

The CHAIRMAN: This is a Bill to continue the operation of the Dried Fruits Act, and nothing else. The only amendment that could be accepted on recomittal would be one to extend the operation of the principal Act beyond 1935, or to a date earlier than the end of 1935. No other amendment could be accepted.

Hon. G. W. Miles: Could not the Title be amended so as to permit of another amendment?

Hon. H. J. YELLAND: Would I be in order in moving that the Title be amended so as to permit of the insertion of a new clause?

The CHAIRMAN: Nothing in the Title of the Bill indicates that there is to be any amendment of the principal Act except to continue the operation of that Act.

Hon. J. J. HOLMES: If the hon. member wishes to amend the parent Act, I presume he will be in order in introducing another Bill for that purpose; but he cannot do that under the present Bill.

The CHAIRMAN: That is so.

Progress reported.

ADJOURNMENT—ROYAL SHOW.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East) [4.50]: I move—

That the House at its rising adjourn until Thursday, the 8th October.

Question put and passed.

House adjourned at 4.52 p.m.

Legislative Assembly,

Tuesday, 6th October, 1931.

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

QUESTION—CANNING STOCK ROUTE.

Mr. MARSHALL asked the Minister for Works: 1, What was the total expenditure incurred in the reconditioning of the Canning stock route? 2, Is it the intention of the Government to employ a patrol party on the stock route to protect from destruction by natives the work already done? 3, What was the average cost of maintaining wells on the various stock routes in the North-West prior to those wells being handed over to the different road boards for care and maintenance?

The MINISTER FOR WORKS replied: 1, £22,139. 2, Not at present. 3, The average annual maintenance costs for five years ended 30th June, 1921, were as follows:—Mingenew-Port Hedland £783, Port Hedland-Derby £807, Leonora-Nullagine £972, Cue-Ashburton £212.

BILLS (2)—FIRST READING.

- 1, Firearms and Guns Act Amendment.
Introduced by the Minister for Police.
- 2, Licensing Act Amendment (No. 4).
Introduced by Mr. H. W. Mann.

BILL—INTERSTATE DESTITUTE PERSONS' RELIEF ACT AMENDMENT.

Read a third time and transmitted to the Council.

BILL—POOR PERSONS' LEGAL ASSISTANCE ACT AMENDMENT.

Second Reading.

Debate resumed from the 30th September.

HON. J. C. WILLCOCK (Geraldton) [4.37]: There is not much to be said about this Bill, nor does it affect any vital principle. It merely simplifies the present procedure. The procedure now adopted concerning *in forma pauperis* applications has existed for many years, and no better method seemed to suggest itself. It has, however, been found from experience that a better method can be adopted, and that the Act can be made to work more smoothly by means of the amendments set out in the Bill.

I do not know that the wording of Clause 2 is quite as it should be. It says—

The public solicitor or practitioner or, if they are unable to act, another practitioner approved by the Minister, shall act for and conduct the case of the applicant until the claim is finally disposed of.

I think perhaps the word "may" would be a better one to use in this case. The clause as it reads suggests that a man who acts for one of these cases shall continue to do so until the end, whether he desires it or not.

The Attorney General: The clause says "If they are unable to act another practitioner approved by the Minister shall act."

Hon. J. C. WILLCOCK: To start off with, it is mandatory to go on acting for the applicant, whether the practitioner desires to do this or not.

The Attorney General: I do not think so.

Hon. J. C. WILLCOCK: That, however, is a detail. With regard to the other point contained in the Bill, it was never intended that the Crown should accept liability for the costs of persons for whom it was desired to do a good turn. The Crown cannot be expected to guarantee that every indigent person shall get what he thinks he is entitled to. If, through some technicality or other reason, the case goes against the poor person, it is not reasonable that the Crown should be held responsible for his costs. As the Attorney General pointed out, such indigent persons would not get costs in most instances, where they unsuccessfully engage in litigation. I agree with the principle contained in the Bill. There is very little in the measure to which objection can be taken, and I am willing to support the second reading.

Question put and passed.

Bill read a second time.

BILL—STATE SAVINGS BANK TRANSFER.

Second Reading.

Debate resumed from the 30th September.

HON. P. COLLIER (Boulder) [4.40]: What ever may have been the circumstances which the Premier considered justified him in entering into an agreement with the Commonwealth authorities for the amalgamation

of the State and Commonwealth Savings Banks, I think it will be generally regretted that it has resulted in the loss to Cabinet and the Government of the knowledge, experience, and ability of the ex-Chief Secretary. Individual members of the Ministry will decide for themselves—apparently they have already decided—as to their course of action in the matter, but it cannot be denied that the manner in which the amalgamation was made was in the highest degree undesirable. Such an important decision as the handing over to another Government of one of the principal institutions of the State should not have been made by the Premier without consultation with his colleagues. It is difficult to understand why he had no time in which to consult them. The possible difficulties of the bank did not arrive suddenly. The position must have been known. Surely it could have been foreseen for some considerable time before the Premier left to attend the conference in the Eastern States. He left to attend that conference on the 2nd August, and the agreement was dated the 15th August. The agreement was signed, therefore, only 13 days after he left the State. Did the position of the bank, which the Premier claims justified him in entering into this agreement, come to a head in the short space of 13 days? Was not the trend of the finances of the bank well known to the Premier and the Government for weeks, and indeed for months?

The Premier: Probably for years.

Hon. P. COLLIER: As it had been developing prior to the Premier's departure, are we to understand that the position of the bank was quite sound on the 2nd August? Apparently there was no cause for anxiety. At any rate, the position was not serious enough for the Premier to consult his colleagues about it, or discuss the matter with them. The bank was apparently so safe on the 2nd August that the Premier felt it was not necessary to discuss the position of the institution with his colleagues. Notwithstanding that fact, the agreement was signed 13 days afterwards without reference to anyone else, under which the State Savings Banks was transferred to the Commonwealth. I ask: Is it reasonable—to me it is not understandable—that a grave situation could have arisen within the short space of a fortnight.

There was no run on the bank during the intervening 13 days, nothing at all beyond the normal.

The Premier: Yes. I told you.

Hon. P. COLLIER: The figures have not been given to us.

The Premier: Yes.

Hon. P. COLLIER: No, nothing beyond general terms. The Premier stated, if I remember aright, that there had been consistent withdrawals from the bank; but that had been the position over a considerable period.

The Premier: They became very heavy.

Hon. P. COLLIER: During last year I think the deposits went down by £400,000.

Hon. J. C. Willcock: More like £500,000.

