for Williams-Narrogin (Mr. Doney), when discussing the wheat industry some time ago, said he would like members on the Government side of the House to be well informed regarding the industry. I can assure him that we are desirous of being well informed, but we find great difficulty in understanding the protests submitted from time to time and the continual references to the difficult position in which the farmers find themselves, when we have regard to the facts disclosed by official statistics. We find difficulty in understanding the whole ramifications of the industry. I recollect reading a few years ago a report in which certain firms, such as Bunge, Louis Dreyfus and others, were alleged to have combined for the purpose of controlling the whole of the exportable wheat of the world. The phase of the Minister's figures

that I cannot understand concerns his statement that during the years 1927 to 1931, 818,000,000 bushels were exported from the chief wheat growing countries during which period there was a lower production and yet a greater accumulation of stocks. From those exporting countries during the next five-year period when production was greater some 550,000,000 bushels of wheat were shipped. Members will see that when there was lower production there were higher exports and greater accumulation of stocks, according to the Minister's figures. That is one point that members sitting on the Government side of the House find difficulty in understanding. The Minister also mentioned—I cannot remember the exact details but I think they referred to the year 1937-38, or it may have been 1938-39—that the world production was in the vicinity of 4,400,000,000 bushels for that particular period. He mentioned the fact with an air of significance as though therein was to be found the explanation of the accumulation of stocks of wheat throughout the world. If members look at the figures for previous years they will find that the world's wheat production was greater in that period, and yet there was no such accumulation of stocks.

Mr. Doney: I think you are wrong.

Mr. F. C. L. SMITH: The hon. member may look up the figures in the Commonwealth Year Book for himself. In some of the years prior to that mentioned by the Minister, the production was in excess of 4,400,000,000 bushels, to which he alluded. Of course I am in favour of the motion. The member for Avon (Mr. Boyle) is most modest in his claims regarding the price wheatgrowers should receive. Let members look at the little Year Book we receive annually and they will find that during the three years prior to last year the average price for wheat was 4s. 6¼d. per bushel, and for the 16 years prior to last year the average was 4s. 5¼d. per bushel. That is another reason why we wonder at the assertion that the farming community in Western Australia is engaged in an unpayable proposition, particularly in view of the fact that the average price of wheat for the past 16 years has been 4s. 5¼d. a bushel. There must be reasons, other than economic, for the position of the industry. So far as I can make out, the situation is largely due to the volume of gambling in wheat. Much of the depressed state of the industry is attributable apparently to manipulations by merchants and the possibilities that exist in connection with holding and selling wheat generally. I have much pleasure in supporting the motion. If the average price of wheat for the past 16 years has been 4s. 5¼d. per bushel, as the statistics presented to us would indicate, the member for Avon is modest in his claim when he asks that the wheatgrowers shall be paid only 3s. 4d. a bushel.

MR. BOYLE (Avon—in reply) [5.38]: I thank the Minister and members for the sympathetic reception accorded my motion. The Minister said the payment of the amount involved would not be expedited if the motion were agreed to. I do not accept that view. If the Legislative Assemblies of four wheat-producing States of Australia pass resolutions of this description, surely the Federal Government will take cognisance of the fact. In unity there is strength. Moreover, of those associated with me in the early days of the Wheatgrowers Federation, many are occupying seats in the several legislative halls of Australia. When I suggest that similar motions could be discussed in other State Parliaments, I do not say that they would most certainly be agreed to, but the moving of such motions would provide the Legislative Assemblies of the wheatgrowing States with an opportunity to express views similar to our own. The world supply of wheat has very little to do with the subject. I desire to rebut the Minister's argument that because there is a surplus of wheat in the world to-day, the surplus overshadows or outweighs the present situation. That would be the effect if we permitted the world surplus to be accepted in that light. On the other hand, we must remember that millions of men are engaged in warfare. Millions of men in European countries, particularly in Britain and France, are now engaged in work more serious than agriculture, and, with what is known as the "disappearance of stocks," which represents between 12,000,000 and 15,000,000 bushels per day, members will appreciate the fact that that quantity is not being freely replaced. Furthermore, there is serious trouble in the wheat areas of Western Australia due to the fact that the crops are coming on and men are being called into camp. It is extremely doubtful—I am sorry to express the view—whether Western Australia will re-

cover the whole of the wheat crops that are growing to-day. That arises from the foolish policy of forcing men into camp as from the 14th November. To-day our farms are largely worked by sons of farmers. I estimate that of a thousand Light Horsemen, 90 per cent. are sons of farmers, and they are being called into camp right in the middle of the harvesting season.

Mr. Warner: Certainly 90 per cent. of the men in the Light Horse are sons of farmers.

Mr. BOYLE: The Minister referred to the difficulties of finance. That problem is always present. I speak with an intimate and personal knowledge in that regard—and I am not alone in that. Let the Minister consider the position from the military standpoint. Men have joined the militia and have gone into camp. The Commonwealth Government has stated that their pay will be 5s. a day. The men resented that and have said that the pay should be 8s. a day. What will be the result? There will be no argument. The men will receive the pay they demand, and rightly so. Where will that money come from? It will be drawn from the same source as the money contemplated under my motion. The militiamen have only to ask for what they want, and they will get it. There will be no argument at all, any more than there was any dispute about finding £35,000 to establish a camp at Northam. I think the Minister for Industrial Development had something to do with that proposition! That just shows how such vast sums of money can be obtained. There is no quibbling in the Defence Department to-day as to where money for war purposes is to come from. If it is wanted, the money is provided. The State military commandants have merely to sign a document, and the money is available. The whole of the extra cost to the Imperial Government, which will have to bear the financial responsibility for the payments to the wheatgrowers, would not exceed £7,000,000 for the present Australian crop. Can any member say what the Commonwealth war expenditure will represent this year?

Mr. Needham: The cost will be over £40,000,000 this year.

Mr. BOYLE: Where will that money come from?

Mr. Hughes: What is £100,000,000 when a war is in progress?

Mr. BOYLE: What is £7,000,000 when we are properly to feed men who are fighting to-day. I do not think the Minister was serious in his contentions. The member for Irwin-Moore (Mr. Berry) dealt sympathetically with the motion. I want to assure him that in this instance it is not merely a matter of ethics. The point is that we have the opportunity now, and the Federal Parliament also has the opportunity to remove the element of slavery from the wheatgrowers of Western Australia. With their wives and families they have been producing a commodity and exporting the results of their slaving, for which they have received between 30 and 40 per cent. below the cost of production. That sort of thing would not be tolerated in a lunatic asylum. It certainly would not be tolerated in a business community, but it is considered the proper thing that a farmer should go on producing at a loss. "But do not come to the city and do not look for relief work," is what he is told. I can see your eagle eye on me, Mr. Speaker, and so I will not trepass further in that direction. We must stick to the farmers, and make the position profitable and comfortable for them. The Leader of the Opposition has mentioned that essential steel has not been brought under the National Security Act; but I am afraid that it is only a temporary delay because one of the men who was appointed to the wheat board is Mr. Harold Darling of John Darling and Sons. If hon. members read the financial reports they will find that Mr. Harold Darling is chairman of directors of the Broken Hill Pty., Company, and later on I am sure he will petition the Government in the direction of bringing the Broken Hill Pty., under the compulsory scheme. Of course I do not believe it myself, but what an extraordinary Government it is and what an extraordinary attitude on the part of the Government, to place on the compulsory acquisition board the chairman of a concern which to-day is showing a profit of 25 per cent. There will be no restriction whatever. The company will be able to sell and charge the Commonwealth Government just whatever it likes for essential steel.

Hon. P. Collier: Their profit was 25 per cent. last year; it will be double this year.

Mr. BOYLE: I suppose it will be.

Hon. P. Collier: But it will be covered up, naturally.

Mr. BOYLE: I suggest that any money the Commonwealth cannot find, probably the Broken Hill Pty., Company will be able to find. The member for Irwin-Moore (Mr. Berry) mentioned that he was supporting the motion on ethical grounds. I am sorry that he cannot find more tangible grounds; they are good in themselves, but the motion should be supported on business grounds also. It is essential that in any successfully conducted business the producer should receive the cost of production plus a reasonable figure.

The Minister for Labour: The member for Irwin-Moore should have moved to increase the amount from 3s. 4d. to 3s. 10d.

Mr. Berry: It is reasonable that the farmer should get a profit.

Mr. BOYLE: I do not disagree with the member for Irwin-Moore; I know he is whole-heartedly with this motion. I merely wish to add that if my arguments were based on ethical grounds only, I am afraid the motion would not make the appeal I would expect it to have on members.

Mr. Berry: If it is ethical or right for soldiers to receive that money, it is equally ethical for the farmers to receive it.

Mr. BOYLE: The member for Brown Hill-Ivanhoe (Mr. F. C. L. Smith) made one of the most thoughtful speeches I have ever heard from his side of the House; and I must say with a great deal of sorrow that members opposite never burn the midnight oil over farmers' problems.

Hon. P. Collier: If you had wanted a good reception for your motion, you should have omitted that remark.

Mr. BOYLE: I am not accustomed to complimenting members on the other side of the House.

Mr. SPEAKER: Order

Mr. BOYLE: I will say that the member for Brown Hill-Ivanhoe delivered a very fine speech, and his remarks were based on a close study of the question.

The Minister for Labour: You talked too long last Wednesday night, and you are doing the same thing this time.

Mr. BOYLE: Perhaps I had better take the hint from the Minister and conclude my remarks. I submit the motion standing in my name.

Question put and passed.

BILL—FACTORIES AND SHOPS ACT AMENDMENT (No. 1).

Received from the Council, and on motion by Mr. Needham, read a first time.

MOTION—INVESTMENT COMPANIES.

To Inquire by Select Committee.

HON C. G. LATHAM (York) [5.53]: I move—

That a select committee be appointed—

(a) To inquire into and report upon companies carrying on in Western Australia the business of issuing security or trust certificates in return for moneys invested which are stated to be backed by investments held by such companies in stocks and/or shares of other companies or corporations or other similar trust methods.

(b) To inquire into and report upon the success or otherwise of the administration, control, and operations of such companies, both as far as the companies themselves are concerned, and their administrators and controllers, and also as far as the persons investing in and/or through them are concerned.

(c) To inquire into and report upon any necessary amendments to the Companies Act, 1893, and its amendments, with a view to regulating the operations of such companies.

About two years ago a motion was carried in this House for the appointment of a select committee to inquire into the operations of a security company that was transacting business in this State. It was felt at that time that the Government should have taken some action to protect the public, or that section of the public that needed the protection of Parliament. No action, however, was taken, and so I desire to impress upon the Government the necessity for paying heed to the decision of Parliament when it adopts the recommendations of a select committee, as this Parliament did with regard to the report of the select committee of which the member for North-East Fremantle (Mr. Tonkin) was chairman. During recent years companies have been formed in various parts of the British Empire, the main object of which is to invest money in the shares of other companies. The money for such investment is obtained from the public, by canvassers who are sent from place to place,

and the argument usually advanced in favour of this type of investment is that an investor's "eggs are not all in the one basket." That means that the money invested is secured in bonds, stocks and shares of a number of corporations. If one or two out of this number should fail, the investor is protected, it is claimed, by the fact that the remainder are still revenue-producing, and a dividend on the whole investment is still assured. On the other hand, if the investor had all his money in one or other of the concerns that had failed, he would suffer the loss of both capital and income. In exchange for the moneys invested in the manner mentioned, trust certificates are issued. I have here a prospectus of "Commercial Fixed Trust Limited" incorporated as a company of this kind in England.

In this prospectus it is stated that "Universal Fixed Trust certificates" are registered certificates issued by the trustees, and it sets out that the holders have an interest in a number of Government securities and stocks and shares of industrial and commercial companies (collectively referred to as a unit) and that the registered holders thereof are entitled to an interest in each unit proportionate to the number of sub-units represented by their certificates.

I would like the House to pay particular attention to that portion of what I have just read which states that certificates are issued by the trustees. The trustees operate under a trust deed under which they—

(1) accept and hold the stocks and shares securing each unit of the trust;
(2) issue the trust certificates;
(3) receive all dividends and realise any bonuses or rights received other than in cash;
(4) distribute the income to investors.

A half-yearly account is prepared by the trustees, certified by auditors, and a copy forwarded to each certificate holder. There is apparently no attempt to guarantee any fixed percentage as the rate of income. The money put up by the investor is payable in cash as the purchase price of the sub-unit secured. I want members to bear in mind, that the amount was payable in cash and not on extended terms. The return commences therefore at the next half-yearly period. Unfortunately, I have been unable to obtain a copy of a certificate issued by the trustees of Commercial Fixed Trust, Ltd. It is quite clear, however, that such certificates are actually secured upon an equivalent value in the shares, stocks or bonds of the various corporations comprising the unit. That is to say, the claims of certificate holders would, in the event of realisation, be paid in full to the full extent of the value of the securities, in priority to the claims of any outside creditors.

The remuneration of Commercial Fixed Trust, Ltd., consists of the returns from a service charge of 5 per cent. paid by every investor on the moneys invested by him, and out of this, 1 per cent. covers the expenses of the trustees. So that for £20 paid in, only £19 would be actually invested, and the £1 would be reserved as revenue for the company. It will thus be seen that in a company such as this the interests of investors are well protected. From the information given in the papers in my possession, the trust bond between the company and the trustees is a comprehensive document which makes provision for eventualities and affords all the protection available for those who invest in the trust certificate sub-units, as they are called. A Bill was introduced into the House of Commons on the 21st November last called "Prevention of Fraud (Investments) Bill." It sets out that persons who carry on the business of dealing in securities must be licensed by the Board of Trade. Heavy penalties are provided for anyone who induces or attempts to induce another person to enter into deals, securities, property or commodities, by any statement which he knows or could be reasonably expected to know to be false, misleading, or deceptive, or by any dishonest concealment of material facts, or by any promise or forecast which he has no reasonable ground for supposing to be likely to be fulfilled or verified. The penalty is increased to a maximum of seven years imprisonment. I wish members to appreciate that the Imperial Parliament, in passing this legislation, realised the seriousness of the crimes that were being committed. A ban is placed on circularisation of documents containing an invitation to enter into agreements to speculate in securities, except in the case of licensed persons.

The President of the Board of Trade, who introduced the Bill, described it as one to prevent the fool from his folly. He added—

Evidence was given before a committee that as much as five millions a year was lost through the activities of share-pushers.

Usually the victims were the widow, the pensioner, the retired man living out the rest of his life on his savings, or the spinster.

The Right Hon. P. Johnston (Labour) was reported as follows:—

Although there was a prosecution in London for share-pushing every ten days in 1937, it was impossible to estimate how many of these rogues escaped. Between 1910 and 1936, Scotland Yard knew of 177 firms in London engaged in this traffic. It was a gross mistake to imagine that it was only the greedy and wealthy investor who was skinned by the share-pusher. Many of the victims were humble folk.

Mr. H. Graham-White (Liberal) stated that the Liberal Party gave a general and cordial welcome to the Bill, and added that careful consideration should be given to the question of circularised newspapers, which opened the doors to abuse in many ways. The Bill was read a second time without a division. On the third reading, the Right Hon. P. Johnston was reported as having said—

He was under no delusion that the Bill would absolutely stop the flat catcher.

I hope members will understand what the Right Hon. gentleman meant by the term—

There was a great deal to be done internationally and within the British Empire before they could say that share-pushing was stamped out.

I should like members to note particularly the following passage:—

He hoped that the whole force of the Governments in the British Empire would be used to stamp out that kind of thing.

The Bill was passed through the House of Lords on the 14th March of this year. Whatever may be the requirements of the Companies Acts in England relative to such companies, and whatever safeguards may have been put into operation elsewhere to meet such cases, there is certainly nothing in the Companies Act of Western Australia to deal with the matter, and any company can set itself up to carry on business similar to or resembling that of such a company in its own sweet way.

In answer to a question in the Legislative Council concerning the supervision of investment trust companies, the Minister stated that supervision is provided under Sections 56 and 61 of the Companies Act, 1893. I point out to the House that those sections do not provide for supervision; they provide only for the appointment of inspectors, but they cannot be appointed without a request from shareholders holding at least 20 per cent. of the issued shares. This provision is by no means sufficient, for at best it could result in locking the stable door after the horse had been stolen. In the "Bulletin" of the 4th October, 1939, an article on the subject of "Fixed Trusts" outlined the principal requirements for the successful carrying on of such a company. A portion of the article read—

Its funds are invested in a chosen list of public securities, which the managers have power to alter only under conditions specified in the trust deed, such as absence of dividends or a heavy fall in the market value of a security held. The fixed trust also appoints a trustee, who becomes custodian of the shares representing each unit of the trust, and with whom is usually deposited a sum sufficient to cover all management expenses for the duration of the trust, to be drawn on by the managers annually. The trustee, who should be independent of the managing organisation, is not likely to sign sub-unit-holders' certificates until the trust property is properly deposited. Thus investors know precisely in what securities their money has been invested, while a check is imposed on the activities of the managers with the funds entrusted to their care. . . .

Sub-units are usually a liquid investment. Though the term of a trust is fixed, the managers usually undertake to buy back sub-units upon request or short notice—in an Australian instance, at 1s. below the "selling price," the difference being very similar to the cost of buying and selling a share of similar value on the Stock Exchange, taking brokerage, stamp duty, etc., into account.

It should be remembered that unit trusts are created under trustee law, and are trusts in the strict sense of the word. There are three parties to the unit trust, as to any other trust. First is the settler, who "settles" the trust property. Second is the trustee, who, appointed by the managers, undertakes the custody of the trust property and due performance of the trust covenants for the benefit of the third party, who are the sub-unit holders, or beneficiaries.

