

Legislative Council,

Tuesday, 1st December, 1931.

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

ASSENT TO BILLS.

Message from the Administrator received and read, notifying assent to the undermentioned Bills:—

- 1, Salvation Army (Western Australia) Property Trust.
- 2, Vermin Act Amendment.

QUESTION—EDUCATION DEPARTMENT, APPOINTMENTS.

Hon. H. J. YELLAND asked the Chief Secretary: 1, On what grounds did Mr. T. J. Milligan replace Mr. Hamilton at the Claremont Practising School? 2, What additional expenditure does this involve to the 31st December, 1931? 3, Is it true that Mr. Milligan is now being appointed headmaster of Fremantle Boys' School?

The CHIEF SECRETARY replied: 1, Due to the closing of the college. 2, £25. 3, No.

QUESTION—3,500 FARMS SCHEME.

Hon. Sir CHARLES NATHAN asked the Chief Secretary: In all locations throughout the Lakes King, Camm, Carmody, and Vazley districts, and also in the Miners' Settlement area south of Southern Cross—1,

What were—(a) the dates of commencement of and completion of survey, (b) the dates the respective subdivisions were approved, and (c) the dates the respective areas were thrown open for allotment? 2, What are the total numbers of locations allotted in each district?

The CHIEF SECRETARY replied: I submit a schedule setting out the particulars desired, and now lay it on the Table of the House.

QUESTIONS (2)—UNEMPLOYMENT.

Government Work at Fremantle.

Hon. G. FRASER asked the Chief Secretary: 1, Is the work being performed by the Water Supply Department in North Fremantle ordinary maintenance or Government relief work? 2, If it is Government relief work, were the men transferred from other Government relief works; if not, where were they picked up? 3, Will North Fremantle unemployed be allotted a quota of the work to be performed in that town?

The CHIEF SECRETARY replied: 1, Relief work, now almost completed. 2, (a) Yes; (b) answered by (a). 3, Yes.

Methods of engaging Labour.

Hon. G. FRASER asked the Chief Secretary: 1, What methods do the Government intend to adopt when engaging labour for the South-street, Fremantle, drainage work? 2, Will they (a) transfer workers from other relief works, or (b) have a fresh pick-up and allot a quota to each district?

The CHIEF SECRETARY replied: 1, The men will be engaged through the Unemployment Board in accordance with usual practice. 2, (a) Yes, a small number; (b) Yes, for the additional number required.

STANDING ORDERS SUSPENSION— CLOSE OF SESSION.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East) [4.40]: I wish to intimate to hon. members that in view of the Government's desire to terminate the session this week, it is my intention to take advantage of the suspension of the Standing Orders by asking the House to deal with new busi-

ness after 10 p.m. The Standing Orders have been suspended for some time, but I have not taken advantage of the position. Now it is my desire to do so in order to get on with the business.

BILL—DIVIDEND DUTIES ACT AMENDMENT.

Assembly's Request for Conference.

Message from the Assembly received and read, requesting a conference on the amendment insisted upon by the Council, and stating that if a conference were agreed to, the Assembly would be represented by three managers.

The CHIEF SECRETARY: I move—

That a conference be agreed to, that the managers for the Council be Hon. J. J. Holmes, Hon. W. H. Kitson, and the mover, and that the conference be held in the President's room at 7.15 p.m.

Question put and passed.

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

Read a third time, and *passed*.

BILL—LOAN (No. 2) (£2,450,000).

Third Reading.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East) [4.43]: I move—

That the Bill be now read a third time.

HON. J. J. HOLMES (North) [4.44]: The schedule to this Bill provides for short-term advances, to the extent of £1,250,000, to meet expenditure pending the receipt of revenue. I understand the Treasurer this year has budgeted for a deficit of £1,200,000, and I gather from the Press that with five months of the year gone the debit has reached £1,178,000. So we have seven months to run, and £22,000 additional expenditure will bring us up to £1,200,000. Taking the figures given in the Loan Bill, this £1,250,000 will provide only £72,000 to meet the deficit that will accrue during the remaining seven months of the year. In view of that, I question whether the Loan Bill will be sufficient to meet the requirements of the Government: in fact it must

be patent to all that it will not be sufficient. Something will have to be done. We must cut down expenditure or we shall drift on to a stage when we will not be able to meet our commitments from day to-day. It is up to the Government, who are in charge of the affairs of the country, to find a way out of the difficulty. The House divided on this Bill the other night when, had I been present, I would have voted with the minority against the Bill. The position has to be faced, and if the House chooses to divide on the third reading my vote will be recorded in opposition to the Bill, with the object of forcing those in authority to face the real position.

HON. H. SEDDON (North-East) [4.47]: I should not have adopted the rather unusual course of speaking on the third reading had it not been for the reply of the Minister to certain remarks of mine the other night on the financial position. The other evening I contended that these financial matters demanded the close attention of this House, and I feel that before the Bill is finally dealt with we should have fuller information supplied to us. The Minister the other night said the money provided for under the item referred to by Mr. Holmes to meet the deficit in the revenue account was simply a temporary arrangement designed to meet a temporary situation, and that that condition was provided for under Part V. of the Financial Agreement. I was fully aware of that, but I was also fully aware that in the past we have accumulated deficits year by year, for which we had State Acts on our statute book laying down certain provisions in regard to the financing for the purpose of meeting those deficits. The provision laid it down that arrangements should be made for the elimination of these deficits by securities within 30 years. The Auditor General has pointed out that that requirement has never been complied with. We know that the temporary accommodation which is being sought in this Bill is only £1,200,000, but we know also that the Government at the end of June last had a deficit of something like £1,000,000, and that that deficit has been carried against certain accounts. In view of our experience that these deficits are not temporary but are permanent, we should carry out

the terms of the Financial Agreement and provide for the necessary sinking fund. Another criticism advanced was in regard to the tables I placed before the House comparing the classification of loan assets for 1930 with the same table for 1931, which showed a serious discrepancy. The Minister's statement is that the 1930 return was only approximate, and should have been read in that light. I have taken the trouble to compare certain returns in 1930, with a view to finding out how approximate that table was. I will not weary the House with the details, but I have taken the returns as submitted to Parliament in the public accounts. Return No. 18 shows loan expenditure ab initio to the 30th June, 1930, and I find the total amount debited against the works in that return is £77,673,849. At the end of the year the total which was debited in the form of loan expenditure against various works was roughly 77½ millions. The approximate table "Classification of Loan Assets" in the 1930 return shows that loan liability against these works was roughly 72½ millions. So the discrepancy between return No. 18 and the classification of the loan assets is one of £5,500,000. The Minister said this return was simply placed before Parliament for the guidance of members. I say that if that table could get no nearer to the figures at that time than 5½ millions, it was not for the guidance of members, but actually would serve to mislead them. This House has the responsibility of deciding upon the financial policy of the Government. If we have to make so important a decision, we should have accurate information submitted to us. The Minister said the return for the year 1931 had adjusted those approximations and could be taken as a correct statement. I was pleased to hear that, because it gives us the assurance that the returns placed before Parliament will represent the amount of liability against those loan assets. But I must confess that I am not altogether satisfied as to the accuracy of the table which the Minister said was correct. The total of that table is roughly 76½ millions. If we refer to the same Budget returns for 1931 we find that the total public debt is 76½ millions, which roughly approximates the total of loan liability against the works. In addition to

that, there is a sum of nearly two millions of additional debt which has been carried to revenue account. Therefore, to say that the total debt is 76½ millions is scarcely correct, for we know that there is an additional two millions which is incurred on account of Consolidated Revenue. So, in my opinion, that statement does not accurately represent the position. We also know that there have been deficits funded in the past, and yet we find the loan assets of the State are debited with the whole of the loan liability which is shown in the public debts. Then where are the £6,000,000 shown in the public accounts? This question might well demand investigation. Before the House assents finally to the Bill, I should like members to take into consideration where the country is going by the policy which is endorsed by the House in the passing of these Bills. The Press cables this morning indicated that at present the dollar stands at 3.45. In plain language that means that with the exchange against this country, the Australian pound in its relationship to gold stands at 9s. 5d. We saw by the paper this morning that we have a deficit of £1,178,000, and this with still seven months to go. If members will compare the deficit month by month—the deficits of this year and last year—they will find that on every occasion the deficit this year has been greater than that of the corresponding months of last year. It indicates the way we are going and that the down-hill progress is increasing, just as it has increased in every country which has embarked on the doubtful policy of inflation. While it has been argued that we may be able to check the position, the figures indicate that we are simply increasing our descent into financial chaos. May I read certain remarks which were made in regard to German inflation as follows:—

In 1919 the exchanges were generally de-controlled and the mark went from about 80 after the signature of the Peace Treaty to 180 by December, 1919. In the spring of 1920 it went to 270, recovered to 135 in summer, and then fell away steadily to 350-400 in September, 1921. The course of the mark then went as follows:—

1921—Nov. 30th	..	..	940-1050
Dec. 1st	..	..	700-805
Dec. 31st	..	..	768-774
1922—Jan. 21st	..	..	855-864
Feb. 28th	..	..	990-1017

1922—	Feb. 31st.	..	..	1250-1380
	April 29th	..	..	1250-1260
	May 31st	..	..	1219-1240
	June 30th	..	..	1600-1670
	Aug. 1st	..	..	2690-3010
	Aug. 8th	..	..	3240-3405
	Aug. 14th	..	..	3540-3780
	Aug. 15th	..	..	4050-4620

I have quoted those figures because I wanted to point out to the House that the laws of finance are natural laws, and there is no indication that there is one such law for Germany and another for Australia. I say the policy of inflation is simply a step in the same direction as that in which Germany went. So I ask the House to oppose the Loan Bill because it is the embodiment of that policy, and to insist that the Government shall not incur further responsibility in regard to the public debt, for it is simply increasing the burden and progressing farther in this undesirable direction.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East—in reply) [5.0]: This is an unusual stand for hon. members to take on the Loan Bill and I cannot be expected to reply off-hand to the statements that have been made this afternoon. If hon. members reject the third reading of the Bill they will take upon themselves a very big responsibility.

Hon. G. W. Miles: We ought to reject it.

THE CHIEF SECRETARY: My position is that I am not able now to consult the Treasurer and therefore it is not possible for me to reply to what has been said. However, there will be the opportunity to do so on the Appropriation Bill.

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

Ayes	..	..	..	13
Noes	..	..	..	7

Majority for .. 6

Bill read a third time, and *passed*.

BILL—SECESSION REFERENDUM.

Received from the Assembly and read a first time.

BILL—LICENSING ACT AMENDMENT (No. 6).

Received from the Assembly and, on motion by Hon. J. M. Drew, read a first time.

BILL—LAND ACT AMENDMENT (No. 2).

In Committee.

Resumed from the 26th November; Hon. J. Cornell in the Chair, the Chief Secretary in charge of the Bill.

Clause 3—Area of certain free homestead farms may be increased (partly considered):

THE CHAIRMAN: Progress was reported on Clause 3, the question before the Chair being an amendment to add to the clause the following: "provided that in no case shall the area of first-class land, included in any free homestead farm, exceed 160 acres."

Hon. W. J. MANN: If the amendment is carried it will defeat the object for which the Bill has been introduced, that is to make it possible to hand over to certain unemployed married people land which they are now occupying.

