

Legislative Assembly.

Wednesday, 27th October, 1937.

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

QUESTION—FORESTS, NORTHCLIFFE-NORNALUP AREAS.

Mr. HILL asked the Minister for Forests: What are the approximate areas of the timber country that would be served by the proposed Northcliffe-Nornalup railway?

The MINISTER FOR FORESTS replied: There is no proposal by the Government for the construction of this railway. The area of State forest is 102,750 acres, in addition to which there are some thousands of acres of poorer quality forest in scattered patches.

QUESTION—METROPOLITAN WATER SUPPLY, CANNING RIVER.

Mr. CROSS asked the Minister for Works: 1, Does he recollect his reply to a deputation which waited on him on the 16th July, 1937, and asked that a new weir be constructed on the Canning River? 2, Does he further recollect that he promised that a report would be made on the subject? 3, If the report has been obtained, what is the nature of it?

The MINISTER FOR WORKS replied: 1, Yes. 2, Yes. 3, The matter is still under consideration.

QUESTION—FERRY SERVICE, COODE STREET.

Mr. CROSS, asked the Minister for Works: In view of the request made to him by a deputation which waited on him in March last to widen and deepen the channel for the Coode-street ferryboat from Barrack-street Jetty to Coode-street, South Perth, and in view of the approaching summer with its attendant low tides, when does he propose to have the work done?

The MINISTER FOR WORKS replied: Almost immediately.

QUESTION—TRAFFIC ACT, MOTOR HORNS.

Mr. NORTH asked the Minister for Police: 1, Has he satisfactory reports as to the effect of suppressing motor horns in the London traffic area? 2, Is any action being taken locally in this regard?

The MINISTER FOR POLICE replied: 1, No official reports have been received respecting the matter, but Press comments have been noted. 2, No, other than to inform drivers of motor vehicles that excessive sounding of horns is not advisable nor consistent with safe driving.

QUESTION—RAILWAYS, PURCHASE OF LOCOMOTIVE.

Mr. STYANTS asked the Minister for Railways: 1, Has the Commissioner of Railways purchased any locomotive from the South Australian Government railways or from any railway company in that State during the past twelve months? 2, If so, will he supply particulars of the locomotive purchased?

The MINISTER FOR RAILWAYS replied: 1, No. 2, Answered by No. 1.

RAILWAY SERVICE SUPERANNUATION SELECT COMMITTEE.

Extension of Time.

MR. NEEDHAM (Perth) [4.35]: I move—

That the time for bringing up the report of the select committee be extended to the 10th November.

I should also like to move that the evidence be printed as it is of such an important nature.

Mr. SPEAKER: The hon member cannot do that at this stage.

The Premier: He cannot do that now.

Mr. NEEDHAM: Then I move the motion as it is.

Question put and passed.

Mr. NEEDHAM: I should now like to move that the evidence be printed.

Mr. SPEAKER: I could not accept such a motion at this stage. When the report of the select committee is presented the House can decide whether the evidence shall be printed or not.

LEAVE OF ABSENCE.

On motion by the Minister for Employment (for Mr. Wilson) leave of absence for three weeks granted to the Minister for Agriculture (Hon. F. J. S. Wise) on the ground of ill-health.

BILLS (4)—FIRST READING.

- 1, Anniversary of the Birth of the Reigning Sovereign.

Introduced by the Minister for Employment.

- 2, Farmers' Debts Adjustment Act Amendment.

Introduced by the Minister for Lands.

- 3, Education Act Amendment.

Introduced by the Minister for Works.

- 4, Companies Act Amendment.

Introduced by Mr. Sampson.

BILLS (3)—THIRD READING.

- 1, Financial Emergency Tax Assessment Act Amendment.

- 2, State Government Insurance Office.

- 3, Judges' Retirement.

Transmitted to the Council.

MOTION—COAL MINES AND COLLIE POWER SCHEME NATIONALISATION.

To Inquire by Royal Commission.

MR. WILSON (Collie) [4.43]: I move—

That in the opinion of this House an expert Royal Commissioner should be immediately appointed to inquire into the following:—(a) The nationalisation of the coal mining industry; (b) the establishment of a national

power scheme at Collie; the practicability of both of the above schemes; and (d) the estimated cost.

This motion deals with two subjects, but for the sake of convenience I intend to take them separately. I wish to explain how the motion comes to be on the Notice Paper. In June of last year there was a conference at Collie of the people of the South West. It was decided at that conference that I should be asked to put on the Notice Paper a motion that an inquiry should be held into the question of the nationalisation of an electric power scheme and incidentally the nationalisation of coal-mining. I put the motion on the Notice Paper last year, but through some mischance I had to withdraw it. I had it restored to the Notice Paper, however, later on in the session. It will be remembered that at that time the Premier was in a parlous state of health and I did not like to press the matter that session. As Treasurer he would, of course, have had to foot the bill for any expense that might have had to be incurred. The motion, therefore, went by the board. This year the people of Collie have again decided that this question should be brought forward, namely, the nationalisation of coal-mining and of an electric power scheme. The meeting that was held last June was attended by 400 or 500 people. It was decided that a deputation should wait on the Premier so that the case might be presented to him. The Premier, however, went to England to the Coronation. It, therefore, devolved upon the Acting Premier (Mr. Troy) to receive the deputation and listen to the wants of the people concerned. The deputation brought forward a motion similar to that which I have moved this afternoon. Mr. Troy was very sympathetic.

Mr. SPEAKER: The hon. member must not refer to a Minister by name.

Mr. WILSON: I stand corrected. The Deputy-Premier was very sympathetic, and gave a very sympathetic reply as follows:—

The Deputy Premier (Mr. Troy), in reply, said that the deputation's request appealed to him as quite reasonable. It had not asked the Government to do the impossible.

And then he went on to say that he would make representations to the Premier on his return in an endeavour to see that the request of the deputation was agreed to. Two months later we received a letter from the Premier to this effect—

The State Cabinet has decided to accede to a request made by a deputation representing

the people of Collie for an inquiry into the question of nationalising the Collie coal industry.

It will be seen that there is nothing there about the nationalisation of the power scheme.

A departmental committee will be appointed for the purpose, consisting of the State Mining Engineer (Mr. R. C. Wilson), the Government Geologist (Mr. F. G. Forman), and representatives of the Treasury and Railway Departments. The committee will also be asked to inquire as to what known coal beds exist in Western Australia, whether such coal could be economically worked, and whether it would be suitable for the requirements of the Government and public utilities.

The terms of reference will be as follows:—

(1) Bearing in mind—

- (a) the present price being paid for coal by the Commissioner of Railways on behalf of the Government to Amalgamated Collieries, Limited, and to Griffin Coal Mines, Limited;
- (b) the present contract and arrangements governing the supply of such coal; and
- (c) the tenure of leases held by the companies supplying coal to the Government;

would it be advisable for the Government to acquire the mines from the companies or purchase the mines from the companies concerned, with a view to nationalising supplies of coal—(1) now, or (2) when the coal mining leases held by the above-mentioned companies expire.

(2)—

- (a) What known coal beds exist in Western Australia, and what is their situation?
- (b) What is the estimated quantity and the quality of the coal obtainable in any such coal beds?
- (c) Is there any evidence to show that such coal could be economically worked so as to meet the requirements of the Government and public utilities?

The Committee is expected to commence its inquiry at an early date.

I believe that when that information was received, the secretary of the committee, acting in the matter at Collie, sent a telegram of congratulation to the Premier, but at that stage they were not aware of the full significance of the communication. When it was ascertained that one of the principal items, the nationalisation of the Collie power scheme, had been omitted from the scope of the inquiry, a protest was entered, and I was requested to submit a relative motion to the House. That is the reason for the motion I am now discussing. In my younger

days I heard much about the nationalisation of coal mines and since then I have travelled through nearly every country in the world. I have had an opportunity to see the conditions that have existed in the nationalised mines, and I will simply mention the favourable position in the Lithgow mines in New South Wales. I shall not say anything about any others. With regard to the duties of the Royal Commissioner, it would be his function to advise as to the necessary action to be taken to secure the nationalisation of the coal-mining industry. He would have to ascertain the value of the mines, the present scale of operations, the condition of the mines, and other such like information. There is no question of repudiation on my part or of the others who are moving in connection with the nationalisation of the industry, nor is there any question of repudiation in the minds of the people of the South-West. They think that by fair means, by bargaining or by getting together, an equitable price could be reached at which the coal mines could be purchased by the Government and, secondly, they think that the power scheme could and should be taken over at a fair and reasonable figure. The duty of the Commissioner would be to secure exact data regarding the operations of the mines and their relationship to the working of the State railways. Then there is the question of the leases held by the various companies and here is where the trouble comes in. The leases in the hands of the companies are out of all proportion to the number of men who work on the mines. If we consider the position of the various companies we find that the Amalgamated Collieries Ltd. hold 28,789 acres of the coal field; the Griffin Coal Mining Company hold 1,800 acres; the Ewington Coal Mining Company, 1,180 acres; and the Australian Machinery and Investment Company 350 acres. In addition to that, the Wilga Coal Mining and Carbonisation Company, who have not carried out too much work on their properties, have 18 mining leases comprising 5,440 acres and also hold temporary reserves—how they can hold them I do not understand—comprising two of 3,000 acres each and one of 4,190 acres. The Wilga company hold something like 15,580 acres, on which nothing is being done at present. Then as regards the number of men employed. Attached to the leases are labour conditions setting out that during the first

year one man must be employed to every 60 acres of the lease, for the second year two men for every 50 acres, and then for the third and subsequent years, three men. The question arises as to the position of the men. If the companies were compelled to man their leases fully, there would not be one day's work for each man per week. It will be seen that there is something wrong. Nevertheless, no work is being done on some of the holdings, and still the companies are allowed to retain those reserves at present. The terms set out in the leases show that they will not extend beyond 21 years from the 1st January in the year when they were taken out with the right of renewal for a further 21 years, but they must expire at the end of 42 years. It is to be noted that some of the leases have already been held for 42 years and some expire in 1938. Others expire in 1940, 1941 and 1957. The Amalgamated Collieries, who hold 28,798 acres, are employing 638 men, but the value of the other companies from that standpoint is practically of little importance. With regard to the Collie fields, the best that can be done is to ascertain whether the coal can be used for the manufacture of oil, or whether it would be better used in powdered or some other form. Various processes could be availed of to ascertain the uses to which the coal could best be applied. The field has been in existence for a good many years. It is situated in the centre of the South-West and is close to Perth. Nevertheless, the fields are hard put to it to get sufficient orders to keep the men fully employed. We have never had a fair chance. We think that the Government should acquire the coal field on terms to be arranged. We cannot get away from the fact that the State should conserve coal supplies for future generations and Collie has that supply available. Coming now to the question of electricity, it may not be known to members that all the electricity we have in Western Australia is produced with the aid of Collie coal. Incidentally, we bring the coal from Collie for the purpose of producing electric power at the East Perth power station and then we sell that current to the Perth City Council for three-farthings per unit. We have been supplying electricity to the Perth City Council at that rate for the past 19 years, and that rate has represented a loss to the East Perth power house. Recently I asked for certain parti-

culars and I found that from 1918 to the present year, which is practically 19 years, the cost of producing that electricity has been more than the revenue derived for it from the Perth City Council. It was sold to the local authorities at .75d. per unit, whereas in 1918, for instance, the cost of generating electricity at the East Perth power house was 1.12d. per unit. In only two years since 1918 has the cost of generating the electricity approached the figure at which it was sold to the Perth City Council. In 1934 and 1936 the cost of generation was .77d., but otherwise the cost represented much more than the amount received from the City Council. Then it is astonishing to find that we carry Collie coal more than 120 miles to Perth only to sell the current at less than it costs to produce. I appreciate the fact that an agreement was made with the Perth City Council and I will not for one moment suggest that we should break it. It must be realised that it was a bad agreement and it was made in 1913. It was signed by John Scaddan as Premier, his signature being witnessed by A. C. Kessell and also by J. H. Prowse, who was then mayor of Perth, whose signature was witnessed by W. E. Bold. Under that agreement the Government covenanted to supply the City Council with electricity at the cost I have mentioned, namely, three-farthings per unit.

Mr. North: How many more years has that agreement to run?

Mr. WILSON: The agreement has to run for 50 years and as it was signed in 1913, it means that it will continue until 1963. Throughout that whole period the Government must supply the City Council with electricity at a loss. However, it is not that of which I complain. Talk about carrying coals to Newcastle! A few weeks ago I travelled to Perth on a train that was hauling a load of Collie coal over a distance of 120 odd miles for the East Perth power station. Ten days later I travelled from Collie and I met the same coal in the form of electricity that was being despatched in the direction of Collie for a distance of 32 miles. It cost 13s. a ton to haul that coal to the power station and yet we can send it back in the form of electricity, which is sold at a loss. There is something wrong there. Surely that sort of thing should not happen.

The Premier: How much did it cost to get it there?

Mr. WILSON: I want the Government to appoint an expert to investigate such points as that, so that the information may be placed before the House. If we are in a state of madness now, there is no need to continue in that condition. Something must be done to rectify the position. We haul that coal from Collie to Perth, yet the area between the Brick Works and Brunswick Junction can secure no extension of power to meet requirements there. In Collie the local electricity supplies cost the people approximately 2d. per unit although they reside where the coal is hewn. On the other hand, we haul coal for over 120 miles at a cost of 13s. per ton in freight, and yet supply current to the Perth City Council at $\frac{3}{4}$ d. per unit. Actually the people of Collie have to pay the people of Perth a bonus in the form of cheap electricity.

The Premier: Mass consumption!

Mr. WILSON: But there is a peculiarity about this mass consumption. I know that at Yallourn they send the generated electric current from the mine to Melbourne, where the mass production is distributed. The point is, we complain that the sending of the coal to Perth is not right; the electricity should be generated at Collie and then sent to Perth. The Collie power scheme should be made an auxiliary to the Perth power scheme. I have already referred to a departmental committee appointed to make inquiry into the question of nationalising the Collie coal industry. I am casting no reflection on the personnel of that committee, but I say they have not the expert knowledge required for such an inquiry. All I want is an investigation that will stand for all time. I have no one in my mind as a person eminently suited to make that investigation, but I believe the Government could easily get a man with the necessary knowledge and technical experience to carry the investigation through. What would it profit us if we were to get for Royal Commissioner an inexperienced man? We want a man who thoroughly understands the task he will have. Take the immediate surroundings of Collie. We have towns of a fair size down there, which could use electricity if they had the chance. If it is good enough to give Perth exceptional circumstances for the use of electricity, it is equally good that at least the electricity should be extended to Bunbury, Donnybrook and all the towns down there in order that the people might

have a chance to establish small industries. There is quite a large population scattered over those districts. Coming to the power units in use at the present time, there are within a 20-mile radius of Collie 44 boilers of a total of 1,225 horsepower, mostly situated east and west between Brunswick Junction and Bowelling. Between the 20-mile and the 30-mile radius there are 37 boilers of a total of 1,650 horsepower, mostly situated west between Pieton Junction and Kirup. This makes a total of 81 boilers, with an aggregate of 2,875 horsepower, nearly all in use in connection with sawmilling. There are other individual boilers situated in various centres. For example, Capel has 30 horsepower and Wonerup also has 30 horsepower. Those figures are quite exclusive of Collie and Bunbury. As for electric light plants, in the 20-mile to 30-mile radius Harvey has a 14 K.W. plant. In the 40-mile to 50-mile radius, Bridgetown has a 44 K.W. plant, and in the 50-mile to 60-mile radius Busselton has a 75 K.W. plant. In addition to the above, there are various small oil engines in use on small factories, farms, etc., and also Deleo light plants for isolated hotels, etc. The population of the Collie-Brunswick district numbers 4,629 persons, in the Pieton-Bunbury district there are 4,835 persons, and in the Boyanup-Busselton district there are 1,722 persons. All those people are wanting electricity, but cannot get it. Owing to the absence of one big scheme there are many little generating plants all over the place, but they are costly to run. If the one big plant were instituted, a good deal of money would be saved to the consumers of electricity. I hope the House will agree to the appointment of this Royal Commission. A thoroughly experienced technical man should be asked to carry out the investigation, and I am sure such a man can easily be secured. What I do know is that the case I have put up this afternoon is my own case, and, as I said before, I hope the House will carry the motion. The time has arrived for the State to step in and protect the fuel of our country for future generations. Undeniably a test should be made of the suitability of our local coal for oil, for powdered fuel, and for carbonisation.

On motion by the Premier, debate adjourned.

PAPERS—BULK HANDLING FACILITIES, BUNBURY.

HON. C. G. LATHAM (York) [5.7]: I move—

That all papers relating to an application by Co-operative Bulk Handling, Limited, for permission to provide bulk handling facilities in the Bunbury zone; any agreement entered into in respect of the erection of terminal facilities at Bunbury, and all papers having reference to any negotiations for designs and estimates in connection therewith, be laid upon the Table of the House.

The unusual method has been adopted by the Government of doing expensive construction work without calling for tenders. It is true that the Minister informed the House the other evening that it was impossible to do otherwise, owing to shortage of time. But the people we are going to benefit by this scheme have informed me that applications were made a long time ago for facilities in the Bunbury zone, and that a great deal of unnecessary delay has taken place. There is only one way in which members can refute that statement, and that is by seeing exactly what the position is; so there can be no objection to our being shown the papers. As far as the work itself at Bunbury is concerned, there is a fear that it will not be ready when the wheat harvest is available for shipment. I do not know what progress has been made.