Fluctuations in the prices and returns from sub-units can be expected, but no more so than in the case of the underlying securities. One of the points for would-be investors to satisfy themselves on, apart from the integrity of the trustee, is the quality of the securities held.

There does not appear to be any company in Western Australia carrying on exactly along the lines indicated, but there is a company much in the public eye known as Litchfields (A/sia), Ltd., which has been carrying on business resembling that mentioned, but

without various important safeguards. There may be other concerns that are acting along somewhat similar lines, and as I desire an inquiry into all methods of dealing with investments in the same or similar manner to that adopted by fixed trust companies, I have ben reluctant to specify any particular concern. However, I desire to satisfy the public—

(a) That the companies carrying on and the requirements of the law regarding them are sufficient to afford full protection; or

(b) That the House should take action to remedy faults and deficiencies.

The persons likely to be investors in this type of concern are not wealthy men, but are those with only a few pounds of savings, the safety of which it is peculiarly the duty of this House, where possible, to protect. As I have said, Litchfields (A/sia), Ltd. is the company that is known to be operating, and a few words concerning the activities of the company are necessary in making out a case for the inquiry for which I am asking. The company appears to have been established in 1936 with a nominal capital of £20,000. This capital is held by shareholders, who must be distinguished from the people who invest in selective security or trust certificates. Members should bear in mind that the shareholders are quite different from the certificate holders. According to a balance sheet as at the 30th June, 1939, a copy of which I have before me, £14,990 of the authorised capital of £20,000 had been subscribed. The balance sheet is accompanied by a profit and loss account for the same period. Disregarding for the moment all liability on the trust or security certificates, the liabilities of the concern, including sundry creditors totalling £264 15s. 6d., were £15,217 in all. For assets against this amount, there was a very poor showing. Over £7,700 of the assets represented selling expenses, preliminary expenses and brokerage, while realisable assets totalled only £873.

The profit and loss account, representing accumulated losses capitalised, totalled in addition £7,451. The total of these items is £15,209, and represents the amount of capital expended in carrying on, which sum has apparently been lost. Members will note that the total of this item exceeds the full amount of the subscribed capital by £219 and the paid up capital by £969. This loss is achieved after crediting the entire income of the company as shown in the profit and loss account, which income for the year totalled only £234, while administration and selling expenses for the year amounted to £2,892, after deducting an unmentioned amount carried forward, showing a loss on the year's transactions of not less than £2,658.

By an agreement dated the 15th May, 1936, and filed in the Supreme Court, when the company was registered, one C. O. Barker was appointed managing director at a salary of £1,000 a year. He was further appointed organising broker at 9d. per share sold by him, and was authorised to receive an over-riding commission of 3d. a share on shares sold by other persons. A further payment of one per cent. on the net profits of the company was to be made to him. A grant of 1,000 fully-paid £1 shares was provided for in favour of Mr. Barker as part consideration for the services put forth by him as promoter. Mr. Barker, by the same agreement, was appointed managing director for three years at the salary mentioned, and the agreement gave him this somewhat astonishing power—

Whilst the promoter retains office of Managing Director, he shall have authority to exercise all the powers, authorities and discretions by the articles of association of the company and/or the Companies Act, 1893, expressed to be vested in the directors generally, and all other directors for the time being of the company shall be under his control and shall be bound to conform to his directions in regard to the company's business, and such agreement shall also contain such other provisions not inconsistent with the foregoing as the said solicitor shall reasonably require.

It might have been expected that in view of the apparent unfinancial condition of Litchfields, some modification of the terms of the agreement with the managing director would have been made when the renewal of his appointment was considered. But this was not so. On the 27th July, 1939, another agreement was made and filed in the Supreme Court engaging Mr. Barker as managing director for a further period of three years at the same salary—£1,000 a year. One per cent. of the profits was also to be his, together with 9d. a share on shares sold by him, and an over-riding commission of 3d. a share on other shares sold. Also commission was to be paid him, the

same as is paid to salesmen, on security certificates sold by him. Similar provision to act as the board of directors could act were again conferred on Mr. Barker.

To show the view independent persons take of this company as judged by its published records, I propose to read an article which appeared in "Smith's Weekly" on the 2nd September under the heading "Selective Security Certificates are Not so Secure. Spotlight on affairs of Litchfields (A/sia) Ltd." The article read—

Inexperienced investors who heeded the advertised attractions of "Selective Security Certificates" offered for sale by Litchfields (A/sia) Ltd. will get a shock from the balance sheet at the 30th June, 1939. The two outstanding features are:—

(1) That £12,358 of cash paid in to buy these certificates is not completely covered by investments and/or cash, and

(2) That £15,209 14s. 2d. of total assets of £16,082 14s. 6d. (other than assets held against certificates) are intangible and absolutely worthless in the event of liquidation.

Litchfields (A/sia) Ltd. is a £20,000 concern, incorporated in Western Australia in July, 1936. Its principal object was the formation of a very loose type of investment trust. For this purpose "Selective Security Certificates" were offered to the public at £50 each with two principal qualifications—that they could only be bought on terms over 3¾ years (£5 deposit and £1 a month) and that subscribers would receive no interest until the certificates were fully paid. Thereafter the interest rate would be 5½ per cent. per annum.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. C. G. LATHAM: Before tea I was quoting from an article published in "Smith's Weekly." I shall now complete the quotation—

As a result of approximately three years' efforts, including radio "advice" and newspaper advertising campaigns, the balance-sheet at 30th June, 1939, shows that £36,410 worth of "Selective Security Certificates" have been sold on which £12,358 has been paid up.

But the securities to cover these sums were valued at only £11,492 11s. on 30th June!

Of those, £6,558 4s. 2d. was shown as a trust account in the bank, while investments were valued at £4,934 6s. 10d. Whether the latter was cost price, market value, or otherwise was not stated. Nor were certificate-holders given the names of the companies in which nearly £5,000 of their money had been invested.

On the assets side of the balance-sheet of this £20,000 company which has successfully gathered in £12,358 of public money, several startling features are to be found. Total assets are shown at £16,082 14s. 6d. But in the event of liquidation, which may not be far away, it is questionable whether those £16,000 of assets would realise 16,000 shillings between them.

If the intangible and worthless items are eliminated (preliminary expenses, etc. £1,700; expenses of selling certificates (£6,058); and profit and loss account (£7,451), tangible assets with a book value of only £873 0s. 4d. are left. These consist of a motor car (£326), furniture etc. (£150), cash (£87), and debtors (£310).

Against these items—or whatever they might realise—stands an amount of £865 9s., paid in by certificate-holders, but not covered by investments and/or cash. Other creditors amount to £264 15s. 6d.

Thus, if, in a liquidation, tangible assets realise less than £865 9s., it is obvious that certificate-holders cannot look for a return of capital of 20s. in the pound.

Hon. P. Collier: What company does the article refer to?

Hon. C. G. LATHAM: Litchfields.

Mr. Fox: Are those figures from a balance sheet of the company?

Hon. C. G. LATHAM: I have quoted from the balance sheet, and these are substantiating figures. It will be noticed that this article raises a question of great importance to those who have invested money in the trust or security certificates of the company. It is mentioned whereas £12,358 has been paid to the company as investment money for these certificates, the securities to cover this sum were on the 30th June, 1939, valued at only £11,492, leaving a deficiency of £865 9s. I refer, of course, to the certificate-holders' money, known as "security certificates." These figures are also shown in the balance sheet in my possession. I have mentioned that it is the essence of these trust investment companies that the moneys invested in the unit trust should be completely covered by the investments, and not short by £865 or any other sum. As the balance at the company's bank is shown as only £85, it is apparent that on the 30th June certificate-holders were in part quite unprotected. The 1939 balance sheet shows that selective security certificates to a total value of £36,410 have been applied for—a fairly substantial amount. Of this sum, as indicated above, £12,358 had been paid by instalments. This sum of £12,358 was backed by investments of £4,934 and a sum in the Common-

wealth Savings Bank of £6,558, leaving £865 unbacked. In an article in the "Bulletin" of the 14th June, 1939, referring to the balance sheet of the company as at the 30th June, 1938, the following appears:—

Litchfields was selling "selective security investments" on the strength of a very vague booklet that was the subject of this page's criticism. A return of 5½ per cent. per annum to certificate-holders was indicated if and when they had paid up in full. Very few appear to have paid up in full. The general idea seemed to be to buy stocks and shares and to pool the income. The certificates were described in the booklet as an ideal form of investment. But the verdict here was that the information offered was "meagre and unsatisfactory." T. J. Hughes, Perth barrister and M.L.A., and secretary of the company at the time, resigned because "he just didn't like the job" and wasn't satisfied with the rate of expenditure in relation to the sale of the scrip."

Apparently the thing that Litchfields (A/sia) does most efficiently is to lose money. Between July 16, 1936, and June 30, 1937, Litchfields showed an income of £3 and a loss of £2,525—after carrying forward £1,360 of "certificate selling expenses" and £1,395 of preliminary expenses. Paid share capital at this time was £6,141, and £4,600 worth of certificates had been placed (£1,043 paid up on them).

Operations were extended to Adelaide. During the year to June, 1938, an income of £146 was received; expenses were £2,417, after deferring some further certificate-selling costs, and the loss this time was £2,271. At this stage paid capital was £9,410; certificates sold totalled £17,090, less instalments unpaid, £12,337, making only £4,753 actually paid up. Against these certificates the company claimed to have £4,329 of investments. There was also £616 in cash, £530 in fittings, debtors etc., £1,521 in preliminary expenses, £3,428 in selling expenses capitalised and £4,793 in p. and l. debit.

This "Bulletin" article, with its reference to the 5½ per cent. selective security certificates, brings me to the booklet, issued by the company, having reference to the 1937 issue. On the cover appears a picture of the Bank of England, above which is the word "Security." I would like hon. members to see the picture of the Bank of England with that word "Security" shown above it. The inference to be drawn, apparently, is that the security offered by the company is as good as the Bank of England; and if later I give the House reason to doubt this, it is no fault of mine. On the first page this statement appears—

The principle governing the issuance of Selective Security Certificates.—The principle is a very sound one and its essential element is a spread of the investments over as wide a range of industry and commerce as possible. The interest is paid half-yearly on the 15th of June and the 15th of December. The rate is 5½ per cent. per annum.

The advantages of investment in Litchfields are set out on pages 3 and 4 of the booklet. I will quote them—

Litchfields are introducing to you a form of investment which is particularly popular in England where it has grown to huge proportions within the last few years. The public are offered certificates, bearing interest at the rate of 5½ per cent. per annum. These certificates will be backed by a carefully selected list of the best securities obtainable on the Australian market. The purchaser of a Selective Security Certificate will therefore virtually be the holder of an interest in each of the companies listed . . . .

These certificates can be purchased on extended payments: £5 on application and £1 per month till the full amount of £50 is paid. There is no further liability of any kind.

Each company included has been selected after careful consideration of its past record, its present financial resources, and the possibilities of its growth and continuing success in varying operations and interests in Australian industry and trade. . . .

The company undertakes to complete its purchase of these investments within 90 days of the issuance of any fully-paid certificate.

And I want hon. members particularly to note the following:—

The E.S. & A. Bank will accept and hold in safe custody the stocks and shares which will constitute the backing for this issue of Selective Security Certificates.

No mention is made—I wish hon. members to note—of any trustee being appointed, as in the case of satisfactory companies in England. Nor is any mention made of holding over 6,000 in the Commonwealth Savings Bank uninvested in stocks or shares. Then follow details of the various companies in which the moneys are supposed to be invested. In the centre of this booklet is a list showing share prices and last dividends. The highest return calculable on these figures is 8.7 per cent. The majority of the companies on the list consists of companies whose returns are between four and five per cent., and in one case the return is under four per cent. It will thus be seen how difficult it will be to obtain a return of 5½ per cent. over all. The prices and returns quoted are, however, apparently those at the time the booklet is issued.

On page 3 of the booklet the public are invited, in regard to an investment of £50,

to pay £5 down, and £1 per month over a period of 45 months. On page 4 the company does not undertake to complete the purchase of investments until 90 days after a certificate is fully paid. Thus it is clear that unless a certificate is fully paid up on application, there is no obligation to cover it by investment until the lapse of a period of three years and nine months; and the prices and returns quoted in the booklet may not be the prices and returns quoted at that time. Therefore the value of the booklet as a guide to investors is considerably minimised.

The question then arises, will the company accept payment in full immediately on application? I have here a letter written on the 15th June, 1938, to a person at Merredin on letter-paper of Litchfields (Australasia), Ltd., and signed by C. O. Barker, one paragraph of which reads—

> The nominal capital is £20,000, but as the bulk of our investment money comes from certificate-holders there is no need for a large capital. . . . . We have the instance of a certain company which, on £35,000 of capital, sold four and a-half millions of bonds simply because the bonds were paid by instalments and the instalment money invested.

[*Resolved*: *That motions be continued.*]

The letter further states—

> I might say we do not seek capital but only issue shares when we come in contact with a client wishing to pay cash for the certificates. Our certificates cannot be obtained by cash payment, so that when a client says he wants to buy two £50 certificates and pay £100 cash for them, we have to decline the cash, but as an alternative mention that the cash can be invested in shares in Litchfields.

It is apparent, therefore, that security certificates in this company cannot be bought for cash. But let me quote further from this delightful letter, the next two lines of which read as follows:—

> Practically all the share capital in Litchfields since its incorporation has been raised in this manner.

Therefore, on the admission of Mr. Barker himself, applications were received from persons seeking investments for cash in security certificates, in which at least a portion of their money would be protected. Cash would not be accepted for the certificates, and in consequence shares were sold instead for the cash. The whole of the subscribed capital, according to the 1939 balance sheet, has therefore been lost and consequently the position of the shareholders is pitiable in the extreme. The person to whom the letter mentioned was written on the 15th June, 1938, received a letter from a concern called C. O. Barker Investments, carrying on business—according to the address given—at Warwick House, St. George's-terrace. Litchfields itself gives its address as next door, in the C.M.L. Buildings. This letter is also signed by C. O. Barker and encloses a cheque for £2 5s., which is stated to be a disbursement at the rate of 6¾ per cent. per annum on her holding of £100 in shares in Litchfields. I cannot distinguish between the disbursement and a dividend; but apparently there is some distinction. The letter states that the rate has been increased by a quarter per cent., and that indications are that the December return will be even 7 per cent.

I leave the House to gather how a dividend on nearly £15,000 of subscribed capital can be paid out of a total income of about £200, as shown by the profit and loss account, at 7 per cent. or any other rate per cent. To me the procedure savours of practices that certainly warrant inquiry. No company can properly pay dividends except out of income; and, as has been shown, the income of Litchfields during the past three years has been negligible. This aspect of the matter was brought forcibly under the notice of the shareholders by Mr. T. J. Hughes, a former secretary of the company who resigned, and by Mr. Simonsen, a former director who also resigned.

On the 11th August, 1937, these gentlemen, I understand, addressed a joint letter to the shareholders, a copy of which I have. I will read extracts from it—

> It appears that in December last an advertisement was published in the "West Australian" newspaper without the directors' knowledge or consent, which said advertisement may have been construed as intimating that the company declared a 5 per cent. dividend on the shares.
>
> Under date the 7th May last the information was circularised amongst some of the shareholders. It was on letter paper headed: "C. O. Barker Investments" and was signed "Claude O. Barker." The opening paragraph of this letter reads—
>
> > As sole brokers for Messrs. Litchfields (A/sia) Ltd. I have pleasure in informing you that a disbursement of 6 per cent. will be made to all holders of fully-paid shares in Litchfields (A/sia) Ltd.

This appears to be open to the construction that this disbursement was in the nature of a further dividend being paid by the company. Although the directors held fully-paid shares in the company at the date of the issue of the circular, a copy thereof did not reach either of them. Consequently they were unaware of its existence until it was recently brought under the notice of the secretary of the company who also had been unaware of its existence.

The company had not at any time declared or paid a dividend, nor could it have legally done so. Dividends are payable only out of profits of the company and the company has not as yet made any profits.

The second paragraph of the aforesaid circular reads as follows:—

> The £1 shares advanced to 22s. 6d. after the 5 per cent. disbursement on the 15th December last, and they will advance to 25s. after the 15th June this year.

This statement may have led prospective investors to believe that either the pound shares were being issued by the company at a premium of 2s. 6d. per share, that is, at 22s. 6d. each, or that the shares were marketable at that enhanced figure, and in consequence thereof may have been influenced to apply for shares in the company.

The company has never issued any shares at a premium. The shares have never, so far as we are able to ascertain, been quoted on the Stock Exchange at 22s. 6d. or at all.

Some applicants had applied to C. O. Barker Investments for shares on the basis of 22s. 6d. for the pound share. The company, however, only received the nominal value of the shares, namely, £1 each, the difference of 2s. 6d. per share was retained by C. O. Barker Investments. The facts of these transactions were not disclosed to the directors. The information reached the directors other than the managing director only when a shareholder brought the matter under the notice of the secretary.

The managing director (Mr. C. O. Barker) who is also the manager, and so far as we know one of the proprietors of C. O. Barker Investments, on being asked for an explanation of these transactions, stated that the C. O. Barker Investments had guaranteed to certain applicants for the shares a dividend on the shares to be acquired by them in Litchfields (A/sia) Ltd. at the rate of 6 per cent. per annum and that it was completely understood that the extra 2s. 6d. per share paid by such applicant was a payment to C. O. Barker Investments in return for such guarantee.