Hon. Sir EDWARD WITTENOOM: I am in favour of the increase. I am familiar with a good deal of the country in the northern part of the State and as we have heard on many occasions, we are aware that the land in Western Australia is patchy, there being a certain amount of good land and also a fair amount of poor-class land. I have known of instances where men have had 400 or 500 acres of first-class land and a good deal of sandplain which has also been useful. Unfortunately the Director of Agriculture has been trying to make people understand that they can grow good crops on the poor land. But while the Government can do anything, the individual, who has to live by the land, is not able to stand the cost. Therefore, a mistake has been made in inducing people to take up poor land

AYES.

Hon. F. W. Allsop	Hon. V. Hamersley
Hon. C. F. Baxter	Hon. W. H. Kilson
Hon. J. Cornell	Hon. Sir W. Lathlain
Hon. J. M. Drew	Hon. Sir C. Nathan
Hon. J. Ewing	Hon. H. J. Yelland
Hon. J. T. Franklin	Hon. W. J. Mann
Hon. G. Fraser	(Teller.)

NOES.

Hon. J. J. Holmes	Hon. A. Thomson
Hon. G. W. Miles	Hon. Sir E. Wittenoom
Hon. J. Nicholson	Hon. E. H. Harris
Hon. H. Seddon	(Teller.)

Question thus passed.

Hon. H. J. YELLAND: It would be advisable for the Minister to accept the limitation of the area of homestead farms to 500 acres as suggested by Mr. Thomson. There is a section in the Land Act which sets out that land facing a river or a natural boundary shall have a frontage of not more than two to one. If a block had a frontage of 28 chains along a natural boundary, such as a river, it would be necessary to survey back 56 chains in order to get the required area of 160 acres, and that might mean taking the block back into rocky, precipitous country. Should the cultivable land on that boundary recede only 20 chains, it would mean that only 56 acres of good land would be included in the 160 acres. On the other hand, in order to give a man 160 acres of first-class country, it would be necessary to have a frontage of 80 chains, and that would mean, on that basis, that the survey would have to go back 160 chains, giving that man 1,280 acres in his block.

Hon. Sir Edward Wittenoom: What objection is there to that?

Hon. H. J. YELLAND: If members are satisfied that a man should be allowed to hold that area in the circumstances, I am quite content.

Hon. J. Nicholson: But that would be his free homestead farm.

Hon. H. J. YELLAND: Yes. Another section of the Land Act provides that where there is no such natural frontage, the block can be surveyed on the basis of three to one. That was done to prevent one person taking up all the good land and leaving the balance for others to take up.

Hon. W. J. Mann: That was to prevent picking the eyes out of the country.

Hon. H. J. YELLAND: That is so. The two sections I have referred to have to be taken into consideration. It may mean that a tremendous lot of land will have to be surveyed to provide 160 acres of good land. The suggestion to limit the area to 500 acres has already been defeated.

The CHAIRMAN: Order! When was that amendment defeated?

Hon. H. J. YELLAND: I was wrong, the amendment that was defeated was that proposed by Mr. Hamersley, who sought to make the limit 320 acres. If we place the limit at 500 acres, that will overcome the difficulty.

The CHIEF SECRETARY: I cannot understand why members object to leaving

the clause open. It will apply to special settlements only. If it applied to the whole State, it would be a different matter altogether.

Hon. J. J. Holmes: Have you read the clause?

The CHIEF SECRETARY: Yes.

Hon. V. Hamersley: Of course, it applies to the whole State.

The CHIEF SECRETARY: Nothing of the sort. To make sure on the point, I communicated with the Under Secretary for Lands at 4.15 this afternoon, and he assured me that it does not apply to the whole State, but to a section of the Act that deals with special settlements only, such as the Nornalup, Nannup, Albany and similar special settlements. It will apply to between 170 and 180 of the unemployed who have been settled on blocks so that they can develop their holdings instead of wasting their sustenance money. If it applied to the whole State, the Government would not have the temerity to place such a proposal before members. If the Committee insist upon a limitation, I will accept a reasonable one, but in any event the words "first-class" will have to be deleted and "cultivable" inserted in lieu. The term "first-class" is not used by the department now; the term "cultivable" is used in lieu.

Hon. V. HAMERSLEY: I understood the Minister reported progress with a view to having a suitable amendment framed to meet the objections raised by hon. members. I understand that the department now use the word "cultivable" in the place of "first-class," and under the Land Act an individual can take up so many acres of cultivable land or their equivalent, in land of a less favourable description. The Minister has assured us that this will apply to a few people only, but undoubtedly it has a more general application, and in future its use may be widened considerably.

The CHAIRMAN: Order! Does the hon. member intend to move an amendment on the amendment? If so, he should amend the amendment to read, "Provided that in no case shall the area of cultivable land included in any free homestead farm exceed 160 acres or its equivalent in second or third class land as the case may be."

Hon. V. HAMERSLEY: I move an amendment on the amendment—

That the words "first-class" be struck out and "cultivable" inserted in lieu.

Hon. Sir EDWARD WITTENOOM: I was a member of the Forrest Government, and in those days Mr. A. R. Richardson wanted to throw open areas along the Blackwood River and other streams for grazing purposes. Sir John Forrest was strongly opposed to it, and, instead of having grazing leases, urged that the country should be sold in small blocks so that there could be intense cultivation resorted to. The two men quarrelled, and Mr. Richardson left the Government. From what I have seen since then, I am convinced Sir John Forrest was right. How far will this amendment apply to the areas I have in mind? When I spoke before, I had in mind the North rather than the South-West.

Hon. G. W. MILES: I want the Committee to view the matter from the standpoint that the land belongs to the people and we are the trustees for the rising generation. We are asked to grant the Government power to give land away free. In my opinion, 160 acres are quite enough for a free homestead farm, and if a man desires to have more, he should pay for it. I oppose any extension beyond 160 acres, and if more land is required by an individual, he should take the additional area up under lease or under C.P. conditions.

Hon. G. FRASER: I did not know the amendment on the amendment was to be put in the form now suggested. Had I known, I would have intimated that I was prepared to accept the amendment to substitute "cultivable" for "first-class."

Hon. J. J. HOLMES: Is there any definition of "cultivable land"? One theory is that all land is good, provided there is the rainfall. It is merely a matter of applying science to agriculture, and the result is achieved.

The CHIEF SECRETARY: I did not quite appreciate what the amendment would mean, and I referred the matter to the Under Secretary for Lands. He told me that the provision for "first-class" land would not be workable, and intimated that the term "cultivable" was now used by the department. I suppose that will be for the responsible officers to determine. I regret Mr. Hamersley was under the im-

pression that I reported progress for the purpose of preparing an amendment. That was the position, but I did not quite understand what was required. I had one amendment prepared to the effect that the area of cultivable land to be granted should not exceed 160 acres, and then I had one prepared on the basis of making the maximum area so granted not to exceed 500 acres. I did not know that the matter was to be based on the quality of the land.

Amendment on the amendment put and passed.

Hon. H. J. YELLAND: The Minister is quite right; there is no necessity for the limitation. Section 5 of the Act of 1922 reads—

Land may be disposed of under Parts V. and VIII. of the principal Act, without such land being declared open for selection, to applicants approved by the Minister under any scheme for group settlement.

That restricts the Government to dealing with land under some scheme of group settlement such as is being carried on in the South-West. I withdraw my objection.

Hon. V. HAMERSLEY: I move—

That the amendment be amended by adding the words "or its equivalent in second or third class land, as the case may be."

Hon. J. J. HOLMES: Mr. Yelland has not simplified matters by stating that the provision will apply only to land for group settlement, because there is nothing to prevent the Government applying group settlement conditions to any part of the State. The Minister said he would not dream of increasing the area of 160 acres for a homestead farm in the wheat areas, but some other Minister might do so. I understand the Government intend to settle unemployed married men on the land. They might succeed if settled on good land, but if they are placed on inferior land, additional expenditure will be involved and the Government will have to provide the money. We would be wise to delete the clause and permit the restriction of 160 acres to apply. Officers of the department admitted to the Royal Commission on the Peel Estate that a man who knew the job would succeed on inferior land, while a man who did not know the job would fail on the best of land. If we settle men who do not know the job on third-class land, we shall be making trouble for them and for the Government.

The CHIEF SECRETARY: I know of families at Harvey who are making a good living on 25 acres, but theirs is irrigated land. Apart from irrigated land, there are not many areas of 160 acres on which a man could make a good living and rear a family. The clause will apply to special settlement areas, which are not at all likely to be started elsewhere than in the South-West. We have some poor land, just as other countries have. If a man has 70 or 80 acres of good land and we can give him 300 or 400 acres of poorer land for grazing his stock, he will have a chance to make good. Otherwise the poor land will remain idle. Much of the land of the South-West has not been selected because it is that class of country. There is no need to impose any restriction, but if the Committee still think it advisable to do so, I am willing to accept it. We have schemes at Nannup, Nornalup, Busselton and north of Albany, and the department should be trusted to carry on those schemes in a proper way.

Hon. Sir Edward Wittenoom: You are not limiting settlements to those districts, are you?

The CHIEF SECRETARY: Yes.

Hon. W. J. MANN: The position would have been simplified had the Minister indicated what additional area of land was required.

The Chief Secretary: The limit, so far, is 500 acres.

Hon. W. J. MANN: I understood that around Nannup the excess at most was 50 acres, that some of the blocks ran to 180, 190 and 200 acres. I am astonished to hear the Minister mention an area of 500 acres, because it makes the matter serious.

The CHIEF SECRETARY: The hon. member was not present the other day when I stated that the maximum area of 500 acres had been given to one settler.

Hon. W. J. Mann: That does not give any information about the balance.

Hon. G. FRASER: I hope Mr. Hamersley will not persevere with his amendment. While it might be applied to second-class land, it should not be applied to third-class land. We have to protect some people against themselves, and I should not like to see anyone settled on some of our third-class land.

Hon. Sir Edward Wittenoom: To what localities would you limit it?

Hon. G. FRASER: I would not limit it to localities. We are proposing a general amendment of the Act. It would have been preferable to provide a limit of 500 acres.

Hon. V. Hamersley: You can move that.

Hon. G. FRASER: No, because my amendment is before the Committee. I am prepared to grant areas of more than 160 acres. Had not extensions been granted on the Peel Estate, many settlers would have had to leave.

Hon. J. NICHOLSON: I am glad that the Minister is prepared to accept some limitation. It is necessary to consider the first part of Clause 3, which refers to Part VIII. of the Act. Sections 73 to 86 of the parent Act show that those who framed it had in mind the necessity for giving these free homestead farms. Under Section 83 there is nothing to prevent a man who may get a free homestead farm from applying for other lands under conditional purchase conditions.

Hon. G. W. Miles: Surely that is sufficient power.

Hon. J. NICHOLSON: One would think so.

Hon. Sir Edward Wittenoom: The late Lord Forrest had in mind the settlement of thrifty peasantry on the land.

Hon. J. NICHOLSON: One can see how he visualised things. Perhaps the Minister can explain the matter a little further.

The CHIEF SECRETARY: Under the Act of 1922 the Minister was given power to extend the acreage under group settlement, and now the Committee are trying to get away from that principle. Members talk of tying the hands of the Minister.

Hon. G. W. Miles: Do you not think they want tying?

The CHIEF SECRETARY: They have not been tied in one direction, and now it is desired to tie them in another.