The Minister for Works: We guarantee that it will be ready.

Hon. C. G. LATHAM: I point out to the Minister that concrete bins ought to be thoroughly dry before wheat is put into them. I do not even know what the construction is, whether it be concrete or iron, but the orthodox bins are of concrete.

Mr. Withers: Reinforced concrete.

Hon. C. G. LATHAM: If they are of reinforced concrete, they ought to be thoroughly dried before wheat is put into them, and it will take some considerable time for them to dry. However, I do not know anything about the work, and it is for that reason I am asking for the papers. I believe the Minister will agree to this motion without discussion. If so, I shall not waste the time of the House.

The Minister for Lands: You will give reasons for your motion, surely.

Hon. C. G. LATHAM: I have been told that the work is very expensive, quite unnecessarily expensive and that while it will not be a charge against the Government, it will be a charge against those using the facility. Again, there is only one way by which we can answer that statement, and that is by a knowledge of the facts, which we can acquire only by seeing the papers. So I hope the Minister will not object to laying the papers on the Table. Then we shall have the facts.

The Minister for Lands: What are your reasons for asking for the papers?

Hon. C. G. LATHAM: If the Minister had been in his seat he would have known. I am not going to repeat my remarks, for the Minister will have opportunity to read what I have said. I hope he will not oppose the motion, for if he does we shall have to use other methods. I do not desire to do anything unreasonable or unfair, and so I want the Minister also to be reasonable and fair. Whenever we have to deal with the Minister for Lands we do not seem to get on very well, although we get on well enough with the other Ministers.

The Minister for Lands: The other night you made a lot of statements about this business.

Hon. C. G. LATHAM: Not a lot, but I made some statements. The Minister in reply to a question the other day said that if a request were made, the papers would be laid on the Table. I now ask the Minister to agree to lay them on the Table so that members generally will be able to see what the position really is. It is a public matter, and there is no reason why the papers should not be tabled. The building of an expensive work—I think the Minister said the cost amounted to £27,000 or £28,000—without calling tenders, is very unusual, but I suppose the Minister will be able to justify it when the papers are laid on the Table.

On motion by the Minister for Lands, debate adjourned.

BILL—AIR NAVIGATION.

Returned from the Council without amendment.

MOTION—STATE'S RESOURCES.*Economic Survey.*

Debate resumed from the 15th September on the following motion by Mr. Marshall:—

That in the opinion of this House the time is opportune for a survey—

- (1) of all the State's unused natural resources, labour, plant, and material, and
- (2) of the actual cause of the unsatisfied needs of the people;
- (3) how best to bring (1) and (2) together.

MR. DOUST (Nelson) [5.14]: The hon. member in introducing the motion seemed to be confident of the accuracy of paragraphs (1) and (2). I do not think I shall be unduly dogmatic in stating that I confirm that accuracy. The point upon which we have to arrive at some decision is No. 3, namely, how best to bring Nos. 1 and 2 together. Most members will agree that this involves entirely the matter of distribution. The method of distribution is what is causing so much difficulty throughout the world to-day. After studying the matter from quite a number of angles, one must conclude that the principle of distributing is based on money. It certainly must be admitted that if one has money, there is no difficulty in obtaining almost anything required, and certainly this is true as regards the necessities of life. If we wish to get down to bedrock, we must try to understand something of the subject of money. In my remarks I intend to quote other people who are much better informed than I am, and of whom I feel sure this House is likely to take considerably more notice than of any remarks I may offer. I am not egotistical enough to think that any member is likely to revise his ideas on monetary affairs as a result of any remarks of mine. First I shall quote from an article by Mr. Clarence P. Seecombe, Chairman of the League of Economic Democracy, Sydney, to show how money is affecting the people of Australia to-day. He said—

It matters not how earnestly men may study and work, how bountifully the good Earth may repay their efforts, how willing they may be to share the physical wealth of life, how utterly they may detest war, or how anxiously they seek for the betterment of their fellows, humanity is doomed inevitably to scarcity and misery and war for just so long as it refuses to face realities.

The miseries of the world are of man's own making. He may pray forever for a change

of heart, but all a change of heart could do for him would be to make him face the fundamental errors in his own social organisation; and he can do that now, if he will.

"Man, whom God made upright, has sought out many inventions." And one of his greatest inventions is money. He has made money the key to his physical life. Food, clothing, shelter, leisure, freedom, are dependent on money. These things are God's gifts, but money is man's device. Be the world ever so rich in all physical benefits, without money you shall have none of them. More, you shall slay each other in the stark physical necessity of getting them.

That gentleman's idea is that money is our god so far as our opportunities of making a living on this earth are concerned. Then we have to consider what money is. Most men believe that money consists of notes, gold, silver or copper. But money is only a measure of real wealth, and real wealth consists of goods and services. Then we have the matter of the distribution of those goods and services as, when and where we may require it. Money is a symbol of those goods and services, but it is only an artificial one. Gold is merely a symbol; it is an artificial measurement of our requirements. Most members will agree that even gold has no fixed value, although for many years it has been used almost throughout the civilised world as the fixed value of our monetary system. Latterly, owing to the difficulties through which the world has been passing, most countries have gone off the gold standard and have accepted what to-day is known as sterling. Very few men in the street, if asked the meaning of sterling, would be able to give a satisfactory reply, but as regards Britain and the British Dominions, sterling to-day simply represents the Bank of England pound note. Everything is measured by that. We in Australia measure our overseas commitments by the English pound note—commitments on which we have to pay exchange to the extent of 25 per cent. Admittedly, when we are receiving payment for our exports, we are entitled to receive that 25 per cent. on the prices obtained in excess of the c.i.f. value in England. While we may consider notes, gold, silver and copper as our money standard, we must bear in mind that this measure of our wealth is of comparatively small use. Economists tell us it ranges from 9.4 to 9.7 per cent. If that is so, of what is the balance of our monetary system composed? I think we can easily, clearly and concisely de-

fine it as credit. If it is a fact that 90 per cent. of our banking transactions are based on credit, there should be a great opportunity for the Commonwealth to use this credit to bring together those questions embodied in the motion. We require purchasing power, and purchasing power must be increased to enable the requirements of consumers to be met. If we have consumers desirous of using our goods and they have not the money or the credit with which to purchase them, we are able to place a finger on the trouble that is besetting humanity to-day. Certainly this remark applies to the civilised world, and I do not think we need worry about those people who as yet have not reached the same standard in monetary affairs as have those people to whom I have referred. None of my remarks can be construed as a diatribe against the banks or against the present banking system. Whatever the banks are doing to-day, they are doing legally. They are working under laws passed by the various countries in which they are operating. I consider they are doing their work particularly well indeed. Probably the nationalisation of banking, of which the Labour Party, according to their platform, seem to approve, is one principle on which I disagree with them. While I believe in the Commonwealth Bank of Australia, and while I consider its uses could be considerably extended, I claim that it is quite possible for that institution to operate and still receive the assistance of the Associated Banks. I do not believe it is necessary to nationalise banking before being able to secure very much better conditions for the people of Australia.

Mr. Marshall: You believe in the nationalisation of credit?

Mr. DOUST: I think that goes without saying. As the Commonwealth Bank has sole power to issue currency in Australia, it must of necessity be in supreme control, which is only right. The Commonwealth Bank could do for the people of Australia what the Associated Banks are doing for their individual clients. Many people claim that the Associated Banks are advancing money belonging to their customers, portion of which money is bearing interest paid by the banks and portion of which is from current accounts. Judging by a paragraph in the "West Australian" a few days ago, it appears that the banks in Western Australia have loaned something like £21,000,000, though they are paying interest to deposi-

tors on only £7,000,000 of that amount. If the usual claim is correct, that the banks lend not only deposited money on which they are paying interest but also deposits which are placed in the banks for safekeeping, I can only reply that if such a course of action were pursued by any other institution or individual it would certainly be termed embezzlement. Taking the two amounts together, we find they total £14,000,000 as against the £21,000,000 lent by the banks. The remaining £7,000,000 is easily accounted for by the fact that shareholders' money to that amount is invested in the banks. It is almost a physical impossibility, with our present banking system, for the institutions to have larger assets than liabilities. When, say, a farmer gets an overdraft, he has to place in the hands of the bank manager credit to the extent of double the amount of the overdraft. Instead of money being lent to him by the bank, the bank merely liquefies a portion of his own credit. When the mortgagor draws a cheque against the overdraft, that cheque is paid in to someone's credit before the mortgagor's account is debited with the amount. Consequently the banks, taken as a whole, have a deposit lodged and credited to another person before the amount is debited against the mortgagor. And that system goes on continuously. It is only the people's own credit that the banks are liquefying; no fresh credit is issued by the banks. If one studies the bank's figures for the last two years, one is surprised at the balance of assets over liabilities. That position is achieved thanks to a process of interest payments being made by persons who have raised money from the banks by depositing their own credits. Some hon. members may not be prepared to agree that banks do create deposits by that method. However, one need not go far to secure authoritative proof of the correctness of the statement. Mr. H. D. McLeod, whose book "The Theory of Credit" is the recognised textbook of bankers, definitely states that that is so. I have his actual words here, for quotation if necessary; but I think to read them in full would be to take up the time of the House unduly. Then there is Mr. Marriner S. Eccles, the president of the Federal Reserve Bank of the United States of America; he also is quite definite on that point. Again, Mr. Stephen McKenna, the chairman of the Midland Bank of England, has expressed himself most definitely on the subject. And there are many other authori-

ties who can be quoted to the same effect. If hon. members are prepared to accept the names I have mentioned, I will not make the quotations. A great deal has been heard of the report of the McMillan Royal Commission. That Commission was appointed by the British Government to advise whether or not Britain should go off the gold standard. After taking voluminous evidence the Commission reported that it would be inimical to Great Britain's interest to abandon the gold standard. Within three months of that report being made, Britain actually went off the gold standard. Thus the advice obtained from leading bankers and economists proved totally unsound in that instance. The same remark applies to such advice as is given to Australia with regard to the monetary system which should be used for the development and betterment of our people. In 1912 the Commonwealth Bank was instituted, Sir Denison Miller being appointed Governor. He held that position for some 10 or 12 years, and he carried the bank on—some people say he carried it on his own shoulders. That is wrong, of course; but it was on his own ideas that he carried on the institution through the stress of the war, a period such as Australia had never experienced before and such as we hope will never recur. It does seem strange that during the war period Sir Denison Miller, with the assistance of other banks, was able to provide a sum of £356,000,000 for war purposes, besides other large sums for the financing of Bawra. During his term of office he found no less than £596,000,000 of money. If that can be done by one man during the infancy of the Commonwealth Bank, how much more can be done to-day! The system to be adopted by the Commonwealth Bank is that used by the Associated Banks—liquefying Australian credit by advancing a certain amount of currency to help the Australian people through their difficulties. A clear instance of the working of this system was given last night when the Government brought down a Bill to ratify an agreement made with the Collie people in regard to their hospital. The cost of that hospital was roughly £16,000. Several thousands of pounds appear to have been paid off, but the local authorities still owe the Government £6,000 on account of their moiety. The Government have come to the aid of the local authorities by letting them have a loan at a low rate of interest. The authorities have to pay interest and sinking fund on

£6,000. When the loan has been repaid in full, the Collie ratepayers will have paid a sum well over £17,000. Their present indebtedness being £6,000, they will be compelled to pay £17,000. Surely everyone must appreciate the fact that if the Commonwealth had advanced that amount of money at a nominal rate of interest, as could well have been done, there would have been not only an asset of £6,000 but also an asset represented by suffering people receiving better treatment at that hospital during the next half-century. The latter is a material asset from a Commonwealth standpoint. I estimate that the amount to be repaid by the local authorities for a Commonwealth loan of £6,000 would not be more than £7,000. That illustration I put forward in support of the financial system I desire to be adopted by the Commonwealth Bank. Numerous hospitals require repairs and renewals, and many new hospitals require to be built. In fact, throughout the Commonwealth, public works necessary to the well-being of the people await construction. Such public works must have a considerable value from the Commonwealth point of view. If they are of sufficient value to warrant their construction at all, the Australian people have the right to expect from their Commonwealth Bank the necessary finance for the purpose. The idea is not to construct works with a view to obtaining large revenue from them, so as to allow of interest payments for the next thousand years. The idea is to obtain loans for fixed periods, during which they would have to be repaid by means of adequate sinking funds. While those assets are in existence and benefiting the people, we shall, if we adopt the ordinary methods of double-entry book-keeping, have on the one side the assets and on the other the amounts borrowed from the Commonwealth Bank. My suggestion is not that that bank should enter into competition with the Associated Banks except as regards those things which vitally affect the Australian people as a whole. The ordinary business of Australia can well be carried on by the private banks. Matters of national importance, however, should be financed by the Australian people themselves, through the people's bank. If that system were adopted to a much greater extent than it is at present, the demands expressed in paragraphs (1) and (2) of the motion would be met, with great

benefit to the people not only of this State but of the whole of Australia. Should the opportunity arise for the adoption of such methods, we as members of Parliament should sink our party political ideas and our personal views to work for the putting into practice of those methods. Then the Australian people could confidently look forward to a fuller and freer life, instead of wearing the shackles of eternal taxation. Our people would then be enabled within a reasonable time to enjoy in the fullest measure what the intellectual and material progress of mankind has already made it possible for them to enjoy.

Question put and passed.

MOTION—TRANSPORT, PASSENGER SERVICES.

Debate resumed from the 15th September on the following motion by Mr. Cross:—

That, in the opinion of this House, the Transport Board should be requested to fully investigate metropolitan passenger transport services, including Government-run services, with a view to making a report to Parliament giving recommendations for more satisfactory and improved facilities for the community.

THE MINISTER FOR RAILWAYS

(Hon. F. C. L. Smith—Brown Hill—Ivanhoe) [5.46]: The motion moved by the member for Canning (Mr. Cross) is very wide and far-reaching in its proposals. He brought very little evidence forward to justify its being carried. Members who introduce motions should put forward some justification for them. The member for Canning certainly expressed some dissatisfaction with the transport services in the metropolitan area. I am not here to say that we have reached the maximum of improvement so far as those services are concerned. No matter what improvement is effected, in transport generally, we will still be open to a certain amount of criticism, and there will still be a reaching out for further improvement. The member for Canning after moving the motion, placed before members of the House some interesting and valuable information dealing with trolley bus transport and a considerable amount of evidence in respect to the inauguration of that particular form of transport in different places throughout the world. Some evidence was also given in respect to the popularity that form of transport enjoys and the increas-

ing patronage that has come to it where it has replaced tramway services. Otherwise, his remarks were confined to a criticism of the tramway service in South Perth. I have always felt that tramway services established on a single loop system, such as we have at South Perth, are more or less difficult to justify. It may be that the circumstances that existed when that particular line was put down were such that warranted the establishment there of a single line system with loops. But those circumstances would have to be very extraordinary to satisfy me because I have always felt that unless a tramway service that is contemplated justifies double line construction and double line operation, it is not justified at all. I know that there are a few exceptions that could be made to that particular rule. It may be that a single line extension at a terminus for a short distance could be justified for the purpose of meeting the temporary transport demands on that extension, but it should always be put in in such a way that it would be a continuation of one of the existing lines and therefore capable of being duplicated in accordance with the parallel character of the line throughout. I always think that single line construction with loops is a half-hearted kind of attempt to meet the position and it discredits the trams as a transport unit and has very little hope of giving satisfaction. Nevertheless, it will render a certain amount of service and on account of that service it does render, although at some inconvenience to those who will make use of it, it will tend to increase the population in the particular district it serves. As a result of that increased population there will be increasing inconvenience and ultimately a demand for the double line construction that should have been there in the first place. However, the demands of South Perth for a transport service were met by this single line construction with loops. Apparently the district has grown as a result of the facility that has been afforded there.

Mr. Cross: In spite of it.

The MINISTER FOR RAILWAYS: No, not in spite of it, because even the service that a single line construction will render will definitely develop a district. It is a long way ahead of no service at all and even when we consider the South Perth service under the disadvantages I have mentioned, we discover that in the journey from

Perth to the terminus in Angelo-street, the time lost in the loops on the way is only a matter of three minutes or ten per cent. of the total time taken to make the journey. With the advent of motor cars those fortunate enough to own them or to have the use of them on frequent occasions are developing a motor car mind and a wrong attitude entirely to public passenger conveyances. The person who owns a car and is able to come out of his front gate in the morning, get into the car, start up the engine and set off for Perth knowing that he will not be delayed from the time he leaves his home until he reaches his office, is naturally irritated when, owing to some fault developing in his car, he has to make use of the passenger transport services, because no matter what form of passenger transport service is used, we will still be under the obligation as directors of that service, if it is a Government service, or the private companies where they control the service will be under the obligation of having to pick up and set down passengers along the route. In the metropolitan area there has been a development in connection with passenger transport services which I think is a very desirable development and it is that in connection with some of the bus routes, buses have been prohibited from picking up passengers after they reach a certain point. I have in mind one that is not allowed to pick up passengers after it reaches Bay View-terrace on the way in from Fremantle. That development in passenger transport service in the metropolitan area gives a very definite advantage to all those people who are compelled to use that service who live on the other side of Bay View-terrace because it brings them into Perth with a great deal of additional expedition.