The managing director further stated that the advertisement appearing in the "West Australian" newspaper of the 15th December last, reading—

> Litchfields (A/sia) Ltd. wish to announce to all holders of shares under guarantee by the firm's brokers and also to all holders of fully-paid Selective Security Certificates in Litchfields (A/sia) Ltd. that a dividend at the rate of 5 per cent. per annum will be disbursed on Tuesday, the 15th inst.,

was the announcement made by C. O. Barker Investments of the payment of 5 per cent. on the shares of Litchfields (A/sia) Ltd. pursuant to the above arrangement.

There was no agreement existing between Litchfields (A/sia) Ltd. and C. O. Barker Investments or anybody else whereby the payment of interest on shares in the company was guaranteed.

The only return on such shares to which shareholders are entitled from the company is dividends out of profits when such profits are available and dividends have been duly declared by the company.

In support of the contention in that letter that it was alleged shares were being issued at a premium of 2s. 6d. a share without authority or justification, I will read extracts from a letter written by a well and favourably known firm of auditors and accountants with a large country clientele. This letter is written to Litchfields and is dated the 23rd June, 1937. It reads—

We have been authorised by ——— of Kellerberrin to act on his behalf in connection with his transactions with your company. He applied for one hundred shares in Litchfields Australasia Ltd. through C. O. Barker Investments. It was represented to our client that the shares were issued at a premium of 2s. 6d. per share consequent upon a rise due to the payment of a dividend of 5 per cent. in December last.

It was also stated that the par value of the shares was 22s. 6d. and that they were saleable at that price. Mr. ——— is of the opinion that misrepresentations were made to him regarding the shares as follows:—

1. No dividend of 5 per cent. was paid in December last.
2. The shares were not issued by the company at a premium of 22s. 6d. per share.

Further, he forwarded to C. O. Barker Investments a cheque for £37 10s. in payment of application money, 5s. per share, and premium 2s. 6d. per share, on 100 shares. The company's receipt No. 106 has been issued for £25 only, no receipt having been received by our client for the remaining £12 10s.

On behalf of our client, therefore, we ask that in view of the fact that he applied for the shares under a false impression gained from the company's broker, the transaction be annulled in its entirety, and that the amount of £37 10s. be refunded to him forthwith.

A refund was subsequently made to this shareholder. He lives at Kellerberrin and is available as a witness. In another case a

young woman employed in a store in Perth applied for a selective security certificate and was given shares in the company itself. She received the following letter from C. O. Barker Investments, dated 7th May, 1937:—

As sole brokers for Messrs. Litchfields (A/sia) Ltd., I have pleasure in officially informing you that a disbursement of 6 per cent. will be made to all holders of fully-paid shares in Litchfields (A/sia) Ltd.

The £1 shares advanced to 22s. 6d. after the 5 per cent. disbursement on the 15th December last year, and they will advance to 25s. after the 15th June this year.

Might I suggest the advisability of increasing your holding before this rise takes place? If you act on this suggestion before the 15th of this month, you will participate in the June disbursement. If you are not in a position to finance the transaction before that date, you could put an application in with 2s. 6d. a share as coverage and state a date upon which you would be prepared to pay the full amount of the application money —5s. per share. An extension of the time limit will be made to country and interstate shareholders on a basis of the time required for mails to reach this office—either this office or Messrs. Litchfields' office in the C.M.L. Building.

I think this is an opportune moment to inform you that everything is in readiness for our move into the C.M.L. Building, King William-street, Adelaide. I deem this event of sufficient importance to require my personal attention, and will therefore go to South Australia at the end of June.

Prior to my departure you will probably receive notice of an extraordinary meeting, but as this is of a formal nature, and partly for the purpose of making an alteration in the articles with reference to calls on shares, it is not necessary for you to be in attendance.

In order to facilitate business and to give yourself representation, I would suggest that you make a proxy in my favour. For your convenience a proxy form is enclosed herewith; also an application form for shares in case you consider increasing your holding.

I might say that the business in Litchfields has increased very considerably of late, and this was as I anticipated. At the beginning I explained to the other members of the board that we would probably have to face an expenditure of about £3,000 before we had established ourselves in the community. I am pleased to say that we have accomplished this well inside the budget figures. Advertising has been a fairly heavy item, but has proved itself with us, as with every other type of business, to be money well spent.

In conclusion, I thank you for the faith you demonstrated in me in becoming an original subscriber to Litchfields in the inaugural stages, and I assure you that in the dual capacities of organising broker and as managing director of Litchfields, I shall endeavour at all times to uphold that confidence and the prestige of Litchfields (A/sia) Ltd.

Mr. Marshall: Was the last amount refunded in full?

Hon. C. G. LATHAM: Yes, the £37 10s. The letter I have just quoted, which is dated the 7th May, 1937, mentions a disbursement of 6 per cent. and speaks of shares rising to 25s. in June, 1937. What justification there was for this supposed premium on shares is best left—in view of the balance sheets—to the imagination of members.

I now turn to the selective securities certificates, of which I have a copy before me. It is of the 1938 series, in which—according to the 1939 balance sheet—certificates to the value of £17,300 have been issued, but of which only £4,178 10s. has been paid up. No trustee is mentioned anywhere in this document. There is the following statement in Condition 1 on the back of the document:—

This certificate is one of a series known as the 1938 series of selective security certificates, all of which will share equally the backing of the list of underlying investments contained in the booklet describing this issue.

Condition 3 states—

This certificate shall remain in full force and effect until the 15th December, 1948. The holder of every fully-paid certificate shall be entitled to interest at the rate of 5½ per cent. per annum until the maturity date, December 15th, 1948.

It will thus be seen that there is nothing for the subscriber until the certificate is fully paid but the interest which may be earned by the company over the period of payment by instalments on a £50 certificate at five per cent. amounts to approximately £5 10s. 0d. Thus the interest that can be earned at five per cent. on the instalments as they fall due is almost equivalent to the amount that is contracted to be paid on a £50 certificate for two years after maturity. There is provision for suspension of instalments with the consent of the company on account of illness or unemployment, and a provision in the event of death after £12 has been paid—provided the applicant was not older than 60 and no instalments in arrears—for the certificate to be regarded as fully paid. If this happened very often it must be realised that the funds of the company would have to provide the backing necessary for the amounts thus short paid.

I have taken legal opinion on these certificates and am advised that there is no security for the investors. If the company were wound up, the moneys supposed to be securing these certificates would be liable for the debts of the company, other than the claims of shareholders for a return of their capital. In other words the holders would not be secured creditors but only ordinary creditors of the concern and their money would thus be pooled for the general benefit of themselves and other creditors. The inexplicable intermingling of the affairs of C. O. Barker Investments and of Litchfields certainly needs some inquiry. Our duty is to protect, as far as possible, persons with a little money to invest against those who make promises which they are apparently unable to honour in full. I think I have said enough to establish that there is much of an unsatisfactory nature in the affairs of these concerns, and that it is desirable and indeed necessary that the activities of such companies should be inquired into and the law put on a sound footing to ensure their regulation. All the facts I have placed before members are supported by documentary evidence. I have not taken notice of hearsay, though I have listened to a good deal of it. I contend I have made out a case for an inquiry. Members may regard themselves as a jury in this instance. Either I am doing the company a very serious injury, in which case its name should be cleared at once; or the investors in the selective securities are having their money dwindled away, and something should be done to protect them. The money that has been handed over to the company belongs to the humblest of our people. In good faith they have given it to the company in the hope of deriving some income from their investment. I ask the House to agree to give me an opportunity to substantiate the charges I have made, or alternatively to give the company a chance to clear its name as quickly as possible. I request that the motion be treated as I treated a similar motion submitted to the House by the member for North-East Fremantle (Mr. Tonkin) when he asked for an inquiry into the activities of another concern. It is no use delaying inquiries of this kind; we should act quickly.

On motion by the Minister for Justice, debate adjourned.

BILL—HIRE-PURCHASE AGREEMENTS ACT AMENDMENT.

Second Reading.

Debate resumed from the 6th September.

THE MINISTER FOR JUSTICE (Hon. E. Nulsen—Kanowna) [8.6]: At the outset, I may tell the House that I intend to oppose the Bill. The policy of the Government is "Business as usual", and the Bill if accepted will retard business. I have received protests against the measure, not only from various firms throughout Western Australia, but also from buyers themselves. Only the other day I was speaking to a couple of farmers whom I know very well. They considered that the intention of the member for Katanning (Mr. Watts) in introducing the Bill, was good, but that under existing conditions the measure would hinder rather than help them.

The Bill proposes to amend the Hire-Purchase Agreements Act of 1931-37, and is designed to afford further protection to buyers—not farmers only, but all buyers—under the hire-purchase system. It is based on the English Act of 1938; but the English Act is limited to chattels of a value not exceeding £100 and livestock to a value not exceeding £500. The Bill has no limit, but deals with chattels of any value. Two classes of goods are dealt with, namely, those in respect of which at least half the agreed price has been paid, and those in respect of which less than half has been paid. It is provided that where half the agreed price has been paid the vendor may not repossess the articles without an order from the nearest local court. That is the main departure in principle from the existing Act. In cases where less than half the price has been paid the provisions are similar to those in the existing Act; that is to say, the vendor has the right of repossession, but he must give a statement as to the value of the chattels and an account to the purchaser. The buyer may return an article when he has paid one-third of the price. If he returns it before having paid one-third of the price he is liable to the vendor for the difference between the amount he has paid and one-third of the price. The Bill also contains a provision making its operations retrospective.

I am opposed to the measure because I consider it unnecessary. Buyers are ade-

quately protected by the Act of 1931, which was carefully framed with a view to their protection. As far as I know it has not been shown that the present Act is not functioning satisfactorily or that there is need for the suggested amendment. The Act passed at the end of last year was, I believe, the first attempt made in England to alter or regulate the hire-purchase system in force in that country, and is clearly an experimental measure. In any event, the conditions in England are vitally different from those in Western Australia, and even if the Act proves successful in England—which I consider is highly problematical—that is not to say the measure is suitable for Western Australia. To approach a local court in England is a much easier matter than it is in this State. In England, distances are small, and travelling facilities are numerous, but in Western Australia local courts in the country are at distant points. They sit only periodically—say, once a month, or at longer intervals. There are often no solicitors available at a reasonable distance and much travelling may be involved, and of course travelling costs money. Furthermore, the provisions of the English Act may have been necessary to suppress certain malpractices by vendors under the hire-purchase system, but this need has not been shown to exist here. No proof has been advanced that anyone has been treated unfairly.

Mr. Doney: You cannot have made too many inquiries then.

The MINISTER FOR JUSTICE: I have made quite a number of inquiries. I have come into contact with many people in my own district and no dissatisfaction has been expressed by anyone, to my knowledge, regarding the treatment received from those with whom they have dealt under the hire-purchase system. I can speak authoritatively about my own district, and I make that statement without fear of contradiction. Of course, no matter where one goes he will find some firms prepared to exploit people, but I do not know of any firm in this State that has taken advantage of the position. Most firms are quite anxious for the purchaser to remain the owner of the article he has bought, because there is no advantage to be gained by the vendor in repossessing it. Up to date I have had no proof of any hardship having been occasioned by the operation of the Act, but I should be pleased to delve into any specific cases that might be tendered to the House. Unless the law as it stands has not protected a considerable section of the community, and unless a considerable section is suffering disabilities, the Bill is not justified. If all the provisions of the Bill were accepted, I am satisfied that many firms that are trading fairly and legitimately under the hire-purchase system would not be able or willing to continue their operations. I have had that assurance from quite a number of firms, and I shall later mention a few with which I have established personal contact since the Bill was introduced. Under the Bill, as soon as the buyer pays one-half of the purchase price either in one lump sum or by instalments, the seller loses all rights to repossess it, and his only remedy is action in a court. Such a provision undoubtedly changes the nature of hire-purchase agreements, a fundamental principle of which is repossession on default by the buyer. If repossession is practically eliminated, then the agreement is no longer a hire-purchase agreement but a straight-out contract for sale. The fact of vendors having no power to repossess, takes away the effect of the hire-purchase system. The most difficult period for the vendor is generally after half the payments have been made. By this time the value of the article has probably depreciated considerably. This is the time when the buyer tends to fall back on the agreement. The tendency to do that would be greatly encouraged if the vendor could repossess only on an order from a court. Prominent Perth legal men have stated that if the Bill became law it must and would principally benefit legal practitioners. This statement is not based on supposition but upon the very provisions of the Bill itself.

A serious effect resulting from the Bill, if passed, would probably be that even if traders did continue to carry on hire purchase business, the clause relating to repossession would put an end to leniency in dealings with purchasers. If a hirer were behind in his payments, or slack in complying with his obligations, the firms would feel it necessary to repossess before the 50 per cent. had been paid, and before the value of the article had heavily depreciated. Only in this way could firms avoid expensive litigation.

The most objectionable provision of the Bill is Clause 9.

Mr. SPEAKER: The Minister is not in order in quoting the clauses of a Bill.

The MINISTER FOR JUSTICE: I am sorry, Mr. Speaker.

Mr. Doney: That is the first you knew about it.

The MINISTER FOR JUSTICE: Acts are frequently made retrospective, but it is most unusual to make retrospective legislation that affects private rights. If agreements are made purchasers are presumed to know what they have done, and to have acted in accordance with the law at the time in force. Were this Bill made retrospective, although the parties intended to be bound by the agreement at the time it was made, they would be obliged to alter their agreement whether they liked it or not. It is a bad principle to embody such a retrospective provision in a Bill of this nature.

Hon. C. G. Latham: You must be careful. You may be introducing the same provision yourself some day. I remember making the same remark when I was a young man.

The MINISTER FOR JUSTICE: I do not expect to be doing any such thing. When a person enters into an agreement, whether by word of mouth or by pen, he should act in accordance with it. It is very unfair by legislation to upset agreements that have been made by honourable and intelligent persons.

Mr. Patrick: It has been done in this House.

The MINISTER FOR JUSTICE: If so, to use the subjunctive, I hope I shall never be a party to voting that way. It is bad practice and I would not support it. It is neither fair nor just that an old agreement that has been faithfully entered into should be upset by legislation.

Mr. Doney: You agreed to the setting aside of the Land and Home Coy.'s contracts.

The MINISTER FOR JUSTICE: No logical reason has been furnished why the Bill should have been brought down. Farmers are protected by the Farmers' Debts Adjustment Act and the Rural Relief Act, as well as by the existing Hire Purchase Agreements Act. I am satisfied that the law as it stands adequately protects all purchasers under this system, and that, if the Bill became law, traders would be unnecessarily hampered and purchasers would not be benefited. The likelihood is that purchasers would be denied the benefit of buying under the hire purchase system. That would be a considerable hardship to a great number of people, who cannot pay cash for machinery, trucks, furniture and other necessities, apart altogether from household amenities.

I do not doubt the good intentions of the member for Katanning (Mr. Watts). Like other members on this side of the House, he is anxious to do something for the man who is battling, to help the bottom dog. The time, however, for that is inopportune. Our policy is to go on as usual. We do not desire to retard business, but in every way possible to help people. After investigating every phase of this Bill, it seems to me it would not be a help to the purchaser, and would be more or less a bar to the progress of the various industries in the State. At this moment the Bill is not warranted. It is unjust and unworkable in many of its provisions. Business would certainly be curtailed, and farmers in particular, as well as other people, would be adversely affected. The re-possession clause would make it very difficult for farmers and others to arrive at an agreement on the hire purchase system.

Mr. Doney: The principle is the same as is found in relation to the Farmers' Debts adjustment and rural relief legislation.

The MINISTER FOR JUSTICE: There is no similarity between the two principles. The clause in question would put an end to leniency on the part of various firms which are now extending that treatment to clients. In my district that leniency has constantly been shown. In my young days I had dealings on the hire purchase system with Thompson & Co. My earnings were very small, and, instead of completing my contract in 12 months, I took 2½ years in which to do so. When I found I had not the necessary money I wrote to the firm, explained my position, and had no further difficulties. That has been my experience in the mallee district in regard to farmers generally. Isolated cases may crop up here and there, but I do not think any member of this House could advance many concrete cases of hardship. If they are able to do so, I should like to have them investigated and learn how the position stands. I have been assured by different firms that they are particularly anxious to hear of specified instances of the kind. As the Minister for the North-West has said,

the Bill would probably lead to the demand for greater deposits, and that would constitute a great handicap to persons who wished to make their purchases on the hire purchase system. I hope members will weigh the Bill carefully, especially at this juncture. Its introduction is inopportune and I do not think it would help the State. I am very sure that it would not be helpful to purchasers. I have sought information from the Crown Solicitor, and will read what he has to say on the subject. Referring to the retrospective clause in the Bill, he wrote—

I think this is the most objectionable clause of the Bill, even if the rest of it is worth while. Perusal of the statements submitted leads to the conclusion that the existing Act provides reasonable protection for hirers under hire purchase agreement. Unless the law as it stands at present has not protected a considerable section of the community, and unless a considerable section of the community is still suffering disabilities, I do not think this Bill is justified. If all the provisions of the Bill were accepted I think quite a lot of firms which are trading fairly and legitimately under hire purchase business would not be able or willing to continue operating under the system.

The traders are emphatic that business under the proposed Act would be drastically reduced. It is stated that one large machinery firm has already received instructions from its chief Australian office that all time-payment sales must be discontinued if the measure is made law. The traders point out that if farmers cannot get machinery under hire purchase terms they will have to pay cash which, it is suggested, means they will have to get assistance from the Government.

Traders also draw attention to the fact that they have been asked by the Government to carry on activity as usual; they will be prevented from doing so if the Bill becomes law.