Hon. P. COLLIER: Not quite, but nearly £500,000 for the year. But those withdrawals were spread over the full 12 months. I have no doubt that as the months went by and the financial troubles of the people became more acute, the extent of the withdrawals must have increased because of the added necessities of the depositors. The question I ask is this: Could not the position of the bank have been foreseen before the Premier left to attend the Premiers' Conference? Surely, on the Premier's own admission that the withdrawals had been increasing, he knew of the position! I do not think it will be contended that there was an abnormal increase in the withdrawals during the fortnight prior to the signing of the agreement. The fact that withdrawals had been increasing week by week must have warned the Premier that there was a possibility of the bank being involved in difficulties. But apparently it was not so. When the Premier left for the Eastern States, we are to understand he was quite satisfied that the bank was entirely sound and that the position was satisfactory. Of course, the bank is sound and always has been. At any rate, we have been given to understand that at that stage it was agreed that the bank was not likely to be involved in any difficulty. That is the position maintained by the Premier himself. So we have it established that up to the time he left here, there was no need for anxiety regarding the position of the bank. Had there been any such anxiety, doubtless the Premier would have discussed the matter with his colleagues; but there was no such doubt about the position of the bank. In order that members might be satisfied, it

might be advisable to have the record of the daily withdrawals from the bank, covering a period of a month or two prior to the signing of the agreement. So far as we are able to understand, there was no special run on the bank. Only such a run, with largely increased withdrawals during the fortnight between the time the Premier left Perth and the date of the signing of the agreement, would have justified the action he took. Nothing apart from a sudden heavy run on the bank would have justified the Premier in entering into such an agreement without consultation with his Ministers. That is a position upon which his Ministers themselves must determine their attitude, but Parliament and the State, in my opinion, would feel much more re-assured if they knew that the decision to hand over the control of the State Savings Bank to the Commonwealth had been arrived at as the result of the decision of Cabinet as a whole. They would be more re-assured if they knew that that course had been justified in the opinion of Cabinet as a whole, and not as the result of the determination of one Minister alone, even though that Minister be the head of the Government. It is not comprehensible to me that the position developed so rapidly within 13 days as to force the hands of the Premier to agree to a course of action to which he himself is strongly opposed, and to which, I am sure, the majority of the people of Western Australia are equally strongly opposed. Did the position develop so suddenly and become so acute within that 13 days as to leave the Premier no alternative but to enter into this agreement? The time the run set in on the bank was when the announcement was made respecting the amalgamation. It came with such a shock to the depositors and to the people of the State generally that the run set in immediately. It required the most persuasive powers of two Ministers, assisted by permanent officers of departments, within the bank itself, to induce depositors to change their attitude regarding their money. I am not at all able to understand why the Premier entered into this agreement without consultation with his Cabinet. No one man, however exalted his position may be, should take action of such an important nature as this, if it were at all avoidable. To agree to hand over to another Government an institution such as the State Savings Bank represents one of the most important

acts of administration that any Government could undertake. There is no question of doubt on that point, and so no such action should have been taken without Cabinet as a whole having had an opportunity to consider the matter. It is rather significant that the Premier, as head of two different Governments, has been responsible for handing over to the Commonwealth two important departments of State. We are now discussing the State Savings Bank, but formerly the Premier was responsible, some years ago, for the amalgamation of the State and Commonwealth Taxation Departments.

The Premier: There was another important matter that I opposed.

Hon. P. COLLIER: Had the Government of which I was a member been responsible for handing over two such important departments of State, it would have been broadcasted that our action was in pursuance of our unification policy.

The Premier: What about the Financial Agreement?

Hon. P. COLLIER: Under the terms of that agreement nothing was handed over to the Commonwealth. It merely transferred certain powers to the Loan Council, which comprises six States and one Commonwealth. Powers were transferred to the whole of the States, and not to the Commonwealth. Let that be understood. From statements frequently made in the Press, it might well be thought that the Loan Council is a Commonwealth body controlled by the Federal Government. It is frequently asserted that we have to approach the Commonwealth Government to secure authority to borrow. That is not the position at all. The Loan Council consists of six States and the Commonwealth, and so the States as a whole always have a majority on the Loan Council. In those circumstances, a decision of the Loan Council is the decision of the majority of the States, and not of the Commonwealth.

The Premier: The Commonwealth are the sole borrowers.

Hon. P. COLLIER: But only on the authority of the Loan Council.

The Premier: Quite so.

Hon. P. COLLIER: The Commonwealth Government cannot of their own volition borrow money any more than a State Government, of their volition, can borrow. The Commonwealth Government have no more authority to do so than has a single State.

The Commonwealth Government have to go to the Loan Council to secure authority to raise a loan, just as have the States.

Hon. S. W. Munsie: The Commonwealth Government have to get the sanction of the Premiers of the several States.

Hon. P. COLLIER: Yes.

The Premier: But the Commonwealth represent the only people who can sign Government securities.

Hon. P. COLLIER: That is so, but that has nothing to do with the point I am making.

Hon. S. W. Munsie: If the Premier hands over any more of the State assets, the Commonwealth Government will be the only people who will be able to borrow or do anything else.

Hon. P. COLLIER: The fact is that the Loan Council authorises borrowing, and so nothing has been handed over under the Financial Agreement to the Commonwealth Government. If I were to be allowed to digress—of course, I shall not be allowed to do so—I should be able to advance mighty good reasons in justification of the Financial Agreement, and we can thank our lucky stars we are under the control of the Loan Council. All the talk we hear of the State's hands being tied in respect of borrowing, because of the existence of the Loan Council, is mere nonsense. In view of the circumstances that have existed during the last two years or so, to say that if Western Australia had not been associated with the Loan Council, we, as a State, could have gone on the money market and obtained a loan whereas the Commonwealth Government have not been able to do so, is surely—

Hon. J. C. Willcock: Moonshine.

Hon. A. McCallum: Yes, moonshine on a shovel.

Hon. P. COLLIER: It has been asserted that the people who would not lend money to the Commonwealth Government would have been content to lend it to Western Australia.

The Premier: No one can say they would not have lent it to us.

Hon. P. COLLIER: I am mighty certain that if they would not lend to the Commonwealth with all the security of Australia and the States combined, it is surely idle to imagine that Western Australia or any single State would have been able to secure funds from that source.

Hon. J. C. Willcock: Our stocks are lower on the London market than those of the Commonwealth.

Hon. P. COLLIER: Of course they are. At any rate, that is the position.

The Premier: I merely mentioned the Financial Agreement as one matter.