Mr. Marshall: It is a non-stop run.

The MINISTER FOR RAILWAYS: Yes, it is a non-stop run from Bay View-terrace, but it would be an entirely different proposition if that bus were permitted to pick up passengers all the way or to set down passengers all the way from Bay View-terrace to Perth because the running time from Fremantle to Perth would be very much greater. But because of that development, people have an idea on some of the routes where the buses are denied the right to pick up passengers—and this applies to South Perth to some extent and Claremont as well—that when they see these buses rush by

and are compelled to take the trams, they are being denied the right of a service that should be extended to them. But it has to be remembered that if the buses were catering for the passengers all along the particular route they too would have to waste time in setting down and picking up passengers, the same as the trams. Irrespective of the form of transport unit used, whether it be trolley buses, petrol buses or trams, in connection with metropolitan passenger transport, the greater part of the time taken in making a particular journey is in connection with the picking up and setting down of passengers. That is why we have in South Perth a complaint that is now developing in connection with the tramway system. The trams that are used on that service can travel at a rate of between 25 and 30 miles an hour. Notwithstanding that fact it takes a tram 30 minutes to do the five-mile journey. The picking up and setting down of passengers is responsible for an average speed of ten miles an hour. I remember the member for Canning showing me a letter he received once from the manager of a trolley bus service in Chicago. In the letter the writer commented upon the advantages of the trolley bus as a transport unit and the improvement that had been effected in respect to patronage. He pointed out that they had been able consistently to maintain an average speed of 11.4 miles per hour. So that after all the South Perth service that maintains an average speed of 10 miles an hour over the whole journey is not so deficient. The fact of the matter is, of course, that along the Perth-Fremantle road, or what is known as the Canning road, the road on that side of the river, there is a bus plying between Fremantle and Perth, and it is not allowed to pick up passengers after it reaches a certain point somewhere near the Canning Bridge.

Mr. Cross: Fifty yards from Douglas-avenue.

The MINISTER FOR RAILWAYS: It is not permitted to pick up passengers in such a way that it will compete with the tramway service there, and so the people who are using the tramway service see the buses flying past and think how wonderful it would be if they could make use of that service on that route, forgetting, of course, that if that were the only service it too

would have to do the picking up and setting down which is the operation that takes up most of the time in connection with passenger services.

Mr. Cross: There would be no waiting at the loop.

The MINISTER FOR RAILWAYS: The hon. member made a complaint about the time the South Perth trams started on Sunday morning. He said that the hour of 9 a.m. was too early. As a matter of fact, the first tram starts at 9.18 a.m., and the alteration was made as a result of representations by a deputation led by the hon. member himself. It is possible that the time table on that route will be subject to early revision because it is a fact that on the South Perth route the traffic will justify an improvement in the time-table. The hon. member in the course of his remarks said that the trams were obsolete. I entirely disagree with that statement. I would not say that the particular class of trams we have in Perth—most of them are from 20 to 25 years old—is not to-day passing into a condition of obsolescence, but the particular way they have been constructed for picking up and setting down passengers has been definitely improved in later models. At the same time, it is entirely wrong to say that tramways generally are an obsolete form of passenger transport. The probability is, of course, that there is authoritative opinion to support the view that they are obsolete, but on the other hand there is also authoritative opinion to support the view that they are not. It is quite possible that if we were able to spend money for the purpose of putting in a central sub-station, for instance, we would be able to increase the speed of our trams in the metropolitan area, to some extent; but we would still be up against the proposition of the time it takes to pick up and set down passengers. I want members to remember that that is the most important factor to consider in connection with any form of passenger transport.

Mr. North: Over long distances, they score.

The MINISTER FOR RAILWAYS: I know that from Melbourne to Surrey Hills, a distance of nine miles, a tram runs and there is considerable population right along the route. It would be interesting to know

just how long it takes for a tram to run from Melbourne to Surrey Hills, seeing that it would be picking up and setting down passengers all the way.

Hon. P. D. Ferguson: The trams do not stop as long there as they do in Perth.

The MINISTER FOR RAILWAYS: Of course they do not, because they have an entirely different view in Melbourne in connection with passenger transport. There they realise that the value of a thoroughfare is its width and its usefulness, and they do not confine passenger forms of transport to the narrow streets. I do not suppose there is in any part of the world a more beautiful thoroughfare than St. Kilda-road, and trams are run over it. Here in Perth we had a double line in Hay-street, and it is true that because of the traffic we were ultimately compelled to pull up one of the lines and adopt one-way traffic along that street.

Hon. C. G. Latham: Only because the road is so narrow.

The MINISTER FOR RAILWAYS: I know; but why did they not have trams in St. George's-terrace in the early days, where the traffic would not have been affected, and where there would not have been the delays referred to by the member for Irwin-Moore.

Mr. Styants: The trouble is the obsolete facilities for the public to get in and out of the trams.

The MINISTER FOR RAILWAYS: That may be so, but I do not know that that can be so greatly improved upon. There must be some form of protection for the people we carry.

Hon. C. G. Latham: Sydney and Melbourne have better facilities.

The MINISTER FOR RAILWAYS: Yes, they have better trams, and better road beds, and the system is generally more up to date. The old cable tram system in Melbourne was fairly efficient, but I know also that the modern form of trams being used in Melbourne is also very efficient.

Hon. C. G. Latham: What about the Sydney trams?

The MINISTER FOR RAILWAYS: I have seen the Sydney trams too, and they are using the same design in Sydney as is being used in Melbourne. But Melbourne and Sydney are places that carry very large populations and they can afford to spend a lot of money to put down the very latest tramway system. Throughout Melbourne

the system is being electrified and most of it is completed. At the present time the authorities there are putting down a line in Bourke-street, one of the principal streets in the city, and I understand that the engineer for the Tramways Board travelled the world a little while ago for the purpose of determining what would be the best form of passenger transport to adopt for Melbourne. It is on his report that the Tramway Board in Melbourne decided to continue tramway transport and get rid of the buses that were operating there. In Perth we cannot afford to go in for the system that exists in Sydney and Melbourne. When I was in Melbourne 12 months ago, I saw them putting down the road to Brunswick. It was set in concrete, and the track was 4ft. 8½in., a very costly form of construction. They were replacing the old cable trams. The conduit where the cable used to go through had to be filled in to form a concrete foundation for the sleepers.

Sitting suspended from 6.15 to 7.50 p.m.

THE MINISTER FOR RAILWAYS: Before tea I was discussing the construction of trams in Melbourne. They are certainly very costly, but the design I should say is the most up-to-date in the world. The trams are built low on the ground, and damp out all noise so far as is possible. They run on a 4ft. 8½in. gauge and travel very smoothly. We could not consider a proposal of that kind in Perth. We could not hope to emulate that service or that of Sydney. We have to realise how big we are. Sydney has a population I understand of about 2,000,000 people, and Melbourne a population of about 1,000,000.

Mr. Hegney: There are just over 1,000,000 people in Sydney.

The MINISTER FOR RAILWAYS: In our metropolitan area we have about 200,000 people, a very different proposition.

Mr. Thorn: What is half a million?

The MINISTER FOR RAILWAYS: I would not feel disposed to recommend any alteration of our tramway service in an attempt to modernise it. It would be a difficult proposition. The undercarriages of our trams are of such a construction that it would not be possible to bring them up to date and build the bodies low on the ground as is the case with the Melbourne and Sydney trams.

Hon. P. D. Ferguson: We could not afford to do that.

The MINISTER FOR RAILWAYS: No. We do not know what developments are going to take place. Trams will always have the disadvantage that people have to walk to the middle of the road to board them. Any improvement we make in Perth must be in the direction of trolley buses.

Mr. Hegney: Is there any chance of electrifying the railway system?

The MINISTER FOR RAILWAYS: We have not the population to justify such a big capital expenditure in the metropolitan area. It is the population that determines the amount of business we would get, and the amount of interest to be earned on the capital expenditure involved.

Hon. C. G. Latham: Would it not do to put on Diesel coaches?

The MINISTER FOR RAILWAYS: That question would have to be investigated.

Mr. Styants: I think you are expecting a lot from the Diesel coaches.

The MINISTER FOR RAILWAYS: I understand that Diesel engine trains are being done away with in Germany.

Hon. C. G. Latham: The authorities are going back to coal there.

The MINISTER FOR RAILWAYS: Big locomotives have to be streamlined in the case of the Diesel engines. There is limited power in respect to the size. It has been found necessary to reduce the standard of the trains in an endeavour to make them comparable with steam-drawn trains. With the population we have, if we make any improvements at all, we must have some regard for the cost. The most suitable form of transport for us is the trolley bus. It would pay us better to institute trolley buses on tram routes in the metropolitan area, where we have not a double-line construction.

Mr. Thorn: That would apply to South Perth.

The MINISTER FOR RAILWAYS: Probably on that particular line the question of the substitution of trolley buses for trams will have to receive consideration in the future. It is largely a question of funds, and how far we are justified in making conversions at present. Perhaps we should wait until the place develops further, when we may be more justified in incurring the expenditure than we are to-day.

Mr. Styants: Could we alter the present bogey trams to provide better facilities for ingress and egress?

The MINISTER FOR RAILWAYS: I doubt that because of the height the body is off the road. I have often looked at them from that point of view, but I do not think it is possible to alter them in the way suggested. The matter has already been gone into by experts. There are disadvantages about the bogey cars, in that it is difficult to get in and out of them when there is a crowd of passengers. In Melbourne the trams have the central method of ingress and egress and people move in and out quite readily. The trams there are able to pick up and set down passengers very quickly. It is suggested by the motion that the Transport Board should make an investigation. I would point out that the board already has very wide powers in respect to transport under the State Transport Co-ordination Act. Its members are empowered either of their own volition or at the direction of the Minister to make inquiries and investigations into transport generally. They may consider the question of transport generally in the light of the services of the community and the needs of the State, or the economic development and the industrial conditions under which all forms of transport are conducted. They may consider the equitable treatment of all conflicting interests and various other matters. They have very wide powers under the Act. Indeed, they have the powers of a Royal Commission. They can inquire into all classes of internal transport, including transport controlled by the Crown or by any agency of the Crown. It is a question whether the board may be regarded as particularly an expert body in respect to the actual working of the various transport systems. Under the powers held by the board, a constant supervision is exercised. The members of the board have regard for the necessities of the metropolitan area in matters of transport, and are constantly watching developments, making inquiries, and keeping in touch with things generally. That is just about as far as we can ask them to go. We do not want to set them up as a kind of expert authority to inquire into all the details and workings of timetables, and how instrumentalities should be managed, but we require them to exercise a general supervision over the necessities of transport. In that latter capacity the Trans-

port Board is quite an efficient body and is constantly making suggestions. I would not say that the time was not opportune for a special inquiry. The time is always opportune for some kind of current investigations and for inquiries of some kind. This sort of inquiry is going on all the time. If we had not appointed this board, and there was no board in existence, and no control or supervision, and no authority to attempt some system of co-ordination, we might say that an inquiry was justified. Parliament has already made provision for the purpose of effecting this control and supervision. Every year the Transport Board submits a report to the House. It deals with the investigations made, and recommendations are advanced. Reasons are given for the attitude adopted concerning matters upon which the board has reported. Perhaps the recommendations may ignore idealistic conditions, but the facts and the possibilities of the situation with respect to transport generally are not ignored. The board appreciates that there is a limit to our necessities, and to our capacity to improve and develop our metropolitan transport services. We must proceed slowly. There is no necessity to do otherwise. We may see efficient services in thickly populated countries, but we have to appreciate the facts of the situation and realise that ours is not a thickly populated country. Our transport facilities must conform to the conditions that exist, and we must appreciate that we have limits imposed by population and other considerations. That is why I say there is no necessity for a special investigation at this time. The position is being constantly watched, so that as the needs of the community grow the transport services will be organised on a comparable basis. The licenses that are issued to various forms of private enterprise, and the control that is exercised over those forms of transport that are controlled by the Crown, are so controlled in respect to both services, those privately conducted and those conducted by the Crown, that no undue monopoly may be given, and no barriers set up to prevent at some future date meeting the necessity that must inevitably arise, namely, the necessity for some day having a board under which the control of all forms of passenger transport in the metropolitan area will be brought. The position is being watched with a view to future possibilities

and the policy of the Transport Board has that situation envisaged all the time. Meanwhile, the board is exercising supervision and control over transport generally, making inquiries and investigations continuously, and annually reports are submitted to Parliament on those investigations, together with recommendations arising therefrom.

MR. CROSS (Canning—in reply) [7.46]: That is the weakest case I ever heard of the Minister for Railways put up in this Chamber. He gave no reasons at all for not approving of the proposed inquiry.

Mr. Hegney: We nearly carried the motion!

Mr. CROSS: The Minister tried to impress members with his view that no inquiry was necessary at all.

Hon. P. D. Ferguson: Neither is it.

Mr. CROSS: If the Minister lived at South Perth he would find there was plenty of room for improvement, and certainly for inquiry.

Hon. C. G. Latham: It is merely a question of money.

Mr. CROSS: Every time a suggestion for improvement is advanced, the reply is that there is no money.

Mr. Patriek: Is it not the duty of the Transport Board to make these inquiries without the necessity for such a motion?

Mr. CROSS: I do not know exactly what the duties of the board are, but if the special inquiries and report that I suggest were furnished, I am satisfied the board could submit a future policy that would obviate a recurrence of past mistakes. I believe the board has quite a lot of information at present that would enable it to submit a comprehensive report to Parliament, as the result of which a number of improvements could be effected. One of the last points made by the Minister had reference to outside control, but he went on to point out there was no money available at the present time. That has always been the excuse when any proposal has been submitted for an improvement in the transport services of the metropolitan area. The tramways have been under Government control for a quarter of a century, but so far only one upholstered car is available for the public. In fact, little has been done to improve the conditions for the comfort of passengers.

Mr. Styants: But the upholstered tram is very comfortable.

Mr. CROSS: The reason why nothing more has been done is the same old cry of "no money."

Hon. C. G. Latham: But the Government has money to spend on that service to Claremont.

Mr. CROSS: A special deputation from South Perth waited on the Minister and asked for the provision of a service through the heart of the suburb where no such facilities are available to-day. In that particular locality, a large population has developed. The people of South Perth consider that if the Government cannot provide transport facilities in that area, private enterprise should be allowed to meet the people's requirements.

Members: Hear, hear!

Mr. Thorn: That is the stuff to give them.

Hon. C. G. Latham: That will give them an excuse to get out.

Mr. CROSS: If an inquiry were made regarding that matter, the Transport Board might offer suggestions for future action. The Minister admitted that single lines of tramways are slow and unsatisfactory, and that point cannot be disputed. He did not deny that 10 per cent. of the running time is lost on the South Perth line and, in fact, on all single loop-lines. That means that there is an actual wastage of 10 per cent. in running costs, on top of which the people waste 10 per cent. of their time in travelling to Perth. That is an economic loss. Naturally the people in my electorate, in common with others served by single lines, are exasperated and are extremely dissatisfied.

Mr. Hegney: If they started 10 per cent. earlier, they might make up that lost time!

Mr. CROSS: I do not know about that, but I know that in South Perth people often have to wait 25 minutes before they can board a tram. We have asked for a more frequent service between 9 a.m. and 4 p.m., and suggested a return to a 15-minute service, which the people of South Perth once enjoyed. When the south-suburban buses commenced running, many passengers who formerly travelled by tram walked to Fremantle-road and travelled to town by bus. Then because the tramways were losing passengers, the 20-minute service was substituted. The trouble is that from Berwick-

street in Victoria Park and along the Fremantle-road in the course of a month tens of thousands of passengers travel by bus, whereas they formerly used the tram. Instead of the tramways providing facilities so as to attract the traffic back to that form of transport, the timetable was extended. On the 29th November next a public meeting is to be held in South Perth—and I am not responsible for that decision.

Hon. C. G. Latham: That will frighten the Government.

Mr. CROSS: The Minister for Railways would certainly be very interested if he were to attend the meeting.

Mr. Thorn: Why don't you invite him?

Mr. CROSS: I think I will. The South Perth people who asked for the provision of transport facilities will require to know why they have not received any answer to their request for nearly 12 months. They are entitled to an answer. They have to pay, and they are entitled to know why improvements have not been effected. If the Transport Board were to hold an inquiry and submit a report on that matter, a reason might be furnished for bringing the whole of the transport facilities in the metropolitan area under a single control. I do not know how many sets of executives and managements there are in the greater metropolitan area, but, in my opinion, the extra overhead expenses involve the travelling public in from £20,000 to £30,000 a year more than they should. Each little bus service has its own separate management, and there is no co-ordination of transport facilities. Almost daily complaints are given publicity in the newspapers, and only to-day, or yesterday, attention was drawn by a South Perth resident to the fact that trams leave the foot of Barrack-street just as ferries are berthing, and before the passengers can board the cars.

Hon. C. G. Latham: Why do you not advocate private enterprise taking control, in which event the losses that the Government make would be avoided?