Hon. Sir EDWARD WITTENOOM: There is very little land in Western Australia left to give away. The discussion is, therefore, somewhat superfluous. We should pass the Bill as it is.

Hon. J. NICHOLSON: The Chief Secretary is under a misapprehension concerning the authority that has been given to the Government. Under the 1922 Act they have no power to increase the area. It provides that land may be disposed of under Parts V. and VIII. of the principal Act without such land being declared open for selection.

The Act does not say that 200 acres or 320 acres may be given away in the form of free homestead farms. If we pass the clause we shall be ratifying something that has already been done without legislative sanction, and be giving authority for certain other things to be done for the future.

Hon. J. J. HOLMES: The Minister should make the position clear.

The CHAIRMAN: The clause speaks for itself.

Hon. J. J. HOLMES: I have before me the report of the Auditor General on group settlement, from which the Committee may form the opinion that it is time the hands of the Government were tied. He points out that in the recent assessments that were made the greater portion of £6,999,000 represents a loss to the State. We now have before us a new system of land settlement, the experiment of giving people large areas of inferior land when we know already that men have not made a success on small areas of good land. It is proposed that the Government shall finance numbers of people in the taking up of second and third class land, so that they may engage in dairying. Probably the next thing will be that, because the land is poor, the cows for which the State will have paid will suffer from a wasting disease through lack of nutriment. It would be very much better to confine these new settlers to limited areas of good land, rather than break their hearts on large areas of poor land. I am going to vote against the clause, and for the retention of the provision for 160 acres of good land.

The CHIEF SECRETARY: I would point out to Mr. Holmes that the cows, to which he referred, are running on the best land in the South-West. I am prepared to accept Mr. Hamersley's addition, restricting the area to 160 acres. This will mean, of course, that the settler will have to be charged for any increased acreage that he takes up.

Hon. Sir EDWARD WITTENOOM: I intend to vote for the clause as it stands. If Ministers are not entitled to confidence, they should not be in office. If they abuse the confidence reposed in them, we are in a position to take the necessary action. Who would go on country between Midland Junction and Chidlow without consider-

able encouragement? It is very poor land indeed.

Hon. G. FRASER: I would prefer that Mr. Hamersley should not persevere with his amendment on the amendment. I regard his proposal as dangerous.

Hon. A. THOMSON: I am surprised at the opposition to Mr. Hamersley's proposal. If 160 acres of cultivable land is deemed sufficient to enable a settler to make a living, we have to bear in mind that by scientific farming, with the application of manures, land which years ago was deemed absolutely valueless has been rendered cultivable and capable of carrying stock. If the Government's intention were to put all settlers on third-class land, I would be with Mr. Fraser; but I believe that no Minister would dream of putting men without capital on third-class land.

Hon. J. J. Holmes: It has been done in the past.

Hon. A. THOMSON: Group settlements have been consolidated, as many as three blocks being thrown together in order to enable the settler to carry on profitably. Mr. Hamersley's suggestion will enable the Government to utilise land which at present is lying idle. That suggestion safeguards the position. Those who take up third-class land deserve every possible consideration. We must trust the Government. We have trusted them in much more important matters than this.

Hon. G. W. MILES: Do the Committee realise the position which will arise if the amendment is carried? There is already power to grant 160 acres as a free homestead farm, and in addition there is to be power to grant a further 160 acres in second or third class land. I contend that 160 acres is sufficient to give free to any individual. He can take up conditional purchase land after that if he needs it.

Hon. J. J. HOLMES: Under this proposal a man could be granted 160 acres of cultivable land as a homestead farm, and in addition be granted the equivalent of 160 acres of second-class or third-class land, without limit to the area of that equivalent, provided there is no additional first-class land in it. The equivalent might mean 300 or 400 acres of second or third class land. Poor wretches will be stranded on land with which they cannot do any good.

Amendment on the amendment put and passed.

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

Ayes	11
Noes	9

Majority for	2
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AYES.

Hon. F. W. Allsop
Hon. C. F. Baxter
Hon. J. Ewing
Hon. J. T. Franklin
Hon. V. Hamersley
Hon. E. H. Harris

Hon. G. A. Kempton
Hon. W. H. Kitson
Hon. W. J. Mann
Hon. A. Thomson
Hon. Sir C. Nathan
(Teller.)

NOES.

Hon. G. Fraser
Hon. E. H. Gray
Hon. J. J. Holmes
Hon. G. W. Miles
Hon. J. Nicholson

Hon. H. Seddon
Hon. Sir E. Wittenoom
Hon. H. J. Yelland
Hon. J. M. Drew
(Teller.)

Amendment, as amended, thus passed.

Progress reported until a later stage of the sitting.

Sitting suspended from 6.15 to 9.20 p.m.

BILL—DIVIDEND DUTIES ACT AMENDMENT.

Conference Managers' Report.

In Committee.

Hon. J. Cornell in the Chair.

The CHIEF SECRETARY: I have to report that the Managers have met and have agreed to the Legislative Council's amendment No. 1 subject to the following amendment:—

Strike out all words after "in" in line 4 down to and inclusive of "against" in line 18, and substitute in lieu thereof the following:—"pastoral or grazing business there shall be allowable as a deduction from any year's profits such portion of net losses made during the two years preceding the year in respect of which the assessment is made as was due to the loss of stock caused by drought."

I move—

That the report be adopted.

The CHAIRMAN: The Minister has moved that the report be adopted, and I think we have to adopt it; there is no alternative.

Hon. J. J. HOLMES: I do not think that is so. The Committee does, as a rule, adopt the report of conference managers, but it is not imperative.

Hon. J. M. DREW: From my experience, the report is made to the Council, and it is either adopted in toto or it is not. If it is adopted, the amendments are made automatically. According to Standing Order 330, the managers for the Council shall, when the conference has terminated, report their proceedings to the Council forthwith. We had a score or more amendments to the Arbitration Bill at the conclusion of the conference on that Bill, and I explained the effect of the amendments, and moved that the report be adopted, and it was adopted.

Hon. J. J. HOLMES: I asked earlier in the proceedings whether the report had not to be made to the House instead of to the Committee.

The CHAIRMAN: My experience is that managers simply report—

Hon. J. J. Holmes: To the House.

The CHAIRMAN: And if they report that the conference has arrived at an agreement, I have not known a motion to be submitted for the adoption of the conference report. The amendments are made automatically. As we are now in Committee, I will put the motion "That the report of the managers be agreed to." Then we can report to the Council.

Hon. J. J. Holmes: Should it not be the other way about, that the House adopts the report, and then the Committee automatically makes the amendments to the Bill?

The CHAIRMAN: Our trouble now is to get out of Committee.

Hon. J. J. Holmes: It is the Committee that has now to agree to the adoption of the report.

The CHAIRMAN: The President was moved out of the Chair so that the report of the managers might be received by the Committee.

Hon. E. H. HARRIS: That is not in accordance with the Standing Orders. Standing Order 330 is very clear—

The managers for the Council shall, when the conference has terminated, report their proceedings to the Council forthwith.

I submit that has not been done.

The CHAIRMAN: Whatever has been done, hon. members have done it themselves. Now we are in Committee, and we have to get out of it. I can see only one way out, and that is to receive a motion from the Leader of the House that the

report of the managers be adopted. I will put the question "That the report of the managers be adopted."

Question put and passed.

[*The President resumed the Chair.*]

Resolution reported, and the report adopted.

The CHIEF SECRETARY: I should like your ruling, Mr. President, as to whether the proper procedure was adopted when we went into Committee to receive the report of the managers.

The PRESIDENT: It was a most unusual procedure to follow, and at the time I rather hesitated about putting the motion, but the House is the master of its own procedure, and the Chief Secretary, for some reason which he did not explain, and which I understood he had, preferred that the report of the managers should be made to the Committee where probably there would be some scope for better explanation. I have no hesitation about accepting the motion that the House go into Committee to receive the managers' report, and I took it as a direction that the House wished the report to be fully explained in Committee, and that then it should be reported to the House, and the proceedings in Committee adopted. It was a very unusual course to follow, but, as I said, the House being master of its own procedure, I was ready to accept the proposal of the Chief Secretary. However, the result has been achieved, but in a round-about manner.

BILL—LAND ACT AMENDMENT (No. 2).

In Committee.

Resumed from an earlier stage of the proceedings: Hon. J. Cornell in the Chair, the Chief Secretary in charge of the Bill.

The CHAIRMAN: Progress was reported on Clause 3, the question being that Clause 3, as amended, be agreed to.

Clause, as amended, put and passed.

Hon. J. J. HOLMES: We have not yet disposed of the clause.

The CHAIRMAN: Yes, I have just put it, and the Committee passed it. But if

there has been any misapprehension I will state the question again. The question is that the clause, as amended, be agreed to.

Hon. G. W. MILES: I should like an explanation from the Minister regarding the clause as it now stands, especially whether the area is to be 160 acres plus 160 acres of second or third class land.

Progress reported.

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

Second Reading.

Debate resumed from the 25th November.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East—in reply) [9.40]: Replying to the views expressed by Mr. Seddon, I desire to say that the continuance of the principal Act is essential, otherwise the Board will be unable to make necessary advances to debtors who, for various reasons, have been unable to fund their accounts. Furthermore, unless the Bill be passed, the trustees of the bank will not be able to provide sustenance under Section 32 of the Finance and Development Board Act, which reads as follows:—

32. (1) The Board may, subject to this Act, out of the funds under its control, place at the disposal of the Bank such moneys as the Board may consider that it is advisable for the Bank to advance to any persons and for any purposes, to whom and for which such Bank or the Industries Assistance Board or the Discharged Soldiers' Settlement Board is authorised to make advances under this or any other Act, or to whom and for which the Treasurer is authorised to make advances under Part III. of the Industries Assistance Act, 1915. (2) When the Bank shall, out of the moneys supplied by the Board, have made to any person such an advance as the Industries Assistance Board might have made to such person, then the provisions of the Industries Assistance Act, 1915, shall, if, and so far as, the trustees so decide, apply and have effect to and in respect of such person and the advance made to him as if the Bank had been and were the Industries Assistance Board, and the Bank shall have and may exercise the rights, powers, and authorities of the Industries Assistance Board accordingly.

With regard to the process of funding, it consists in the taking of a registered mortgage over the land, and a bill of sale over the stock and chattels, in lieu of the charge conferred by the Industries Assistance Act. It is not a question, nor is it the intention,

to continue the general operations of the Board, though it has been found necessary in recent months to use the machinery of the Act to provide sustenance to some 1,179 to whom other sources of harvest credit were not available and it is unnecessary for me to tell members what would have happened if that assistance had not been afforded. Those advances, as previously stated, were made under the authority of the Finance and Development Board Act, which authorises the trustees of the bank to exercise the powers contained in the Industries Assistance Act.