I have here a file of letters from many firms, and will read a few of the names of business people who have approached me on this subject. The names are—Atkins (W.A.), Ltd., Wigmore & Co., Westralian Farmers, Ltd., Paterson & Co., Ltd., Mortlock Bros., Skipper Bailey Motor Coy., Ltd., Southern Cross Windmill Coy., Winterbottom Motor Coy., Ltd., and Flower, Davies & Johnson, Ltd. I could also give the names of many other firms, but I mention these to prove that reputable firms in Western Australia are genuinely concerned about this Bill. As has been pointed out by the Crown Law Department, the 1931-37 Act still protects purchasers. I see no reason, therefore, why a Bill of this kind should be passed. It is wholly unnecessary, and would retard business in Western Australia. It would also be of great disadvantage to farmers, the very people the hon. member is trying to protect. I know that the hon. member holds a different opinion. He may know of one or two cases of unfair treatment, but, were he thoroughly to investigate them, he would probably find that there was blame attachable to the other side. If reputable firms are concerned, I am sure there is something lacking somewhere. I hope the second reading will not be carried.

MR. McDONALD (West Perth) [8.28]: The Bill contains two principles. It says in the first place that once a hirer has paid one-third of the price of the article, he will be permitted to terminate the hiring, and will not be liable for any further instalments. That would apply at any time after he had paid one-third of the price. It has been the habit in the case of some hire purchase agreements for the seller to stipulate that the hirer cannot terminate the hiring and put an end to his liabilities for instalments until he has paid more than one-third of the purchase price. This Bill seeks to enable the hirer to terminate his hiring at any time after he has paid one-third of the price. The other principle involved in the Bill sets out that once the hirer has paid one-half of the purchase price, the seller cannot repossess the goods unless he secures an order of the local court permitting him so to do. The member for Katanning (Mr. Watts), has, as usual, presented me with a problem.

Mr. Boyle: He is a problem child!

Mr. McDONALD: I feel considerable reluctance in voting in favour of a Bill which is based upon English legislation passed last year. As the Minister pointed out, that legislation applies to the particular conditions operating in the Old Country. Admittedly, the Act is experimental in its nature and we have not had time to ascertain to what extent it will prove successful. The measure was introduced by a private member, Miss Ellen Wilkinson, and was passed by both Houses of Parliament with the object of improving the law regarding hire purchase. As the Minister pointed out—I shall not repeat his remarks at any considerable length—the English people had not had the benefit of the very useful provision contained in our Hire Purchase Agreements Act that was passed in 1931, by which, if

a seller repossesses a chattel, he has to give the hirer the benefit of any equity he possesses. That provision has worked very well and has proved a valuable safeguard for the protection of owners of chattels. That part of the law has frequently been invoked and has been carried out.

I am reluctant about supporting the Bill because it appears to me it may react most unfavourably upon the farming community. In the metropolitan area much of what is obtained under hire-purchase conditions need not be bought at all. In fact, it would be better for the people if they did not buy on credit at all. In those circumstances, from the standpoint of the metropolitan area, I would not object to any measure that might contract the volume of credit sales that occur to-day. On the other hand, the country folk are in a very different position. Nearly all they buy is on terms or credit, and hire-purchase conditions are resorted to because of the necessity to buy. Members who represent country electorates know that many of their constituents have little money to spare to purchase what are classed as luxuries. What they buy on terms represent essential commodities, and they adopt that course because they cannot pay cash. Inevitably the effect of this legislation will be to contract very substantially the volume of credit-selling and to my mind that will most disadvantageously affect the position of people in the rural areas. The member for Katanning and others who sit with him represent country constituencies and I bow to their superior knowledge of what the country people require. I am prepared with some reluctance to go so far as to agree to the second reading of the Bill and to allow my vote to extend to the passage of the first part of the measure that will enable the hirer to return the chattel any time after he has paid one-third of the price charged.

As to the second portion of the Bill, under which the seller cannot repossess the chattel if one-half of the purchase price has been paid, unless he secures an order of the local court, I cannot possibly support such a proposal. Conditions are entirely different in this State. Such a proposal would mean that whenever a seller desired to repossess a sewing machine, the price of which was £15, or a radio costing from £12 to £20, or a bicycle the cost of which was £8 or £9, and if the hirer of the chattel happened to be at Wyndham, Marble Bar, Mullewa or any other far distant place, proceedings would have to be taken in the local court in that particular area. In many instances such proceedings would cost more than the total price of the article concerned. Such a situation would lead to a limitation of country sales where the prices involved were comparatively small.

Then members must take cognisance of the fact that in some of the country areas the local court sits only once in every two months. That applies in many parts of the South-West, so great difficulty would be experienced in obtaining repossession of goods. Perhaps the article may not be properly cared for and may depreciate in value, yet more than two months must elapse before court proceedings can be taken to secure recovery. In many instances it might be necessary for the accountant of a Perth firm to travel to Mullewa, Wyalcatchem, or some other distant centre in order to tender essential evidence. The expense involved in such circumstances would be serious. I hope the member for Katanning will not press that part of the Bill, which could be separated from the earlier portion. In my opinion the latter part of the measure would impose a serious disability upon the farming community at a time when their operations will be markedly restricted, particularly with respect to the purchase of requirements essential to the carrying on of their vocation. I am not rigidly adverse to some contraction of the credit system, although such contraction would be doubtfully wise at the present juncture. The restriction proposed might affect an industry that has attained some magnitude in Western Australia. It provides employment for a considerable number of people and contraction of sales will mean the disposal of fewer articles because much higher prices may be possible. That may result in loss of employment for some people. With some hesitation, I therefore will support the second reading of the Bill and will extend that support to the first portion of the measure.

MR. BOYLE (Avon) [8.38]: I desire to give general support to the Bill introduced by the member for Katanning (Mr. Watts). I listened with interest to the remarks of the Minister for Justice and the member for West Perth (Mr. McDonald). My mind

reverted to the period eight or nine years ago when the wheat belt was particularly affected by the depression. In the financial year 1929-30 the price of wheat collapsed from 5s. a bushel to 1s. 8d. When the organisation with which I was then associated set out to catch up with the hire-purchase agreement business, we heard precisely the same arguments as the Minister and the member for West Perth have advanced. We were warned about the destruction of credit—just the same argument as we have listened to this evening. I really could produce the written records of what was said at the time and, by substituting the names of the Minister and the member for West Perth, place before members what would constitute the main points of their speeches this evening. That was what we were confronted with even in those days. During the period of the "signing on the dotted line," the hire-purchase agreement business reached its zenith. I refer to the "prosperous twenties," as the period was termed. The crop of that year, 1929-30, was reaped at the beginning of the depression. Let me give members an instance that comes to my mind. A tractor was secured at a price of £450. We traced that machine all over the Great Southern and found it had passed through three hands and the one merchant had received £750 on account of the implement.

Mr. Doney: They will not believe that!

Mr. BOYLE: I am not asking the Minister to believe my statement; I am telling him.

The Minister for Justice: Of course there are exceptions.

Mr. BOYLE: The Minister was associated with me in those years in putting up a great fight on behalf of the farmers.

Mr. McDonald: How much was paid out for repairs?

Mr. BOYLE: I do not know that the merchant had anything to pay out for repairs because when the tractor was first seized only £25 was owing on it. I may explain to the House that under hire-purchase agreements, there is no such thing as a purchaser. Under the agreements, the man who secures the machine is the hirer until the last shilling is paid. The usual rate of interest ranges from 12½ to 20 per cent. That is all! Any interest rate between those margins is regarded as reasonable. In addition, precautions are taken by the seller to include all insurance charges in the instalments, and they are repaid at a flat rate. In 1931 we succeeded in inducing the Government of the day to pass an amendment to the Hire-Purchase Agreements Act providing that the hirer should be permitted to approach the magistrate in his district if the machine was repossessed, and the magistrate was empowered to fix the then merchandising value of the machine the hirer being liable for nine-tenths of the unpaid instalments.

Mr. Hughes: That was, to fix the re-sale value.

Mr. BOYLE: Yes.

Mr. Hughes: But the hirer never gets anything.

Mr. BOYLE: That is obvious. As a result of that provision, the enthusiasm for re-possessing machines died away, for there was no enthusiasm when the hirer could establish an equity in the machine. Nevertheless, we then heard the same argument that the proposal was retrospective and therefore confiscatory, with the result that there would be no more credit available. I remind members that to-day merchants demand one-half or one-third of the purchase price as a deposit, when selling machines. When the hirer proceeds with his instalments, it is on the basis that he has already established an equity in his machine.

The Minister for Justice: But under the Bill there would be no hire purchase about that.

Mr. BOYLE: No. If he paid one-third of the price, the hirer would establish his equity and if he had paid one-half of the cost the merchant, not the farmer, would have to approach the court. I will give the House an instance that occurred in my electorate recently. A very depressed farmer approached me and said that his truck had been repossessed and was then lying in Merredin. His farm was 16 miles out of the town, and, as he had no other means of transport, he was certainly in a fix. I asked him had he volunteered to surrender the truck. He told me that the vendor's agents had been out and had requested him to take the machine into Merredin. The foolish man took the machine into Merredin and left it at the option of the vendor to pick up. I got in touch with the vendor and told him that

if he took charge of the vehicle, we would exercise our rights under the Act; we would consider that his request to the farmer to take the machine into town constituted a repossession according to the Act. If a hirer voluntarily gives up a machine, he has no redress under the Act as it exists, but if a machine is repossessed from him, he then has redress. The firm in question, when we sought legal aid, decided that the farmer should take back the machine. The farmer did so, and the relationship between himself and the firm improved from then on. That is the type of bluffing that goes on. As the member for West Perth pointed out, if the whole of the Hire Purchase Agreements Act were wiped out, that would be a benefit to the people in the congested areas, and also to the farmers.

The Minister for Justice: The English Act is only in the experimental stage.

Mr. BOYLE: Even if it is only in the experimental stage, surely if it operates harshly it can always be amended. The Imperial Government, which was responsible for the introduction of the legislation there, would be very loth to bring in a Bill unless there was necessity for it. Throughout Western Australia, and I speak with knowledge of the farming areas, nothing has caused more heartburning that the Hire Purchase Agreements Act. Had we listened to the arguments advanced in 1931, there would be practically no relief given to the farmers. It took some little time for the merchants to adjust themselves to the new position. No Act of Parliament has ever been passed to catch an honest man; it is the dishonest, the disreputable type of business to which we wish to put an end. If a man has established a half-share in a machine, plus 14 to 20 per cent. for interest, which seems to be inseparable from hire-purchase business, why on earth is he not given a reasonable amount of protection? No magistrate would refuse justice to anyone unless he were a waster and would not pay. That type of man gets no sympathy from me, but 90 per cent. of the people we meet are honourable, and the majority of merchants are honourable also. But there are a good many who sell under a hire-purchase agreement and when sufficient is paid, consider it time to give attention to repossession. I was much struck by the Minister's reference to the merchants. Naturally enough, I would expect no other answer from the merchants except that which the Minister received. Reference was made by the Minister to an agreement that had been signed. We all sign agreements in the course of our lives, and the people engaged in farming pursuits always sign agreements in good faith.

The Minister for Justice: An Act should not alter existing agreements.

Mr. BOYLE: The 1934 Agricultural Bank Act, compulsorily altered the agreement between 7,000 farmers and the Government. Some of the actions taken by merchants with regard to the repossession of machines were nearly responsible for a critical situation. A police sergeant in a country town was foolish enough to go out with two constables, and picking up three hoboes, went out of Katanning and seized eight horses belonging to a farmer. Then two carloads of armed men followed and it was only by a miracle that no damage was done and no one injured. The sense of justice of a person is outraged when he finds that after having paid 50 per cent. of the value of an article he has acquired, he has no equity in it, and that he has no earthly right to say that it belongs to him. I ask the Minister to throw his mind back to his own farming experience. How many times did he make a profit from his crop? In my case, in a critical year I lost £875, and I wondered how on earth I could meet the hire-purchase accounts. The Minister himself would be justified in saying that, having signed the bill, there was no option but to pay. Fortunately for me I was in the position of being able to mortgage a life assurance policy, and I did so to pay what was due under the hire-purchase agreement. It was the most stupid thing I ever did, for that policy was the protection of my wife and family. I hate to intrude private matters into a debate of this nature, but I feel keenly on the question. How many men in the farming districts of the State have mortgaged their life policies to satisfy the rapacity of vendors under hire-purchase agreements? I can tell the House of one instance at Koorda where there was very nearly a lynching, as the result of action taken by a vendor of machinery. At a farm 20 miles out of Koorda, as a result of the repossession of a truck, a man shot his son, 22 years of age, and then committed suicide.

I was asked by the local branch of the farmers' organisation to assist in the direction of having the body brought to Perth, and, with a placard attached to it, placing it on the Treasury steps. Hon. members are not aware of one-half of what has gone on in the wheatbelt of Western Australia. People become infuriated when they are subjected to experiences of the kind I have related. In Koorda on the occasion of the incident to which I have referred, 12 men waited to deal with the person who attempted to take away the particular truck. That would have been the first case of lynching in Western Australia. The state of affairs must be very bad when placid farmers adopt an attitude such as that. We all know that the farmer is usually the most placid and easy-going man to be found anywhere; but he will never put up with experiences such as I have related. At Koorda it took some days to bring about a dispersal of the angry settlers. Incidentally, I might state that the truck was not taken away.

I ask members to agree to pass the Bill and to bear in mind that if they do so they will be merely doing justice to people out back. The hire purchase business is a Canadian monstrosity; it came from Canada in the first place. Is there any equity or decency in any law that does not concede to the buyer any ownership in whatever he may buy? The member for Katanning has fulfilled a very good job in introducing the Bill. Even if we admit that we must have a hire purchase system which is a bad system, we shall progress a step by giving the hirer some equity in a machine that he may purchase. The member for Katanning has gone a little further by providing that the hirer shall have a bigger equity in an article for which he may already have paid through the nose. I can give an instance of the hire purchase of a harvester. The cost was to be £217, of which the amount paid down was £72, with interest at about 10 per cent. on the balance. The first payment was made in November and the second payment had to be made in February following—three months later. That brought the total with the second payment to £144 out of the purchase price of £217. The interest is never less than between 10 and 18 per cent. and so if members are desirous of securing justice for those who are obliged to enter into hire purchase agreements, I ask them to facilitate the passage of the Bill.

MR. SEWARD (Pingelly) [8.58]: In offering a few words in support of the second reading of the Bill I wish to commend the member for Katanning (Mr. Watts) for the industry he has displayed in presenting the measure to the House. The Minister spoke of objections on the part of the firms if the Bill should become law. As the member for Avon (Mr. Boyle) has pointed out, and as the Minister for Lands also told us a few nights ago when dealing with the Agricultural Bank Act Amendment Bill, all these measures are responsible for a storm of opposition. We know that everybody does not want to see the existing state of affairs altered, but when conditions that have been going on for some years prove that there is a necessity for a change—and particularly is this so in respect of hire purchase agreements—it becomes our duty to see that a change is brought about. I hope the House will pass the second reading. If there is any clause that needs improving, we can give attention to it in Committee. This Bill is not aimed so much at the firms as at unscrupulous agents. The firms are reputable enough; we are not questioning that, but unfortunately they have not absolute control over their agents. An agent goes out to sell a farmer a machine, and all he is concerned about is the selling of the machine, because on the sale he collects his commission. In many instances, unfortunately, the farmer has been left with a burden he little suspects he is assuming. When he buys a machine, his produce is valued at a certain amount, and though he has no knowledge of the future, he has hopes that next year's prices will be favourable, but too often those hopes are dissipated, and in the following year when he has to meet the second payment, his trouble begins.

The request in the Bill that, when a man has paid half the purchase price of a machine, his equity should be protected is only a reasonable one. It is the seller's responsibility to prove that the man is either not taking proper care of the machine or is not making a genuine effort to meet his obligations. If the seller of the machine can prove either of those things, he will establish his case, and the court will doubtless give him redress. If he cannot prove those things, and the purchaser is making a genuine effort to discharge his liabilities under

the contract, he has a perfect right to expect his equity in the machine to be protected.

The Minister stated that if the Bill was passed instructions had been given for firms to stop doing business altogether. Such a statement might be expected when a Bill is no more than a Bill, but immediately it becomes an Act, those firms will do business. They are not here for the benefit of their health; they are here to sell machines.

The Minister for Justice: I said one firm.

Mr. SEWARD: That makes my case all the stronger. Those firms are here to do business. Their capital is invested in the business, and if we alter the conditions of trading, their conditions will be altered to comply with the law. As was pointed out by the preceding speaker—and I support his remarks—there is far too much selling on long and easy terms to farmers, especially of tractors. I have long been surprised that the banks have not stepped in and prevented much of this business, because a good deal of the machinery was sold to the farmers when wheat was 4s. a bushel or a little more. The farmer sees an opportunity to acquire a machine on seemingly easy terms and make a little more profit from his land, and so he assumes a heavy obligation. In the next year prices probably fall, and instead of the machine being an asset, it becomes a liability. If the banks had played their part, particularly during the years of depression, by insisting upon farmers using horse-drawn machinery, conditions in the wheatbelt would have been much better. There are many sound authorities to prove that the thorough work that can be done with horse machines cannot be done with a tractor, though a tractor will cover a larger area.

Mr. Warner: That is debatable.

Mr. SEWARD: There is strong evidence to that effect. If many of the farmers concentrated their efforts on cultivating a smaller area and doing the work more thoroughly, they would be without a heap of debt and possibly would be in a much better financial position. I commend the member for Katanning for having introduced the Bill, and hope that it will be taken into Committee. As I said before, if amendments can be suggested to improve its provisions, members on this side of the House, so far from opposing them, will be only too pleased to assist in getting them passed.