Mr. CROSS: Not all Government concerns are run at a loss.

Hon. C. G. Latham: Don't overlook the ferries and the trams.

Mr. CROSS: From the inception the ferries have returned a very handsome profit. For years past provision has been made on

the Estimates for a new ferry boat, and each year the item has been struck off. The ferries have made sufficient profit to have paid for a new boat two or three times over. However, as I was pointing out, the Transport Board might submit a report pointing out the benefits to be derived if the whole of the transport services in the metropolitan area were placed under a single control. The controlling body might be a transport trust or a tramway board. The general trend in all large cities is to convert systems gradually to single control with a view to cheapening the services available for the people. Under that system more co-ordinated service and extra consideration are experienced.

Mr. SPEAKER: Is not the hon. member introducing new matter into his reply?

Mr. CROSS: I am giving reasons why the special investigation I suggest should be carried out.

Mr. SPEAKER: The hon. member is not entitled to introduce new matter.

Mr. CROSS: There are many other suggestions that the Transport Board might make for the purpose of effecting improvement in the metropolitan services. The board might suggest that, in order to assist in the quicker transit of trams through Hay-street, no car should be allowed to park on the south side of that thoroughfare between Pier-street and Milligan-street. That would certainly be an improvement. The Minister wanted to know why the trams had not been permitted to run down St. George's-terrace in the early days, and he considered a mistake had been made. If the Transport Board submits a report, suggestions may be advanced to obviate future mistakes, and set out a definite line of policy to be followed. The Minister admitted that there was not likely to be any considerable tramway extensions because of improvements in other forms of transport, and he suggested that the provision of trolley buses would be an improvement. The Transport Board could suggest when and how that could be done, and which tramline should be converted first. The board would probably point out that instead of duplicating the South Perth line, it would be better to convert it into a trolley-bus service. And suggestions would be made which no doubt would be extremely valuable, saying perhaps that people living in outer suburbs should be given more

frequent services until the trams could be converted to trolley buses. I should say for the people of South Perth that if they cannot have trolley buses within the next five years the existing single track tram line might well be duplicated. I believe that no harm can be done by asking for a comprehensive report from the Transport Board. I feel that nothing but good can come out of this motion, for I am confident that the Transport Board with the information at its disposal will make suggestions to this Chamber which in turn will be passed on to the appropriate department. I appeal to members to support the motion because all are anxious for improvements, particularly the people in my suburb, where they are exasperated with the present transport arrangements.

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

Ayes	23
Noes	15
Majority for	8

AYES.

Mr. Boyle	Mr. Rodoreda
Mrs. Cardell-Oliver	Mr. Seward
Mr. Coverley	Mr. Shearn
Mr. Cross	Mr. Sleeman
Mr. Fox	Mr. Styan
Mr. Hegney	Mr. Tonkin
Mr. Hughes	Mr. Warner
Mr. Marshall	Mr. Watts
Mr. Needham	Mr. Welsh
Mr. North	Mr. Withers
Mr. Nulsen	Mr. Lambert
Mr. Raphael	

(Teller.)

NOES.

Mr. Doug	Mr. Patrick
Mr. Ferguson	Mr. Sampson
Mr. Hawke	Mr. F. C. L. Smith
Mr. Hill	Mr. Thorn
Mr. Johnson	Mr. Troy
Mr. Latham	Mr. Willcock
Mr. Millington	Mr. Wilson
Mr. Munie	

(Teller.)

Question thus passed.

MOTION—DELINQUENT YOUTH.

Order of the day read for the resumption from the 1st September of the debate on the following motion by Mr. Raphael—

That, in the opinion of this House, the Government should give immediate consideration to the problem of delinquent youth, and give earnest consideration to the advisability of the establishment of a reformatory home or farm, to be conducted by the Government, but not under the control of the prison authorities.

Question put and passed.

BILL—AGRICULTURAL BANK ACT AMENDMENT.

Second Reading.

Debate resumed from the 15th September.

MR. BOYLE (Avon) [8.6]: I have no intention of following the Minister in the extraordinary speech he made, other than to attempt to refute many of his statements. To understand the Agricultural Bank Act involves a good deal of research work. It is a most extraordinary document in many ways even to-day. The original Act was passed on the 21st May, 1894, and was proclaimed in 1895. The Act of 1906 is really the Act that has been on so many occasions amended, and which preceded the present Act. To show the necessity for the new Act one has only to study the various amending Acts that were passed by this House; no fewer than 10 were passed between 1906 and 1930. When giving evidence before the Royal Commission, I described the Act as a thing of shreds and patches. The Royal Commission of 1933 was the outcome of a general demand by agriculturists that this thing of shreds and patches should be amended. I make no apologies either to the House or to the people of the State for the part I took in bringing about the appointment of that Royal Commission. There was nothing but chaos throughout the agricultural areas, because even the administrators of the Act seemed at a loss to administer that many-times amended piece of legislation. The Wheatgrowers' Union, of which I was then the leader, took a prominent part in the agitation for the amending of the Act. The Royal Commissioners did a very good job, and the Act as it was passed is a measure that took away all the doubt and confusion of the previous Acts. But unfortunately—I say this advisedly—two of the members of the Commission, the Chairman, Mr. Hale, and Mr. Diamond, one a lawyer and the other a banker, allowed their previous training to cloud their judgment in regard to the penal clauses that were inserted in the Act. The principal penal clause is that much-debated Section 51. Up to 1930 there was evidently no necessity for a dragnet clause of that kind. I protested at the time and circularised every member of the Legislative Council in an endeavour to have Section 51 amended or deleted. But the reply I received from many quarters was to the effect that the Bill would be with-

drawn. Then, of course, the Legislative Council took the responsibility of passing that particular clause. The Act has many good features, one of the most important being the recognition of the principle of the writing-down of debts. The previous trustees administering the Act had no authority to reduce the overload of indebtedness being carried by the farmer, but Section 65 is to-day being operated with considerable success by the present bank commissioners. Unfortunately there is no formula for valuation and apparently most erratic valuations are being effected by the bank to-day. The Minister referred to one debt of £11,000 being written down to £3,000. It is obvious that if a man is allowed to carry a debt of £11,000 there was not very much wisdom in the previous administration. But the Minister did not explain how much of that debt was interest and how much was interest compounded. I would not guess at the amounts, but I have one case that was brought under my notice. A farmer in one of my districts mentioned that he had received from the Agricultural Bank a statement showing that he owed them £7,000. Upon investigation I found a capital sum of £3,800, while the interest and interest compounded amounted to £3,200. So the writing-down is more apparent than real. There was another case we had before us recently where the bank had written down the interest by 75 per cent. The Minister has said that Section 51 is merely an extension of Section 37A, which is an amendment to the Bank Act of the 30th November, 1930. I will show the House what sort of an extension it is. It is in the nature of the extension that a condemned person receives in his neck. The original Section 37A reads as follows:—

(1) In respect of—

- (a) any advance made at any time hereafter by the bank to any person for fallowing, fertilisers, insurance of crops, or bags; or
- (b) any interest for not more than one year which has become payable to the bank by any person on any account,

the bank shall be entitled to a first charge, in priority to all other encumbrances, upon all crops sown or to be sown in or grown upon any lands of any tenure (including land held as a homestead farm) held or occupied and used by such persons for agricultural or farming purposes, subject, however, to Subsection 4 of this section.

Briefly, Subsection 4 provides that any charge in favour of the bank shall rank after a similar charge in favour of the Industries Assistance Board. So members will see that Section 37A was for advances made for fallowing, fertilisers and insurance of crops or bags. Section 51, the Minister has said, was merely an extension of 37A. Section 51 states—

Where—(a) any interest is due by any borrower on any account to the Commissioners; I will show the House that that was never intended by the Royal Commission but was put into the measure by the Government.

or (b) any instalment of principal or interest has been refunded to a borrower under Section 53; or (c) any advance has been made by the Commissioners to any borrower other than to effect permanent improvements or other than to purchase machinery, plant or stock, a first charge is hereby created in favour of the Commissioners in respect of all or any such sums in priority to all other encumbrances upon all crops, wool, or wool clips, butter fat produce, livestock, and the increase and progeny of all livestock from time to time derived from or in connection with or being or depasturing on any lands of any tenure (including a homestead farm) held, occupied or used by such borrower in connection with rural industry.

If there is anything omitted from that section, I should like to be informed what it is. It actually covers everything that a farmer has, whereas Section 37A merely gave security over the crop. Section 51 is a dragnet provision, as I have explained before. We propose to amend that section, and to make such a proposal is not a serious crime. We propose to give the farmer some little interest in his proceeds. We do not ask for the repeal of Section 51. I have a circular that I shall quote later in which the Returned Soldiers' League ask for the repeal of those provisions of the Act. We have not asked for anything of the sort, though other organisations have. We have simply asked for an easing of the burden and a little recognition of the fact that the man who produces the crops should have some little say in the distribution of the proceeds. I have before me what is known as Domesday Book. Since the dragnet provision was introduced, and since the penal sections were brought in against the farmers, the Agricultural Bank has issued a Domesday Book. In this book appear the names of 7,000 or 8,000 farmers, and any one of those men who sells as much as a bag of wheat or a pound of wool, without the consent of the Bank, renders himself liable

to prosecution under the Criminal Code. That is the position of 7,000 men whose names appear in this book. Against a good many of the names is marked "all proceeds," and that means that everything produced on the farm must go through the Bank. A copy of this book has been sent to every merchant operating in the State, and this is what one firm has to do in order to protect itself—

Before issuing a cheque always check lien and order lists.

Amend our lists, either for additions or deletions, immediately you receive advice from head office.

Should an agent be in doubt as to the actual position in certain cases, refer to head office for full information before making payment.

When an agent has local knowledge in respect to a release, and a payment is being made to the grower direct, it is essential that head office receive immediate advice of same. Therefore, if you receive local advice, say, from the Agricultural Bank, to the effect that they release £20 to a grower, and you pay the grower, a telegram should be sent to head office so that the release may be recorded before the cheque is presented in Perth for payment. This, of course, is in cases where advice cannot be posted to head office before the cheque can be presented.

It must be understood that although the Agricultural Bank release, say, £20, this can only be paid to the grower conditionally on there being no other lien or orders against that grower.

That is the effect of the iniquitous Section 51. Every farmer is on his trial before a penny-piece can be paid to him. There was a case under Section 37A, which I quoted. A young man named William Hartley, married with two children, in the Southern Cross district sold wheat to buy £20 worth of spare parts in order to take off his crop, and landed in the Fremantle Gaol for five months. The remarks made by the magistrate, Mr. Moseley, were a complete indictment of the system. Mr. Moseley said he sympathised with the man, but the law was there and had to be enforced.

Mr. Hughes: Why five months?

Mr. BOYLE: Because it was the law.

Mr. Hughes: The magistrate could have made it five hours.

Mr. BOYLE: Well, he gave the man five months. Probably the information advanced now would have been useful to us at the time.

Mr. Hughes: The magistrate could not have been too sympathetic.

Mr. BOYLE: That was before Section 51 came into operation. Yet because we seek to relieve that burden, to give the farmer a little freedom and a sense of security, we are abused and a reign of terror is rampant in the wheat belt.

Mr. Warner: Like poison gas.

Mr. BOYLE: One has only to travel through the wheat belt to realise what it means. Not long ago the Merredin mill bought a quantity of wheat from farmers, and had to make a refund. A detective has been employed; Detective Hickey is travelling from one end of the wheat belt to the other armed with all the powers of the law to ensure that farmers observe that iniquitous Section 51. As I have already said, we are not pleading for its repeal, but we ask that it be made less irksome. Yet the Minister, in reply to our request, made one of the most impassioned and reactionary speeches I have ever heard. After listening to him, one might well wonder whether there is an honest farmer left in the wheat belt. Let me assure the Minister that farmers in this State are just as honest as are other sections of the community. They get far less out of life than do most people, and they do not need the continual wet-nursing and terrorism practised against them. There is no necessity for it. The Minister spoke about the huge crops that came off blocks not under mortgage to the Bank.

Hon. C. G. Latham: He even said that a cow on the property of a farmer's wife had three calves in one year.

Mr. BOYLE: If that cow could have been exhibited at the Royal Show, it would have brought a fortune to the side-show. Why does the Minister insist on quoting extreme and isolated cases? The cases he quoted are by no means general cases.

Hon. C. G. Latham: I doubt whether they exist at all.

Mr. BOYLE: If this House is going to permit Section 51 to remain on the statute-book, and a detective to be employed travelling up and down the country continually, the inevitable must happen. It will drive honest people to become dishonest. No one would submit to such treatment without taking some action by way of objecting. We hear of talk about the growth of Communism. It speaks volumes for the farmers of this State that Communism has

not made bigger inroads amongst them. Perhaps if this treatment of farmers is persisted in, we shall see Communism expanding. The Minister told us that the Bank must have the powers conferred by Section 51; otherwise no more advances would be made. I agree with the Minister so far as his remark applies to I.A.B. advances. I am sure that a mistake was made in drafting the measure because it would be very unsafe and unsound for the Bank to make advances under the I.A.B. that could not be secured against the crop. That matter, however, could be adjusted by amending the Bill in Committee. I would certainly vote for the inclusion of I.A.B. advances. In reply to the Minister's statement that Section 51 was necessary, allow me to recall what happened when the same Minister held the portfolio of Lands from 1927 to 1930. Without any Section 37A, and without any Section 51, he made advances acting only under the power given by the ordinary law of the land that a mortgagee who disposes of any mortgaged asset is liable under the Criminal Code. He was also content with the ordinary power to recover interest. He had no more power in the years 1927 to 1930 when he organised a perfect orgy of spending.

Hon. P. D. Ferguson: The farmers were all honest then, I suppose!

Mr. BOYLE: Let me give the figures. According to the official report, the advances made on ordinary account by the present Minister for Lands were as follows:—

		£
1927-28	539,054
1928-29	648,603
1929-30	725,698
Total	<u>£1,913,355</u>

Hon. C. G. Latham: And £2,300,000 in the South-West.

Mr. BOYLE: I am disregarding the South-West entirely; I do not wish to be drawn into a discussion of group settlement. I am dealing only with the ordinary advances of the Bank.

Hon. P. D. Ferguson: The Bank did not then control group settlements.

Hon. C. G. Latham: But the Minister did.

Mr. BOYLE: That total of £1,913,355 represented an increase of £797,800 over the advances during the three previous years, namely 1924-27. During the term of the

Mitchell Government, advances were made as follows:—

		£
1921-22	226,062
1922-23	323,797
1923-24	372,565
Total	<u>£924,424</u>

Thus the present Minister advanced in his three years 101 per cent. more money than was advanced in those three years.

Hon. C. G. Latham: In round figures, over a million more.

The Minister for Lands interjected.

Mr. BOYLE: I say it was justified.

Hon. C. G. Latham: I say it was mal-administration.

Mr. BOYLE: But the Minister cannot now come to Parliament and say that he must have security against the farmer that he did not have in those days. The Minister lashed himself into a passion when stating that the Commissioners would not make advances unless they had the powers under Section 51, but in view of what happened in 1927-30, his statement did not ring with any great degree of sincerity.

Hon. C. G. Latham: Were those men dishonest when the Bank made the advances?

Mr. BOYLE: I would like to ask the Minister how he got on without the shackles that are now placed upon the farmer. According to the returns then, everything was all right. The depression years set in, and in addition to the depressed condition of the farming industry the farmer is now to be shackled with all the terrors of the law. No body of men can perform their work with any degree of satisfaction to themselves or to the State while the reign of terror lasts throughout the wheat belt. The Minister referred to organised blackguardism in preventing auction sales from being effected on the wheat belt. I was one of the blackguards who organised those proceedings, and I am very proud of it. It was not blackguardism; it was self-defence. The farmers had taken heed of what Mr. A. H. Dickson, of the 1931 Royal Commission on Agriculture, had said, that the farmer must be guarded against the diligent creditor. That creditor was the agent for Eastern States firms. He set out to get all the farmer's assets because he thought the farmer was finished. In 1931 the merchants refused to supply the farmers of Western Australia with superphosphate, which consequently had to be supplied by

the Government. Who can blame the merchants? They are business men. The managers here would have got the sack if they had not been diligent. What did we do? We organised these "blackguardly" proceedings. In fact, this State very nearly had a lynching in that year, when a farmer shot his son, aged 22, and then shot himself. Why did the farmer do that? Because there was £20 owing on his truck. The firm of merchants sent out hirelings, who seized the man's truck at the siding and let him walk home. The farmer put a bullet through his son, and then blew his own head off. A request was made to me, as head of the particular organisation with which I was associated, to bring that man's body to Perth and leave it in St. George's-terrace with a placard upon it. I can also inform the House that the farmers camped at Koorda siding for the best part of a week. I interviewed the firm in Perth and told them that if they sent a man to remove the truck from the siding, Western Australia's first lynching would take place at Koorda. I was assured by the farmers that they were there ready with ropes. If men are to pioneer land, they are not going to be turned into serfs. The farmers object strongly to the speech recently made by the Minister for Lands in this Chamber. One cannot stigmatised a whole community. There are bad amongst the farmers of this State, as there are bad in every section of society. But a man makes a very wide statement indeed when he stigmatises a whole section of the community in that way. The section stigmatised will this year produce £7,000,000 worth of wheat, apart from wool and other products. That production will be put on the market. Surely to goodness the producers of all that wealth have a right to a place in the sun! The Minister said that the losses incurred in the agricultural development of Western Australia amounted to £866,000, on which no interest was paid. Interest was paid! It was not paid in cash, possibly; but it was certainly paid in the amount of produce which kept the State railways busy in the year 1932-33, about the worst year of the depression from the farmer's standpoint. However, the farmer had the same freights to pay on his goods over the railways. He had the same overhead charges to meet. He paid those freights and charges in cash. Out of £2,104,000 realised from goods traffic over the railways, the wheatgrowers and farmers generally were responsible for no less than

£1,204,000, or 60 per cent. of the whole of the goods revenue received by the Railway Department in that year. That, I consider, represents very good interest on the amount of £866,000 which the Minister said had been spent on agricultural development without interest being paid. Reference was made to miners having to pay. Miners paid no more than any other section of the community. The wheatgrowers themselves were taxed, and heavily too. In Victoria they do not make such a fuss about the writing-off of loans or moneys owing. Yesterday I received a Melbourne "Age," dated the 20th October, 1937. The Minister for Lands in his impassioned address referred to the fact that about £3,000,000 had been written off by the Agricultural Bank. That amount, he said, went to the dead-load account of the State, on which the general taxpayer would have to pay the interest. In Victoria they regard agriculture as a real benefit to the State. In Victoria they take these things in their stride. There they realise that any opening-up of new country and any establishment of an agricultural industry must result in huge losses. I am going to quote figures bearing on that aspect for the Minister's edification. There is the minority report of Mr. S. B. Donovan. Mr. Donovan evidently has the Government's confidence, as he has been appointed chairman of the Agricultural Bank Commissioners. I will go so far as to say that I think Mr. Donovan's appointment a very good appointment indeed.