By the use of the provisions of that Act the moneys so advanced automatically become a charge on the crops as well as the lands and chattels of the borrower. There is no such provision in the Agricultural Bank Act to make advances for sustenance, nor is it the policy of the trustees to make advances for that purpose. It has to be borne in mind that one set of officials is administering both the Agricultural Bank and the Industries Assistance Act, and the only effect of using the machinery of the Agricultural Bank Act would be to increase the work of the department as a whole while at the same time saddling the borrower with the cost of registering securities which, under the Industries Assistance Act, are automatic. The increase shown in the board's capital account with the Treasury is made up of interest and administration expenses and advances made in the previous year but not cleared in the Treasury books at the date of the closing of the board's accounts. Cash receipts for the year amounted to £110,386, of which the sum of £106,550 has been re-advanced to borrowers to carry on their operations. No new capital was raised during the year for the purpose of making advances to settlers. The Agricultural Bank is at present financing the establishment of some 90 odd miners affected with miners' phthisis, on the land at Southern Cross. Owing to the absence of commercial credit, and the inability of those particular settlers to obtain machinery on the usual hire purchase terms, the bank has found it impossible to develop and equip the farms of the ex-miners within the limit of £2,000, which is the amount prescribed by its Act, and has had to have recourse to the Industries Assistance Act to enable the guarantees demanded by the suppliers of machinery to be given. In that regard, it is not intended to make use of

the Industries Assistance Act except where its provisions can be availed of to more effectively safeguard the interests of the State than is possible under the powers contained in the Agricultural Bank statutes.

In connection with the speech of Sir Charles Nathan, and particularly his remarks on the matter of administration expenses, the practice in the past has been to apportion the costs of administration equally between the Agricultural Bank and the Industries Assistance Board.

Hon. Sir Charles Nathan: That is apparent, of course.

The CHIEF SECRETARY: That method, which worked equitably enough while the board's operations were active, will not be adopted in preparing the accounts for the current term, because it is estimated that an expense rate of not more than one per cent. of the average amount of advances will meet the altered conditions of the board. On the indebtedness to the board, that administrative per cent. rate will amount to approximately £18,000, or a decrease of £24,000 in the board's administration expenses, which amount will be apportioned to other activities of the bank and to services rendered to other departments. It is an interesting fact that the expense rate of the bank for the past year was 7s. 10d. for each £100 of average advances outstanding during the year. Sir Charles also referred to the Farmers' Debts Adjustment Act. Under that Act, the affairs of 100 settlers are being controlled by officials in the capacity of receivers whose salaries and expenses are borne by the Agricultural Bank. Some 60 of those settlers are receiving sustenance from the funds provided by the Finance and Development Board, and that board is only able to make those advances by using the machinery of the Industries Assistance Act as provided for in Section 32 of the Finance and Development Board Act. Therefore the utility of the Finance and Development Board Act in being able to provide harvest credit in the future, will depend on the continuation of the Industries Assistance Act, and may I say that numerous applications for further requirements, including spare parts, horses, &c., are being received from settlers under the Farmers' Debts Adjustment Act.

A great deal of adverse criticism has been levelled at the board, but hon. members must remember that its results have to be considered in the light of the circumstances which brought it into existence. It came into operation when the failure of other sources of credit had left some 3,000 of our farmers without means of obtaining the necessities of life and who, but for its timely assistance, would have had to abandon their holdings. Again, at the conclusion of the Great War, it played an important part in the establishment of demobilised soldiers on the land, thereby enabling the State to carry out its obligation to the men who happily came back to us. Sir Charles complained of the irritation of Industries Assistance Board control, but I cannot agree with him. In my opinion, there are few ex-clients of the board who would not to-day gladly exchange their present supposed freedom for the security and protection they enjoyed under the board. Then, again, it has been of immense benefit to the trading community, who, during the fifteen years of its operations, have reaped profits from the very large annual turnover of cash or guaranteed business. While we all hope that the worst of the crisis, which seriously menaced the existence of the farming industry during the year just passed is over, the fact must not be overlooked that its aftermath is going to make the provision of farming credit for the ensuing year a very difficult problem. The responsibility of carrying on the industry is being thrown more and more on the hands of the State, and if the Government are to be in a position to cope with conditions which may conceivably arise, it is imperative that they should possess the necessary legislative powers. As an emergency measure, the Act contains machinery for the provision and control of credit which does not exist in the Agricultural Bank or Farmers' Debts Adjustment Acts, and I trust therefore that the House will again record its approval of the continuance of the legislation.

Question put and passed.

Bill read a second time.

In Committee.

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

Clause 1—agreed to.

Clause 2—Continuance of Act:

Hon. G. W. MILES: In the report of the Industries Assistance Board there is the following paragraph:—

Many of the estates are in the position of having received advances against stored wheat considerably in excess of later market values, and the liability in that connection is bound to seriously militate against the department's as well as other creditors' prospects of account reductions from the coming harvest.

Will the board continue to allow clients to do business along those lines or will they proceed like ordinary business people and force their clients to sell wheat at market prices? They have allowed their clients to gamble in wheat in the past. The administration of the board should be tightened up if we are to re-enact this measure.

The CHIEF SECRETARY: I agree with the hon. member. Much latitude has been allowed and gambling has been indulged in in wheat not only with regard to the clients of the board, but regarding outside people as well. It has caused the ruin of many farmers. I can assure the Committee that there is no likelihood of that sort of thing being allowed in future with regard to the board's clients. Such speculations and gambling cannot be regarded as safe business.

Hon. H. SEDDON: I intended to move an amendment to limit the term of the operations of the Industries Assistance Board, but, in view of the statement by the Minister, it seems that it is essential that the board should be allowed to carry on. The impression I gathered was that it is likely the operations of the board will be extended. Did I understand the Minister to say that 799 clients were now being assisted other than those formerly on the board's books?

The CHIEF SECRETARY: The hon. member did not catch the figures aright. The correct number is 1,179. They include not only those clients on the board's books, but those who have been assisted under the Farmers' Debts Adjustment Act, and Agricultural Bank clients as well. When advances are made for sustenance and super, it is necessary to secure the necessary protection, and the only means by which that can be obtained is under the Industries Assistance Act.

HON. J. J. HOLMES: I hope Mr. Seddon will proceed with his amendment. A Bill to continue the operation of the Act is presented each session, and the departmental report indicates that the board themselves urge the necessity for winding up operations. Hitherto we have been asked to continue the Act for one year only, but the Bill before us seeks to extend the operations to the 30th June, 1933. I see no necessity for that. We should proceed with Mr. Seddon's amendment and limit the Act to the 30th June, 1932. We will then have a better opportunity to visualise the position and if necessary we can extend the Act for another year.

The CHIEF SECRETARY: To say I am surprised at the remarks of Mr. Holmes is to put it mildly. Does not Mr. Holmes realise that the Government will have to find money for sustenance or manure to enable the farmers to remain on their properties? Outside financial institutions have to adopt the same course. Money has to be found to put in the crops and on the 30th June the liens automatically cease. That is before the crop is taken off and the Government have no security whatever. If the Bill is limited to the 30th June, 1932, only some of the crop will be sown. It is necessary to extend the Act to 1933. There never was a time when the Industries Assistance Board was so much availed of as at present through the different branches, including the Farmers' Debts Adjustment section. The industry has to be carried on, and if the Government are to assist, they must have security for their money.

HON. J. M. DREW: I suggest to Mr. Seddon that he should alter his amendment to the 31st December, 1932. To make it apply to the 30th June of that year would not give sufficient time to enable the winding up to be effected. We would have to pass legislation in three months' time to extend the period. The board would require to know where it stood and what the future was likely to be.

The CHIEF SECRETARY: I hope Mr. Seddon will not be misled. The Government could not realise their securities by the 30th December. The harvest would not be reaped.

HON. G. W. MILES: What is before the Chair? Mr. Seddon has not moved any amendment.

The CHAIRMAN: The clause itself is before the Chair.

Clause put and passed.

Title—agreed to.

Bill reported without amendment, and the report adopted.

BILL—DEBT CONVERSION AGREEMENT (No. 2).

Second Reading.

Debate resumed from the 26th November.

HON. J. M. DREW (Central) [10.2]: As an Australian, I for once feel ashamed of my country. I feel ashamed that a Bill of this nature should have met with the approval of the Prime Minister and the Premiers of Australia, and should be submitted for the serious consideration of this House. From time to time during the last few months legislation has been introduced to give relief to poor people in these times of stress. Many measures were passed by this Chamber that undoubtedly interfered with existing contracts. Those who could afford it were obliged to make some sacrifice so that others less fortunate might be able to pass through the present crisis with some portion of their burden removed. But this Bill is on a different plane. It is a Bill by which the Government renounce their obligations. By the measure our Government, in conjunction with the other Governments of Australia, propose shamefacedly to repudiate their contracts for the payment of their debts, and it is done almost before the writing on the contracts has had time to dry. Twelve months ago Mr. Lyons, then Acting Treasurer of the Commonwealth, issued a prospectus beseeching the people of Australia to rally to his aid in his efforts to float a conversion loan. In the prospectus he promised in the name of the Commonwealth that the specified rate of interest would be regularly paid at the offices of the Commonwealth Bank in the various cities of Australia. He gave a guarantee in the name of the Commonwealth that the loan would be repaid at the offices of the Commonwealth Bank on the date of maturity. Following that prospectus, the Acting Treasurer made

persistent appeals through the Press and through the wireless stations of Australia to influence the public to provide the money for the loan. He appealed on the grounds of loyalty and patriotism, and told the people that the honor of Australia was at stake, and not only the honour of Australia, but the national credit as well. As a further incentive, he declared that the whole of the security of the Commonwealth was behind the loan. The appeal was successful; men of money subscribed, and men and women of small means withdrew their deposits from the different savings banks and put their money into the loan, relying on the word of the then Acting Treasurer of the Commonwealth. Amongst them, and amongst others who had previously invested on the strength of similar assurances, were to my knowledge men and women of advanced age, who felt no doubt that they would have the use of their money in the closing days of their lives. But what do we find? We find a proposal before us that means that many of those people will never handle their money again. Instead of being paid on the due date, say, in two, six, eight or ten years' time, some of the money will not be paid for 30 years.

Hon. J. J. Holmes: And some of it for 35 years.

Hon. J. M. DREW: Well, say 35 years. The interest rate has been reduced in direct violation of the contract. In other emergency legislation, a limit has been set to the period during which the sacrifice is to be made. It is restricted in almost every instance to the period of the existence of the national emergency. Here, however, the bondholder is permanently affected. Prosperity will come again; the rate of interest will go up, and the cost of living will go up; but those people who contracted to receive a certain rate of interest and whose contracts have been broken by Governments will be called upon to continue the sacrifice during the remainder of their lives. From what I hear the rate of interest is not the sore point with most investors. It is what they consider, and have a right to consider, the commandeering of their money in the name of the law. The deed of repudiation is to be found in the third clause of the schedule, which reads—

Notwithstanding anything in the above-recited Debt Conversion Agreement, or in the

said Act contained, every holder of existing securities which have not been converted into new securities in accordance with the provisions of the said Act shall, notwithstanding that any holder of those existing securities may have signified or may signify dissent, be deemed to have made an application in accordance with Section 9 of the said Act for their conversion into new securities, and they shall be deemed to be so converted accordingly.

A shock was given to the community about twelve months ago when someone talked of default. But default may be excusable in certain circumstances. There are thousands of people in Australia to-day who are honest defaulters—men engaged in business and in industry who cannot meet their obligations, but who would willingly do so if they could. During the course of my lifetime I have known honest defaulters—men who were obliged to go through the Bankruptcy Court and who were released after having paid a very small dividend. But some of those men afterwards prospered, and, although they were not required by the law to do so, they paid their old creditors to the last farthing. No stigma attaches to the honest defaulter. He is an object of pity. But the repudiator is held up to scorn and his credit goes beyond restoration. I have often wondered during the last few months whether Governments think that the method of finance connoted by this Bill will improve Australia's credit either here or in the Mother Country. They must be very poor judges of human nature, and very simple indeed, if they conclude that the introduction of this Bill will not injure their credit.