MR. TONKIN (North-East Fremantle) [9.5]: I support the Bill, and hope it will be carried. So far as I can see, none of its provisions can be considered unreasonable. The measure represents an endeavour to deal with a difficult situation in a manner fair to both parties. For my part I do not share with anyone a disinclination to upset existing arrangements if the upsetting can be done with fairness to those concerned. I am afraid many of us are far too conservative in these matters. Simply because something was arranged years ago, we are inclined to think that a contract should be sacrosanct. I believe that in the light of additional experience, it is often wise to make alterations to existing contracts, and such alterations, in many instances, can be made with benefit to all concerned. Where that it possible, it is foolish to stick to contracts simply because they have been made.

This Bill, as I read it, seeks to give well-needed protection to the hirer-purchaser without being harsh to any degree to the merchant or vendor. For that reason I think the Bill should be passed. Numerous cases have been cited of definite hardship having been imposed on hire purchasers under these agreements. I myself know of many such cases, but I do not intend to weary the House by recounting them. I am aware of no case where the merchant or vendor found himself in a very serious position on account of a hire-purchase agreement. In nearly every instance, the merchant has sufficient margin of safety and does not stand to lose at all. On the other hand, he always stands to make a considerable gain. It is time we leaned a little toward the hirer-purchaser and gave him a better chance to meet his obligations.

I do not agree with members who say that the system of hire-purchasing should never have been introduced and that it is more or less a menace to the country. As a matter of fact, the State itself operates on a similar principle. We mortgage the future in order to derive benefits in the present. If we examine the position carefully we must agree that it is quite reasonable to pay for something as we are enjoying it, using it and wearing it out. Take the purchase of a house: If a man commences to buy a house, there is no reason why he should expect to pay cash for it immediately. He expects to live in it for a lifetime, and therefore he might reasonably apportion a cer-

tain yearly expenditure out of his income to pay for the right to reside in the house. He should buy it over the period in which he is enjoying it.

Mr. Boyle: But he has an equity in it.

Mr. TONKIN: Definitely. Therefore, I see nothing wrong in one's not being able to pay cash for an article. There is nothing wrong in paying for it as we use it, provided we have the safeguard that we do not lose, through some disability that may occur, our equity in the article purchased.

Mr. Hughes: And provided the interest cost is not too great.

Mr. TONKIN: That is so. This Bill is an attempt to adjust more equitably the arrangement between the hirer-purchaser and the vendor or merchant. As I cannot find that it will inflict any hardship whatever on the merchant or vendor, and as it will confer a definite benefit upon the hirer-purchaser, I shall support the second reading. I shall be much surprised if members take such a view of the question as to defeat the measure, because, to my way of thinking, it will afford very desirable protection to a section of the people who have very little protection in matters of this kind.

The MINISTER FOR THE NORTH-WEST: I move—

That the debate be adjourned.

Motion put and negatived.

THE MINISTER FOR THE NORTH-WEST (Hon. A. A. M. Coverley—Kimberley) [9.10]: I shall oppose the second reading.

Mr. Watts: Why?

The MINISTER FOR THE NORTH-WEST: If we pass the measure we shall not help the farmer at all, but on the contrary will only handicap him. With all due respect to those members who have advanced arguments as to the benefits that will accrue, I hold the opposite view. I do not agree with the arguments voiced by members opposite about the harsh way in which the firms have acted. We on this side of the House have received a lecture as to how little we know about farming and hire-purchase agreements, but I point out that there are a few members on the Government side who have had experience of those matters, just as have members opposite, and have probably received as many hard blows.

Mr. Watts: When did you change your views?

The MINISTER FOR THE NORTH-WEST: I feel sure that members on this side of the House have just as much sympathy for the farmer as has any member opposite Unfortunately, sympathy does not do the farmer much good; he does not want sympathy. The member for Pingelly (Mr. Seward) brought forward most of the arguments that one would expect to be produced in trying to protect the farmer. As a matter of fact, it is the agent and not the firm that double-crosses and misleads the farmer, gives him misleading information, tells him a pretty bed-time story and thus induces him to sign on the dotted line. Soon the farmer finds himself in a heap of trouble. Every farmer I know that took the trouble to come to Perth and interview the firm received some consideration. As a matter of fact, I myself received consideration, although I realised that the obligation was mine.

Mr. Boyle: They would say you were a good customer.

The MINISTER FOR THE NORTH-WEST: I do not know that I was any better than other farmers. I paid when I had the money and, occasionally when I had not, I had to ask for a concession. Let me mention two directions in which legislation of this kind will detrimentally affect the farmer. The firms will immediately ask for a larger deposit, and one of the troubles of the farmer to-day is that his machinery is wearing out, and he needs new machines. Under existing conditions farmers have not the means to pay the deposits at present required, and if the Bill is passed, firms will ask for larger deposits and thus the farmers will be subjected to a greater handicap and to a bigger hardship. The second point is that if the farmer gets a new machine and is able, by some unknown means, to pay the requisite deposit, and if he pays the instalments in the first season and does not meet his commitments in the second season, the firm will immediately repossess the machine. The firm will say, "If we give this farmer credit till next season, he will have paid half the amount, and we shall not then be able to repossess without going to court. If we go to court, the farmer will probably be able to convince the magistrate that if he is given another season, he will be able to pay." Those are two sound reasons why

this measure will prove a hardship instead of a benefit to the farmer, and for those reasons, I oppose the second reading.

MR. WATTS (Katanning—in reply) [9.15]: Anybody hearing the debate this evening would imagine that when introducing the Bill I had declared it was for the benefit of farmers only; but I expressly stated that it was introduced not for their sole benefit, but for the benefit of all sections of the community who bought under hire-purchase agreements. It is for the benefit of all those persons, and I make no bones whatever about admitting that. It is not specially for the benefit of those engaged in farming industries, though I admit it will have an effect on them. Farmers, it has been said, are amply protected by existing legislation. I do not share that view. It has also been suggested during the debate that hire-purchasers are amply protected by the Rural Relief Act or the Farmers' Debts Adjustment Act. There is nothing at present in either of those Acts which affords anything like the protection suggested by the Bill.

I am disinclined to quote hard cases in matters of this kind, but I intend to refer to one which came under my notice, that of a farmer whose affairs had been adjusted under the Farmers' Debts Adjustment Act. The trustees under the Rural Relief Act had utilised portion of the advance they made to him in reducing the liability on a £450 tractor. The liability had by that means been reduced from £225 to £100. It was agreed that the balance of the £100 should be paid by two instalments six months after adjustment and a further payment of £50. The stay order was withdrawn, and in consequence such protection as the farmer previously had against his hire-purchase creditor under the Farmers' Debts Adjustment Act was withdrawn. His crop that season was a total failure, the rainfall in his particular neighbourhood having been only five inches. Thus he was quite unable to pay the £50. He came to Perth with the object of negotiating with the Agricultural Bank for some means whereby he could obtain the £50 to pay the debt. He was away from his home for about a week. When he returned to his home he noticed that his fence had been smashed. He had locked the gate, having certain stock in the paddock; and the fence had been flattened. On making inquiries he found that during his absence the agents or representatives of the Perth merchant who had originally sold him the tractor had come upon his farm to repossess the tractor, had driven it out of the property, and, not being able to open the gate, had driven the tractor through the fence out on the road. Unfortunately for him he knew nothing, as is commonly the case, of the Hire-Purchase Agreements Act of 1931. He took no action until after the time limit had expired, when it was too late for him to do anything. That is one case which came under my notice of what can be done even if Government funds are furnished—

Mr. SPEAKER: Is this in reply to the debate?

Mr. WATTS: Certainly. I was told by the Minister that I had quoted no cases. Therefore I thought I would quote some now. I have quoted one. That is a fair instance of what can be done by these people in such circumstances. I do not propose to keep the House long, because there has really been no opposition to the measure. The Minister observed that under it there would be difficulties with merchants. I agree with the member for Pingelly (Mr. Seward) that while the measure is a Bill there can be such difficulties. If the measure becomes an Act, merchants will adapt themselves to the law as it will then exist, and carry on their business as they must do for the purpose of earning revenue on the capital they have invested.

As I previously stated, I have modelled this legislation upon the English law. That law may be experimental, but it was passed there after two years of careful inquiry. The measure was introduced a considerable time before it was passed. I do not think it can be called experimental. The situation if this Bill passes, will be that not a great number of applications will be made to the court. The Minister observed that he had been granted leniency, and I believe there will be just the same number of lenient arrangements made between debtor and creditor under the Bill if enacted. There are, however, cases where lenient arrangements have not been made, and the Bill will enable the local court—which is regarded as easy enough to get at for many other purposes although as diffi-

cult for this measure—to deal with those hard cases, and to see that justice is done not only to the hirer but also to the merchant or owner of the particular chattel. That is all I have to say in reply. There has been very little opposition to the Bill, and therefore I do not propose to take up the time of the House further. I do hope that the second reading will be carried, and that the measure will pass this Chamber.

Question put and passed.

Bill read a second time.

In Committee.

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

Clauses 1, 2—agreed to.

Progress reported.

BILL—SUPPLY (No. 2) £1,200,000.

Returned from the Council without amendment.

MOTION—BETTING, STARTING PRICE SHOPS.

Referendum as to Registration and Operation.

Debate resumed from the 30th August on the following motion by Mrs. Cardell Oliver (Subiaco):—

That, in the opinion of this House, a referendum of the people of the State should be held to ascertain whether or not a majority of the people is in favour of legislation to permit starting price betting shops being registered within the State, and whether starting price betting be allowed to operate within and under the law of the State in any manner whatsoever and that no legislation be introduced until the will of the people by such referendum has been ascertained.

MRS. CARDELL-OLIVER (Subiaco—in reply) [9.25]: I will not detain the House by speaking on the motion again. Everything that I had intended to say has been said. I simply ask for a vote on the motion. The referendum is a plank in the platform of the Labour Party.

The Premier: Is the member for Subiaco entitled to speak on the motion? She has nothing to reply to, no other member having spoken on the motion.

The SPEAKER: The member for Beverley spoke on it.

Mrs. CARDELL-OLIVER: The referendum is a plank of the Labour Party's platform.

The SPEAKER: The hon. member is not in order in introducing new matter when replying.

Mrs. CARDELL-OLIVER: It is a repetition of a statement I made before. The statement is taken exactly from "Hansard."

The SPEAKER: The mover should not introduce new matter when replying.

Mrs. CARDELL-OLIVER: If the Premier would just like to go to the vote, I do not mind.

The SPEAKER: The hon. member is entitled to reply only to what has been said in the course of the debate.

Mrs. CARDELL-OLIVER: The Premier debates from his seat. I leave the question to the House.

Question put and negatived.

MOTION—MILK, DAILY RATION FOR SCHOOL CHILDREN.

Debate resumed from the 6th September on the following motion by Mrs. Cardell-Oliver (Subiaco):—

That, owing to the alarming reports of our medical officers declaring that at least from twenty-five to thirty per cent. of the children examined in schools are under nourished, this House is of opinion that immediate provision should be forthcoming to give at least one daily ration of milk to all school children whose parents receive less than the basic wage, or, where there are more than five in family of school age.

[*The Deputy Speaker took the Chair.*]

MR. RAPHAEL (Victoria Park) [9.28]: In giving the motion my blessing I am making a complete somersault from my attitude and statements during the closing session of the previous Parliament. I have listened with much penitence to the advocacy of free milk for school children. Since participating in last session's debate on the subject, I have been elected president of the Free Milk Council of Victoria Park.

Members: Hear, hear!

Mr. RAPHAEL: I did not seek that honour. The member for Subiaco has obtained my support, which I tender without the slightest hypocrisy. I shall not withdraw all I said previously on the subject, but am content to give the motion my bless-

ing although I cannot say that I agree with it in its entirety. The latter part of the motion mentions "all school children whose parents receive less than the basic wage, or, where there are more than five in family of school age." I do not think the Government should be asked to shoulder the burden of people in good circumstances, though having families of more than five children. I cannot share that view at all. The motion does not actually say, but carries the suggestion, that the free milk should be supplied by the Government. I believe that is the mover's intention, although her motion does not expressly say so.

The DEPUTY SPEAKER: Order!

Mr. RAPHAEL: I did not know that there had been a change in the Chair.

The DEPUTY SPEAKER: There has been no change in the motion.

Mr. RAPHAEL: The motion is up in the air. I am not imputing any ulterior motives, but I do say the motion implies that the Government should supply the milk. I do not agree that a parent whose circumstances are such that he can afford to pay for the upkeep of his children should have milk supplied to them free.

Mr. Patrick: The motion refers to parents receiving less than the basic wage.

Mr. RAPHAEL: The concluding portion of the motion reads:—

> —to give at least one daily ration of milk to all school children whose parents receive less than the basic wage, or where there are more than five in a family of school age.

That definitely means that the Government or someone should supply free milk, thus assuming the responsibility of a parent who might be in good circumstances and quite able to pay the cost of rearing his children. The motion is similar to the legislation that provided a baby bonus. People in exceptionally good circumstances, even a person earning up to £10,000 a year, collected the bonus. They were entitled to do so by law; but, in my opinion, they should not have collected the bonus.

Mrs. Cardell-Oliver: The bonus was payable to the wife.

Mr. RAPHAEL: It should not have been paid to the wife in such circumstances.

Mr. Hughes: The bonus was paid by way of inducement.

Mr. RAPHAEL: It has not been much of an inducement to the hon. member.

The DEPUTY SPEAKER: Order! Will the hon. member address the Chair?

Mr. RAPHAEL: Yes, Sir. Since last year I have been inundated with petitions from electors in my district which I will in due course pass on to the Minister concerned. The statistics supplied by a Government official following upon an examination that she made of children at East Victoria Park nearly caused an uproar in my electorate. The figures, in my opinion, were not only unfair to the people of Victoria Park, but to the people of the State as a whole and to the Government. The Honorary Minister (Mr. Gray) clearly indicated that probably the figures quoted by the Government official in question were obtained by her from some foreign source, and that she then made a comparison with Western Australian children.

Mrs. Cardell-Oliver: That is not in the motion.

Mr. RAPHAEL: It is, very definitely. Your motion is based on the report of Dr. Stang upon the health of the children in Victoria Park.

Mrs. Cardell-Oliver: I have been at this matter for three years.

Mr. RAPHAEL: The motion is definitely based on the report of Dr. Stang. A further examination was made at the salubrious suburb of Nedlands, where the wealthy people live. I say that advisedly. All the well-to-do people seem to settle at Nedlands. The report speaks of the undernourishment of the children in that district. No one would contend that sustenance workers are living here. The motion does not specify who is to supply the free milk. It is no use asking the Government to undertake the responsibility, so that the matter is still in the air. I give my blessing to the motion. I do not know who will provide the money; as I say, it is no use asking the Government to do so. Probably the people who are already doing voluntary work will be asked to subscribe the money. The committee in Victoria Park is doing excellent work in an honorary capacity; it is helping those who unfortunately cannot help themselves. I shall not labour the subject further. The motion has my support.

HON. C. G. LATHAM (York) [9.36]: I support the motion. Perhaps it could have been worded more clearly, because a person who can afford to buy milk for his family ought to do so. Anyone who reads the Final Report of the Advisory Council on Nutrition,

which was published in 1938, will be convinced that the member for Subiaco (Mrs. Cardell-Oliver) is on the right lines. We give much attention to the breeding and care of good stock. We do all we can in the House to encourage the breeding of good stock; but I am afraid we do not give nearly the same attention to our children. Our most valuable possession is our man power, our people. If we look after our children we shall probably find it costs much less to care for them in infancy than to maintain them when old in hospitals or homes, and sometimes at an age when they ought to be able to look after themselves. Malnutrition is not always due to poverty, as was clearly demonstrated by the member for Subiaco. Malnutrition is caused in most cases by not feeding children on right foods. It is surprising to think of the amount of money spent upon the study of foods for animals, such as milking cows, sheep——

Member: And laying hens.

Hon. C. G. LATHAM: Yes. We know just exactly what food to give them in order to obtain the best results. Yet up to date we have paid but little attention to the feeding of our children. I agree with the member for Subiaco that probably the best food for children is milk; and while it may not be the responsibility of the Government to ensure that everyone is properly fed, we ought to encourage people to give their children nourishing food. We ought also to do our best to supply nourishing food to the children of men who are receiving less than the basic wage. On that account I support the motion. In order to justify my remarks, I shall quote from page 32 of the report to which I referred—

> If the results of your council's inquiries are not conclusive or dramatic, they are very suggestive.
>
> It may reasonably be assumed from the evidence reviewed that the Australian people are on the whole well fed, but that a minority is not obtaining and may not be in a position to obtain, enough food. The numerical size of this minority cannot be stated as a result of this inquiry, but within the limits of this survey it has been stated to be represented by some 6 per cent. of the dietaries recorded by housewives.
>
> Also two things are very clear—
>
> (1) that there is much ignorance in the community as to the proper balance of food items;
>
> (2) that some people in both town and country are unable for various reasons to obtain the essential fresh foods.
>
> It is also clear that for these reasons a considerable mass of minor departures from normal health (describable generally as malnutrition) exists amongst the young children in both town and country.
>
> Thus the evidence points to faulty selection of diets as the main cause of malnutrition, a selection sometimes necessitated by poverty, but more often the result of ignorance.