Mr. Warner: You are right there.

Mr. BOYLE: The Victorian Government are now engaged in writing £20,000,000 off £40,000,000 owing. I have here the report of the Victorian Auditor General, Mr. J. A. Norris, which states—

Closer settlement finances, with their huge total of losses on both civilian and soldier settlement, are still in course of adjustment by the Closer Settlement Commission. The loan liability now outstanding is £35,967,462, and at 30th June last the accumulated deficiencies totalled £17,164,018, of which £12,316,242 has been provided by the Federal and State Treasuries. It is believed that the Commission's adjustments and revaluations will reduce the total of about £41,000,000—representing the present loan liability and deficiency still unmet—by about £20,000,000.

The Auditor General (Mr. J. A. Norris), in his annual report to Parliament yesterday, points out that the burden on the taxpayers in the past of the settlement schemes has been between £800,000 and £1,000,000 a year. It is

not expected, he says, that the readjustments being made will relieve the taxpayers, "but they should encourage the remaining settlers in their courageous efforts to succeed where so many have failed."

Evidently Victoria's Country Party Government believe in encouraging the settlers who remain by relieving them of this particular burden. The accumulated deficit on soldier settlement in Victoria amounts to £13,237,864, and the accumulated deficit on civilian settlement to £3,926,154. In addition, Victoria has water conservation boards, and the Victorian Government have assisted rural development by borrowing £17,000,000 for those irrigation schemes. Up to date the cost of running them has been £20,000,000, and the amount of revenue derived has been £9,000,000, leaving a deficit of £11,000,000 on the undertaking as a whole. That amount is being written-off now. The deficits for four years on the various schemes, according to the Victorian Auditor General, have amounted to between £350,000 and £900,000 annually. The net return on the capital outlay has been 19s. 10d. per cent., while the rate of interest paid by the Treasury is £4 7s. 1d. per cent.

The Premier: You do not think we are harassing the farmers here, do you?

Mr. BOYLE: No.

The Premier: From your remarks one would infer that.

Mr. BOYLE: I withdraw the remark if it hurt the Premier's feelings.

Hon. C. G. Latham: What about the Government's legislation?

Mr. BOYLE: I had no wish to say that the Government were harassing the farmers for water accounts. They are not doing so. However, I want to make it clear that the Victorian Government not only refrain from pressing water claims against the farmers, but are relieving the farmers of those claims. Anyone here who tries to get relief in respect of rates owing to the Water Supply Department knows that he has his work cut out. It must be borne in mind, too, that the agricultural settlement of Western Australia is to-day loaded with a number of political ventures. One has only to look at the Esperance settlement and the miners' settlement at Bullfinch. All those marginal areas were practically settled before the ground and the conditions had been tested out.

Hon. C. G. Latham: The Esperance settlement was put in against the advice of the experts.

Mr. BOYLE: Esperance has been a highly costly experiment for the State, involving probably £750,000. I see there is a large amount for accumulated interest. The railway built in the district may have other purposes. Very little heed is taken of the fact that 300 men have been ruined there. I doubt whether to-day 50 farmers remain in that area. The Norseman mines to-day are employing most of those men. Their capital and their years have all been wasted in the Esperance district, and they have had to move off.

The Premier: You do not think we are pleased about that, do you?

Mr. BOYLE: No. I merely wish to make my point that those settlement schemes were not only at the expense of the State but also at the expense of the unfortunate men who went out on them and lost everything.

The Premier: That is practically saying that they were not assisted. We assisted them as much as we could.

Mr. BOYLE: I do not wish to make any such implication.

The Premier: You say it does not count that 300 men were ruined there. It does count with everybody.

Mr. BOYLE: I did not hear the Minister for Lands make a reference to those men. He referred to the losses.

The Premier: You say 300 men were ruined and that does not count. It does count, and all possible assistance was rendered to them.

Mr. BOYLE: I think the Premier is inclined to misunderstand me. Those settlements were largely political ventures, a try-out by different political parties, and the men who went there were ruined.

The Premier: Then you proceeded to say that that did not count at all with us.

Mr. Patrick: The Minister only referred to the State losses and not to those of the settlers.

The Minister for Works: All the settlements were political ventures, those on the wheatbelt and elsewhere!

Mr. BOYLE: I disagree with that. The settlement of the wheat belt is sound and solid, but the settlement on the wheat belt could not have been effected without the men and women who went there, and I stated that those men and women should come first. Section 51 is driving men off the land to-day, and I will prove it. Section 51 has been in operation for two years.

During 1935 and 36 wheat was at 3s. 11½d. per bushel; in 1936-37 it was 5s. 6½d. Wool in 1935-36 was 13.59d. per lb., and in 1936-37 16.16d. per lb.

The Minister for Works: That was what induced the men to go out.

Mr. BOYLE: It has been mentioned that the rising prices gave them a chance, and that they should have met the demands made on them.

The Premier: That is if they got plenty to sell, but unfortunately they struck a drought.

Mr. BOYLE: Two years before, in 1933-34, wheat was 2s. 11½d. a bushel, and in 1934-35 it was 3s. 2½d. Wool for the two respective years was 15.65d. and 16.16d. The average wheat price for the two years from 1935-37 when Section 51 was in operation was 4s. 8½d. a bushel f.o.b. as against 3s. 1d. between 1933 and 1935, a difference of 1s. 7½d.

The Premier: And they had half as much to sell.

Mr. BOYLE: Yet 1,335 farmers left their blocks. If they had not so much to sell it was the duty of the Government to keep those men on their farms.

The Premier: The hon. member will admit that we did that as far as possible.

Mr. BOYLE: Yet 1,335 farmers left their blocks. I think the Government did try to keep these men there. Last year the Government advanced over £200,000. I do not know one case of where a man who has been a trier has been refused his I.A.B. or sustenance advance, but in the face of all that, owing to the oppressive conditions of Section 51, 1,335 farmers—clients of the Agricultural Bank—left their blocks. They stuck it for a long time. They were on their blocks for many years.

The Premier: Given a good season they would have been all right.

Mr. BOYLE: If this section continues in operation the wheatbelt will be de-populated. I was surprised that the Minister, in formulating the Act, took so little notice of what Mr. Donovan, to whom I referred so eulogistically, had to say. The Act is supposed to be founded on the evidence tendered to the Royal Commission, but there are many directions in which use was not made of the evidence in this connection. In his report—and that report is worth re-

counting as being that of a sound humane man—Mr. Donovan said at page 84—

The Agricultural Bank pioneered the wheat-belt of Western Australia, both in respect to land and to men. No other institution could dare take the risk. Heavy losses were inevitable.

Heavy losses were inevitable, and had to be written off and put on to the shoulders of the community. This being a primary producing State, that was inevitable. It has happened in Victoria and South Australia.

Mr. Marshall: It has happened in Victoria ever since Victoria has been Victoria.

Mr. BOYLE: But it cannot be said it is the fault of the farmer.

Mr. Marshall: Farmers are walking off their holdings in America to-day.

Mr. BOYLE: No they are not. In America there is a Farm Corporation Board which is keeping men on the farms.

Mr. Marshall: Yes, they are walking off their land.

Mr. BOYLE: They are walking off unsuitable areas and being settled in more suitable areas.

Mr. Marshall: It is happening the world over.

Mr. BOYLE: Mr. Donovan said—

Every mortgage creditor, secured and unsecured, whether State or otherwise, should face the position squarely in order that both the farmer and the creditor should know exactly where they stand.

The Minister said the relationship between the bank and its clients should be that of lender and borrower. What is the first basis of action between a lender and borrower? Is it not one of mutual trust and confidence? Would any man lend anybody anything if he were not reasonably sure of the integrity of that man?

The Minister for Works: There are always reasonable safeguards.

Mr. BOYLE: Of course, but there are other things that enter into it. In Victoria they have their Debts Adjustment Act and they have appointed people whom they call conciliation officers; there are 42 of them. Their duty is to act as conciliation officers, and they are doing it well. In New South Wales there are supervisors.

The Minister for Lands: The results in Victoria show how they are acting; it is a great joke.

Mr. BOYLE: The lender and borrower relationship has been utterly destroyed be-

tween the Agricultural Bank and its clients. There is a spirit of open antagonism between lender and borrower there not conducive to the best interests of either.

The Minister for Lands: There is always an antagonism between lender and borrower when the borrower refuses to repay the money.

Mr. BOYLE: It should be the interest of every member to endeavour to remove that antagonism. Mr. Donovan continued—

Every person or institution gambled on the maintenance of the high price or at least a price commensurate with the cost of production, plus a reasonable living for the persons engaged in the industry.

That is what anyone should expect from any industry in which he is engaged. I must admit that Mr. Donovan probably absorbed these pernicious ideas when he was president of the Cunderdin Branch of the Wheatgrowers' Union. Mr. Donovan continued—

Many other points could be advanced, but suffice it to say that the present heavy burden incurred was based on the productive capacity of the land consistent with the high wheat prices.

He further said—

A policy that merely aims at keeping the farmer on the land cannot be pursued indefinitely.

I agree with him thoroughly. If we do not make people contented in their vocation they are not going to remain on the land. Mr. Donovan added—

Interest on interest accumulating, the farmer slowly but surely observes the result of his life's labour drifting from his grasp. My many years of farming experience, together with ten years of general business experience with the farming community, lead me to the belief that if you show the majority of farmers, decent men who have taken up farming as a vocation, that they have a chance some day of owning their home they will make good.

That is from Mr. Donovan, a man for whom I have the greatest respect, and upon whose appointment I congratulate the Government. But I can foresee trouble. I can see incompatibility between the chairman and his Minister. If he attempts to put these humane tenets into operation he will probably meet with opposition. He said—

A superman could not possibly carry the indebtedness of some properties. Then the farmer, having his debts adjusted to the capacity of his farm, and having obtained a certificate from the board, with wheat at 3s. per

bushel as a basis for any scheme, would experience no difficulty in obtaining the necessary seasonal credit. Mortgagees would be concerned only about their own clients.

I am quoting Mr. Donovan to show that he has a fair and clear grasp of the business of the Commission, and I hope he will use whatever influence he has to assist in amending the Act he will have to administer in the next few years. The Minister mentioned in his speech the importunities of politicians with regard to the trustees of the Bank. I am not concerned about that. I can get all the business I have with the Bank done through the Bank officials. I do not want to waste the commissioners' time. They would only refer me to the bank officials to whom I can go without seeing the commissioners. I am not at all concerned about importuning the commissioners. They are there to administer a very big job and do not want to be bothered with individual cases. If the doors were open to-morrow I would not bother them. There are efficient officials from whom I can obtain all I want. But the Minister referred to the importunities of politicians having led to the closing of the doors to politicians. Turning to the evidence of Mr. McLarty before the Commission, I cannot find any complaint of the importuning of politicians but I find very serious complaints against the Minister. In reply to question 976, he stated:

It was my duty to carry out the policy of Parliament and successive Governments.

Question 979 and the answer were as follows:—

Do you say that if you had refused to carry out the will of the Minister you would have been dismissed?—I think so.

That shows the Minister was in control there. In reply to question 982, he said:

It is better to lose interest than interest and capital too.

In Question 5310 he was asked:—

You went on as Government policy dictated to you?

And he answered "Yes." Question 6151 and the answer were:—

You alleged you were compelled by Ministerial direction?—Yes, by consideration of Government policy.

So that evidently it was not the importunities of politicians but fear of the Minister that actuated him. I claim that any representative of any section of the com-

munity in this House should have the right by deputation to see the commissioners to obtain some knowledge of the policy being carried out in that particular locality.

The Minister for Lands: You will find that the Minister was protecting it.

Mr. BOYLE: I am speaking generally; I am not speaking in a party way at all. The managing trustee objected and told the commissioners that what the Minister said had to go. The collection of interest has been put forward as the main working life of Section 51. It has succeeded. I find that the interest collections for one year rose to extraordinary heights. In 1934-35, a bad year, as the Premier mentioned, the collections were, Perth district, 107 per cent.; in 1935-36, 103 per cent., and in 1936-37, 99 per cent. In connection with the soldier settlement scheme, in 1934-35 the collections were 86 per cent.; and in 1935-36, 111 per cent. The group settlement collections were in 1934-35 22 per cent., and in 1936-37 99 per cent. They rose from 22 per cent. to 99 per cent. in the year. In the Narrogin centre the collections were 118 per cent. in 1934-35 and 136 per cent. in 1936-37. Certainly there has been no mistake about the collections which have been made regardless of the interests of those concerned. I consider that a case has been made out for the amending Bill that we have put forward. Firstly we want Section 51 amended to a more reasonable incidence; secondly, and I am going to agree for the second time with the Minister the Federal Royal Commission valuations were on the basis of 3s. for wheat f.o.b., 6d. for wool and 10s. for fat lambs. I have conversed with Mr. Harper several times on this subject.

The Minister for Lands: So have I and he told me to the contrary.

Mr. BOYLE: Then we will agree to leave Mr. Harper out of it if that is the case; but I would suggest and be prepared to move in Committee that the basis of valuations should be ten years—1925 to 1935—five being the best years and five the depression years. That would give us an average price for wheat at 4s. 2d. a bushel f.o.b., wool at 13d., and fat lambs 15s. 5d. I would be prepared to assist in that regard. I hope the House will pass the second reading and that when we reach the Committee stage the Bill will be made a workable measure.

HON. C. G. LATHAM (York) [9.5]: I propose to support the second reading. I am sorry such a reception has been given to

the Bill by the Minister for Lands. After all it is the privilege of members on this side of the House to submit legislation so long as it comes within the Standing Orders; and if legislation is introduced, and hon. members opposite do not agree with it, at least they might discuss it in that frame of mind that is usually adopted when debating questions in the House. I will admit that the most important part of the Bill is the amendment to Section 51 of the Agricultural Bank Act. I was not present when the Minister made his speech, but I read it carefully and I was surprised at the statements he made. There were suggestions that all were rogues and vagabonds. The Minister must have been in a very bad temper when he charged farmers with being unscrupulous.

The Minister for Lands: I said a section of them.

Hon. C. G. LATHAM: No. And he also made charges against members on this side of the House. However, I do not propose to continue the debate on those lines.

The Minister for Lands: I charged a section only.

Hon. C. G. LATHAM: The Minister stated that the Bill I introduced in 1930 was identical almost with this. I say there is no comparison whatever between the two. The member for Avon (Mr. Boyle) pointed out the conditions prevailing at the time the legislation was introduced. There was a financial crisis and those who had any money out among the farmers were anxious to obtain everything they could. It is all right for the Minister to laugh, but what I am saying is perfectly true. What actually happened was that those people were concerned more about getting their money in than carrying on the industry. They had a responsibility to their firms, and the firms owed a responsibility to the banks, and so their only concern was to get in as much money as they possibly could. On our part, we were concerned more about carrying on the industry. At that time the Government of Australia, which was a Labour Government, were also concerned about getting as much wheat as possible exported so as to pay overseas debts and meet commitments. Having that in mind we saw it was necessary for us to do something to control the proceeds of the farmers' harvests. At that time, like all Ministers, I did not tell the House all there was to be told about the matter. I was only following the example of other Ministers in other Governments. If I had said that the Bill was introduced to

protect the farmer so that the creditors should not grab everything, the probability is that there would have been more opposition to it than there actually was. The main idea was to see that the farmers to whom advances were made and who were a year in arrears, were protected, and our proposal was to re-advance the money to the farmers. I suppose any other Government would have done the same as we did. The most important thing was to see that the industry was carried on. As the member for Avon has pointed out, at that time we could not even get super for the farmers, and the Government in a wholesale way had to supply it.