Hon. P. COLLIER: I know, and, in passing, Mr. Speaker, I may remark that it will come as a shock to your good self and to many others to find that one of the leading secessionists of the State should agree to such a proposal as that under discussion. It has been broadcasted, particularly during the last six or nine months, that Western Australia would be all right if it could get away from the shackles of the Commonwealth.

Hon. J. C. Willcock: From Federal bondage.

Hon. P. COLLIER: If we could but control our own affairs, it is asserted, everything would be satisfactory. Not only is it suggested that we should control our own affairs, but that we should take over the departments now controlled by the Federal Government. We should take over the post office; we should conduct our own defence. It is asserted that we can do all that—carry out successfully not only those activities now under our control, but also those conducted by the Commonwealth within our borders. It is maintained that we could do all that much better than experience shows many of the activities are conducted now within the Commonwealth jurisdiction. Yet here we are discussing an admission that we cannot control one of our own State institutions—the savings bank—and we are told we must hand it over to the Commonwealth Government. Instead of telling the Federal Government to give us back the control of those departments that have been handed over to them, that we may conduct them so much more successfully, we are asked to admit that we cannot successfully control one institution that we now possess. We have to hand it over to the Commonwealth. Surely that admission is the most complete answer to the secessionist argument which it is possible to advance. We are not able to carry on the State Savings Bank; unless we handed it over to the Commonwealth we would be forced to close its doors. That is the statement. At the same time we are saying to the Commonwealth, "Give us back

all those other activities, post office, defence and all the rest of them, and we can run them all." Yet here we have the admission that we cannot even run what is at present in our hands. I imagine the Premier will not be so bold in his support of secession for a little while. This position has not been forced upon us by the Commonwealth; the State Savings Bank was an entirely free and independent institution, owned and controlled by the State and the Government of the State. No Commonwealth legislation has had any influence upon the position of the bank, none whatever. We cannot blame the tariff nor any of the other Acts of the Commonwealth Parliament for the position of our State Savings Bank. Yet we find that in a time of crisis such as the present we are unable to carry it on, and must hand it over to the Commonwealth. We ought to bear in mind that in the event of secession there will come times of crisis again; not only in regard to banking, but in many other directions shall we find ourselves forced to go to the Commonwealth for assistance and to be relieved of the obligations of carrying on some of our institutions and departments. It was said by the Premier that the agreement was subject to Cabinet approval, and to the approval of Parliament. That, of course, is not so; it is in the wording of the agreement, but it does not exist. What option did Cabinet have?

Mr. Kennally: That is not in the agreement.

Hon. P. COLLIER: No, but it was a statement made by the Premier. What option did Cabinet have, and what option has Parliament got? The agreement, before it came to us, was signed, sealed, delivered and finalised; so the mere formality of saying it is subject to ratification by Parliament means nothing at all.

Hon. W. D. Johnson: It is an insult to Parliament.

Hon. P. COLLIER: Parliament's hands are absolutely tied. Parliament has no option whatever in the matter, and that paragraph in the agreement might just as well have been omitted altogether, for the consulting of Parliament and the discussing of the Bill here are mere formalities. We can talk as we like, but we dare not act, we cannot act. That is the position: we may criticise the agreement and talk as we like about it, but Parliament's hands are absolutely tied.

Hon. W. D. Johnson: It is the Commonwealth Bank or no bank.

Hon. P. COLLIER: There is no doubt in the world about that. If Parliament were to exercise its judgment—and I believe there is a substantial majority in this House and another place as well, and no doubt in the country, against this agreement—if we were to exercise our power and reject this agreement, what would happen? The doors of our Savings Bank would close within 24 hours. There is no question about that. After the publicity that has been given, and in view of the public knowledge of the situation, there would immediately be a run on the bank, and its doors would close within 24 hours. Which member would accept the risk of giving a vote or taking action that would result in the closing of our Savings Bank? Therefore the limitation of this agreement, that it is subject to ratification by Parliament, means nothing at all. Parliament has no power in the matter except to talk, unless, of course, it is willing to take the responsibility of closing up the State Savings Bank. So there is no choice in the matter. I know, of course, that the Premier was confronted with difficulties owing to the consistent withdrawals from the bank, and knowing the limited amount of cash available to meet further withdrawals. Whilst the depositors' money in the bank has been soundly invested, it is not liquid of course, and the difficulty would be to realise on the securities. It could not be done if a heavy run on the bank set in. I am aware of that. But if I am right, apparently this question was not discussed with the governing authorities of the Commonwealth Bank until a week before the agreement was signed.

The Premier: Only a few days before. Of course this was discussed in your time.

Hon. P. COLLIER: Yes, a proposal was submitted to us; I do not remember the terms, but we refused it.

The Premier: The terms were not so good as those in this agreement.

Hon. A. McCallum: Yes, they were exactly the same as these.

Hon. P. COLLIER: Our Government refused to entertain the idea of handing over the bank at all. If this question was discussed only a few days before the agreement was finally made, the Commonwealth Bank authorities were practically in a position to dictate the terms.

The Premier: It was all discussed years ago.

Hon. P. COLLIER: But the discussion of years gone by had no bearing on this agreement. If the question was taken up with the Commonwealth Bank Board only a few days before it became, as the Premier says, absolutely necessary to sign the agreement, then there was no time for negotiation.

The Premier: Is it a good agreement? That is the point.

Hon. P. COLLIER: No agreement which will deprive the State of the Savings Bank is a good agreement. I dare say it is the best that could be obtained, but if those consistent withdrawals had been going on for weeks and months, why could not the question have been taken up much earlier with the Commonwealth Bank authorities with a view, perhaps, to obtaining assistance for our bank instead of having to part with it?

The Premier: That could not be done.

Hon. P. COLLIER: If the Commonwealth Bank Board had had reasonable time in which to consider a request from the State Government for assistance to the State Savings Bank in the event of a run, I am not sure that they would not have agreed to come to our assistance. I understand the Premier did make a request to Sir Robert Gibson that, in the event of anything happening, the Commonwealth Bank would come to our assistance, but Sir Robert refused. Seemingly there could have been only a day or two available for the consideration of such a request. But if, as we understand, these withdrawals had been going on for some months, if the request had been made to the Commonwealth Bank authorities at an earlier date, and negotiations carried on for assistance from the Commonwealth Bank in the event of its being required, we might have been more successful.

The Premier: Of course anything might have happened.