Hon. G. W. Miles: That is the only good point about it; it will prevent their borrowing in future.

Hon. J. M. DREW: In my opinion they will undoubtedly be prevented from borrowing. Out of evil will come good. Credit is very shy and sensitive and suspicious. The borrower who betrays one from whom he has borrowed money has not much hope of being afforded another opportunity to repeat his performance. It is more so with Governments, for while the reputation of individuals is in most instances restricted to their own particular circles, the reputation of Governments is world-wide and forms part of international history. Occasionally now there is vague talk of Governments raising money in London, but

Australia is not mentioned. It would be a bold Government that would attempt to raise money in Australia at the present time.

Hon. G. W. Miles: Some of them are bold enough to attempt anything.

Hon. J. M. DREW: Of course they could raise money by the compulsory process, but that has not yet been put into operation.

Hon. J. Cornell: That will probably have to be applied before long.

Hon. J. M. DREW: It may yet see the light of day. Nor is the prospect of raising money in London very cheery. It is known now, if it was not known before, that the so-called voluntary conversion was to be followed by compulsion if it failed. Such an undesirable impression would not be likely to be made only for the suicidal step of introducing this Bill. The marvellous results of the conversion loan are now generally attributed to coercion and intimidation and the Bill is additional evidence in support of that. I spoke about London. Let us hear what some of the leading financial critics in London have to say about the proposed compulsory loan. I shall read extracts from the leading financial papers. The first is as follows:—

London, September 5th. Referring to the decision of the Australian Premiers' Conference to compel dissentients to convert their bonds, the "Morning Post's" financial editor says that it was inevitable that there should be a few unwilling to convert, not necessarily because of lack of patriotism, but possibly from sheer necessity, and that it seemed regrettable therefore to revert to compulsion. Moreover, it seemed a pity for the sake of a comparatively small amount to cast any kind of reflection on the purely voluntary nature of the conversion.

Another cable from London, dated 5th September, is as follows:—

The "Financial News" says:—Australia is winning the admiration of the world by a great national effort to relieve her monetary position, which bids fair to become a classic example of mass self-sacrifice in the domain of finance. Now she is about to spoil the whole effort by an utterly unworthy proceeding. For the State arbitrarily to single out a particular class of property owner is confiscation. When the property is State debt, this is repudiation.

And there is a stronger argument appearing in the "Financial News" over the signature of "Austronomist," a contributor to

"The Financial News." He describes the Australian conversion loan as a great national act of default and cloaked hypocrisy. The article continues—

He declares sanctity of contract has become an abstruse term in Australian politics. Superficially the conversion has paid, but the Commonwealth and States have ruined, perhaps for years, their chance of raising internally cash loans on a voluntary basis. Australian Governments would be obliged to offer 7 or 8 per cent. to induce Australian investors to lend the millions necessary for public works and wheat finance, but since they cut the interest on existing loans to 4 per cent. they have not the nerve to offer a real open market rate to investors, wherefore they are asking the banks to provide cheap credit. The Commonwealth and States view with equanimity the drastic blow to internal credit because they consider they will be able to raise money abroad. They may, if Britain is so short-sighted and criminally adverse to ruin her domestic credit. By even flirting with such dangerous dopes as compulsory conversions and rentier taxes, she cannot hope for foreign aid. Electors must realise Government credit constitutes riches which can be dissipated overnight.

Hon. J. Cornell: That man would be a pacifist in wartime.

Hon. J. M. DREW: He writes sound sense. These critics can be accepted as representing the opinions held in financial circles in England in reference to the principles embodied in this measure. Can anyone, who has studied human temperament, say it is not a common-sense view? Confirmation of my assertion that there are many small bondholders in the compulsory conversion loan is to be found in the recent utterances of no less a person than the present Treasurer of the Commonwealth, Mr. Theodore. A few weeks ago the Treasurer made this statement in the Commonwealth Parliament:—

The cases of 490 dissentients had been examined. Of these, 225 were elderly persons, whose securities represented their life savings; 32 were widows dependent on the income from their securities; 34 were invalids; 36 were unemployed in straitened circumstances; and 32 were persons with deposits tied up in the New South Wales savings bank.

Thus, out of 490 persons evidently picked at random, 359 were not well to do; in fact, were needing money to enable them to exist. Some other information gleaned from the Treasurer's speech is interesting. He said there had been an examination of the records, which showed that there were some extraordinarily large holders amongst the whole of the dissentients. For instance,

two persons each had £1,000,000 invested. That was a surprise to me. They may represent large companies. Two other persons each had £200,000, five had £100,000 each, and five had about £50,000 each, or a total of £3,150,000 belonging to rich men. In a case like this, where a principle is involved, where the question of repudiation arises, and where honour is at stake, it does not seem to me that the greatness or smallness of the amount individually subscribed determines the badness or the goodness of the act. Admittedly, a person drawing interest on £1,000,000, even at the lowest rate provided in the original Act, is in a much more comfortable position than he who has accumulated only a little in the way of savings, the result of the sweat of his brow.

Hon. J. Cornell: It may not have been their last million.

Hon. J. M. DREW: No. An analysis of the figures available to me leads me to believe that numerous thrifty people are affected by this Bill. The total internal indebtedness of the Commonwealth and the States was £557,998,904. Only £16,655,769 of this was held by 29,113 bondholders who dissented from the conversion. There were 14 rich bondholders having between them £3,150,000 worth of bonds. Excluding these 14 from the calculations, and deducting the amount of their holdings, we find the result is 29,099 dissenters, whose aggregate holdings represent £13,505,769. The average holdings of those 29,000 odd persons is only £464 each, carrying interest amounting to about £25 per annum. Those are the people who are affected by this Bill. It means that if the Governments live up to their promises of being generous to the poorer sections of the people, and remove from the operations of the scheme those with small holdings, the good name of Australia will have been dragged through the mire in order to catch two millionaires and 12 other fairly rich persons.

Hon. G. W. Miles: We have a chance of saving Australia's name.

Hon. J. M. DREW: I hope so. I doubt very much whether those promises will be honoured. If they are honoured, seeing that the average holding, apart from the big men, is only £464, the Bill is merely an empty shell. Is it not pure hypocrisy for the leading politicians of Australia to profess to regard with holy horror the Communistic policy of repudiation, when they

receive a Bill like this with open arms? The honour of Australia, which Mr. Lyons 12 months ago was so very anxious to save when floating the conversion loan, is at stake. This measure is designed for needy Treasurers hungering for money, and is a means whereby they can get it in the easiest way possible without any regard for the consequences. Far better would it be to say, "I cannot pay now but I will pay as soon as I can." That position would be understood, and I feel sure that, being understood, the default would be excused. It is now proposed to do a deed that will blacken our history, and cause those who come after us to hide their heads in shame. The Bill will do no end of injury to the credit of Australia, and, worse still, will sully the reputation of our young nation. It will receive my hearty opposition.

HON. G. W. MILES (North) [10.30]: I congratulate Mr. Drew on the case he has put up against the Bill. I acknowledge that the Government have introduced the measure, as the Chief Secretary has said, with regret. We now have an opportunity, by voting the Bill out, to maintain Australia's good name. The conversion loan was a splendid tribute to Australia's name, 97 per cent. of the bondholders converting. Australia's good name, however, is being spoiled by this measure of compulsion. I have much pleasure in opposing the second reading of the Bill.

Hon. J. CORNELL (South) [10.31]: I cannot join with either Mr. Drew or Mr. Miles. Let me ask those two hon. members what they would have expected to ensue if only half the loans had been converted. I look upon the act of conversion and its aftermath in this Bill as tantamount to a declaration to those who would not convert voluntarily, "You must do by conscription what others have done of their own free will." Australia was faced with either repudiation or conversion. The question was put to those people of the Commonwealth who had subscribed to internal loans, and 97 per cent. of them in their good sense and wisdom converted voluntarily. But there is a section who say they will not convert. In that section are to be found members of all classes. There is the man on his first or second million, as Mr. Drew has pointed out. I will ad-

mit that there are necessitous cases. In that connection Mr. Drew quoted figures from the Federal Treasurer, Mr. Theodore. I would like a search to be made of those who did convert voluntarily. The result, I believe, would be to show that proportionately a larger number of necessitous persons converted than of persons who were not necessitous. Local subscribers to loans took the big issue and converted voluntarily. Now, I understand, the Federal Government have agreed to do the only thing that can logically be done—make those who have not converted convert by compulsion, but give consideration to cases where conversion, either voluntarily or compulsorily, involves undue hardship. I believe that whether Mr. Scullin remains Prime Minister or not, that honourable obligation will be observed. In order to get over the million pounds bondholder, it is necessary to make the balance of conversion compulsory. Once we differentiate, saying that this or that man shall not have to convert, and embody that differentiation in a statute, where will it end? Although it may be unpalatable, let us not be hypocritical. Let us recognise the inevitable. This thing has to be done. Let us not worry about what other people may say. What we do within the four corners of our Constitution is purely our own business. I could stand here and put up ten times the case from a sentimental standpoint that has been made out from a practical standpoint. I could beat the drum ad libitum on the rights of minorities, and on the rights of people who are hard up against it. The fact remains, however, that this thing has to be done. It is useless to cast blame on Mr. Lyons more than on any other individual. Mr. Lyons held the position of Acting Federal Treasurer at one of the worst crises in Australian history. He stepped into that position in succession to Mr. Theodore, who for certain reasons was then under a cloud, or, in sporting parlance, warned off the turf for the time being. At this period the Prime Minister, the Federal Attorney General, and the Federal Minister for Markets were abroad on an Imperial Conference. Whatever Mr. Lyons may have said and done, he said and did at a time when he had the full backing, not only of Mr. Scullin, but of the Federal Labour Party, and of the Federal Opposition. I

hold no brief for Mr. Lyons, but I regard it as utterly unfair to single him out for invidious criticism. If there was any piracy, they were all pirates.

Hon. G. W. Miles: Mr. Drew did not say that.

Hon. J. CORNELL: Mr. Drew did say, "Where do the promises of Mr. Lyons come in?"

Hon. G. W. Miles: He mentioned Mr. Theodore also.

Hon. J. CORNELL: He quoted Mr. Theodore's figures, but on more than one occasion he referred to promises made by Mr. Lyons. The matter would have been better put in this way, that the promises made by Mr. Lyons were backed by the Prime Minister, the Federal Labour Party, and the Federal Opposition at the time. Mr. Lyons was only the mouthpiece of a political party.

Hon. J. M. Drew: I am not so diplomatic as you are.

Hon. J. CORNELL: I know Mr. Drew is fair, but he did make certain references blaming Mr. Lyons in a way I do not think Mr. Drew himself intended.

Hon. J. M. Drew: I did not blame him.

Hon. J. CORNELL: If Mr. Lyons was to blame, all those associated with him were blameworthy.

Hon. J. M. Drew: I said that, too.

Hon. J. CORNELL: Hon. members may follow me in putting up a case for non-conversion. Mr. Miles said the House ought not to pass the Bill. The hon. member would be quite safe in voting against the measure, knowing that it will be carried.