The Minister for Lands: Sob stuff!

Hon. C. G. LATHAM: There is no sob stuff about it. It is the truth. The Minister has very little consideration and very little sympathy for the man who finds himself financially involved and who is unable to extricate himself. We also said that while we were taking this power to protect the farmer, if any other person required the same assistance that we were providing, he also should automatically have a similar right. So the Bill had a twofold purpose, inasmuch as it also stopped the need for the registration of bills of sale or liens and we did not make it retrospective either. Let me read what Section 37 (a) of the 1930 Act said—

There is hereby inserted in the principal Act between Sections 37 and 38 a new section as follows:—

Perhaps I had better read what Section 38 says—

Subject to this Act the Commissioners may make advances to any person engaged in rural industry on the security of any lands owned and used or intended to be used by him in such industry—(a) In respect of any advance made at any time hereafter by the bank to any person for fallowing, fertilisers, insurance of crops or bags;

That dealt only with the current harvest.

or (b) Any interest for not more than one year which has become payable to the bank by any person on any account—

That is only one year's interest—

—the bank shall be entitled to a first charge, in priority to all other encumbrances, upon all crops sown or to be sown in or grown upon any lands of any tenure (including land held as a homestead farm) held or occupied and used by such person for agricultural or farming purposes subject, however, to Subsection 4 of this section.

Subsection 4 provides that the Industries assistance charges should rank in priority with these charges. Then it goes on—

If any person shall, on the written request of the bank, supply to another person fertilisers or bags on credit, the first mentioned person shall, subject as aforesaid, be entitled to the like charge and security as is mentioned in the last preceding subsection.

That is considerably different from the existing Act. To-day if a person supplies stock to any farmer, immediately the proceeds from the stock are earmarked under Section 51. There is a misapprehension amongst farmers to-day, and whether it has been brought about by the Minister deliberately I do not know, but ex-soldiers at the R.S.L. conference were told that so long as they paid interest there would be no other charges made against them. The Minister does not follow the Act at all, because Section 51 says—

Where any interest is due by any borrower on any account to the Commissioners or any instalment of principal or interest has been so funded to a borrower under Section 53; or any advance has been made by the Commissioners to any borrower other than to effect permanent improvements or other than to purchase machinery, plant or stock, a first charge is hereby created in favour of the Commissioners in respect of all or any such sums in priority to all other encumbrances upon all crops, wool, or wool clips, butter-fat produce, livestock, and the increase in progeny of all livestock from time to time derived from or in connection with or being or depasturing on any lands of any tenure (including a homestead farm) held, occupied, or used by such borrower in connection with rural industry.

It covers all securities, whilst ours only covered the security which he was farming. Then it goes on—

Provided that where the interest due exceeds the interest payable for one year, the maximum charge for interest against the crops, wool or wool clips, butter-fat produce, livestock or increase in progeny thereof of any one season shall be in respect of one year's interest.

The Minister has led the settlers to believe that once they paid one year's interest, their assets would be free. That is not so. There is an automatic lien immediately any principal becomes due.

The Minister for Lands: So long as they present the security.

Hon. C. G. LATHAM: The Act does not say so. If there are any arrears of principal owing, the lien stays there automatically.

The Minister for Lands: No.

Hon. C. G. LATHAM: It is so. Whilst we have some difficulty in understanding the interpretations given by lawyers, this is very clearly printed. It says that when any instalment of principal or interest which has been refunded to the borrower is due, an automatic lien is immediately created in favour of the Bank. It does not say that it is four years' interest that shall be paid, but that if one year's interest has been advanced, until it is repaid an automatic lien is created in favour of the institution. If members will refer that to the Crown Law authorities, they will find I am giving the correct interpretation. Let us see what this has done in the past, and what it will do in the future. Whilst the Government are unable to obtain the necessary money to make advances to the farmers, they prevent other people from doing so. To-day there is not a stock firm that will put any stock on any farm. Immediately it did so, there would be an automatic lien over the stock. It could not get any of the woolelip, or of the progeny. In consequence, the farmer is not in a position to make a recovery. I have always contended that no section of an Act is more calculated to make rogues of people than this compels them to be. Immediately a man's credit is tied up we take away the control of his assets and leave him with absolutely nothing.

The Minister for Lands: Were there no rogues during your administration?

Hon. C. G. LATHAM: I did not know of any, but there have been many since.

The Minister for Lands: You did know of them.

Hon. C. G. LATHAM: They were not made rogues by Act of Parliament, as they are in this case. They are made rogues by this Act, because everything they possess and produce on the farms becomes automatically tied up. There are very few farmer clients of the Bank who are not in arrears with repayments of advances. So long as there is one outstanding repayment of advance, there is an automatic lien. It is that to which we object. The Minister has frequently said that this institution is no worse than the private banks. I dare say members have had experience of the Associated banks. Never have they taken an automatic lien over everything without making provision for carrying on the farmer in the matter of current expenses.

Mr. Lambert: You were a party to that legislation.

Hon. C. G. LATHAM: If the Minister had not been going away on important business that night, he would not have finished at 9 o'clock.

The Minister for Lands: Could I say that the member for Avon was a party to it?

Hon. C. G. LATHAM: I am not responsible for that hon. member's opinions. I gave an undertaking that I would meet the Minister in this matter because he had to attend an important meeting in Melbourne, though but for that he would not have got away as easily as he did. There is an important point I wish to raise in connection with this class of legislation. In the original Agricultural Bank Act it was provided that advances should be for 25 years. It set out the conditions under which the advances were made, and a mortgage containing the conditions was signed by the mortgagor. By Act of Parliament, without consulting the mortgagor, we varied the conditions of the mortgage, and varied them considerably. It is a wrong principle for any Government to adopt, to vary any contract without consulting both sides. They set up a precedent for all mortgagees in the future, so that they can demand the same harsh and unfair provisions. There never have been such harsh provisions imposed upon anyone. Legislation is repeatedly introduced in this House to relieve debtors from their various obligations, and very rightly we have relieved them. Some legislation was introduced by the member for Collie (Mr. Wilson), and I believe legislation was introduced by the member for Canning (Mr. Cross), and at no time have we opposed it. It was legislation to relieve the debtor of debts he could not meet or of contracts he had entered into that he could not fulfil. In this case, because it is the farmer, the man who has the most difficult task, the man who probably has the hardest life it is possible to have, who puts in a crop and does not know whether he will get anything out of it, who probably has the most unattractive business of all, the man upon whom we have to depend so much, because it is the farmer, I say, we introduce this class of legislation. I have no objection to the Minister opposing the Bill, but I do object to his making the charges he did against this side of the House. I also object to his saying what he did about farmers generally, because the statement is not true. The farmer is as honest as is any other person in the community.

The Minister for Lands: I did not say anything to the contrary.

Hon. C. G. LATHAM: As pointed out by the member for Avon (Mr. Boyle) the Minister advanced no less than £1,900,000 to these people. He did not tell them they were dishonest at that time.

The Minister for Lands: I do not think so now.

Hon. C. G. LATHAM: What made them dishonest? They are not dishonest because of any free will of their own, but because it is impossible for them to meet their indebtedness.

The Minister for Lands: During your administration more than one farmer was put into gaol.

Hon. C. G. LATHAM: By whom?

The Minister for Lands: The Bank, and you did not object.

Hon. C. G. LATHAM: Who did?

The Minister for Lands: You had better consult the file.

Hon. C. G. LATHAM: Probably the Minister is anxious enough to put that file on the Table, but he is not so anxious to put other important documents we have asked for on the Table. I shall be glad to see those papers.

The Minister for Lands: You will be glad.

Hon. C. G. LATHAM: I had nothing to do with it. The matter was never referred to me.

The Minister for Lands: It was.

Hon. C. G. LATHAM: It was not.

The Minister for Lands: I say it was.

Hon. C. G. LATHAM: I challenge the Minister to produce the papers. It was a matter entirely between the Crown Law Department and the Bank. I had nothing to do with it.

The Minister for Lands: I will produce the papers.

Hon. C. G. LATHAM: I shall be glad if the Minister will do so. I had nothing to do with the matter. The Minister said the other night I was not in charge of the Bank. Why should the matter be referred to me when the Premier was here?

The Minister for Lands: This matter was referred to you.

Hon. C. G. LATHAM: It was not.

Mr. Lambert: Is this a conversation between the Minister and the Leader of the Opposition?

Mr. SPEAKER: Order!

Hon. C. G. LATHAM: We are justified in asking that the Bill should go into Committee. If the Minister then desires to make amendments, I shall have no objection. I do not think we have introduced legislation which takes away the rights of the Bank so far as the Industries Assistance Board is concerned. We have no intention of doing so. If this Bill does so, it is purely by accident that it does. If it is wrong in that particular, it can be put right in Committee. This side of the House would not desire to deprive the Government of any revenue to which they were entitled, but we have a right to endeavour to remove harsh conditions imposed by legislation. This measure will be brought down every year until some relief is given to the farming section of the community. It is only Section 51 upon which I particularly harp. Every year we try to remove some of the harshness of this type of legislation. The House would be well justified in passing the second reading. I am sure the Bank does not require this power, and did not ask for it.

Mr. Lambert: It is a matter for Parliament.

Hon. C. G. LATHAM: It is for Parliament to decide, and I hope in its wisdom it will agree that it is time to remedy the mistake that has been made.

MR. WATTS (Katanning) [9.25]: The member for Avon has covered most of the ground dealt with by the Minister for Lands in his speech. There are, however, one or two matters to which no reference has been made. I wish to take the opportunity of putting the position a little straighter if I can in respect to one or two of these items. I have a note that the Minister said—

It is significant that clients of the Associated Banks or their political representatives called for no special legislation to force conditions from the private banks. They have no hesitation in grasping opportunities to exploit the State and to encourage individuals en masse to exploit the State without regard for the rights of other sections of the community.

When that observation was made, the member for Irwin-Moore (Hon. P. D. Ferguson) interjected that if the Minister would be perfectly fair he would realise that such provisions were being contemplated by this side of the House, and were actually before the House. It is no use the Minis-

ter saying there was no such intention in our minds. We desire to put the Agricultural Bank legislation in a better condition than it is in at present. We do not contend that this Bill is incapable of improvement by amendment, but we say that much of it is absolutely essential for the benefit of the farming community. We have evidence that the relationship between the farmer and certain of his creditors outside the Government should also receive attention. I wish to make this very plain so that the House may know what value is attachable to the observation of the Minister in that regard. The Minister went on to say that the debts due by farmers to private banks are payable on demand; that all income derived from any source is paid into the private bank's accounts, and thus they keep control of their clients' operations; and that a very different state of affairs prevails in the Agricultural Bank. I admit that a different state of affairs does obtain in the Agricultural Bank. I also submit that it is because the bank has not the requisite facilities to enable it to deal with matters in a manner similar to what is done in the case of the private banks. There is no provision whereby the Agricultural Bank can be conducted under any other method than that under which it has been conducted for the last 30 years. The advances it makes are repayable by instalments over a period of years. If some effort had been made to permit the bank to allow its customers to pay their funds into the institution, and draw their money when they required it either by cheque or procuration orders, and had some provision been made for the institution to run along rural bank lines, the bank would have been in the position to control the affairs of its farmer clients in a reasonable, proper, and satisfactory manner; in fact, better than private banks are in a position to do to-day. So I contend it is no use seeking a solution of the Agricultural Bank problem by merely stating that it is in a different position from that of the private banks in that regard. If it is, then I suggest it is the Bank authorities' own fault, or that of those who have controlled the institution during the passage of the years. It is suggested, I believe, that the provisions of the Agricultural Bank Act 1934, as contained in Section 51 and other relative sections, are absolutely essential in order that the Bank may obtain

securities. I disagree very strongly from that view. The ordinary lender of money does not obtain any security over the property of his borrower by a lien or charge that is provided for him by an Act of Parliament. He obtains it by taking a security which is signed as a contract between him and the borrower. From the very commencement of the Agricultural Bank Act, such securities as a contract between the Bank and the borrower were signed and for many years, speaking by and large, they served that Bank as reasonable securities, and established the relationship, in a reasonable manner, of creditor and debtor as between the Bank and the farmers concerned. When in 1930, Section 37A of the Agricultural Bank Act was passed, whatever may have been the sound reasons that at the time were alleged to justify their passing—I think we may admit that there were sound reasons in the minds of those responsible at the time—they did not justify a breach of contract and the insertion in the conditions, as between the borrower and the lender, of new terms, by means of an Act of Parliament, in a new security to which one party to the contract had never agreed and had no prospect of agreeing. So there was no justification whatever, in my opinion, for the extension of that principle being included in the 1934 Act. The justification suggested at the time, and which is still held, presumably, is on the basis of the end justifying the means, namely, that it was the only means by which the Bank could get a grip of the farmers' affairs. As I say, it was no excuse in my view for the breach of the contract that had been made for a period of years, on terms, by the signing of mortgages or other securities in the ordinary way with the Agricultural Bank. The Bank is not prevented by the Bill, or by any other legislation that I know of, from entering into various contracts with the farmer except insofar as some restrictions are placed on the contract by the provisions of the Bill. Those restrictions have been embodied in the measure because in every way the contract that the Bank seeks to make with the farmers, makes the position of those men a little more difficult. I am prepared to admit that, with regard to the Associated Banks and other lenders of money, there are clauses in their securities that are very objectionable from the point of view of the borrower in that, as the Minister stated,

they purport to cover everything he possesses, even to his household furniture and consumable stores. Because there are some such agreements it does not follow that I or the Minister approve of them, but I submit that not only has the Agricultural Bank added to its original contract by means of legislation embodied in the 1934 Act but has also added to those securities, in all cases where there has been any readjustment of accounts at any rate, whether it has been an actual writing-down or a capitalisation of interest. It has added to its security a document, which, I think, is quite as comprehensive a document as that referred to by the Minister as emanating from certain of the Associated Banks. Quite a number of the farmers, I believe, who have applied for and received a writing-down or the capitalisation of interest and arrears, however small the amounts may have been, have been asked to sign a document the final paragraph of which reads—

And to secure the said payments of principal and interest as aforesaid, and to ensure the due performance and observance by the mortgagor of the covenants entered into by him, the mortgagor hereby mortgages to the Commissioners all his estate, right, title and interest, and all the estate and interest which he is entitled or able to transfer or dispose of in the land mentioned in the schedule to these presents, and further the mortgagor hereby assigns to the Commissioners all his estate and interest in all other lands from time to time held, occupied or used by the mortgagor in connection with rural industry, and all chattels and the interest in all chattels which he now has or may hereafter have, including the produce derived from or in connection with rural industry, and all book debts and choses in action now due or accruing due or hereafter accruing due in connection therewith. Subject nevertheless to the proviso for redemption next hereinafter contained.

I do not think that the Agricultural Bank authorities, therefore, can claim any virtue greater than that of any other institution concerned in the lending of money on agricultural properties.

The Minister for Lands: But that is only after the Bank has written-down the indebtedness of the farmers as I indicated.

Mr. WATTS: Quite so, and I explained that when I said that it was in cases where there had been writing-down or capitalisation of interest. I do not claim that that applied to everyone who signed a mortgage. I merely say that the Agricultural Bank cannot claim any virtue seeing that

clients were asked to sign that particular document, so I discount the observation of the Minister when he said that the private banks had charges over the whole of the farmer's land and everything he possessed. The private banks are in a position fully to assess the farmer's affairs, and from the Minister's point of view the Agricultural Bank must have such charges also. In such cases there is no necessity for the statutory lien whatever because in the contract, which will be made between the Bank and the farmer, the former will have a lien over every conceivable article. There is, therefore, no need in such cases for any extra lien at all, and I submit that in the case of new advances the Agricultural Bank can, in the same way as any other institution, obtain its security under the Bills of Sale Act in exactly the same way as any other lender of money. I know of no limitation to that except that I admit some private lenders, if they want to register bills of sale, are obliged to liquidate small debts to other people in order that they may be registered. Perhaps the Agricultural Bank would not be in a position to do that, and if that is so, and satisfactory securities cannot be obtained, attention must be given to the mortgage document, because considerable importance seems to be attached to it by the Bank. I understand, from correspondence and interviews I have had, that the finalisation of writing-down or the capitalisation of interest could not be arranged unless that document was first completed. The Minister for Lands made considerable reference to the provision in the Bill which sets out that the Bank must obtain an order of the resident magistrate before it can take certain proceedings that are mentioned in the Bill. Those proceedings are referred to in the Bill by various sections of the Agricultural Bank Act, and may be summarised as follows:—

(a) Call up an advance on the grounds that it has not been properly expended under Section 44.

(b) Distrain for interest or instalments of principal under Section 55.

(c) Proceed under Section 56 in respect of default in keeping improvements in tenantable repair and condition.

(d) Proceed under Section 60 if owner sublets or enters into cropping arrangement or before they may require the land of a deceased person to be sold.

(d) Proceed to eject a borrower in default by force.

(f) Proceed to enforce any powers or remedies to the like effect under any security.