Hon. P. COLLIER: But this did not happen. The serious position which caused no anxiety to-day yet forced the signing of an agreement 13 days later could not have happened in the course of 13 days. The drift had been going on for some time, and so I think there might have been time for consideration by all parties. I need not remind members of what value our Savings Bank has been to the State. There are, in the bank, nearly £8,000,000 of depositors'

money as against $2\frac{3}{4}$ millions in the Commonwealth Savings Bank. Then we have in our bank 270,000 accounts as against 100,753 in the Commonwealth Savings Bank, or nearly $2\frac{1}{2}$ times the number of depositors. So instead of the Commonwealth Bank swallowing us, as it were—it is like the lamb swallowing the lion—here is the weaker institution, weaker both in point of number of depositors and amount of money, absorbing the greater and stronger, to the immense loss of this State. The State Savings Bank has played a very important part in the development of Western Australia. Of the nearly £8,000,000 that we have on deposit, the First Schedule shows how the money has been invested: In metropolitan waterworks and goldfields water supply debentures £309,000; in debentures under the Agricultural Lands Purchase Act £257,000; in country water boards £30,000; in local inscribed stock certificates £4,258,251; in Treasury bills £230,000; in Treasury bonds £438,000; in mortgages on freehold £39,000; in municipal debentures £126,000; in road board debentures £184,000, and in fixed deposits £500,000. The mere quoting of those figures will serve to show what a great part this bank has played in financing necessary public works and other public utilities in this State. It may be said that the bank will still help us, but not to the extent that it has done in the past. Instead of having the whole of the deposit money available to us, we shall have 70 per cent. The other 30 per cent. will be at the disposal of the Commonwealth Government.

The Premier: Seventy per cent. of the increase of the joint bank.

Hon. P. COLLIER: Yes. Still, we shall be losing 30 per cent.

The Premier: Not necessarily. There might be an increase.

Hon. P. COLLIER: There might not be.

Hon. W. D. Johnson: If there is no increase, there will be no 70 per cent.

Hon. P. COLLIER: No; and the Commonwealth Bank, under this agreement, takes no risk of any kind.

Hon. W. D. Johnson: Hear, hear!

Hon. P. COLLIER: We have to guarantee the payment of interest and the repayment of principal in respect of all that the Commonwealth Bank takes over. It is set forth in the agreement that the Government, meaning the State Government, hereby guar-

antee the due payment of principal and interest on all or any of the securities handed over to the bank in accordance with the agreement. Consequently, with respect to securities taken over by the Commonwealth Bank—the value may not be too sound—we have to guarantee against any loss. That guarantee covers private mortgages and everything else.

Hon. W. D. Johnson: Everything is gilt-edged for the Commonwealth Bank.

The Premier interjected.

Hon. P. COLLIER: There are Commonwealth stock and municipal and road board debentures. In Commonwealth stock we have £2,000,000 invested. Should the Commonwealth default to us in payment of interest or principal, we shall still be responsible for those payments.

Mr. Doney: Even if we did not amalgamate, we would still be responsible.

Hon. P. COLLIER: We have £2,000,000 invested in Commonwealth stock, and on that the Commonwealth have to pay us interest.

The Premier: No, we have to pay the interest on it.

Hon. P. COLLIER: Should the Commonwealth default, we would have to make good the interest.

The Premier: We pay the interest now. It is money borrowed for us. We borrow the money and the Commonwealth authorities sign the securities.

Hon. P. COLLIER: The Commonwealth take no risk whatever.

The Premier: It was done just the same when you were in office.

Hon. P. COLLIER: I am not finding fault with that. I am pointing out our responsibilities to the Commonwealth Bank, namely, that we have to guarantee payment of interest and principal in respect of everything the bank takes over from us.

The Premier: We are responsible for the money we borrow. The securities are signed by the Commonwealth.

Hon. P. COLLIER: Of course we are responsible.

The Premier: The loan is to the State, really.

Hon. A. McCallum: That does not affect the interest.

The Premier: Yes, we pay the interest.

Hon. P. COLLIER: If the Commonwealth defaulted in payment of interest—

The Premier: No, we would default first. This money is borrowed by the State on the security of the Commonwealth, and spent on public works.

Hon. W. D. Johnson: You guarantee all securities.

Hon. P. COLLIER: The State Government have to guarantee everything. The Commonwealth Bank cannot possibly lose.

Hon. W. D. Johnson: No, it is impossible for the Commonwealth Bank to lose.

Hon. P. COLLIER: Whatever losses are incurred must be made good by the State—principal, interest payments, and everything else.

The Premier: We have had the money and must pay it back. Did not you say that the Commonwealth was better security than the State?

Hon. P. COLLIER: With regard to borrowing, yes.

The Premier: It is the same thing. This money is borrowed by us and Commonwealth security is given for it.

Hon. P. COLLIER: Savings Bank funds invested in road board debentures total £184,000.

The Premier: And there is the sinking fund, of course.

Hon. P. COLLIER: If any road board defaulted in payment of interest—

The Minister for Lands: The Government would put in a receiver.

Hon. P. COLLIER: The State would have to make it good. It is a long time before a sinking fund redeems a loan, and there might easily be default before a sinking fund had been operating more than a year or two. If a loan has a currency of 40 years and the borrower defaults after five years, what is the use of the sinking fund?

Mr. Patrick: If they are all as good as the road boards, they will be all right.

Hon. P. COLLIER: I think so, too, but we have to consider the possibilities, not the probabilities. In times like the present, who can say that any road board will not default? The Commonwealth and the States have defaulted and repudiated contracts, and who can say that a road board is not likely to repudiate a contract?

Hon. A. McCallum: Ask the Minister for Works how many have repudiated contracts with him.

The Minister for Works: Only about ten.

Hon. P. COLLIER: Default in meeting contracts, interest obligations and principal

instalments is a common thing with the Commonwealth Parliament and Government and with State Parliaments and Governments. Is the way-back road board going to get through all right? Are the men who are unable to pay the Agricultural Bank and other bodies certain that they will be able to pay interest on road board debentures? Can we be sure that they will let others go short but will not let the Savings Bank go short? Knowing it is a Government institution, it is the first they will let go short. They ask Government institutions to be sympathetic.

The Premier: That does not alter the situation.

Hon. P. COLLIER: That is the position. Money will not be available to us in future as in the past, and we shall be shouldering all the risks and responsibilities.

The Premier: Shall we be taking more risks than we are taking now? Of course not.

Hon. P. COLLIER: No. If we did not hand over the bank and some one defaulted, we would have to shoulder the responsibility, but the question arises whether the Commonwealth should not have accepted some of the responsibility. The 70 per cent. applies only to the increase of deposits. If there was a decrease, as there has been for some time, and as, on present appearances, there is likely to be for a year or two, and if we then turned the corner and the deposits increased, we should not obtain our 70 per cent. of the increase until the decreases had been set-off against the increase. Suppose there was a decrease of deposits for two years amounting to £500,000, followed by an increase of deposits, we would get none of the 70 per cent. increase until the £500,000 leeway had been overtaken.