Hon. G. W. Miles: Mr. President, I think that is an uncalled-for remark on the part of Mr. Cornell. I voted against the Loan Bill because I wanted it thrown out. I shall vote against this Bill for the same reason. I will not allow Mr. Cornell to make such assertions concerning me.

The PRESIDENT: I am sure Mr. Cornell will accept Mr. Miles's statement and withdraw the remark to which Mr. Miles takes exception.

Hon. J. CORNELL: To what statement does Mr. Miles take exception?

Hon. G. W. Miles: Your last statement, that I am voting against this Bill because I know it will not be defeated. I am not like some members who sit in their places and wait to see how the division is going.

Hon. J. CORNELL: I withdraw anything to which Mr. Miles takes exception, but I think I am safe in saying that Mr. Miles can vote against the Bill while feeling entirely satisfied that it will be carried.

Hon. G. W. Miles: That is your opinion.

Hon. J. CORNELL: Yes, that is my opinion.

Hon. G. W. Miles: What was your opinion on the second reading of the Loan Bill? You dived across the Chamber.

Hon. J. CORNELL: I did not dive. I walked. However, that is by the way. The fact remains that we can talk to the gallery and declare compulsory conversion to be an awful thing.

Hon. G. W. Miles: Speak for yourself!

Hon. J. CORNELL: I contend that those who matter in times like these are those who are prepared to do the unpopular thing and stand fairly and squarely up to it. It has been said that we ought not to insist upon compulsory conversion. I have not yet assumed the role of prophet in this financial crisis, but I will range myself with Mr. Seddon and say that hon. members will be very lucky indeed if during the next twelve months they have not to support a compulsory loan Bill. It is just as well to be frank and plain. Though in a sense compulsion is repugnant, there comes a time in the history of a man as of a nation when unpalatable things have to be done. The present is one of those times. We may find some consolation in the declaration by responsible people that cases of extreme hardship will receive all possible consideration. Although the Federal Labour Government have gone out of office owing to the dissolution, I can say that their administration of the Financial Emergency Act in relation to soldiers and soldiers' dependants has been stretched to the utmost to give sympathetic consideration wherever possible. I am satisfied that the same course will be followed by the present Prime Minister in the case of necessitous persons who will have to convert compulsorily. Those necessitous persons, I believe, are as likely to receive as fair a deal from the present Federal Labour Government, if they remain in office, as from those who may supplant them.

HON. SIR CHARLES NATHAN (Metropolitan-Suburban) [10.45]: This is not a Bill which anybody can possibly favour, and consequently in voting for it, as I intend to do, I am submitting to force of circumstances, and agreeing to follow the only logical course open. No man with any sense of what is right and fair could avoid agreeing with all except perhaps the concluding sentences uttered by Mr. Drew. We have put our shoulders to the wheel, certain legislation repugnant to us has been passed, not only in this Parliament but in other Parliaments of the Commonwealth, and I can see no essential difference between this Bill and the other emergency legislation we have had, except that the earlier legislation will have to be renewed each year. As to cases of hardship, the Government are doing all that is possible. They are taking into consideration unquestionable cases of hardship and attempting to provide for them, but I can see no other course than that contained in the Bill. At this late stage of the Commonwealth's endeavours to stave off something far worse than this, I do not propose to put a spoke in the wheel and capsize the whole of the good—if we have done any good—contained in the legislation of the last few months. I support the second reading.

HON. J. J. HOLMES (North) [10.47]: I should like to congratulate Mr. Drew upon the excellent speech he made in opposition to the Bill. As Mr. Drew knows, this House has ever stood for the fulfilment of contracts.

Hon. H. Seddon: What about the Hire Purchase Bill?

Hon. J. J. HOLMES: Having taken to slipping, it seems that members have come to the conclusion we might as well slip a little more. I am not as sanguine about the passing of the Bill as is Mr. Corneli; I will be very much surprised if the House passes the Bill as it stands. What commitment shall we be paying to the 97 per cent. of the people who voluntarily converted £539,000,000 worth of bonds to save Australia's name? Now because some £17,000,000 was not subscribed, we are to have compulsion. Yet in many instances those who refused to convert did not convert because they really required the money very badly. It is idle to talk about undue hardships and what these gentlemen promise to do in the

future regarding hardships. If they have gone back on the contracts they signed, what right has Mr. Cornell to stand up and say that those men who repudiated in the past will fulfil their promises in the future? One difference between this Bill and the other emergency legislation is that the legislation already passed will have to come up for renewal every year, when this House can bring it to an end if so desired. That emergency legislation will last only from year to year whereas this legislation, this compulsory conversion, will go on for 35 years. As for the promise of individual cases being dealt with on their merits, I have no faith in it, for I can read the future only from the past. I know of a boy some of whose money was put into Commonwealth bonds. When making application for those bonds to be converted I pointed out that the boy was finishing his education and would have to start out in life. I made a request that some of it could be set aside in order that he might have something to carry on with until he could earn his own livelihood. But later the answer I received was a blank refusal. I am convinced that these gentlemen will promise anything until once they have got the money. We told the world that we were going in for voluntary conversion. Some 97 per cent. of the people holding bonds agreed to the voluntary conversion in order to save Australia's name. Now this Parliament is asked to tell the world that we are going to adopt compulsion to force the others to come in. It will ruin Australia's credit if we do this and probably it will be the best thing that could happen, for we shall then have to live on what we earn instead of living on what we borrow, and having borrowed it, refuse to pay the interest.

Hon. E. H. Harris: If you believe what you say you will vote for the Bill.

Hon. J. J. HOLMES: I intend to cast my vote in opposition to compulsory conversion, which means repudiation. I will oppose the second reading.

HON. V. HAMERSLEY (East) [10.55]: Of course this class of legislation is obnoxious to us all. But the whole of the people have been asked to make sacrifices, people in every walk of life. Probably a great many of those who have voluntarily converted are experiencing equally hard conditions as are those who declined to convert. It was expected by those who con-

verted that there would be no dissentients at all, but a number have declined to convert, and I presume they have to come into line in the same way as many others have had to do under the landlords and tenants legislation. Those who have put their money into investments other than Commonwealth bonds have suffered considerably, perhaps infinitely more so than those who invested their money in bonds. I feel that Australia desires that everybody should come into line, and so I will support the second reading.

HON. H. SEDDON (North-East) [10.55]: I wish to express my appreciation of Mr. Drew's speech, and I feel that on this occasion he and I will be voting on the same side. The Government have followed what they thought to be the right course, but it has involved a great deal of hardship and is a very serious menace to our chance of recovering from the depression. There is a difference between this and the other emergency measures in so far as when the question was put before the public it was to be a voluntarily conversion, and that voluntary aspect was stressed throughout the campaign. Not only so, but when people raised the question of what was to be done about those who did not volunteer, although all sorts of explanations were put forward, there was no suggestion of making the conversion compulsory in respect of bondholders who might decide against it. On the other hand, there was pressure imposed after the loan had closed, with the result that a further considerable number of people agreed to convert. There are still others who have not converted, an aggregate amount of £17,000,000. I contend that Australia would do better to endeavour to meet the position by devoting some of the money that would have been paid to the Imperial Government by way of interest which the Imperial Government agreed to forego for two years. We could then take that money and use it to meet our creditors.

Hon. J. Cornell: Do you suggest they be paid at par?

Hon. H. SEDDON: I do. I say that money is available to be used for that purpose. I cannot improve upon Mr. Drew's presentation of the case and so I simply express the opinion that the House will do

well to support Mr. Drew and reject the Bill.

HON. W. H. KITSON (West) [10.59]: Compulsion is objectionable at any time, but I think every section of the community with the exception of the bondholders have had to accept compulsion during the past twelve months. Compulsion has been brought to bear on a section of the community that can ill afford to sacrifice any of their income. I refer particularly to the working classes generally. Through our financial emergency legislation superimposed on other legislation associated with our Arbitration Act, large numbers of people have had to suffer in a way that no one ever expected the workers of the Commonwealth would have to suffer. While I do not agree with compulsion at a rule, on this occasion we have to treat those people receiving income from investments in Government bonds in just the same way as we are treating the worker who has only his own strength to rely on for a living.

Hon. J. Cornell: In some cases there is no income at all.

Hon. W. H. KITSON: In many cases there is none at all. It reminds me even today that a section of the community is suffering as the result of a protest being made by another section against a sacrifice that they are called upon to bear. I am referring now to the wool store employees. So far as the voluntary conversion is concerned, I do not agree with Mr. Seddon when he said there is no indication that any further action will be taken against those who did not convert. On more than one occasion suggestions were thrown out that if voluntary conversion was not a success, the Government would have to consider the adoption of other means. It was even suggested that there would have to be increased taxation on those who had not converted. That was said on many occasions.

Hon. H. Seddon: As an alternative to voluntary conversion.

Hon. W. H. KITSON: Then why say that no other action would be taken? Not only was that suggestion thrown out, but it was also suggested that action would be taken to compel conversion. Those statements were made by responsible men. I have advocated for some time that if the wages of workers are to be reduced, that

if we are to compel the workers to carry their share of the sacrifice, we must also compel those receiving incomes from bonds or investments to do likewise. Therefore we cannot complain about the action of the Federal Government on this occasion. I agree that there are some hard cases, but I am prepared to believe that those in charge of affairs will give reasonable consideration to all the hard cases that are brought before them. Is it not a fact that a sum of money has been set aside for that purpose? True, a number will not be able to receive their money for some time to come, though some will be able to draw their invested capital in two or three years at the outside. These are very hard cases. I feel sure that some method will be adopted whereby the hardships imposed upon these people will be relieved to the fullest possible extent. Believing as I do that all sections of the community should bear their fair share of the common sacrifice, I have no option but to support the Bill. I do not like compulsion, but if we are going to have it, by all means let us make it universal, so that all sections of the community shall bear their share of the burden, and let the Government do their best to relieve all cases of hardship.

HON. SIR WILLIAM LATHLAIN (Metropolitan-Suburban) [11.4]: I should like the Minister, in his reply, to say what has been done by way of relief for indigent persons. Several persons have asked me what will be done, and I have told them what is in the Bill. If the Minister will make a statement, it will refresh our minds as to the nature of the relief to be given to those who will suffer considerably if they are not accorded relief.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East—in reply [11.5]: This is extremely disagreeable legislation, and I am sure everyone will agree with me. Members, however, are not justified in rejecting the Bill for that reason. Reference has been made to those who will suffer if the Bill is passed. Members overlook the fact that many bondholders are in as bad a position as those who have not converted. They were patriotic enough to come to their country's assistance, but many of them are now in a worse plight than those who dissented.

Is no thought to be given to them? Do members desire to protect those who did not come forward to help the country? Mr. Drew referred to the fact that there were £3,500,000 in the hands of two or three people who would not convert. Are those persons to go seat-free, and are members willing that the others should suffer? I am astonished that members should stand up for such people. This State is the last of all to have this legislation placed before its Parliament. There is only one path to take in this case, and that is to follow in the lead of the other States and pass the Bill. Mr. Drew also referred to Mr. Theodore who sponsored the Bill through the House of Representatives. This Bill has now been sponsored by four Labour Premiers. Mr. Seddon asked why we should not pay the £16,500,000. Mr. Seddon is constantly saying, "Why not do this or that?" He seems to think there is plenty of money about. If that were so, there would be no need for these measures. The money cannot be found. That is the difficulty.