Those are shortly the provisions of the sections of the Agricultural Bank Act of 1934, in respect of which this Bill proposes to hand over the decision to a resident magistrate. Since 1930 we have had in operation in this State the Mortgagees' Rights Restriction Act. That Act has applied to every mortgage that was in operation before the 19th August, 1931, and I can say very safely that quite a large percentage of Agricultural Bank loans were in existence prior to that date. It has often been pointed out, quite rightly so, that what is good for the private goose should also be very satisfactory for the Government gander. I do not propose for one minute to object to the fact that the Mortgagees' Rights Restriction Act has been in operation. I entirely agree with the Government in renewing it from year to year and I believe that to-day it still requires renewal for a further period, and I shall be happy to support any move towards that end. At the same time it is ridiculous for the Minister to come to the House and say that this proposal to go to a resident magistrate is unthinkable, when for the last seven years every private mortgagee has had to go to a Supreme Court judge for the purpose of obtaining an order before he may do any of the following things. But before I refer to these things, let me just set out the similarity to the powers of the Bank that this clause proposes to deal with. Section 7 of the Mortgagees' Rights Restriction Act reads as follows:—

7. (1.) A mortgagee shall not, without the leave of the Supreme Court—

- (a) call up or demand payment from the mortgagor of the whole or any part of the principal moneys secured by the mortgage;
- (b) commence or continue any action or proceeding for the recovery of any principal moneys due under the mortgage, or the enforcement of any judgment for any such moneys;
- (c) exercise any power of sale;
- (d) subject as hereinafter provided, obtain, take, or keep possession of any land comprised in the mortgage, or commence, continue or enforce any action, proceeding, or judgment for the recovery of possession of any such land;
- (e) issue or be concerned in the issue or enforcement of any process of execu-

tion against any land comprised in the mortgage;

(f) subject as hereinafter provided, appoint or procure the appointment of a receiver of the rents and profits of any land comprised in the mortgage, or be party or privy to the continuance of such a receiver's authority;

(g) commence or continue any action, proceeding, or application for foreclosure, or exercise or attempt to exercise any right or power of foreclosure.

As I say, speaking generally, the powers it was sought to prevent a mortgagee from exercising without the order of a Supreme Court judge are similar powers to those which it was sought to prevent the Agricultural Bank from exercising without the consent of a resident magistrate. It may be argued that a Supreme Court judge should attend to both duties. The reason for the insertion of "resident magistrate," as I understand it, was that there would be less expense, that the magistrate is a man with a good deal of local knowledge, and that he would be well qualified to judge in a matter of this kind. It is extremely unlikely that the learned magistrate would be carried away by such yarns as the Minister referred to in his speech. I do not propose to quote them here, for I have no wish to take up the time of the House; but the Minister made it perfectly clear that in his view the resident magistrate was unworthy to consider this class of matter and also unworthy to adjudicate in any other matter. I have no such view of any resident magistrate, for in my experience all are highly competent and capable of making full inquiry into the matter before them, of weighing the evidence and of judging of the demeanour, bearing and appearance of the witness, while having also that power that comes only from experience, of understanding and of being convinced or otherwise of the truth of the evidence of a witness. The Minister took strong exception to the questions which the magistrate is asked to answer before he made any such order under this Bill. Yet there is a distinct similarity between those questions and those the judges of the Supreme Court have been asked to answer under their obligations in the Mortgagees' Rights Restriction Act. So again I repeat that it is good for the Government gander if quite excellent for other sections of the community. I will ask members to compare that provision of the Bill with the

provisions of the Mortgagees' Rights Restriction Act, Section 8, bearing in mind that there are some differences between the operation of a farm in regard to an Agricultural Bank mortgage and the operations in general of any other mortgage. Section 8 of the Mortgagees' Rights Restriction Act reads as follows:—

8. (1.) Applications for leave to take any of the measures or proceedings mentioned in the last preceding section shall be made in the manner prescribed by rules of court, and in dealing with any such application the court shall consider—

- (a) whether by reason of the wasting nature of the security the mortgagee is likely to be seriously prejudiced by the continuance of the mortgage;
- (b) whether the mortgagor is able to redeem the mortgaged property from his own moneys or by borrowing at a reasonable rate of interest;
- (c) whether the conduct of the mortgagor in respect of the breach by him of any of the covenants in the mortgage has been such as to render him undeserving of the benefit of this Act;
- (d) whether the refusal of the leave asked for would inflict great hardship on the mortgagee, and where the money secured by the mortgage is the whole or part of moneys belonging to a trust fund, whether such refusal would unreasonably delay the mortgagee or trustee of such fund from distributing same amongst the beneficiaries or persons entitled thereto;
- (e) whether the granting of the leave asked for would inflict great hardship on the mortgagor;

If hon. members will compare those paragraphs with the paragraph in the clause of the proposed Bill, they will find there is a distinct resemblance. I see no reason and no justification whatever for assuming if a Supreme Court judge in Western Australia by asking and answering these questions to his own satisfaction can arrive at the conclusion that an order should not be made, that a resident magistrate dealing with the affairs of the Agricultural Bank and himself an officer of the Government of this State is not competent to deal with this.

Mr. Lambert: I should like to hear you state a case before the Supreme Court.

Mr. WATTS: You may like what you like. I am not doing that at the present time. I agree with the member for Avon and the Leader of the Opposition that there are amendments, such as they suggested, which would be desirable, but there is one amend-

ment which the member for Avon suggested which prompts me to reply to the statement made by the Minister in regard to the observations of the Royal Commission on Wheat and Bread. On page 239 of the second report the Royal Commission proposes that a district debt adjustment officer in assisting a farmer who desires to make an application for an adjustment of his debt shall prepare—

(i) A full statement of his assets and liabilities and a complete schedule of his creditors and debtors in a form to be prescribed.

(ii) A full statement of his farm operations over the past five years in the prescribed form.

(iii) An estimate of the net productive capacity of the farm upon the following bases of prices:—

(a) Wheat—3s. a bushel free on rails at shipping ports, inclusive of any Commonwealth assistance. Wool—6d. per lb. in farmers' lots free on rails at shipping ports. Fat lambs—10s. per head at sidings. Other farm products—current prices: Provided that if in respect of any particular district the court is satisfied that the prices set out above for wool or fat lambs are excessive or inadequate the court may in respect of that district fix higher or lower prices than those set forth above.

(b) Working expenses as set out in Schedule A.

The report goes on to say that the officer shall assist the farmer to formulate a proposal based thereon to his creditors. If we turn back to page 113 we find this:—

The estimation of the "financial margin"—which individual wheatfarmers have in their holdings at the present time could be worked out on a basis of the notional value of land in each district, but such a method would have no sound foundation. The Commission has therefore adopted the economic value of the farm judged from the point of view of its productive capacity as the basis of estimating this margin in the farms. When doing so the Commission is aware that in the event of stability being arrived at in the wheat industry the market price of land would slowly rise above an economic price even if that stability were achieved at the present price level for wheat. The amount of "financial margin" based upon the productive capacity of the farms must have regard to the price of the commodities produced. On this basis farmers who, having made such economies as are practicable, and are still unable to produce wheat at a price per bushel which is less than their total receipts per bushel, will have no "financial margin" in their holdings.

I submit that it is very clear from that report that it was intended that the basis set.

down by the Commissioners and repeated in this Bill was a basis of arriving at the value of property and not merely a system for deciding to carry on the property from the point of view of income and expenditure from year to year.

MR. LAMBERT (Yilgarn-Coolgardie) [9.55]: I do not propose to go over a lot of unnecessary ground such as was traversed by the previous speaker, but I think that this Legislature should have due regard for the stability of the Agricultural Bank. Remembering its history and all the amending legislation that has affected both the stability of the Bank and its clients over a long number of years, I have yet to learn that we could not get something reasonably useful from a review of the legislation passed in 1934. For that reason I intend to support the second reading of the Bill. I was pleased with the concluding remarks of the Leader of the Opposition who stated that his main object was to seek an amendment of Section 51 of the 1934 Act. We have spent a considerable amount of money in an attempt to settle the agricultural lands of this State. We have had a very severe writing down of values, particularly in the district I represent. An enormous sum of money has been written down as a bad debt with a view to encouraging the farmer to a better effort, but I do not know whether the policy has been entirely commendable and that the sacrifices made and further sacrifices to be made, will result in a greater productive value of the wheat lands of the State. I differ from those who believe that all the farmers in the agricultural areas are not triers. There are a considerable number of farmers in this State who are triers, not alone those who are clients of the Agricultural Bank but also clients of the Associated Banks. When the interest bill is ticking over night and day to the clients of the Associated Banks there is little or no mercy shown, but I have known no body of men who have been more considerate to the producers in this State than those who have had the administration of the Agricultural Bank, from the late general manager who a little while ago retired, to the present Commissioners. But the time has arrived when we shall need to have a clear review of the position. If we are going to keep occupied countless hundreds of thousands of acres of land that has cost the country a considerable amount of money, we shall have to alter our efforts. If the altera-

tion of our attitude calls for the writing down to a greater degree of the values of the holdings of those farmers who were encouraged to go on the land, then it will have to be done. Those men were encouraged to go into areas to which they should never have been induced to go in many cases. The extension of wheat farming on the eastern portion of our wheat belt was certainly a wrong policy. It is a policy that cannot be corrected by the individual farmer who unfortunately has suffered so severely; it is a policy that can be rectified only by Parliament. There are farmers in my district, particularly those from No. 2 rabbit-proof fence to Southern Cross, whose conditions call for attention from me almost daily. Summarised, my attitude to the Bill is this: so long as there is no flavour of political propaganda introduced, we must, if we are going to carry on the farming industry under the varying climatic conditions and the varying price conditions that exist from year to year, definitely remove many of the irksome conditions under which farmers are living and attempting to develop the broad acres of this State. After lavishing millions of money on the industry, much of which has been wasted, we cannot hope to achieve any good purpose unless some community of interest is fostered amongst those engaged in the industry. We must provide better roads, school facilities and water supplies. We want conditions that will give farmers a reasonable opportunity to make a decent living. Industrial unionists on this side of the House stand for that, believing it to be right, and what is right for the unionist who is getting a fair wage is equally right for the farmer who is living under conditions much worse than those applying to thousands of unionists. The farmer, however, seems to be forgotten. I should like some of the city members, who probably have a one-track brain and viewpoint, to see for themselves who are producing the real wealth of the State. They ought to visit the miners' settlement, the Bullfinch area, travel down to Lake Brown and see the north-eastern area where the unfortunate man Evans lived, and even travel 150 miles north of Southern Cross and see for themselves the conditions under which the farmer, his wife and children are living. Through the foolhardy policy of successive Governments, farmers were encouraged to settle in those

remote parts, and to hold those people blameable when they have had to contend with climatic and other adverse conditions is definitely wrong. While it is right to preserve the financial stability of the Agricultural Bank—I have yet to learn that we can give it financial stability—we must have some regard for the policy of Governments during the last quarter of a century in sending people to areas that should never have been settled. Through this policy successive Governments have to a large extent contributed to the heart-breaking conditions under which many farmers and their families are at present living. There have been Premiers—I shall not mention names—who have exhorted the people to go on the land and produce more wheat. Those farmers were encouraged to believe that wheat would remain at 5s. per bushel and that the Parliament and the people of the State would stand behind them.

The Premier: Have not they stood behind the farmers?

Mr. LAMBERT: Yes. I do not hold anyone immediately responsible. The fact remains that we embarked on our agricultural development with a definitely wrong conception as to how the wheat areas could be populated. Instead of placing settlers within a limited cultivable area and training them to produce food for themselves, Governments allowed large areas of land to be selected and advanced large sums of money to enable people, almost without a shilling, to gamble both on the price of wheat and on climatic conditions. In gambling with those two unstable factors, they had as much chance of succeeding between No. 2 rabbit-proof fence and Southern Cross as they would have had if the Government had given them the money and sent them to Monte Carlo. Inevitably the Government sent them to Monte Carlo, and like most people who go to Monte Carlo, they came back sadder but wiser.

Mr. Marshall: They gained a lot of experience.

Mr. LAMBERT: So it is with our farmers. The approach the Leader of the Opposition made on this measure rather appealed to me. He stressed the need for amending Section 51 of the Act. That Act was passed in 1934 after a good deal of controversy and investigation. I have yet to learn that the last word has been said con-

cerning the financial integrity of the bank, and how far it will lend itself in a broad and general way to keeping these lands effectively occupied. I want to see our lands effectively occupied. When the last word is said concerning the stability of this State, the primary producer will be the last man, if he can feed himself and his family, to vacate it. A quarter of a century ago Governments had no right to allow people to use the Agricultural Bank as a gambling institution, to scratch in 400 or 500 acres of land, in order to feed foreign countries. They should have been told to produce sufficient to feed themselves and their families for a start. They were told to go out and produce. That was all very well when wheat was at 5s. a bushel. It is a pity there was not a man with sufficient foresight to see that every man we put on the land was at least able to support himself, his wife and family. If we had adopted that principle, we would have worked on sound foundations. People were encouraged to go into areas where they had to work under almost unbelievable conditions, and were given £10,600,000 with which to gamble.

The Minister for Lands: And now we are going to gamble some more.

Mr. LAMBERT: We have arrived at the stage of philosophy when we have got so far into the pool that we might go a little further. We could gamble a little more, and try to remove some results of the foolhardy policy which has been operating ever since I have been in Parliament. No man in Parliament will stand more for the stability of any State institution than I will for the Agricultural Bank. I will not be a party to penalising settlers who have been good triers and hard workers. Some of them have spent half their lives in trying to develop the land in order to smother up the outstanding and unpardonable stupidity of successive Governments. The mere fact of writing off a certain amount of money will not bring countless farmers from their graves. There are prematurely aged women who in other circumstances would still have the bloom of youth upon them. We can never expect to restore those looks to them because of the conditions under which they have had to live. The Minister for Lands has been a successful farmer. Everyone has not had his opportunity. He has not been stationed 257 miles out towards the Nullabor Plains and called upon to live in a shanty made of secondhand superphosphate bags. The

cream of the land was taken up over a quarter of a century ago. The member for Irwin-Moore and the member for Greenough and other old growers made no mistake about the land on which they settled. They took up the safe lands. The member for Irwin-Moore and other growers have been Ministers for Lands and Agriculture, and they did not send their colleagues out to Southern Cross to grow wheat. We do not see many of the old farmers living in homes made of superphosphate bags. No doubt the Minister for Lands in opposing the amendments to the Act conscientiously believes that he is acting in the best interests of the State. I believe he is big-hearted enough and charitable enough to concede that those in opposition to him have a capacity for observation and have a practical knowledge of the outer areas, and that he will be sympathetic towards those who have not had the opportunity to make the success in life which fortunately for the Minister he has been able to do.

[The Deputy Speaker took the Chair.]

MR. HUGHES (East Perth) [10.20]: As a city member I did not regard myself as much concerned with the Agricultural Bank Act and its clients. However, notwithstanding the impeachment launched by the previous speaker against city members of having single-track minds and being growers and other things, it appears to me that as city members we are vitally concerned in the administration of the Agricultural Bank relative to its clients. In a statement issued in conjunction with the Annual Estimates there is, at page 15, a comparison showing interest recovered by the Treasury from the Agricultural Bank and interest which had to be paid on account of loans to the Agricultural Bank. In the group covering development of agriculture there is an item comprising Agricultural Bank, Industries Assistance Board, Soldier Settlement, Land Settlement, Group Settlement, and Rabbit-proof Fence, and showing for the year a deficiency of interest totalling £866,789. That deficiency has to be found from general revenue. It represents interest not paid on loans invested in agriculture and affiliated industries. Strangely enough, Western Australia received last year from the wages tax, in round figures, £971,000; so

that almost the whole of last year's wages taxation was absorbed in making good to the Treasury the deficiency in interest recovered from rural industries. That brings city members very much into concern with the Agricultural Bank, and any amendment proposed in respect of the legislation governing that institution. Our electors are the people who bear the brunt of the mistakes which are responsible for the present position, whoever made those mistakes. The large metropolitan constituencies are carrying the burden of what has gone before. Again, some of us city members come in contact with the business transactions of the Agricultural Bank. That institution is given a great deal of undeserved credit for writing down debts. As a matter of fact, the Agricultural Bank will not write off one penny of debt until satisfied that the debt is irrecoverable. So long as the Bank believes that the farmer's assets are sufficient to cover the debt owing to the Bank, not one penny is written off. I have that direct from the general manager of the Agricultural Bank. So that what the institution is doing, and has been doing, is to make a virtue of necessity. The Bank has only been writing off hopelessly bad and irrecoverable debts. In that respect it has done merely what thousands of other businesses and private citizens have been compelled to do. Thousands of creditors in Western Australia and indeed throughout the Commonwealth have found during recent years that their debtors have not been in a position to pay them, and accordingly they have done the only sensible thing—written the debts off and forgotten all about them.

The Premier: But the Treasury cannot forget about them because of the interest that has to be paid.

Mr. HUGHES: I believe I am right in saying that most of the wages tax last year was absorbed in meeting interest irrecoverable in respect of loans made to rural and associated industries.

The Premier: Certainly; and now the Government must tax the people to pay more interest.

Mr. HUGHES: This is the unfortunate position I wish to point out to the Premier. We have compelled certain people to relinquish their debts and then, on top of that,

we have taxed them to pay this deficient interest.