The Premier: We would be in the same position if we retained the bank.

Hon. P. COLLIER: Having regard to the decrease in deposits, it will be a fairly long time before we get any of the 70 per cent. at all.

The Premier: It would be just the same if we had the bank.

Mr. Doney: Just the same.

Hon. P. COLLIER: The hon. member is a great secessionist, and yet he seems enthusiastic about this amalgamation. Can he reconcile it with secession? Will he go out to the country people and say, "Although we confess our inability to carry on our Sav-

ings Bank and have handed it over to the Commonwealth, nevertheless the Commonwealth should hand over the post office, defence, and everything else, and we would run the State ourselves."

The Minister for Works: We could then print our own notes.

Mr. Doney: I do not know that I am called upon to answer the hon. member.

Hon. P. COLLIER: No, but if the hon. member believes in secession and believes in this amalgamation, he should have no difficulty in reconciling his two attitudes.

Mr. Doney: I do not know why you are drawing all those conclusions.

The Premier: Are we discussing secession, or the amalgamation of savings banks?

Hon. P. COLLIER: I think I am keeping fairly close to the question of savings bank amalgamation.

The Premier: I do not.

Hon. P. COLLIER: I wonder whether the Government will take a referendum on secession after this.

The Premier: Of course we will.

Hon. P. COLLIER: In other words, seek power to run everything, even though they cannot run our savings bank.

Mr. Sampson: It is a pity we did not get secession long ago, and then this would not have happened.

Hon. S. W. Munsie: A voice from the deep!

Mr. Sampson: Not a shallow one, either.

Hon. P. COLLIER: Although some members may seek to place all our troubles at the door of the Commonwealth, this matter has nothing at all to do with the Commonwealth. It does not arise out of Federation or out of any action by the Commonwealth Government. I am not defending the Commonwealth. I would not agree to hand over anything to the Commonwealth if I could possibly help it. For six years, while I was Premier, I did not hand over anything to the Commonwealth.

The Premier: You did: you handed over finance.

Hon. P. COLLIER: I did not.

The Premier: But you did.

Hon. P. COLLIER: If I have to diverge from the subject of the Bill, it is because I have been drawn away. The Premier is in the habit of saying that we handed over control of finance to the Commonwealth. That is an absolute misstatement.

Hon. S. W. Munsie: He has said it so often that he himself believes it,

Hon. P. COLLIER: We did not hand over control of finance to the Commonwealth. We handed it over to a Loan Council which is comprised of six members of State Governments and one member of the Commonwealth Government. Yet the Premier will persist in repeating that we handed over the control of finance to the Commonwealth, that that is the cause of all his difficulties, and that if we had not done so, he could have obtained plenty of money in London. Such contentions are absurd and the Premier knows it.

The Premier: I do not.

Hon. P. COLLIER: I hope the Premier will not continue to make such statements.

The Premier: You agree that we gave up our right to sign securities.

Hon. P. COLLIER: What does it matter who signs the securities? It is the authority to borrow that counts. What does it matter whether the security is signed by the State or the Commonwealth? Who controls the issue of the security? Who gives the authority to issue it? The Premier will not stick to the facts.

The Premier: The agreement is perfectly clear.

Hon. P. COLLIER: Of course it is clear in the direction I have stated.

The Premier: Of course it is clear.

Hon. P. COLLIER: That it does not hand over the power to the Commonwealth Government. That is the statement the Premier is continually making.

The Premier: The power to issue securities.

Hon. P. COLLIER: That is side-tracking the matter, sliding out of the side door. They cannot issue securities because they cannot go on the market without the consent of the Loan Council. That is the body which says whether we shall borrow or not, and the amount we shall borrow. The Premier will keep on saying that I had handed over to the Commonwealth Government the control of the finances. That is not correct. Last year the bank showed a profit of £20,000, of which £16,600 was transferred to consolidated revenue. In future only half of that amount will be available to the State Government, because the profits, together with the losses, are to be divided and shared equally between the two Governments. For six years the bank has shown a profit total-

ling £87,000, practically all of which has been transferred to consolidated revenue. Had this agreement been in existence for the last six years, instead of getting £87,000 we would have got only £43,500.

The Premier: We paid it ourselves. We borrowed most of the money.

Hon. P. COLLIER: In future half the profits will go to the Commonwealth. The 30 per cent. of increased deposits will be available to the Commonwealth Bank to invest anywhere they like in Australia.

The Minister for Railways: That is not correct. This refers to 70 per cent. of the excess of deposits in the two banks.

Hon. P. COLLIER: If not 30 per cent., there will be available to the Commonwealth a considerable percentage of this money which they may invest anywhere they like in Australia. If we may believe all that has been said concerning the villainies of the Commonwealth Parliament and their utter disregard for the interests of Western Australia, we may assume that every penny that will be available to them will be invested in Melbourne or Sydney rather than here. The sum of the 30 per cent., or whatever the sum may be under the agreement, we may assume will be taken to the Eastern States to be invested there, and not in Western Australia where it has been invested in the past.

The Premier: The interest on the securities will be very much lower.

Hon. J. C. Willcock: We are paying one per cent. less to our depositors.

Hon. P. COLLIER: Half the profits will go to the Commonwealth. No doubt the member for Gascoyne will agree that this half will be taken to the Eastern States.

Mr. Angelo: But we shall have to pay only half the costs.

Hon. P. COLLIER: With their disregard for the interests of this State the money will not be invested here.

Mr. Angelo: They will have to face half the losses of operation.

Hon. P. COLLIER: There are not likely to be any losses. This is not to be made retrospective to any other bank.

Mr. Angelo: If the hon. member is referring to a certain bank, I may say we made profits but our assets are frozen.

Hon. P. COLLIER: During all the years this bank has been in existence, it has shown a profit.

Mr. Angelo: It has been the same with ours, but all our assets, like those of this bank, are frozen. That is the whole trouble.

Hon. P. COLLIER: I believe too the assets are there in the case the member for Gascoyne refers to. Anyhow, this State Savings Bank has always shown a profit. Even with the reduction in deposits that is likely to come about under the conditions that may appertain for the next year or two, the institution would continue to show profits. Last year was not a good one; it was affected by the depression. Up to the 30th June of this year, only a few months ago, when the depression had lasted for some considerable time, the bank showed a profit of £20,000 for the year. What warranty is there for assuming there will not be a profit during the ensuing financial year?