Hon. H. Seddon: It will be found.

The CHIEF SECRETARY: It is a pity the hon. member is not in Mr. Theodore's position, if he can find money so readily. It is strange that other Treasurers have not been able to find it.

Hon. G. W. Miles: It is not due all at once.

The CHIEF SECRETARY: It is due, and cannot be paid. There has been a good deal of talk about those who are suffering. I would remind members that £2,000,000 has been set aside for necessitous cases for this year. Provision will also be made for next year. No Government would allow people to suffer. I do not know how the money will be found next year, but £2,000,000 will be found this year to meet necessitous cases. Mr. Holmes also said that people were to be allowed to suffer.

Hon. J. J. Holmes: There is no provision in the Bill to grant relief to those people.

The CHIEF SECRETARY: It could not be included in the Bill, which refers only to about a quarter of a million pounds out of the £16,500,000. The £2,000,000 will be found by the Federal people who control the loans. I am astonished that members should be prepared to champion those who have taken advantage of the position of the country.

Hon. G. W. Miles: We are not championing them.

The CHIEF SECRETARY: In my opinion those are the last persons to be considered. I hope the second reading will be agreed to.

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

Ayes	..	..	..	13
Noes	..	..	..	6

Majority for .. 7

AYES.

Hon. C. F. Baxter	Hon. Sir W. Lathlain
Hon. J. Cornell	Hon. W. J. Mann
Hon. J. Ewing	Hon. Sir C. Nathan
Hon. J. T. Franklin	Hon. J. Nicholson
Hon. V. Hamersley	Hon. A. Thomson
Hon. G. A. Kempton	Hon. F. W. Allsop
Hon. W. H. Kitson	(Teller.)

NOES.

Hon. J. M. Drew	Hon. H. Seddon
Hon. E. H. Harris	Hon. G. Fraser
Hon. J. J. Holmes	(Teller.)
Hon. G. W. Miles	

Question thus passed.

Bill read a second time.

In Committee.

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

BILL—APPROPRIATION (No. 2).

Second Reading.

Debate resumed from the 25th November.

HON. F. W. ALLSOP (North-East) [11.16]: Not for many years have the goldfields Press expressed so much dissatisfaction with the prospecting and State batteries votes. The metropolitan Press take rather a different view of the matter. I recently read the following comments:—

How many parish pumps need new washers is always revealed by a debate on Loan Estimates, but some claims are more unreasonable than others. Mr. Munsie (Hannans) and Mr. Cunningham (Kalgoorlie) supported by the Leader of the Opposition, Mr. Collier, attacked the Government for allotting only £20,000 to the assistance of the goldmining industry. Surely if any industry should be able to stand on its feet and progress by its own enterprise to-day it is goldmining. An extraordinary combination of circumstances—exchange premium, sterling depreciation and bonus—has added more than 50 per cent. to

the price of gold in the past year, and an industry doing so well that it can afford to dispense with the assistance of lower wage awards should not need to come upon the taxpayer. The services given by State batteries have hitherto been supplied at a loss. There has been justification for that. But if private enterprise is not equal to the task of development under present conditions, it is quite incredible that a few thousands more from public funds would make it more active and enterprising. At some point or other the Government must let go and private risks begin. Private prospecting has always proved far more successful than that promoted by the Government, which finds it almost impossible to exercise the necessary supervision.

The Minister for Mines thereupon made the following statement:—

"I entirely agree with the Current Comment, published in this morning's number of "The West Australian," which deplores the fact that the goldfields continue to seek Government aid for batteries and other necessities," said the Minister for Mines (Mr. Scaddan) last night. "Gold mining is the one industry which has received benefit from conditions which have crippled other industries and the community generally, and it should be in a position to afford its own necessities. In the early days, when the industry was struggling to its feet, nobody dreamed of asking the State to provide batteries: public batteries were provided by private enterprise. At a time such as this it might well be expected to stand on its own feet."

These newspaper paragraphs need a good deal of qualification. The first State battery was erected on the Murchison during 1898, in the early days of the goldfields. Twenty or twenty-five years ago there were in Kalgoorlie more private batteries than in any other part of Australia. If the same number of private batteries existed there to-day, the excess of ore could easily be got rid of within a month. Why have the private batteries all disappeared from Kalgoorlie? I know of only one there now. They have been wiped out owing to the concessions and subsidies granted by various Governments to the people who patronise the State batteries. It is those factors which have crushed out the private batteries. What the Minister for Mines now complains of is the result of action taken by various Governments. In this respect no one is justified in condemning private enterprise. Men spent thousands of pounds in erecting private batteries, but the Government made the State batteries so attractive that ore was carted from the Golden Ridge past private batteries to a State battery at Cool-

gardie. The private batteries have also been driven out by competition from the big mines, which occasionally need oxidised ore to sweeten up their solutions. In fact, the manager of one big mine said to me, "I would rather crush a certain quantity of oxidised ore for nothing to get sweetening for my sulphide ore and solutions than have no such ore." What private battery could compete with crushing on those terms? Private enterprise in the form of batteries was simply driven out, and therefore I do not think comment on private enterprise as regards Kalgoorlie in this respect is justified unless it is couched in more favourable terms than the two paragraphs I have quoted. Almost every business man in Kalgoorlie is now backing prospectors or tributers, and spending money to advance the gold-mining industry. There has not been much success with the flotation of local companies in Kalgoorlie, as most investors prefer to have their own prospectors and tributers in smaller syndicates. Prospectors who make money in one show prefer to transfer it to the development of some other show. Many storekeepers have been so liberal in assisting prospecting and tribututing that they have hurt themselves and even been forced into the bankruptcy court. From some Press accounts one might infer that Kalgoorlie was resting on the extra money being obtained from gold, and doing nothing to help itself, but those accounts are not in accordance with facts. Let me quote a letter I received yesterday from Laverton—

Mr. Scaddan, I think, is rough in cutting the subsidies out, especially the low-grade crushing scale. It means death to a lot of our shows which are within five miles of our battery. But I suppose it is useless seeing him again for the re-instatement of low-grade ore rebate where no carting subsidy is paid.

The Government have discontinued the rebate they were giving on low-grade ores, and have also greatly reduced the carting subsidy. On low-grade ores the rebate was 40 per cent. on stuff under 5 dwts., which meant as much as 4s. 3d. per ton. Mr. Scaddan has said that the extra price of gold would more than make up what the men working small leases were losing. Let me quote a South African opinion on the treatment of low-grade ore, because the more low-grade ore we can treat, the longer

shall we keep our mines in existence. This opinion comes from Johannesburg—

Notwithstanding that South African gold mines are making profits from the treatment of 4dw. ore, the Union is giving serious consideration to the question of prolonging the life of the Rand by making it possible to treat ore even down to the value of 14s. per ton. Giving evidence before the Low Grade Commission in Johannesburg recently, Sir Robert Kotze, who was Government Mining Engineer in that country for many years, put forward a subsidy scheme as a temporary expedient. "For every ton of rock worked at an average cost of about 20s. a ton," he pointed out, "the State benefits to the extent of 3s. 2d. It would thus obviously be to the State's advantage to pay, say, 1s. a ton to have that ton of ore worked rather than to have it remain untouched. There would still be a credit balance of 2s. 2d. a ton to the State's advantage. The argument could be extended to the payment of a subsidy of at least 3s. 2d. a ton, for up to that point the State suffers no loss."

Since the State batteries have been in operation, the Government have spent £414,899 on them, and working expenses have exceeded revenue by £184,517. Thus there has been a heavy drain on the Treasury, but against that, there is the fact that the batteries assisted in the production of much of the State's wealth. The operations of the batteries reflected the activities of the prospectors and smaller shows, and certainly indicate a marked improvement since the low-grade record of production was reached in 1928. For some time past, the Minister for Mines has experienced great difficulty in financing operations. At the commencement of the war, the present Minister for Mines was Premier, and the Leader of the Opposition was Minister for Mines. The Labour Government advanced my firm £1,000 to crush tributers' sulphide ore that the big mines would not treat. They were striving to get as much gold produced as was possible, and desired to make provision for crushing tributers' ore. My firm spent several thousands of pounds of their own capital, and with the £1,000 loan advanced by the Government, we remodelled the Hainault sulphide plant and were able to carry on operations and pay out for ore, wages, and so on, about £140,000, which enabled the tributers to be kept in constant work throughout the war period. At the close of the war, the big mines were rather short of ore, and they were able to take some of the ore that we had been dealing with. The result was that

we had to go slow for a while, and then had to close down. It is not possible to run a sulphide plant and go slow. It must be run to fair capacity. To go slow with such a plant is very costly, and it represents nearly as much to crush and treat 500 tons of ore as it does to treat 1,000 tons. The result was that we found it unprofitable to go slow. When a public sulphide plant is closed down it entails no end of expense. A caretaker has to be engaged to look after the plant at night, and that means £5 10s. a week. Then another one has to be kept on duty during day time, and that means another £5 10s. a week. We found it impossible to maintain operations unless we were prepared to lose, and that was not a wise course to pursue. We sold the plant and instead of ore being crushed by our plant, it was crushed and treated by the big mines. I do not blame the mining companies for not having undertaken that work during the war period. When they could do so, they undertook the work. We were pushed out of profitable operations because of the competition of the big mines. Public batteries in competition with State batteries have to shoulder expenses that the State concerns are not required to incur. For instance, there is a charge of £1 an acre on the machinery site area and £1 an acre on the tailings area. In Victoria, a charge of 2s. 6d. only is levied. Then again, the private batteries have to pay the full price for water, a charge that the State battery has not to meet. In view of this, members will find it hard to understand why the Minister for Mines can attribute lack of enterprise to the public batteries in Kalgoorlie. State batteries have ruined the public batteries there. The position has not been so bad in the back areas where the State batteries are more isolated. Some have done fairly well there, but the same cannot be said regarding the public batteries in Kalgoorlie. Through the actions of the Government and of the big mines, the public batteries have been crushed out of existence. The State batteries have cost £414,899 and the loss has amounted to £184,517, the two amounts totalling £599,416. Thus the cost of the State batteries over 34 years has amounted to something like £16,500 per month. I do not complain of the State batteries, but I do not like the insinuation that has been made against private enterprise at Kalgoorlie. I realise that the State

batteries have done a lot of good, but they have been the means of crushing private enterprise out of the field. I am not averse to any rebates given by the State batteries, and although a loss is shown of over £600,000, I think indirectly the Government have got far more than that amount in various ways. Discussing that phase recently, one of the goldfields newspapers considered that despite the loss of £600,000, the system had been profitable to the Government, particularly if they took into account the number of men who had been employed, the money that had been secured from the renting of leases, and revenue derived in other directions. Moreover, it had to be remembered that during the 34 years the State batteries have been the means of producing £6,000,000 worth of gold. Instead of being a loss, I consider the State batteries have been a good investment. Nevertheless, when private enterprise is asked to establish batteries, the Government should be prepared to extend similar concessions to them as to the State battery. If that were done, private enterprise would have some chance of competing on an equal footing. On the other hand, the competition between the two has been absolutely unfair. The Government have done much to assist mining operations. For instance, they advanced £68,000 to the Sons of Gwalia mine and the company has paid back over £15,000 to date. I believe that before long the debt will be completely wiped out. As a result of that assistance, the mine has been resuscitated and a new lease of life has been given to Gwalia and Leonora. I believe that we will see two progressive mining camps there, and that before long we will have a first-class mine in the Sons of Gwalia with the assistance the Government gave three or four years ago. We are not advocating more assistance for the big mines; what we want is assistance for the men on the bread line. Since we have had this rush in the production of ore, many men scarcely know where to get sufficient to eat, while others are doing well. Our big mines are now able to accumulate some capital. The Lake View is expending a lot of money on a new treatment plant, and so, too, is the Boulder Perseverance. Other mines are doing a lot of development work, and it is hoped they will soon be emulating the Perseverance and the Lake View and re-organising their plant, so that they may have the last word in effective machinery.