The Premier: To what are you referring?

Mr. HUGHES: I will give an illustration. The Agricultural Bank holds a first mortgage over a farm. There is a second mortgage for a large sum of money. Then there are various unsecured creditors of the farmer. Each one of those three groups has put in money to keep the farmer on the land—firstly the Agricultural Bank, secondly the second mortgagee, and thirdly the unsecured creditors such as wages men, storekeepers, and general suppliers of provisions. In the second-mortgagee group there is also the machinery merchant. The machinery merchant and the second mortgagee are secured creditors. Then this happens. The Agricultural Bank says, "The capital value of this farming property is so much to-day, and we will write off portion of the arrears of interest on condition that the remaining interest is capitalised and carries interest from this date onwards." Thus the Agricultural Bank says in effect, "We will write off a certain portion of the accrued interest; but we will capitalise the remaining interest so that we will get compound interest in the coming years."

The Minister for Lands: The Bank does not compound interest.

Hon. C. G. Latham: It does.

The Minister for Lands: You have said more than once that it did not.

The DEPUTY SPEAKER: Order!

Mr. HUGHES: Surely what the Bank does amounts to charging the client compound interest on arrears of interest capitalised. A money-lender would not be permitted to do that. The moment a money-lender is suspected of compounding interest, the law steps in and says, "No; you must not charge a debtor compound interest." But the Bank goes further. It says, "We have the right to do this, and we will do it; and, further, we will do it only on condition that the security of the second mortgagee is abrogated and that he accepts 4s. in the pound for his debt." So they insist on the security of the second mortgagee being repudiated before they will consent to write down the indebtedness. The second mortgagee will be obliged to accept 4s. or 5s. in the pound, but the powerful machinery merchants, who are in a similar position to the second mortgagee as secured creditors,

are allowed to receive 15s. in the pound. Then the unsecured creditors like the wages men and storekeepers, whose work and sacrifices have enabled the farmers to tide over the period of the depression and preserved the securities of the Agricultural Bank, are told that they must accept anything from 2s. 6d. in the pound to 5s. in the pound. Moreover, that is made a condition attaching to the writing off by the Agricultural Bank of even a portion of the interest. Thus we are forcing the farmers to repudiate their debts to the extent of upwards of 17s. 6d. in the pound.

The Minister for Lands: How are we forcing them? They are free agents.

Mr. HUGHES: No, they are not. They are forced, in that the farmer applies for the writing-down of his indebtedness.

The Minister for Lands: Is he not a free agent when he applies?

Mr. HUGHES: Of course he is.

The Minister for Lands: Then how can he be forced?

Mr. HUGHES: He is not forced to apply; but when he does, he also applies for a writing-down in respect of his indebtedness to the Agricultural Bank, and then the Bank comes in with a big stick.

The Minister for Lands: The Bank does not use the big stick.

Mr. HUGHES: Yes, it does. The Bank authorities lay down as a condition that other people's debts shall be repudiated. They say, "We will agree to writing down this farmer's accumulated interest, or portion of it, on condition that the second mortgagee's security is abrogated, and that the unsecured creditors take 2s. 6d. or 4s. in the pound." The money that the Bank has written off is as nothing by comparison with that written off by the country storekeepers and by the wages men. Of course, the Agricultural Bank deals with public funds and the taxpayers have been prepared for years past to go on investing their money in speculative enterprises, and they must be prepared to meet whatever losses accrue. Consequently, instead of the Agricultural Bank taking up the attitude I have disclosed, when it is a matter of writing down the indebtedness of farmers, the Bank should be prepared to work on an equitable basis and say to the other creditors, "We will agree to write down the indebtedness equitably. You take 6s. 8d. less in the pound, and we will take 6s. 8d. less in the pound."

The Minister for Justice: The first mortgagee always does that!

The Minister for Lands: But the Bank does not get a shilling.

Mr. HUGHES: The Bank gets the security and the whole security.

The Minister for Lands: What is the use of the security if the farmer pays nothing?

Mr. HUGHES: If that is so, why does the Bank worry about the security?

Mr. Patrick: The security is sounder than it was formerly.

Hon. C. G. Latham: Of course, it is.

Mr. HUGHES: The Agricultural Bank has done nothing very virtuous in connection with the writing-down. The Bank always takes the lion's share of what is available, and has disregarded the rights of everyone else. The Bank has said, "We are not going to take away a penny from the indebtedness if the security is there to meet the liability. As the first mortgagee, we will expect the last pound of flesh from our security." The unfair part of it is that that is possible because of the sacrifices and considerations shown by the storekeepers and the wages men, who have carried the farmers during the past five years. Without their help the securities of the Agricultural Bank would be non-existent to-day. In effect, the Agricultural Bank says to them, "Now you have made our security as good as possible, we will take the whole lot and you will get practically nothing." In fact, the Agricultural Bank Commissioners have done nothing very sympathetic for the farmers or anyone else in connection with writing down. When satisfied that they cannot recover the money, they have written off the indebtedness. But that has been the experience of everyone who has transacted business during the depression period. I was told by the manager himself that the Bank Commissioners would not write off any of the Bank's indebtedness if they considered that the securities were available to provide for the money owing to the institution. Those for whom we should be sympathetic are the country storekeepers and the wages men, for they are the people who made the real sacrifice in order to stabilise the industry, as well as the farmer who, during the depression, in many instances has carried on under much worse conditions than those experienced by sustenance workers in the metropolitan area, despite the fact that the conditions of the

latter have been bad enough. Just to satisfy the Minister for Lands that the Agricultural Bank authorities do dictate terms, I wish to refer to paragraph (c) of Section 65 of the Agricultural Bank Act. That provides that the Bank can write down indebtedness only to the extent that it is considered the securities can reasonably be expected to carry. So that by law the Agricultural Bank cannot write off one penny of the debts that can reasonably be expected to be recoverable.

The Minister for Lands: It need not write anything off at all.

Mr. HUGHES: No, but it must not write off anything below the carrying capacity of the farm.

The Minister for Lands: Why should it write off anything at all?

Mr. HUGHES: Then why should any debtor release his creditor? The reason why the Agricultural Bank should write off is the same reason why business people should write off. In business transactions it frequently happens that some debtors are unable to meet their commitments through no fault of their own.

The Premier: You know that is all on different lines from those followed in the Agricultural Bank. Business men write off from profits, but the Bank has no profits.

Mr. HUGHES: But there is a much better reason than the ordinary business reason.

The Minister for Lands: The Agricultural Bank has to think of the storekeepers.

Mr. Marshall: There would not be any storekeepers there but for the Agricultural Bank.

The DEPUTY SPEAKER: Order! The member for East Perth has the floor.

Mr. HUGHES: If we are going to discuss which was there first, the storekeepers or the Agricultural Bank, we might almost as well discuss the question of which was the first, the hen or the egg. There were farmers in Australia long before there was any Agricultural Bank. My own ancestors were farming in 1854 and unfortunately for them there was no Agricultural Bank.

The Minister for Lands: There was no hope of it.

Mr. HUGHES: However, this section provides that the Agricultural Bank cannot write off any debt that is reasonably likely to be recovered.

The Minister for Lands: Oh, nonsense!

Mr. HUGHES: Well, listen to this nonsense: it is here laid down that the Commissioners may write off or reduce a debt to

such a sum as the Commissioners consider the securities may reasonably be expected to carry. That means they must leave the debt at what they consider to be the reasonable debt-carrying capacity of the farm. In other words, they can only write off that which they consider to be irrecoverable. But the Commissioners may make it a condition of agreement to any such writing off that the other creditors of the borrower shall enter into a mutually binding scheme or arrangement between themselves, the Commissioners and the borrower, for the adjustment of their claim on such terms and conditions as the Commissioners consider reasonable. So the Commissioners dictate to the unsecured creditor what amount of debt he shall write off, but do not allow him to dictate to them. So the Commissioners are in much stronger security than any ordinary first mortgagee, for they not only have the right to deal with their own debt, but they can say that the value of the farm is so-and-so and we are going to leave the debt at a figure, after which we shall tell the unsecured creditors that they must release the debtor at say 7s. 6d. in the £1, and if they do not agree, then we as first mortgagees will come in and foreclose the farm, and so those unsecured creditors will get nothing. Therefore it is seen that the Agricultural Bank while screwing up the farmer to the full extent of his capacity, uses the big stick to force other creditors to relinquish their debts to any extent that the Agricultural Bank considers reasonable. So, notwithstanding that writing off of debts from farmers and allied industries, we have to find nearly a million a year to meet London commitments, and the taxpayers have to stand up to that, because it is not the fault of the farmer. We have been told by the Minister for Lands that, notwithstanding that the maximum amount provided by the Agricultural Bank is £2,000, farmers have been known to get £11,000. That is not the fault of the farmer but the fault of successive Administrations. If the taxpayers put Ministers of the Crown into an administrative position and those Ministers cannot—

The Minister for Lands: On a point of order, I submit that the hon. member is not discussing the Bill at all.

The DEPUTY SPEAKER: I think the hon. member is getting away from the Bill before the House.

Mr. HUGHES: And I think this objection comes ill-advisedly from the Minister

for Lands who himself roamed widely in his speech.

The DEPUTY SPEAKER: That is a reflection on the Chair. The hon. member must not reflect on the Chair.

Mr. HUGHES: I do not wish to reflect on the Chair, but surely in a Bill that covers the writing down of debts, and where so much capital was made by the Minister for Lands of the generosity of the State in writing down debts, although the Minister suggested that the farmers who asked for a writing down were robbers and plunderers of the Treasury—

The Minister for Lands: Again, on a point of order, I say the hon. member is not discussing the Bill at all.

The DEPUTY SPEAKER: I must ask the hon. member to confine his remarks to the Bill.

Mr. HUGHES: I must bow to your ruling, Sir, but I think it is within the points of parliamentary procedure for me to do that under protest.

Mr. Patrick: You can reply to the Minister.

Mr. HUGHES: Under a protest in which I say I am being limited in the debate on this Bill, whereas other members were given excessive liberty to deal with the subject. I do not wish to reflect on the Chair, but I think I ought to voice my belief that unfair discrimination is being used in the debate on this Bill.

The DEPUTY SPEAKER: That is a reflection on the Chair. The Speaker was in charge of the House when the Minister spoke.

Mr. HUGHES: To save time, may I ask am I allowed to traverse the matter introduced and reply to the statements made by the Minister in his speech on the Bill?

The DEPUTY SPEAKER: I am not in a position to know what the Minister spoke on, but I ask the hon. member to keep within the limits of the Bill.

Mr. HUGHES: In Section 11 it will be found that the Bill deals with the writing down of debts.

The DEPUTY SPEAKER: Then the hon. member is perfectly entitled to discuss that.

Mr. HUGHES: Of course, in discussing that I must discuss Section 55 of the parent Act. I knew when I started that the facts I was able to supply in connection with the Bill would not be very palatable to

the Minister for Lands because he knows what I say is true.

The Minister for Lands: I have reason to know what you say is not true.

Mr. HUGHES: I do not know that any statement I made has ever been proved incorrect. I think the public of Western Australia are well satisfied on that score.

The Minister for Lands: On what score?

Mr. HUGHES: The Minister does not know on what score, but the public are well satisfied. Of course you do not fool the public by saying "I refuse to answer" when you are asked a question. That does not fool the public; that convicts you in the public eye. When it comes to the question of the writing down of debts it must be remembered that these debts have been incurred because Ministers of the Crown have allowed loans to be made by the Agricultural Bank in excess of the statutory amount, and as the Ministers of the Crown are in the taxpayers' service, the taxpayers must bear the responsibility. The taxpayer knows that when he invests money for the establishment of the agricultural industry, if the agricultural industry suffers a reverse, that money or portion of it is going to be lost to the State and must become a charge on the general revenue of the State. Every taxpayer in the community knows that any money written off by the Agricultural Bank is public money. It was money invested in that particular industry for the benefit of the State, and if things have gone wrong and portion of that money has been lost, the taxpayer has to bear the loss. The Minister for Lands kept on repeating his phrase about "plundering the Treasury." Anyone would think he believed that if a man got money from the public Treasury on loan he should repay it, but he does not believe anything of the sort: because when his own supporters and his colleagues got public money purely for the purpose of gambling in their own interests, they were never called upon to pay a penny of it back. It is good business if you are a supporter and a colleague of the Minister to get public money, for you need not worry about paying it back if you lose it.

The Minister for Lands: Who were the colleagues?

Mr. HUGHES: Have you ever read the Auditor General's report? I will show you something—

The DEPUTY SPEAKER: I think the hon. member is getting away from the Bill again.

Mr. HUGHES: I think that should be silenced for the sake of the Government.

The DEPUTY SPEAKER: Order!

Mr. Patrick: We heard a lot about that last year, but you ran away when you had an opportunity to prove it.

Mr. HUGHES: If the hon. gentleman wants to test out what I have written about this thing in public—

Mr. Marshall: On a point of order, Mr. Deputy Speaker, what has this to do with the Bill which is the subject matter of discussion before the Chair? Are we going to sit here all night and wrangle over matters that do not concern the Bill?

The DEPUTY SPEAKER: I must ask the member for East Perth to confine his remarks to the Bill. The hon. member must address the Chair and not take notice of interjections.

Mr. HUGHES: I do not mind interjections, though they are very embarrassing when one is trying to make a speech. I admit that they throw me off the discourse. As I was saying, when it comes to the question of the bank writing down, if the bank treated the farmers as we have treated other people who have had public moneys, we would not ask them to pay back at all. The unfortunate mistake the farmer made was that he was not astute and cunning enough and not skilled enough in the rackets of the company promoter to see that there was a dummy identity to carry the debt should he fail, so that if he succeeded he could reap a harvest and if he failed he could walk out scot free and leave the taxpayer to carry the burden. In asking the farmer to pay back money at all, we are treating him unfairly. We are treating him differently from others who have had public money. We say that the farmer shall pay back but the speculator or the company promoter can gamble with public money and, if he loses it, can go scot free. It is impertinence on the part of the Minister for Lands to talk about plundering the Treasury. It is an impertinence to say that those who want to give the farmer a bit of relief are plundering the Treasury when he has not done anything at all to make those other people liable to refund the money they got.

The Minister for Lands: You make them refund it. I do not know them.

Mr. HUGHES: I am not in a position to make them.

The DEPUTY SPEAKER: The hon. member will not be allowed to make them on this Bill either.

The Minister for Lands interjected.

The DEPUTY SPEAKER: Order! The Minister for Lands must keep order.

Mr. HUGHES: I might say that on this question of writing down I do not agree with the arbitrary method the Bill proposes. I do not think it is a practical business to say that we are going to value a farm with wheat at 3s. and wool at 6d., because wool might be 3s. 6d. and wheat 6s. 6d. I do not agree with that particular aspect of the Bill. With regard to Section 51, which all the controversy is about, it seems to me that its retention is unnecessarily harassing the farmers. If one goes to the Agricultural Bank officers they will say, "We never use Section 51 and we would not use Section 51." If they never used it and would not use it, why do they want to retain this legislation on the statute-book so that everybody must ask the farmer whether there is anything owing to the Agricultural Bank before the produce can be dealt with.

The Minister for Lands: Why the Criminal Code?

Mr. HUGHES: I do not know why I should be called upon to explain the Criminal Code. I believe it contains 750 sections, and the hour is too late to start on it. Section 51 of the Agricultural Bank Act goes far beyond what is necessary and is unduly irksome and harassing to the farmers. It not only takes security over the chattels but it reaches out and brings within the charge chattels that are not bona fide within the terms of the original security. This section has turned back the clock of legislation to 1623 or thereabouts, when, if there was a debt, it was a charge on all the assets of the debtor. The law had to be amended, because it made the exchange of goods so difficult and irksome that no man could sell his land for fear of being faced with some undisclosed charge. The law had to be amended to insist that unless the charge was disclosed, the goods could be dealt with. Now, everyone who deals with a farmer is placed in the position of having to put him through a harassing and humiliating inquisition and get into touch with the Bank. If the farmer's interest is not paid at the end of the year, the Bank has its remedy. Admittedly,

if a farmer is in a position to pay and does not meet his commitment at the end of the year, the Bank, as first mortgagee, is entitled to call up the mortgage. I do not think that any member, whether representing a country or a city constituency, would object to that procedure. Such a man would receive little sympathy if his mortgage were called up. But why, with that isolated case, should we impose these irritating tactics on all farmers who will legitimately pay their interest at the end of the year? Why bring out a wagon to crush a beetle? There is quite a lot I should like to say on this Bill.

The Premier: Then you had better make a start.

Mr. HUGHES: I am in the unfortunate position of feeling that I have been speaking for 45 minutes, whereas I have been speaking for only about 12½ minutes. I propose to support the second reading of the Bill, reserving the right to vote for amendments or against certain clauses in Committee.

On motion by Mr. McDonald, debate adjourned.

House adjourned at 11.5 p.m.

Legislative Council.

Thursday, 28th October, 1937.

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

BILLS (2)—THIRD READING.

1. Fremantle Municipal Tramways and Electric Lighting Act Amendment.

Returned to the Assembly with an amendment.

2. Supply (No. 2), £1,400,000.
Passed.