The Premier: The interest on the securities we hold in the bank is reduced.

Hon. P. COLLIER: The interest that is paid to depositors is also less than it was. It may be there is no alternative to this proposal, but it is most regrettable that the State should be parting with this splendid institution.

The Minister for Railways: Not quite parting with it.

Hon. P. COLLIER: We are parting with all control.

Hon. S. W. Munsie: We will have no more say in it.

The Minister for Railways: We have control over the 70 per cent.

Hon. P. COLLIER: The Government will have no control over the management for the future. As to the rate of interest that will be paid, as to how the money will be invested, and the entire position of ownership and control all will pass out of the control of the Government.

The Minister for Railways: Is that an unsound proposition?

Hon. P. COLLIER: The Minister for Railways is not a secessionist. It is a most unsound policy to hand over such an institution as this to the Commonwealth. Are we not told that 80 per cent. of the people of the State say it is unsound for the Commonwealth to control anything?

The Minister for Railways: I only asked the question so that you could answer it for the member for East Perth.

Hon. P. COLLIER: That hon. member will be able to ask and answer all necessary questions.

The Minister for Railways: He claims it is sound policy to amalgamate the two banks.

Hon. S. W. Munsie: Under very different conditions to these.

The Minister for Railways: That is the point.

Hon. S. W. Munsie: It makes all the difference.

Hon. P. COLLIER: The member for East Perth will be able to justify his views in regard to the Commonwealth or State control of the Savings Bank.

Hon. S. W. Munsie: We would never hand it over to the Commonwealth Government like this.

Hon. P. COLLIER: The passing of the bank is a regrettable episode in the life of the State. It is something to be deplored. If there is no alternative, and there is no way out of it, the rights of Parliament in this matter amount to nothing at all. Our hands are tied. The Premier has entered into the agreement, for which he takes the responsibility. It is a great pity that such a momentous step in the history of the State as this one is should not have had the approval of more than one man.

Mr. Doney: We regret the necessity too.

Mr. Withers: In silence.

HON. A. McCALLUM (South Fremantle) [5.40]: I hope that the Premier's action will at least stop the humbug he has been talking about secession. If there is one thing that stands out in his speech and the action he has taken, it is the clear admission that had he not transferred this bank to the Commonwealth, had the Commonwealth not come to his assistance, the State Savings Bank would have had to close its doors. That is the whole case. That is the only clear admission. It is the only argument he has put up in favour of the State losing this bank. And yet, he is saying to the people of the State that they should disown the very persons who now come to him and, on his own admission, step in and protect the people's savings.

The Premier: What do you mean by disown?

Hon. A. McCALLUM: The Premier is asking the people of this country to cut adrift from them, to disown their authority,

not to be associated with them. He treats them as foreigners. In all his speeches and actions he classes them as foreigners.

The Premier: Classes whom as foreigners?

Hon. S. W. Munsie: The rest of the Commonwealth.

Hon. A. McCALLUM: If there is anything that stands out in the Premier's speech, and that he puts up as justification for his action, it is that the bank would have had to close its doors had the Commonwealth not come to the rescue. His statement is that there are eight millions of the people's savings there. This is practically one-third of the whole of the savings of the people of the State that are held by all the banks in the aggregate. The Premier painted a picture of what would happen if that eight million pounds became frozen. He actually tried to set up a scare in the public mind that this in all probability would happen, that it was about to happen, and had he not taken this action, that it would have happened. He is trying to scare the public, to frighten those who had their money in the bank. I want to examine the position and find out whether there is any justification for this scare. The Premier has to a large extent been successful in creating a state of scare in the public mind in this State. Out of the eight million pounds of assets that the State Savings Bank has, all but approximately £200,000 is invested in either Government or semi-Government securities.

The Premier: Only £39,000 is invested with private people.

Hon. A. McCALLUM: It is barely £200,000. The Premier's argument is that he could not realise on that security. He says that the Commonwealth stock and our own stock are down to £83, and in some instances lower. He gives that as his excuse. Although the securities are there, they could not be made liquid for the people who want their money. He made no attempt to do what thousands of private citizens throughout the State are doing now, namely, to get advances against those securities. Very few people who hold Commonwealth Government bonds to-day are not getting advances from the bank against them. Nearly all our business people in the city who hold bonds are getting advances from the bank against them, and are conducting their business on those lines. Thousands of

citizens of the State are financing in that way.

The Premier: Thousands of them?

Hon. A. McCALLUM: Yes. The Premier made no attempt to get money from the bank on those lines. He had these millions pounds' worth of Government assets or securities, but he made no such attempt. Has he told the people of the country that he could not secure a 50 per cent. advance on those securities?

The Premier: You could not.

Hon. A. McCALLUM: Does he say that the Commonwealth Bank would have refused to him what they are doing in the case of private citizens of this State every day in the week? Does he say they would have declined to give him the same terms they are giving to thousands of our public citizens? Did he tell the people of the country that?

The Premier: Yes, I did.

Hon. A. McCALLUM: If he says the Commonwealth Bank refused him, did he try the private banks? Did he go to any private bank and ask what advance he could get against £6,000,000 worth of Government securities, in order to find the liquid assets necessary to meet any demand that might be made upon the State Savings Bank? He admits he did not. That is the way the people of this State are able to finance and meet their immediate demands; but evidently the Premier did not think fit to do that, and made no attempt to find money under those conditions. If there is a run on the amalgamated banks, when the two become one institution, and a demand is made for money, against what security is the combined bank to issue the money to create the asset? It can only find the money against the very same security that the Premier is now handling. There is no other security. The Premier cannot tell the people of this country that that bank has refused to do for him the same as they have to do for others should they find themselves in the same position as the Premier happened to find himself. The Commonwealth Bank will have to find the money if the people want it; they will have to find it against the very security that the Premier is handing over to them—exactly the same security. But if he says the Commonwealth authorities are not prepared to treat him in the same way as they will treat the combined bank or private citizen, the sooner it is made plain to the

people of the State that the Commonwealth Bank Board are out to squelch the State bank, and get the control into their own hands, and treat the State Government and State securities on those lines, the better will it be for all. If the Commonwealth Bank is not the people's bank, if it is merely a bank controlled by half a dozen men acting with all the greed and avarice of the private banks—

The Premier: No fear!

Hon. A. McCALLUM: No other policy could justify their attitude towards the Premier if he told the people of this country that they refused to treat him as they treat private businesses. The Commonwealth Bank does not belong to the half a dozen men who constitute the board; it is the people's bank, and it is the people's money that is in it. The members of the board are nominated by the Government to carry out a public policy.