The Advisory Council also refers to milk. At page 33 of the report appears the following:—

> As Australia is an exporter of many kinds of dairy produce, and in most of the States such exports take place over the whole or the greater part of the year, there is no question of lack of available milk. The chief export takes the form of butter. The situation may be illustrated by the following example:—The dairy farmer sending cream to a butter factory receives about 1s. 2d. per lb. of butter fat. If we assume a fat content of 4 per cent. in the milk, approximately 2½ gallons of milk are required to produce a pound of butter fat. Each gallon of milk is, therefore, worth rather less than 6d., plus the value of the skim milk which does not exceed 2d. per gallon. The same milk, collected rather more frequently, is worth 1s. or more if sold as whole milk. Further, the price of 1s. 2d. per lb. for butter fat is only realised by maintaining a home consumption price for butter, which price is considerably higher than the parity of overseas sales. It may be assumed that an increase in the local consumption of milk will benefit the dairy farmer concerned by giving him a higher return for his first product. In the event of production remaining constant it will also lessen the strain on the home-consumption price mechanism by decreasing the ratio of exported butter to total butter produced.

Dealing with skimmed milk the report continues—

> In the fourth report of your Council attention was called to the nutritive properties of skimmed milk, and to the wide scope that exists for its utilisation to supplement whole milk in diet. Your Council again invites the attention of the Australian public to the value of skimmed milk as a food, and considers that organised distribution of skimmed milk might well be encouraged.

Then the Council proceeds to deal with butter and cheese. When the Minister was replying, he stated that Dr. Stang, in her published statement in the "West Australian" newspaper, had taken the English standard. Standards are set out on page 136 of the report from which I have quoted. I have no doubt that Dr. Stang, with her intimate knowledge—

The DEPUTY SPEAKER: From which report is the Leader of the Opposition quoting?

Hon. C. G. LATHAM: I have already told you, Sir. It is the report of the Advisory Council on Nutrition.

The DEPUTY SPEAKER: Is it a State report?

Hon. C. G. LATHAM: No, a Commonwealth report.

The DEPUTY SPEAKER: Does the hon. member propose to link it up with the medical reports of our own State?

Hon. C. G. LATHAM: The council took evidence in Western Australia. I am sorry that you did not know that, Sir. As a matter of fact, Western Australia was represented by Drs. Murray, Atkinson, Stang, and Seed, Mrs. B. M. Rischbieth, Mrs. C. P. Rutherford, Mrs. K. Henderson and Miss I. L. Glasson.

The DEPUTY SPEAKER: The Leader of the Opposition may continue.

Hon. C. G. LATHAM: I point out that on page 136 of the report the standards of weight for height are set out. I have no doubt in my mind that Dr. Stang used those standards, because she was a member of the council that investigated malnutrition. I hardly believe she would search for an English standard on which to base her report. I do not suggest that she blames the Government; she lays the blame on the ignorance of the people themselves.

The Premier: Everybody's opinion cannot be a standard.

Hon. C. G. LATHAM: Much depends on the time of the year when the examination is made. The standard would be higher at the end of winter than at the end of summer.

Mr. Raphael: The children would be 2 lbs. or 3 lbs. heavier at the end of winter.

Hon. C. G. LATHAM: That is probably a point which the council did not take into consideration. We all know that youngsters attending school are certainly not so fit at the end of summer as at the end of winter. Their health generally improves during the winter. Consequently I do not regard too seriously the views expressed by Dr. Stang. She referred to Nedlands, but I should say that the preponderance of Parents whose children attend the Nedlands School could afford to feed them properly. The Minister shakes his head; but they can do so. The probability is that they do not give their children the correct food.

Mr. Raphael interjected.

The DEPUTY SPEAKER: I hope the Leader of the Opposition will not pay any attention to interjections.

Hon. C. G. LATHAM: I will try not to, but it is not my place to keep interjectors quiet. We need to educate the public on these matters. In the meantime we should, as far as possible, provide milk for the children whose parents cannot afford to buy it. To make allowances to such families would be unwise, because many children who ought to receive milk would not get it. The best way would be to distribute milk at the schools, as is done in England. I remember telling the House on my return from the Old Country of the large quantity of milk that was distributed to school children there, at 1d. for one-third of a pint.

Mrs. Cardell-Oliver: A halfpenny.

Hon. C. G. LATHAM: The Minister for Health told me that the milk was sold for 3d. a pint. A third of a pint was given to each of the children once every school day, and the actual cost to the parents was ½d. for a third of a pint. The Minister for Health found the balance. Societies formed for the purpose provided the contributions of those people who could not pay. I believe the member for Subiaco would be prepared to organise the raising of money for a similar purpose if the Government would find its share of the cost. The hon. member has wonderful organising ability and has already rendered much assistance in securing funds for providing school children with milk. Such money would be well spent. Children are our most important asset. I commend the motion. If it is passed by the House, it might be the means of inducing parents to provide a more nutritive diet for their children and the Government might be persuaded to find money to keep children well instead of waiting until they get older and then looking after them in hospitals. Much money is found every year for expenditure on hospitals. The report from which I have quoted is worth reading. It points out that if we established the right foundations for children when they were young, the taxpayers would be saved considerable sums of money that would otherwise have to be expended on the children as they grew older. I will support any effort to give effect to the motion, because

I consider it to be the duty of the House to encourage the mover, who has done so much to provide free milk for children. I also consider it is the Government's duty to pay its share of the cost of supplying milk to children whose parents cannot pay for it.

MR. McDONALD (West Perth) [9.47]: The motion deals with a topic that is as important as any that has come before the House this session or in any session. There is indeed no subject of more vital importance to the State than the health and the strength of the oncoming generation. I think members will agree that we have tended too much in the past to care for children when they are ill and have not paid sufficient attention to what is called preventive medicine; that is to say, we have not been concerned about building up their strength in order to avoid illnesses. I may be somewhat conservative in some matters, but I would readily support the borrowing of a million pounds in this State for the purpose of an inquiry into the best means of maintaining and improving the health of the younger generation. I feel sure the money would be well spent and would be borrowed on an asset infinitely better than the assets on which we are now borrowing money. Only this year a conference was called by the British Medical Association in England, which considered reports of the Nutrition Committee of the League of Nations. It was pointed out in emphatic terms at the conference that a deficiency in the supply of milk to children was one of the main factors leading to malnutrition. That applies to most countries in the world, including our State. We spend £3,500,000 a year in this State on alcoholic liquors. I would support the Premier if he could devise some means of diverting portion of that money, by taxation or otherwise, to provide milk for undernourished children. If milk were supplied by the Government to school children whose parents receive less than the basic wage, we could rest assured that the money required to provide for that supply—£5,000 or £10,000—would be spent to the best advantage. At present, a good deal of money received by parents goes into channels from which the maximum advantage is not derived.

[The Speaker took the Chair.]

I could not take the responsibility of voting against this motion, and I feel that other members of the House will take the same view, and give it their support, thus instructing or requesting the Government to do its utmost to assist the class of children now suffering from a lack of this commodity.

Mr. CROSS: I move—

That the debate be adjourned.

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

Ayes	23
Noes	16
Majority for	7

Ayes	
Mr. Coverley	Mr. Nulsen
Mr. Cross	Mr. Panton
Mr. Fox	Mr. Raphael
Mr. Hawke	Mr. Rodoreda
Mr. J. Hegney	Mr. F. C. L. Smith
Mr. W. Hegney	Mr. Tonkin
Mr. Johnson	Mr. Triat
Mr. Lambert	Mr. Willcock
Mr. Leahy	Mr. Wise
Mr. Marshall	Mr. Withers
Mr. Millington	Mr. Wilson
Mr. Needham	*(Teller.)*

Noes	
Mr. Berry	Mr. Sampson
Mr. Boyle	Mr. Seward
Mrs. Cardell-Oliver	Mr. Shearn
Mr. Hill	Mr. J. H. Smith
Mr. Latham	Mr. Warner
Mr. McDonald	Mr. Watts
Mr. North	Mr. Willmott
Mr. Patrick	Mr. Doney
	(Teller.)

Motion thus passed; debate adjourned.

MOTION—STOCK DISEASES ACT.

To Disallow Regulations.

Debate resumed from the 6th September on the following motion (as amended) by Mr. Seward:—

That Regulations 4, 6, 10, 15, 16, 17, 20, 26, 27 and 75 under the Stock Diseases Act, 1895, published in the "Government Gazette" of the 17th March, 1939, and laid on the Table of the House on the 8th August, 1939, be and are hereby disallowed.

MR. SEWARD (Pingelly—in reply) [9.57]: I am afraid the Minister's arguments against the motion have not convinced me. I agree with one or two of his statements. With his remarks regarding the definition of a cow shed I agree, and also with his statement that Regulation 5 must be read in conjunction with Regulation 6 imposing upon an inspector of stock the neces-

sity for having reasonable grounds to suspect that a disease exists on a property before he takes action. As regards the regulation giving an inspector of stock the right to quarantine a man's property and to have proclaimed in the "Gazette" the fact that disease exists, my opinion is unchanged. I maintain that that is too much power to give to any policeman. As I said when moving the motion, I have nothing to say against policemen as such, but I contend that an ordinary member of the police force has not had a training in veterinary science and is therefore not a fit and proper person to exercise the powers given to him under the regulation. If he has reason to suspect the existence of disease on a property he should report the matter to the chief veterinary officer, and either that gentleman or one of his assistants should have the responsibility of inspecting the stock and deciding whether the disease does exist. If that be not possible the owner should have the right to appeal to the chief veterinary officer against the decision of an inspector before effect is given to the regulation. It is a very serious matter for any stockholder to have his property quarantined. The mere fact that the regulations, or some of them, have been in force for the past 20 years does not necessarily mean that we have not the right to disallow them. If they have been proved to be wrong, we should see that they are abolished. I regret having to ask for the disallowance of certain of the regulations, but the action is necessary because we are not able to amend regulations.

The other regulation I ask should be disallowed is that which gives an inspector the right to permit diseased stock to be sold in public saleyards. In the interests of stock owners in the South-West, that principle is wrong. Many thousands of pounds have been spent in building up herds. It is the duty of the Government to prevent the spread of disease, if it is humanly possible to do so. Since moving this motion, a particular case has been brought before me.

Mr. SPEAKER: I hope the hon. member does not intend to open new ground.

Mr. SEWARD No, Mr. Speaker, I have already referred to the Sabina case, but gave no details. The man in question bought some stock at the Sabina sale, and states—

> These stock (four) were purchased by me about October, 1938, from Group 51 depot, having been recommended to me by the local bank inspector, and described as coming from Sabina Vale. In January, 1939, one of these aborted an (about) five months embryo calf, the first abortion to occur on the farm which has been occupied by us for 15 years. Since then another seven of my own stock have aborted, and I am wondering where it will end. It will certainly cause me much loss during the coming season.

I have the word of the Chief Inspector of Stock that if a private owner requests that his herd be tested for the presence of disease, the Stock Department will carry out the work. If the officers find disease present in stock, they assure me that the stock will be branded, and cannot be sold except for slaughter. That is a fair and proper precaution to take for the prevention of the spread of disease. The Chief Inspector also stated that if Government stock is in question, and the cow that may be affected by the disease is of a value a little above the ordinary, permission is given to sell it and it may go to one of the herds. That is wrong. The value of the beast should not be taken into consideration. If the officials intend to deal with a disease, particularly that of contagious abortion, they must adopt every possible means to stamp it out. A cow affected by the disease may be treated and cured. That is a recognised fact. Even though it is cured it still passes the disease to its progeny, and that is where the danger lies. It is wrong that any inspector should be permitted to allow these cattle to be sold at public auction. I take great exception to that. These are the only two regulations with which I am really concerned. Unfortunately, because they are objected to, I have to move for the disallowance of the other regulations. The matter is so serious for stock owners that I am obliged to press the matter, and hope the House will support the motion.

The Minister for Agriculture referred to the services of the officers of his department. No one is more anxious than I am to acknowledge those services. All are exceedingly competent and highly qualified officials. Since I have been a member of the House I have never called in vain upon the officers of the Agricultural Department, either the Chief Veterinary officer or his assistants, for any help that was required in connection with diseases in stock in my electorate, or any other troubles

of the kind. I pay a tribute to those officers. Unfortunately, there are all too few of them. We have only a limited number of competent officials. It is not fair to place the responsibility that should rest upon them upon others who are not qualified to pronounce judgment on matters of this kind. If the House agrees to my motion, the regulations to which I object can be remodelled to the end that they may meet the requirements of the case.

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

Ayes	16
Noes	23
Majority against	7

Ayes.		Noes.	
Mr. Berry		Mr. Coverley	
Mr Boyle		Mr. Cross	
Mrs Cardell-Oliver		Mr. Fox	
Mr. Hill		Mr. Hawke	
Mr. Latham		Mr. J. Hegney	
Mr McDonald		Mr. W. Hegney	
Mr. North		Mr. Johnson	
Mr. Patrick		Mr. Lambert	
Mr. Sampson		Mr. Leahy	
Mr. Seward		Mr. Marshall	
Mr. Shearn		Mr. Millington	
Mr. J. H. Smith		Mr. Needham	*(Teller.)*
Mr. Thorn			
Mr. Watts			
Mr. Willmott			
Mr. Doney	*(Teller.)*		

Pairs.	
Ayes.	Noes.
Mr. Keenan	Mr. Collier
Mr. McLarty	Mr. Holman
Mr. Stubbs	Mr. Styants

Question thus negatived.

MOTION—NATIVE ADMINISTRATION ACT.

To Disallow Regulations.

Debate resumed from the 13th September, on the following motion by Mr. Needham (Perth):—

That Regulations Nos. 134 to 139A, inclusive, of the regulations made under the Native Administration Act, 1905-36, as published in the "Government Gazette" of the 8th September, 1939, and laid upon the Table of the House on the 12th September, 1939, be and are hereby disallowed.

MRS. CARDELL-OLIVER (Subiaco) [10.10]: I support the motion, and wish to deal particularly with Regulations 134 to 139A. The form of authority necessary for a licence before a man can preach the Gospel to natives is arbitrary. I am sure that the majority of Christian missionaries will defy it. They will preach the Gospel and will not apply for a license. All that the regulations will do will be to make martyrs of these men. They will go to gaol rather than do that which they feel God has ordered them to do in a voluntary way. Why should we go out of our way to frame regulations that are hurtful to people who have been gratuitously helping natives for so many years, and carrying out very well the work that the Government should have done? These regulations represent merely a desire for petty bureaucratic control. Further, they afford a loophole for the selection of one or more religious organisations to be licensed in preference to others, though I do not mean to infer that the Minister, who I believe has the interests of the natives thoroughly at heart, would allow such a distinction. When laws are framed they should be as far as possible proof against any religious bias, or possibility of corruption, instead of glaringly opening the door to such things. Again, this is the type of regulations which exists in totalitarian countries that are endeavouring to suppress religion altogether. In Russia no religious body can exist or preach without a license. In Turkey, one of the great educational bodies, the Catholic Sisters, had to leave the country, being prohibited from wearing their distinctive garb without first obtaining a license. This happened while I was in Turkey. The form of license is most arbitrary, as I said previously. I would like to read it for the sake of members who may not be acquainted with it—

> The Government authority of the . . . . . is hereby authorised by me—

that is the Minister—

> —to establish and conduct a mission station to be known as the mission situated at . . . . . The license is to continue in force until it is revoked by me by notice given under my hand through the governing authority named herein and duly constituted authority to control such issues.

I feel that the license might be held for perhaps only a short period, or that it might be held for a longer time if the missioner was in the good graces of the Commissioner or the Minister in charge or belonged to one of the bodies that would work in harmony with the ideas of the Commissioner,

or the minister in charge. The position would be intolerable to the best type of missionary. The regulations pre-suppose that all missions are already in existence and that no other sect or religious body may arise which shall assist to preach to the natives. Further, the representation to the appeal board is definite, and the appeal is by existing bodies, and does not provide for any individual effort. Missions are not made as a business organisation would be. They just grow, in many cases. They sometimes start with one enthusiastic Christian missionary. He is a man who renders practical service to the natives, and very often he is without an organised body at the back of him. He continues his work until it is recognised by the public. That is one of the ways in which missions grow. But it would be highly difficult for this type of man to secure a license. If he is a freelance, he will be suspect by other religious bodies. Thus it will be seen that these regulations have the power to prevent a new order from being established, except by an already organised body. The regulations would give power to prevent an unattached missionary from carrying on his work. They give power to put an existing mission out of action by restricting the number of licenses. They give power to license in cases where possibly the churches would not be in favour of the issue of a license. They give power to discriminate in favour of one denomination or to abolish it altogether as regards mission work. It is commonly supposed by hon. members that the motion moved by the member for Canning (Mr. Cross) last year has been carried into effect, and that the regulations now before us are the outcome of that motion. I will show that although the Minister for Mines believes this to be true, it is not so.

The Minister for Mines: I never said a word about that.

Mr. Raphael: It is in "Hansard," though.

Mrs. CARDELL-OLIVER: The motion as introduced by the member for Canning read that a committee of five members, representing the Government and religious bodies in the State more directly interested in native mission stations, should be appointed to draw up suitable regulations in lieu of those withdrawn. It has been asserted by the Minister for Mines that this has been done, and that such a conference was called to draw up regulations. In reality what happened was that a conference representing missions, churches and other persons was called by the Honorary Minister (Hon. E. H. Gray). Altogether 40 persons were present at that conference. They represented the Church of England, the Roman Catholic Church, Methodist, Presbyterian, Baptist, Church of Christ, New Norcia and Drysdale Missions, the Presbyterian Foreign and Aborigines Committee, the Roelands Mission, the Gnowangerup Mission, the Seventh Day Adventists, the Four A's, the United Aborigines Mission, the Forrest River Mission, the Native Affairs Commissioner (Mr. Neville), the Inspector of Native Affairs, the Minister in charge of Native Affairs, and the Under Secretary of the Chief Secretary's Department. Those were the people called together, and they represented the conference. This surely was a representative conference.