Then when a rainy day comes they will be in a position to treat very low-grade ore, and so prolong, not only the life of the mine, but also the life of Kalgoorlie as a first-class goldfield. Last month's return showed 52,000 ozs., whereas two or three years ago it was generally less than 40,000 ozs. An extra 12,000 ozs. means a lot of additional wealth to the goldfields, and that combined with the increased price of gold and the exchange, if kept going for a year, will mean over £800,000 extra on our goldfields. But having regard to the way the returns are coming in, we hope that before long we shall be able to double the amount, which would mean £1,600,000 extra wealth for Western Australia. Kalgoorlie at present is one of the brightest spots in the Commonwealth. People are rushing there from all parts of Australia, and on the mines one can see long queues of men waiting for work. It is because of those men that we require more assistance for the mining industry. In South Africa they are receiving a subsidy on low-grade ore in order that it may be profitable, so that the mines can keep going for many years. As compared with the South African output, our gold at present stands only at 2.6 in the world's production, whereas the South African is at 50.54. Yet we have a far greater extent of gold-bearing country than they have, and if we could get a little assistance for the men on the bread line and so get them all out looking for gold, our production would soon be raised. Just now gold is fetching 58 per cent. above the ordinary price, and so last month's production of 52,000 ounces if maintained for a year will mean approximately £850,000 of extra wealth to the goldfields. If we could get all the available men out looking for gold we would quickly add very much more wealth to the State than we would by embarking on doubtful agriculture. I agree with assisting the farmer, but amongst the men out of work on our goldfields we have hundreds of the artisan class and hundreds of farmers. Some are old goldfields men, and while a proportion of them are doing well others are practically starving, and these are the men the Government should assist. The Government, instead of spending money on assisting the unemployed down here, should get every capable man to go out looking for gold. The Minister for Mines, I am sure, has every sympathy with the gold-mining industry and is striving to help it along.

Money is very difficult to get, and it is hard for the Minister to make a greater allocation, but what he should do is to try to get the efficient men away from Blackboy and put them on the goldfields. I have heard Sir Edward Wittenoom contend that an assistant Minister ought to be appointed. No other Minister has so much to do as the Minister for Mines, who holds also the portfolios of Railways, Police, and Forests, and in addition is in charge of unemployment. The Mines Department is busier to-day than it has been for years past. I do not know much about the railways, but I am aware of Mr. Thomson's motion for an inquiry into that department, and I think that if an assistant Minister were appointed to relieve the Minister for Mines of the responsibilities of looking after the Railway Department the acting Minister could probably help to adjust anomalies and save the expense of a Commission.

On motion by Hon. J. J. Holmes, debate adjourned.

BILL—DIVIDEND DUTIES ACT AMENDMENT.

Assembly's Further Message.

Message from the Assembly received and read notifying that it had agreed to the report of the conference managers.

BILL—COMPANIES ACT AMENDMENT.

In Committee.

Resumed from the 26th November; Hon. J. Cornell in the Chair, the Chief Secretary in charge of the Bill.

Clause 2—New section. Provision for modification, alteration or abandonment of preferential or cumulative rights in relation to certain classes of shares (partly considered):

The CHAIRMAN: Progress was reported on Mr. Seddon's amendment to strike out from subclause 2 all words after "class" in line 25.

The CHIEF SECRETARY: I do not think Mr. Seddon could have been aware that an amendment in another place considerably altered this provision. At that time the clause was governed by the individual worker, but not so Clause 3. By the

amendment made in another place the number of votes will be considered instead of the individuals, and so the position has been altered considerably. Members having experience of companies will understand that if it is necessary to get a three-fourths majority, the position will be hopeless. If members are going to insist on that strength, we may as well lay the Bill aside.

Hon. J. J. HOLMES: This is not emergency legislation; the Bill will amend the Companies Act for all time. It represents a breach of contract between companies and the preferential shareholders. It may be difficult to get 75 per cent., but we could provide that not less than 50 per cent. of the shareholders in a particular class should be required. If 50 per cent. refused to take an interest in the matter, the meeting would decide against them.

The CHAIRMAN: Mr. Seddon not being present to withdraw his amendment, the Committee will have to vote on it. It will be necessary to recommit the Bill in order to consider Mr. Holmes's suggested amendment, which affects an earlier part of the clause.

Amendment put and negatived.

Clause put and passed.

Title—agreed to.

Bill reported without amendment.

Recommittal.

On motion by Hon. J. J. Holmes, Bill recommitted for the further consideration of Clause 2.

In Committee.

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

Clause 2—Provision for modification, alteration or abandonment of preferential or cumulative rights in relation to certain classes of shares:

Hon. J. J. HOLMES: I move an amendment—

That in line 4 of Subclause 2 "seven" be struck out and "twenty-one" inserted in lieu.

That would provide for 21 days' clear notice instead of seven days.

The CHIEF SECRETARY: I approve of the amendment. Seven days is too short a period.

Amendment put and passed.

Hon. J. J. HOLMES: The resolution should be passed by not less than 50 per cent. of the votes of such members of the class, and I suggest that we strike out the concluding words "for the time being as may be present in person or by proxy." Then 50 per cent. would have to vote or make provision to vote before an alteration could be made. I move an amendment--

That "three-fourths" be struck out and the words "fifty per cent." inserted in lieu.

Hon. J. NICHOLSON: It would be a great mistake to make provision in this Bill for a change in the definition of a word which is of Empire significance, and thus alter the percentage of shareholders required to pass a special resolution. If it were required to pass a special resolution to reduce the capital of a company, in accordance with the provisions of Sections 70 and 72 of the Companies Act, such resolution would have to be passed by a majority of not less than three-fourths of the votes of the members of the class of persons for the time being present or by proxy.

Hon. G. FRASER: I do not quite understand the meaning of the words "majority of three-fourths."

Hon. J. Nicholson: Those present in person or by proxy.

Hon. G. FRASER: If three-fourths of those present vote, that is not a majority of three-fourths. One speaks of a majority as constituting the number over and above those who are voting in the opposite direction.

Hon. J. NICHOLSON: Members will see by a perusal of the definition of the words "special resolution" in the Act how closely it follows the definition contained in the Bill. The safeguard lies in the fact that any shareholder may leave his proxy behind him, and that proxy would be good for a year. It is given to shareholders to protect their interests by this means. The definition in the Act has stood the test of years.

Hon. J. J. HOLMES: I question whether a matter of this kind has cropped up in any other part of the British Empire. In the case of a breach of contract there is a danger of the preferential shareholder being bound even if he cannot attend a meeting or appoint a proxy. To get over the difficulty we should strike out the words "for the time being who may be present in per-

son or by proxy." This would put the company in the position of having to get 75 per cent. of the shares represented at the meeting. If a company wish to make an alteration in a contract, it is not too much to ask that 75 per cent. of the total number of shareholders should be obliged to vote for that alteration before it can be carried out.

Hon. Sir CHARLES NATHAN: Mr. Holmes's remarks are really intended for the protection of the whole of the shareholders with whom the contract has been made. However, I support Mr. Nicholson's remarks in their entirety. The rights of minorities are protected by Clauses 4, 5, and 6 even more than Mr. Holmes suggests.

Hon. W. H. KITSON: Like the previous speaker, I see no reason for amending this clause. Under Mr. Holmes's proposal it would be quite possible for one shareholder, holding more than 25 per cent. of the total of shares, to prevent any action in the direction desired. A special resolution could never be carried if that particular shareholder cared to remain away from the meeting, or even cared to refrain from casting his vote. In view of Clauses 4, 5 and 6 the interests of all parties are amply conserved.

Hon. Sir WILLIAM LATHLAIN: I agree that the clause should stand as it is. Mr. Holmes is consistently anxious for the preservation of contracts made. A serious position has, however, arisen in Western Australia. Several companies with preference shares have found it impossible to pay either the ordinary or the preference shareholder any dividend for some time past. It is obligatory upon such companies to pay the dividends on the preference shares eventually. Meantime the responsibility in that respect is increasing at compound interest. The preference shareholders could easily hold up the reconstruction of the company so that both the ordinary and the preference shareholders would lose their assets, possibly owing to the objection of one or two men. The Bill gives the whole of the shareholders a voice in determining whether the amount payable to the preference shareholders is to be so equalised that the company may carry on.

Amendment put and negatived.

Clause, as previously amended, put and passed.

Bill reported with a further amendment, and the report adopted.

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

BILL—ELECTRIC LIGHTING ACT AMENDMENT.

Second Reading.

Debate resumed from the 26th November.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East—in reply) [12.12]: It has been said that this Bill does not sufficiently safeguard the Government Electricity Supply. Hon. members being dubious as to the position in that respect, I have had two short amendments prepared in order to meet their desires. Those amendments provide that permits granted by local governing bodies must have the sanction of the Government. The amendments will need to be made in Clauses 2 and 4.

Hon. J. Cornell: I suggest that the amendments be placed on the Notice Paper.

Hon. J. J. Holmes: Yes, we ought to have them on the Notice Paper.

Question put and passed.

Bill read a second time.

House adjourned at 12.14 a.m. (Wednesday).

Legislative Assembly,

Tuesday, 1st December, 1931.

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QUESTION—FARMERS' DISABILITIES.

Consideration of Royal Commission's Report.

Mr. PIESSE asked the Premier: Seeing that the motion moved by the member for Beverley (Mr. J. I. Mann) requiring that the earnest consideration of the Government be given to the report of the Royal Commission on the disabilities of the agricultural settlers, was agreed to by this House on the 24th November, without any reply by the Premier, will he make a statement to the House as to the Government's intentions regarding the Commission's report, especially in view of farmers' financial difficulties as a result of last season's disastrous prices for produce?

The PREMIER replied: Yes.

QUESTION—GROUP SETTLEMENT, FIRST LIENS.

Arrears of Interest, Departmental Action.

Mr. WANSBROUGH (without notice) asked the Premier: 1, In consequence of a communication from the secretary of the Group Settlement Department, dated the 3rd August last, in which he stated that the Managing Trustee of the Agricultural Bank agreed to group settlers giving a first lien over this season's crop to storekeepers for manure supplied, is he aware that 14 days' notices are now being issued to settlers who are over two months in arrears in the payment of their interest, threatening to dispose of their properties by tender under the bank's power of sale? 2, Will he make representations to the Managing Trustee with a view to withholding such notices, thereby allowing settlers to harvest their crops to enable them to make good the liens thereon, together with arrears of interest?

The PREMIER replied: 1, Yes, but the notices were issued owing to settlers' failure up to the 13th October to avail themselves of labour advances, and to display activity as required by letters to them under date the 3rd September. 2, If potato crops have been planted with manure supplied by storekeepers, the trustees will withhold action until the crops have been dug.