The Premier: Where could we have got the money to carry on during the last two years?

Hon. A. McCALLUM: It is not the mere whims of half a dozen men who constitute the board that are behind the bank; it is the whole of the community that is behind it, and the whole of the taxing powers of the Commonwealth Parliament. It is the nation's bank. That should have been the attitude adopted by the Premier in carrying out his negotiations.

The Premier: We are trying to get money all the time with which to carry on works, and one thing and another.

Hon. A. McCALLUM: Much could have been done by the Premier to establish public confidence in the State bank, assuming there had been any want of confidence in it. He could have made it quite clear that the whole force of the Government and the whole power of this Parliament and its ability to impose taxation were behind the bank. But when he was advised that there had been big withdrawals, he approached the governor of the Commonwealth Bank, and it appears to me that one of two things happened, either the Premier handled his case very badly, or he got panicky. Then, having got panicky, the Commonwealth authorities took advantage of the position and put it all over him in the deal they made with him.

Mr. Marshall: That would be easy.

Hon. A. McCALLUM: Personally I am inclined to think that the Premier got pan-

icky, that he funk'd the position, and instead of trying to establish confidence in the bank, he made a bad bargain in disposing of it. There was no run on the bank up to the time the announcement appeared here of the arrangement the Premier had made with the Commonwealth Bank. When the announcement was published, there was a mild rush, and there is no question that the mild rush was created by the clumsy manner in which the announcement was made. That created want of confidence in the minds of the people. The Premier wanted to justify his own action by trying to make the people understand that he had done something that was absolutely necessary. He evidently forgot the effect his action was going to have on the public mind, and the only justification for the run on the bank was the statement made by the Premier with regard to the amalgamation. The position in which we find ourselves to-day is that at the time Cabinet could not act, and now this Parliament cannot act; we are hamstrung, all because of the action the Premier has taken, and we cannot save the institution for the people. The Premier is entirely responsible for the position that has arisen. Instead of going, cap in hand, to the Commonwealth authorities and asking them to take over the State bank and agreeing to anything they cared to put up, accepting it and swallowing it just as they put it to him, why did he not try to take some action to consolidate the bank and establish public confidence in it? The Premier did not take a soul into his confidence; he never discussed it with Ministers, Parliament, or any financial authority. He did not want anyone's advice; he took the whole of the responsibility and brought about the existing undesirable state of affairs. As to the terms, the Premier claims that they are satisfactory. I desire to tell him that the terms are no better in the main essence, indeed they are identical with the terms we refused, and in some instances are not so good as the terms secured by the Queensland Government. They are no better and in no way an improvement on the terms rejected by the Collier Government.

The Premier: They are precisely the same as the Queensland terms.

Hon. A. McCALLUM: The hon. gentleman will be shown that they are not the same as the Queensland terms. If he did not compare the Queensland terms with those contained in his agreement, he should have

done so. Had he done so, he would not have made the interjection.

The Premier: In which way are they different?

Hon. A. McCALLUM: The Premier will be told before the debate is concluded. I repeat that the Premier was seized with panic and he accepted whatever terms were offered. The Commonwealth Bank will take the whole of the assets, and we have to guarantee that bank against all losses. They are not taking a bit of risk, not one ounce of risk. The whole of the responsibility is on the shoulders of the people of Western Australia.

The Minister for Lands: Only half.

Hon. A. McCALLUM: Read the agreement.

The Premier: It is all our own money.

Hon. A. McCALLUM: You are handing the whole box and dice over, handing over to the Commonwealth the whole of the machinery of the bank, the most useful institution this State possesses; all the assets.

The Premier: They are our own.

Hon. A. McCALLUM: They are not our own; the schedule clearly shows they are not. They belong to the Commonwealth, the local authorities and private individuals, and they are to be handed over and all the risk is still with the people of this State. We shall have to carry the risk of any losses that may occur. Clause 4 of the agreement sets out that we guarantee the payment of all interest and principal on all securities. We not only guarantee the Commonwealth Bank against loss, but we have not a say in the management. We say to them, "Take it, run it as you like and if you lose anything, we will pay up." Did anyone ever hear of a sale of a business on such lines? "Be as extravagant as you like," we say to them, "do as you please, and if you lose money we will make it good."

The Premier: Nothing of the sort.

Hon. A. McCALLUM: It is in the agreement.

The Premier: We borrowed the money.

Hon. A. McCALLUM: I am not talking about the assets; I am talking about the management; it does not matter where the hon. member borrowed the money, or to whom he lent it. He has given a guarantee that the State will find principal and interest, and guarantee the Commonwealth Bank against loss. The Commonwealth Bank will be taking no risk whatever. The Premier goes further, for in Clause 6 of the agree-

ment he says that we pay in cash the net difference between the assets and liabilities to be transferred. We have to find the cash for them. Where he is going to get that cash I do not know, though there is £130,000 there, and with the Barrack-street land, which is valued at £60,000, we get a total of nearly £200,000 in cash. He has to pay that over in money. If ever there was a one-sided bargain, this is it. In addition, we are putting into the bank, as the Leader of the Opposition pointed out, over three times, nearly four times, as much business as the Commonwealth are putting into it; and yet we are to receive only 50 per cent. of the profits. We shall have no say in the management; and we shall have to pay the losses. Yet the Premier says this is a good bargain, a good agreement. It is the most one-sided business arrangement that I have ever examined. It is the worst bargain ever perpetrated upon the public of Western Australia; and all this has been done because the Premier tried to create a panic in the public mind of this country, for the purpose of justifying his own action. There was no necessity whatever for us to part with the bank. I remember that at the time a similar proposition was made to the previous Government and was discussed by our Cabinet, I was approached by one of the leading men in the banking world of this continent at the moment—in fact, he is now one of the leading men—and he impressed upon me the importance of retaining the bank as a State institution. His words were, "I thought you fellows would be agreeing to transfer that bank. Whatever you do, don't part with it." I do not suppose there was a man exercising greater influence in the banking world than that man, and yet such was his solid advice. The Premier did not look for advice. He did not discuss the proposal to get assistance anywhere. He took it all upon himself. He has acted, and the State has lost this fine institution. The Premier said that the Commonwealth Bank had agreed to take over the staff of our institution, and that the interests of the staff were fully protected. But that is not the case. The joint bank will take over the local staff, but only under such terms and conditions as the joint bank may choose. The Premier did not lay down a single condition under which the staff are to be taken over. The joint bank can take over the Western Australian staff to-day and