The Minister for Mines: But the representatives could not agree with one another.

Mrs. CARDELL-OLIVER: Forty representatives were present, and one is led to believe that these regulations are the outcome of that gathering. As a matter of fact, the then Minister for Native Affairs at that meeting stated that the Government desired the assistance of the churches and the missionary societies, and would place no obstacle in the way of well organised and well directed missionary efforts. I ask Ministers whether they think these regulations confirm that statement. Of course they do not. The Minister first said that the Government wanted to see the missionary societies co-operating on a well directed plan, so that voluntary subscriptions to their funds could be used to the best possible advantage. What right the Government has even to suggest how funds which are purely church and missionary society funds should be spent, I do not know. Any Government interference in the control of such funds is the quickest way to dry up subscriptions. Mr. Gray further said at the conference that the deliberations of the conference would be placed before the Government, so that a policy could be laid down which would mean real progress. The Presbyterian representative, Mr. Tulloch, asked the Minister if the Government would appoint a Royal Commission to inquire into the allegations made by Mr. Kitson with regard to the deplorable, lawless and immoral conditions which he said existed at

missions and stations and in connection with mission work. Mr. Gray replied that the Government was not prepared to appoint such a commission. Mr. Gray was further asked whether, if the Government would not permit an inquiry to be made which the churches would welcome, would the allegations be withdrawn and an apology made. Surely that was a fair request.

It was asserted that the Government could not expect the co-operation of the churches when such serious statements could be made by a Government official and no opportunity given to bring evidence to refute them. Dr. Webster, representing the Roman Catholic Church, said that the charges must be cleared up before the church which he represented could satisfactorily co-operate or associate itself with the recommendations of the conference. I cannot understand how such serious statements could be made in a responsible House, such as another place.

The Minister for Mines: Is it responsible?

Mrs. CARDELL-OLIVER: Perhaps it is irresponsible. That statement was made by a responsible person, who at that time was Minister for Native Affairs. The statement was to the effect that those who are implicated should not have the right to ascertain whether the statements were mere political bluff or were true. Such tactics, as I have already said, are used as propaganda in countries where the aim is to suppress religious organisations, but they have always been considered un-British. Pastor Niemoller has been in German concentration camps under various pretexts; and the bishops, archbishops and clergy of Russia have suffered from the same tactics, which are mere Goebbel propaganda to discredit religion and missionaries. If it were true, as alleged by Mr. Neville at the conference, that men were posing as missionaries and living with young native girls, the fault lay with the law and its administration. Surely Mr. Neville knows, as we all know, that such men could be severely dealt with even if there were no licensing system, such as is now proposed.

The one motion of great importance passed at the conference related to the disallowance of Regulations 134 to 139A. The motion was carried with only three dissentients, yet these same regulations are now re-submitted as though they were new regulations, with the pretence that they were supported by religious bodies. I have here a copy of the answer to a telegram which was sent to the Rev. Mr. Love, a man well known and respected for his mission work in the Presbyterian Church. A telegram had been despatched to Mr. Love at Kunmunya Mission, via Broome, reading—

> Regulations native affairs question reintroduced Parliament with only one word altered, what is your opinion regarding them, please wire immediately.

Mr. Love replied—

> Regulations formerly objected to arbitrary, offensive to native workers, not for benefit of natives, greetings.

The Minister may contend that as there is an appeal from a decision not to license or to de-license mission workers, all is fair. First, an appeal can only be made by a body consisting of one representative each of the Church of England, the Roman Catholic Church, the Presbyterian Church and the non-conformist churches, and the Commissioner of Native Affairs. I would point out that there are no nonconformist churches in Australia, because we have no State church. Therefore, that can be wiped out.

The Minister for Mines: That is very weak.

Mrs. CARDELL-OLIVER: It is not. It is correct. There are no non-conformist churches in Australia. Regulations should be framed correctly. If regulations are framed referring to nonconformist churches when such do not exist, other equally stupid regulations may be framed. In any case, to whom is the appeal? I have just mentioned those who will form the court of appeal. The appeal will be to the very men who framed the regulations. The Commissioner and the Minister will both be on the appeal board.

The Minister for the North-West: Not the Minister.

Mrs. CARDELL-OLIVER: Well, the Commissioner will. I do not think one church should sit in judgment upon the work of another church when application is being made for a license. The Minister responsible for the regulations will of course have the final say. Therefore, what is the value of the appeal at all? I trust the regulations dealing with the licensing of mission workers will be disallowed, and that, if the laws are not sufficiently strong to deal with men who take advantage of natives, such laws will be tightened up.

To require the possession of a license to preach the Gospel is against British justice and British instincts. We are fighting for freedom throughout the world, and freedom to preach the Gospel is one of the gains of civilisation that Australia should be proud to uphold. I support the motion.

THE MINISTER FOR THE NORTH-WEST (Hon. A. A. M. Coverley—Kimberley) [10.31]: It is now so long since I have listened to any adverse criticism of the Department of Native Affairs, that I was commencing to forget what the member for Perth (Mr. Needham) said in moving his motion. While I followed the remarks of the member for Subiaco (Mrs. Cardell-Oliver), I was reminded of all the sins of omission and commission on the part of the department for many years past. The department has been accused of many misdeeds, but it must plead not guilty to the charges. I quite appreciated, after listening to the member for Subiaco, why so many members not only misunderstand the regulations, but obviously have not read them correctly.

Mr. Thorn: You should read your own speech!

The Minister for Mines: You should keep quiet!

The MINISTER FOR THE NORTH-WEST: I am prepared to read, and re-read, every speech on the subject that I have made in this House, and before I conclude my remarks, I shall deal with some members who have misquoted my utterances. That, however, is beside the point for the time being. The member for Subiaco inferred that the appeal board would provide merely an appeal from Caesar to Caesar. She stressed the fact that the Commissioner of Native Affairs would be a member of the board. Who else should represent the Government on such a body? The member for Subiaco further stated that the Minister would have the final say. No assertion could be further from the truth. I shall read the appropriate regulation so that members may have some understanding of what it contains. Regulation 139A reads—

139A. Where any person has been refused a permit as a superintendent or manager of a mission or mission worker, or, being the holder of a permit as a superintendent or manager of a mission or mission worker, has received notification of the revocation of such permit, then, notwithstanding anything to the contrary contained in Regulations 135 to 138, both inclusive, of these regulations, such person shall, subject to this regulation, have a right of appeal to a board of reference against such refusal or revocation and the following provisions shall apply:—

(a) The person desiring to appeal shall, within one month after the refusal of the permit or after the receipt by him of the notification of the revocation of his permit, as the case may be, serve upon the Commissioner in writing under his hand notice of appeal, stating therein the grounds of such appeal.

(b) Upon receipt of such notice of appeal, the Commissioner shall forthwith inform the Minister thereof, and the Minister shall as soon as reasonably may be cause a board of reference to be constituted to hear and determine such appeal.

(c) A board of reference for the purposes of this regulation shall consist of five persons, namely—

(i) The Commissioner of Native Affairs or his deputy;

(ii) One person nominated by the governing body of the Church of England in Perth;

(iii) One person nominated by the governing body of the Roman Catholic Church in Perth;

(iv) One person nominated by the governing body of the Presbyterian Church in Perth; and

(v) One person nominated by the governing bodies of all the nonconformist churches in Perth acting together as one body for the purposes of making such nomination.

(d) The method of making the nomination of persons to be members of the board of reference shall in every case be left to the determination of the governing bodies authorised by this regulation to make such nomination respectively.

(e) As and when persons are nominated as members of the board of reference, the names and addresses of such persons shall be communicated to the Commissioner.

(f) When by nomination of members as aforesaid the board of reference has been constituted, the Commissioner shall appoint a date, being not less than 14 days and not more than one month after the constitution of the board of reference and a place and a time for the hearing by such board of the appeal for the hearing and determination of which it has been constituted, and shall cause not less than seven days' notice of such date, place and time to be served in writing upon the appellant and each member of the board of reference.

(g) The board of reference shall meet on the date and at the place and time appointed as aforesaid and then and there proceed to hear and determine the appeal.

(h) The appellant shall attend and conduct his appeal in person and shall not be

entitled to be represented by a solicitor or counsel.

(i) If the appellant fails, without reasonable excuse, to attend before the board of reference at the time appointed for the hearing of the appeal, such appeal shall be forthwith dismissed; but if the board of reference is satisfied that the failure of the appellant to attend at the time appointed for the hearing of the appeal is excusable, the board may adjourn the hearing of the appeal as it may think fit.

(j) The board of reference may—

(i) appoint any one of its members to be chairman;

(ii) make its own rules for the conduct of its business; and

(iii) determine the manner in which and the procedure by which the appeal shall be heard and determined.

(k) On the hearing of the appeal the board of reference may either allow or dismiss the appeal, and in every case the decision of the board shall be final and binding upon the appellant and the Minister.

Thus the board will have the final say, not the Minister or the Commissioner of Native Affairs. To my mind the proposed board is fairly constituted. It can adopt its own procedure and carry on along its chosen lines. When it arrives at a decision, the Minister will be bound by the determination. If any member can demonstrate that the proposed board is unjust or unfair in its composition, I shall withdraw the regulation straight away. The fact that the Commissioner of Native Affairs is to be a member of the board surely can have no bearing on the result of the appeal, any more than would the appearance of a solicitor in court for the purpose of stating the case for determination, have a bearing on the attitude of the judge. The Government may make an accusation against someone. The person concerned has the right of appeal. Do members suggest that the Minister or someone else should appear before the appeal board and state the case on behalf of the Government? Surely they will not adopt that attitude. The Commissioner will be present to state the case for the Government.

Mr. Patrick: Could he not submit the case without being a member of the board?

The Premier: Yes, but even so he will be one member out of five!

The MINISTER FOR THE NORTH-WEST: If anything, the board is loaded in favour of the missions, not of the Government. Surely members do not contend that this big bad wolf of a Commissioner will bluff his way through against the opinions of four other members of the appeal board!

Hon. C. G. Latham: Why not have a Government officer on the board instead of the Commissioner?

The MINISTER FOR THE NORTH-WEST: Because he would not be in a position adequately to represent the Government. Members of this Chamber do not understand the regulations, and therefore how could we expect a civil servant appointed to the appeal board to know them? He would not know the first thing about them.

Hon. C. G. Latham: Would you suggest a magistrate would be in that position?

The MINISTER FOR THE NORTH-WEST: I may as well inform the House that the regulation now under consideration was one that I did not agree with. I suggested a board of three magistrates. I was talked out of that by this big bad wolf of a Commissioner, who said, "You have enough hostility to live down as it is. Here we propose something in favour of the missions, something that will ensure sympathetic consideration. If you put three magistrates on the appeal board, you can expect the regulation to be kicked out."

Mr. Sampson: You refer in the regulation to nonconformist churches. What do you mean by that term?

The MINISTER FOR THE NORTH-WEST: We can deal with that matter when we come to it.

Mr. Sampson: But what does it mean?

The Premier: You know what it means.

Mr. Sampson: No, I do not.

Mr. SPEAKER: Order!

The MINISTER FOR THE NORTH-WEST: The inference has been drawn that the regulation affords some loophole for preferential treatment of different denominations.

Mrs. Cardell-Oliver: It may be done unconsciously.

Mr. Doney: That has not been alleged.

The MINISTER FOR THE NORTH-WEST: That may not have been alleged, but I know the statement has been made, otherwise I would not have been narrow-minded enough to think of it, let alone mention the point.

Mr. Doney: That is the first I have heard of it.

The Minister for Labour: You did not listen to the member for Subiaco.

The MINISTER FOR THE NORTH-WEST: To revert to the contentions of the member for Perth (Mr. Needham) in moving to disallow the regulations, I listened attentively to the arguments he advanced in opposition to them. He stated four reasons for his disagreement. If my memory serves me aright, his first was that as Parliament, as recently as last session, had disagreed with them, it was not right that they should be reinstated. The second objection was to the word "nonconformist," and the third was that the Native Welfare Council disagreed with the regulations. Finally, the hon. member said the regulations were not necessary for the working of the department. I wish to reply briefly to each of the charges. The first objection is easily answered. Since I have had the honour to be in this Chamber I have never known a set of regulations of any description to be introduced without some objection being taken to them. Parliament usually objects on principle to any regulations because members disagree with Government by regulation. On the other hand, when regulations are proved to be justified, the House, consisting of a sensible body of men, usually accepts them. I hope that before I resume my seat I shall be able to convince members that these regulations are necessary. If I had not considered them to be so, I would not have bothered to introduce them. I do not think there is anything further I need say in reply to the first objection.

The second objection was to the word "nonconformist." That word appears in the regulation relating to the appeal board. Formerly the word "undenominational" appeared but that did not suit certain people. They objected to that word and now they object to the word "nonconformist."

Mr. Doney: What is the meaning of the word "nonconformist"?

The Minister for Mines: What is wrong with the sergeant-major's designation "fancy religions"?

The MINISTER FOR THE NORTH-WEST: The word was included in order to give certain people the right to nominate a member of the board. Those people are aware of that but they do not want the regulations and so they are splitting straws.

Mr. Sampson: The word "nonconformist" is not correct.

The MINISTER FOR THE NORTH-WEST: A word does not make that much difference.

The Premier: What does "nonconformity" mean in England? It means outside the Established Church.

Hon. C. G. Latham: There is no established church here.

Mr. SPEAKER: Order!

The MINISTER FOR THE NORTH-WEST: The third point raised by the hon. member was that the Native Welfare Council objected to the regulations. I do not mind people having opinions of their own or expressing them, but I have to ask myself, "Who are the members of the Native Welfare Council? Who established that body, and what responsibility has it?" We must remember that we have a responsibility to the taxpayers of this country who find the money that is voted for the welfare of the natives. The Native Welfare Council is a well-meaning body of people. It consists of city folk, the majority of whom have probably never been on a mission station in their lives. They are advised by their itinerant missionaries who tour the back country. They gather together and pass resolutions of all sorts. They say the Government should do this, that or something else, but they do not tell the Government where the money is to come from. Members of this Chamber have a responsibility. I, as Minister, have a responsibility. I have to consider the number of natives under our care and just what we can do for them with the money provided. I have to consider the taxpayers and ensure that their money is expended in a proper manner. The House has some responsibility, too, as have those who are controlling the various missions. Every one of the missions is subsidised by the Government from the taxpayers' money, either in cash or provisions.

Hon. C. G. Latham: Do you really mean to say that the Government subsidises missions?

The MINISTER FOR THE NORTH-WEST: Every mission is subsidised by cash payment or the provision of rations.

Hon. C. G. Latham: The Government does not subsidise the missions; it may provide sustenance for some natives.

The MINISTER FOR THE NORTH-WEST: Of what does a mission consist if not of natives?

Hon. C. G. Latham: The missions are distributors for the Government.

The MINISTER FOR THE NORTH-WEST: If it were not for the Government rations and other assistance given by the Government, half the missions would not be able to carry on. There is no denying that fact.

Hon. C. G. Latham: The Government does not feed the missionaries.

The MINISTER FOR THE NORTH-WEST: At the moment I have no proof of whether we do so or not, but if these regulations are agreed to, I shall have proof. I shall be able to come conscientiously to the House next year and say exactly whom the Government feeds.

Mr. Doney: So you do not mean that you subsidise missions?

The MINISTER FOR THE NORTH-WEST: Yes, I do.

Mr. Doney: But you said you subsidised the natives.

The Premier: The missions consist of natives.

The MINISTER FOR THE NORTH-WEST: I cannot understand what point the hon. member is trying to make. I gather that he contends the Government does not subsidise missions. But the Government does do so. It provides subsidies in cash and it feeds the natives. The natives reap the benefit. The mission people are the distributing agents for the Government.

Mr. Doney: That is an admission that you do not subsidise the missions.

The MINISTER FOR THE NORTH-WEST: If I adhered rigidly to the Act, we should receive a lot more castigation than we are receiving at the moment and the hon. member would be asked to assist in condemning me very bitterly. If these regulations are accepted, I think we shall be able to live down the hostility that has been created. That is my objective. We desire to work in harmony with the missions. The last point of the member for Perth (Mr. Needham) was that the regulations were not necessary for the working of the department. I desire to mention one or two reasons why they are necessary but before I leave the matter we have been discussing I shall read the regulation to which exception has been taken. I do not think anybody is seriously arguing against the appeal board. The regulation providing for the board is fair and just. That regulation is No. 139A. The regulation to which principal exception is taken is No. 134, and it reads—

> No mission for the evangelisation of the natives or for other kindred purpose shall be established or attempted to be established until the governing authority, church, society, or individual concerned is first in possession of the authority of the Minister to establish such mission. Such authority shall be in Form No. 21 in the Schedule and notification of its issue and tenor shall be published in the "Government Gazette."

Form No. 21 is as follows:—

> The Native Administration Act, 1905-1936.
>
> Section 68 (o).
>
> License to establish a mission.
>
> The governing authority of the . . . . . is hereby authorised by me to establish and conduct a mission station, to be known as the . . . . mission, situated . . . . .
>
> This license is to continue in force until it is revoked by me by notice given under my hand to the governing authority named herein or the duly constituted authority in control of such mission.
>
> . . . . . ,
>
> Chief Secretary or Minister controlling the Department of Native Affairs.

So the regulation provides that an organisation requires to have a permit to establish a mission. I have sheafs of correspondence from religious organisations protesting against the regulations but every one of the letters is misleading. Strange to say, all the letters are couched in the same terms. I was advised by the president of the United Aborigines Mission that I would receive hostility to this regulation. As a matter of fact, he used the word "organised" hostility. He said he was going to organise to have the regulations defeated. To those who have not read and understood the regulations, the letters are all misleading. Here is a letter dated the 25th September—

> At the council meeting of the Perth Central District Christian Endeavour Union held to-night, I was requested to write to you as the Minister in charge of Native Affairs so that we might register our emphatic protest against the proposal to license those who desire to preach the gospel to the natives. We heartily endorse the protests made by the Native Welfare Council and urge that these regulations be disallowed.

I am not asking for authority to license people to preach the gospel. All I ask is the right to license the mission. What does

one do when one goes out to preach the Gospel? I do not know; I am not versed in religious matters, but if I took a Bible on to the Esplanade to-morrow, assembled an audience and started to read the Gospel, I take it I would be preaching. But if I wished to establish a mission, I would have to secure the services of some laymen, take up land, erect buildings and do other things. That, however, would not be preaching the Gospel, and we are not asking power to control preaching. Therefore, the whole of this correspondence is misleading. I imagine that the people who have written did not intentionally wish to mislead, but they did not understand the regulations. I have tried to explain the matter to some of them and have not made much headway. For that failure I am perhaps responsible through not being a convincing sort of person. The whole of the propaganda put forward is misleading; it is not quite truthful. Therefore I ask members to distinguish between what we seek to do by the regulations and what these people say we are trying to do. Between the two there is a vast difference.

Members have a responsibility to the taxpayers in that every mission in one way or another is subsidised on the basis of the number of natives cared for. The various established missions have been subsidised to the extent of £63,000, which is a lot of money.

Hon. C. G. Latham: Over what period?

The MINISTER FOR THE NORTH-WEST: Since the Act was enforced in 1912 or 1913.

Mrs. Cardell-Oliver: How much did the missions spend in the same time?

The MINISTER FOR THE NORTH-WEST: I am putting up an argument for the taxpayers of Western Australia; they are my concern for the moment, not the missions. I wish to emphasise that the £63,000 was given in hard cash. On top of that sum, many pounds worth of provisions have been supplied to missions and many thousands of shirts, trousers and women's dresses have been distributed to the missions. Therefore, the taxpayers have reason to expect members of the House to safeguard the expenditure of that money. If I were asked to-morrow what had happened to the money I could not give a definite answer. I could not say whether the goods had been distributed economically. I have no means of ascertaining the facts and that is why I want the regulations.

The department has no quarrel with the recognised missions. They are represented by sensible people and, if the department asks for a report, it is supplied. But there are some missions that desire to defy authority, and I want power to ensure that they distribute economically, reasonably and fairly the money and goods supplied to them at the expense of the taxpayers.

Mrs. Cardell-Oliver: Are missions licensed elsewhere in Australia?

The MINISTER FOR THE NORTH-WEST: No. Probably other States have not missions that defy authority, but representatives of missions in other States did agree at the Canberra conference that missions should comply with instructions issued by Governments. That conference was attended by representatives of religious organisations and missions throughout Australia and the following motions were carried:—

That no subsidy be granted to any mission unless the mission body agrees to comply with any instruction of the authority controlling aboriginal affairs in respect of—

Then follows the list of affairs.

That the governmental oversight of mission natives is desirable.

What other authority can members desire? We are led to believe that these regulations are going to cause commotion; that a catastrophe will happen if the regulations are enforced. Yet those resolutions came from a Canberra conference representative of religious and mission bodies throughout Australia. The Rev. J. R. B. Love is a very fine gentleman who conducts a mission in a wonderful way. He wrote on the 13th September last.

Mrs. Cardell-Oliver: My telegram bears a later date.

The MINISTER FOR THE NORTH-WEST: This is the report of the Rev. J. B. Love:—

I believe reserves can, without much difficulty, be kept from unauthorised intrusion. The question arises as to who ought to be allowed to enter the reserves.

I would not advocate that either scientists or missionaries be allowed unrestricted access to the aborigines.

Missionaries are avowedly in the field to influence the aborigines. Visitors from simple curiosity will increasingly wish to see these people. Neither mere zeal nor mere science ought to be allowed to touch the aborigines.

That is the considered opinion of Mr. Love.

Mr. Cross: Is not he a Presbyterian?

Mr. Doney: What he is matters not.

The MINISTER FOR THE NORTH-WEST: I have reams of correspondence disagreeing with the regulations. On the other hand, one of the authorities quoted by the member for Subiaco says we ought to have the power contained in the regulations.

Hon. N. Keenan: Who is that?

The MINISTER FOR THE NORTH-WEST: Mr. Love. So we find the mission authorities disagreeing amongst themselves.

Mrs. Cardell-Oliver: He is absolutely against the regulations.

The MINISTER FOR THE NORTH-WEST: Then why did he write in the strain I have just quoted?

Mrs. Cardell-Oliver: My telegram is of later date.

The MINISTER FOR THE NORTH-WEST: Dr. Munro Ford also agrees with the regulations.

Mrs. Cardell-Oliver: Only three of them do.

The MINISTER FOR THE NORTH-WEST: I should say that Mr. Love would be a greater authority than the folk who have lodged the protests. I think members will agree that the taxpayers must be protected when public finance is involved. We have made available large sums of money as well as provisions of considerable value, and we are entitled to exercise control.

I have been asked why I do not enforce the powers contained in the Act. The Act provides that no person other than a native shall enter a native reserve, institution, hospital, and so on. Consequently, if we do not get these regulations and I decide to enforce the Act, no person, unless he is a native, will be permitted to enter a native reserve.

Hon. C. G. Latham: Your regulations cannot over-ride the Act.

The MINISTER FOR THE NORTH-WEST: They do not over-ride the Act: they are in conformity with the Act. The Act gives power to make regulations, as the hon. member knows.

Hon. C. G. Latham: I will quote an instance.

The MINISTER FOR THE NORTH-WEST: Then possibly the hon. member will convince himself. The member for Subiaco also quoted some history into which I do not wish to enter more than is necessary. Whatever happened in the past has been buried, so far as I am concerned, although I could give a complete answer to the hon. member.

Mrs. Cardell-Oliver: Would you agree to the appointment of a Royal Commission?

The MINISTER FOR THE NORTH-WEST: That would be a waste of public money. The incidents all happened many years ago, and, to obtain proof of them, a Royal Commission would have to spend a great deal of money. The Government would be better advised to spend that money in feeding the children of half-castes than upon a Royal Commission that would be obliged to bring witnesses to Perth from many thousands of miles away. I know personally of a case of a somewhat despicable white man who posed as a missionary. This happened not long ago. The man in question evidently decided that the life of a missionary was an easier one than the life to which he had been accustomed. Having saved a few pounds, he bought a lugger and equipped it with food supplies, etc., and sailed north of Broome. He began trading with the natives as a missionary, he had the vestments of a missioner, and dealt with the local store as a missionary. In fact, he established himself in that capacity. He dealt with no religious organisation, and I do not believe he knew much about religion. Atrocious things happened in connection with him, but what could the department do? It could not summon him or have him arrested for playing the part of a missioner. All it could do was to take action under the Act, and it did so. The department knew it could not get a conviction against the man, though to attempt to do so would have been very costly, and would have meant sending an officer to Broome and having the man in question charged. As a result, however, of such action as the department could take, the man left the district. I hardly think that decent missionaries would countenance that sort of thing. Anyway, the department spent approximately £350, and the action it took had the desired effect. That is one instance I could prove to the hon. member. I could give her the man's name, and if she did not believe me I could bring her into touch with people who could supply her with all the necessary proof.

Mrs. Cardell-Oliver: I am not doubting your word.

The MINISTER FOR THE NORTH-WEST: Certain things have happened

about which the member for Subiaco (Mrs. Cardell-Oliver) may know nothing. I wish to refer to another specified case, as an instance of the necessity for the exercise of control by the department. The case to which I referred just now occurred in 1933, less than six years ago. I will now refer to another incident that occurred a little earlier. Though I do not wish to mention names, I could supply all the evidence required. In 1927, a lady was employed as a mission worker. She was engaged at a mission in this State, and did not prove satisfactory. She was then withdrawn. She obtained a position with another mission, and, as she did not prove satisfactory there, was also withdrawn. For some years she followed some other occupation, but is now attached to another mission. She is on that mission against the wish of the department. She was accused of cruelty and harsh discipline in the case of native children, and that is why she was withdrawn in the first place. I admit that a person should not be persecuted for life because of one mistake. In this case many complaints were made against the mission worker, and in the interests of the children she is teaching she should be removed.

Mrs. Cardell-Oliver: Can you give me her name?

The MINISTER FOR THE NORTH-WEST: I could do so, but do not think that would be desirable. Further publicity should not be given to the case. We are trying to live down hostility rather than to stir it up.

Mr. Doney: It would do no good to make the name public.

The MINISTER FOR THE NORTH-WEST: Another mission is continually defying the authority of the department. I am not anxious to give names. That mission is given between £800 and £1,000 per annum from the Government ration fund. The missionaries also trade with the natives in dog scalps to the extent of £400 a year, making a total of approximately £1,200. There is no control over that mission, but the department should be able to exercise supervisory powers. We have no evidence of what I have just stated.

Mrs. Cardell-Oliver: If you have no evidence, how do you know about it?

The MINISTER FOR THE NORTH-WEST: I will tell the hon. member. In 1934 the Commissioner for Native Affairs inspected the mission. He found that quite a lot of things were happening that should not happen, and he made a report to the Minister, who at the time had no power to act. The Commissioner reported as follows:—

> On investigating rationing and wages matters I found that the men, women and boys were paid for their work either in money or kind. The men and women could earn 2s. a day if they wished. The boys on piecework in the weaving room could do likewise. They might only work half a day or more as it suited them. They then repaired to the store where they were given money or the equivalent in goods, the latter being generally asked for. There was a good deal of guesswork about it, but the natives appeared satisfied.

That is work a mission ought to be doing, but from my point of view the remainder of the report shows what a mission ought not to be doing. The document continues—

> I discovered that even the natives who were out at work received Government assistance for their wives and families. These people insisted on a high wage for the natives, and I asked what they did with the money. I was informed that the natives did not get their cheques until the end of their service, when they came back and spent it usually in improving their cottages and buying things for their wives and families. I pointed out that since these people knew we would not ration working natives, I wondered why this was being done, and they said they had been expecting me to cut this out for the past year or two.

In the absence of supervising authority, some missions insist on feeding the natives with Government rations paid for out of the taxpayers' money, feeding all natives who are working and earning money. That should not be permitted to continue.

Hon. C. G. Latham: It would be interesting to compare the cost of that mission with the cost of the Moore River Mission.

The MINISTER FOR THE NORTH-WEST: I would be pleased to supply the hon. member with the exact daily costs.

Hon. C. G. Latham: They are all set out in the report.

The MINISTER FOR THE NORTH-WEST: I would advise the hon. member to look them up and not to forget the £800 supplied by the Government for rations, and the £400 derived from dog scalps.

Hon. C. G. Latham: And also the revenue earned at Moore River.

The MINISTER FOR THE NORTH-WEST: The revenue earned there is comparable with that earned at any other mission in the State. Clothing is made at Moore River and sent to Moola Bulla and other Government stations. A great deal of work is done there.

Hon. C. G. Latham: It is all set out in the report.

The MINISTER FOR THE NORTH WEST: You had better read it.

Hon. C. G. Latham: I will do so and will quote it.

Mr. SPEAKER: Order! The Minister should address the Chair.

The MINISTER FOR THE NORTH-WEST: The department has never been able to get either the necessary information or a proper balance sheet. Not once, but on several occasions when inspections have been made, there has been a shortage of food supplies which could not be accounted for. That might be all right; the food might have been given away legitimately; but we ought to be able to check up that kind of thing. Another reason is this: hon members can understand that a missionary who has his work at heart will secure any native within cooee and feed him and keep him, doing his utmost to retain the native on the mission. I do not think our taxpayers should support able-bodied men. The introduction of a labour bureau that would find work for these natives would do much good. It would be greatly for the benefit of the country.

The Minister for Mines: And of the natives themselves.

The MINISTER FOR THE NORTH-WEST: It was reported to me by the member for Beverley (Mr. Mann) when I was in the district, that the farmers stated 276 natives were being fed on Government rations. The chairman of the Quairading Road Board stated that he had more than once gone to the native camp and offered jobs to the men there. The first job offered was 25s. a week and tucker. The natives replied, "No good to us; we want 10s. a day." The farmers were prepared to employ the natives. They told me that they had no objection to the permit system after I had explained the reason for it. There are other instances. I have quoted a case where a white man started a mission which proved to be no credit to anybody, and such as the Government ought to try to prevent. I have also quoted a case where, against authority, a female missionary was put in. That was against the wishes of the department. Now I shall give some information referring to another mission. Here is a very recent report by an inspector of the department—

I submit the following findings resulting from my inspection:—

(1) From a departmental view . . . . Mission and the missionaries do not perform the functions and duties expected from an institution of its kind.

(2) No natives are fed other than those on rations and one native woman employed by . . . .

(3) No industrial work of any description has been attempted. I do not class the work of the lugger as industrial, as its benefits are felt by a very small percentage of the inmates.

(4) The majority of the natives were not very well clothed. The finances of the mission are such that even this item cannot be supplied in sufficient quantity.

(5) That generally the missionaries attached to this group are not the type suited for industrial work, or they will make no efforts in this direction, and by this neglect have contributed towards the present state of the mission.

(6) That before the shift to . . . . apparently the mission possessed children's dormitories, cookhouse, church and other buildings necessary for the proper functioning of an institution. That since returning to . . . . no attempt whatever has been made to restore this order.

(7) The superintendent has suggested that the department may take over this mission. I certainly think that something along these lines should be done. The mission's position financial and otherwise has steadily been growing worse, and will not recover under present circumstances.

(8) These people have openly stated to me that they are not interested in the industrial work, and if they are not prepared to accept this obligation they will never be a success in the institutional field among the natives.

The superintendent admitted to me that to a certain extent local criticism was justified . . . .

These are the two separate missions operating at the present time and we desire the necessary power to take action outside the Act. Both cases are, to my mind, bad enough to justify my usurping the functions and taking the full limit of powers under the Act. In the course of time I shall enforce those powers. However, I have so far preferred to proceed in-

a more moderate manner by these regulations. The Leader of the Opposition need have no fear that I shall make use of the Act unless that course is necessary. The first mission I quoted as defying authority is subsidised to the extent of £800 to £1,000 per annum. The second is subsidised with £163 17s. 6d., besides numbers of blankets and so forth.

Having given my reasons for disagreeing to the four reasons presented by the member for Perth (Mr. Needham), and having quoted four specific cases in reply, I think nothing more needs to be said in justification of the regulations. The desire of the department, I repeat, has been and is to work in harmony with the missions or the majority of missions. If given this power the department will, I am convinced, be able to work harmoniously with the remaining missions. It is a well-established principle of public finance that State moneys must be spent under supervision and their expenditure audited. The taxpayers are entitled to that, and I believe that hon. members will agree with the regulations in that respect. I do not wish to make further reference to the appeal board. The board is there, and is a very fair board. My own idea was a magisterial board, but I yielded to what I thought was better judgment with a view to preventing further hostility by giving the missions something in their favour rather than something in the department's favour.

These regulations are now being given a trial. If the board appears unsatisfactory or any regulation proves unsatisfactory and members can show where hardship is imposed, I shall be prepared to have other regulations drafted. In that case I shall be prepared, before next session, to revise the regulations. If that particular appeal board should not give satisfaction and the House disallows the relevant regulation, I shall introduce a magisterial board. I do not know that I desire to say anything further.

The Minister for Mines: Except that no attempt has been made to stop the preaching of the Gospel.

The MINISTER FOR THE NORTH-WEST: I defy anyone to prove that. Indeed, the regulations do not give the Government that power. Moreover, no Government desires any such power. This Government certainly does not wish to interfere with the preaching of the Gospel within the accepted principles. No Government has ever interfered in that matter. I have tried to show where unsatisfactory persons usurp the functions of mission workers. The Government should have power to prevent that. That is why we want these regulations. A mission worker does not preach the Gospel.

Members: Yes, he does.

The MINISTER FOR THE NORTH-WEST: Only on his own mission. It would not be suggested for one moment that a Roman Catholic missionary should go on to a Presbyterian mission. The mission worker, of course, must have a permit. The department does not desire the power to control mission workers. Once a mission is established, the missionaries can preach the Gospel where and when they like on that particular mission.

Mr. Doney: One big weakness is the fact that the Commissioner has a seat on the appeal board. That is the only thing that is wrong.

The MINISTER FOR THE NORTH-WEST: I cannot understand any objection to that. The appeal board consists of four religious people and the Commissioner. Surely that favours the religious bodies, not the Government.

The Minister for Mines: The Commissioner might be religious, too.

The MINISTER FOR THE NORTH-WEST: As a matter of fact, I believe he is.

Mr. Doney: The Commissioner should not be on the board.

The MINISTER FOR THE NORTH-WEST: I do not think I need labour the subject further. I am of opinion that members will accept what has been put before them and will reason out the matter on the facts as they exist, not on some imaginary grievance. I have said enough to convince members that the correspondence sent to me is misleading; it is not wholly correct. The department is not suggesting by the regulations that it intends to control the preaching of the Gospel. It desires to control missions. As a matter of fact, some missions tend to create a native problem and are actually doing so. I hope members will give this matter fair and reasonable consideration.

On motion by Mr. Marshall, debate adjourned.

House adjourned at 11.22 p.m.