sack them to-morrow. They can take them over now, and reduce their pay by 50 per cent. next week. They can put the staff on half-time. They can do anything with them. The Premier has not inserted a word in the agreement to protect the interests of the staff in any way. He says to the joint bank, "I will hand over the staff to you; you agree to take them." Once the joint bank take the staff, they can do with them as they please. The interests of the staff as to superannuation are set out, but there is no mention of continuity of employment, payment, conditions of work, full time or half time. That is where the Premier has failed in this agreement as compared with the Queensland agreement in particular. Let me draw attention to what is happening in this State to-day. The private banks in Perth, one especially, are dismissing the local staffs and replacing them with men from the Eastern States. That is being done now. The local men are told that no fault is found with them, that it is simply a policy of retrenchment. Young men trained in the Perth banks are being dismissed, and men are being brought from the east to take their places. The banks, of course, are controlled from the east. The employees in the east have the ear of those at the head of affairs, being brought daily under their notice. Employees in this part of the Commonwealth are not so advantageously situated, and consequently lose their positions. I do not wish to assume the role of prophet, but I would not be surprised if a similar policy were adopted by the Commonwealth banking authorities the moment the amalgamation is effected. Our men will be dismissed, and men will be sent over from the east to take their places.

The Premier: It has been said that some of our men might go over there.

Hon. A. McCALLUM: The Premier is the "Innocent Abroad." He says they said it. Why is it not in the agreement? What use will it be for dismissed local men to tell the Commonwealth banking authorities, "Sir James Mitchell says you told him so and so"? The Premier knows that such an argument would not carry any weight with the Commonwealth if they wanted to get rid of the local staff, or retrench them, or regress them. Verbal statements will be of no account. Where is the provision in the agreement? Most certainly the staff have not been protected. And it is not only a

question of the number of men employed locally. The ramifications of the institution are so far-reaching, and it is of so important a nature, that many other interests of the State will be affected. The State Savings Bank has been for many years, and I think still is, the second best customer of the Government Printing Office. It always was so in the years I worked there, and I believe it is so still. The Railway Department was the biggest customer of the Government Printing Office, and the State Savings Bank the next biggest. I have inquired, and so far as I can learn, all the printing and stationery requirements of what is now the State Savings Bank will henceforth, instead of being supplied in Western Australia, be obtained from the Commonwealth Printing Office in the east.

Mr. Marshall: Good old secessionist!

Hon. A. McCALLUM: All that work and all that money will be lost to Western Australia will go over to the east. That is the result of the arrangement made by this secessionist who stands for Western Australian interests, who will protect this country against aggression, who will keep the money within the State, who will look after the people's interests. This is what the Premier calls a good deal for Western Australia. What is to be done with the men dismissed from our Government Printing Office as a result of this action?

Mr. Marshall: They will have a job looking for jobs.

Hon. A. McCALLUM: The agreement gives them no protection whatever. I am told that this point was put to the Premier after the agreement had been signed, and that he said it had been overlooked, but that the Commonwealth had been approached since and had said they were going to have all their printing done in the Federal office.

The Premier: They have not said it.

Hon. A. McCALLUM: They have said it to the Premier's officials. I know that all the printing of the Commonwealth Savings Bank, including that required for Queensland, is done at the Federal Printing Office. I have been through that office, and have seen the work being done there. In the absence of a specific provision in the agreement, it is not likely that that work will be kept here; that is, unless the Premier has struck that bargain with the Commonwealth.

Hon. W. D. Johnson: It is not in the agreement.

Hon. A. McCALLUM: I do not wish to enter into the little domestic disagreement which has occurred between members of the Cabinet over the manner in which the arrangement has been brought about. So far as we can judge, the entire Cabinet was ignored. The Premier signed the agreement for submission to this Parliament, and his Cabinet had no say. Having signed the agreement, the Premier could be legally compelled to bring in this Bill. It is not likely that Cabinet would recommend Parliament to throw the measure out. The Premier signed an undertaking that he would submit the agreement to Parliament; he did not sign an undertaking to submit it to Cabinet. He merely undertook to bring it here. He has to bring it here; otherwise he would not be able to transact the business. However, I agree with the statement of the Leader of the Opposition that we are powerless. I venture to say that not 5 per cent. of the people of Western Australia would agree to this transfer. If we defeated this Bill to-day, then, as the result of the panic announcement made by the Premier from Melbourne, there would not be enough money in the bank to meet withdrawals up to midday to-morrow. The Premier is responsible for that position. He created that psychology. He has submitted the agreement to the Caucus of his party, and they have endorsed it. Parliament itself is powerless to act. Personally I deeply regret that the State is parting with this bank, which has been the greatest instrument the Government have had in the development of Western Australia. The advice given to me at the time a similar proposition was made to the late Government has always remained in my mind, never to part with the savings bank, but to hang on to it at all costs. I would have gone a long way before making any attempt to sacrifice our people's savings. There never was any need to regard them as being in jeopardy. However, in view of the action taken by the Premier, it appears to me that there is nothing for this Parliament to do except to discuss the Bill as a matter of form. The arrangement will have to be adopted. Still, even at this late hour I shall make an attempt to include in the Bill a provision conserving to this State the printing and stationery work of the Savings Bank. In Committee I shall move an amendment to that effect. If the Premier overlooked the point, let us now see

whether Parliament will agree to the insertion of such a provision.

Sitting suspended from 6.15 to 7.30 p.m.

HON. W. D. JOHNSON (Guildford-Midland) [7.30]: It has been stated, and I agree with the assertion, that the Bill is one of great importance, fraught with vital consequences to the State. Apart from its significance from a financial point of view, with which I shall deal later, the importance of the measure has been more prominently placed before the public because of the breach in the ranks of Cabinet. It has been announced that one Minister was so dissatisfied with the attitude of his Chief with regard to the negotiations that led to the transfer of the Savings Bank from the State to the Commonwealth, that he severed his connection with Cabinet, and made his reasons public. I have much sympathy with the attitude adopted by the member for Nedlands (Mr. Keenan) because I appreciate the fact that matters of so great importance should never be finalised without Cabinet approval. In fact, matters of such vital importance should be subject to Parliamentary approval. Apart from the fact that Parliament should be consulted before finalising anything of this description, it is subversive of Cabinet Government that a Premier, while absent from the State, should have the right, or at least arrogate to himself the right, to decide matters of such magnitude without first consulting his colleagues. One is justified in asking whether the Premier was afraid of consulting his Cabinet. Was the Premier afraid Cabinet would disagree? Was he fearful that it would cause a Cabinet breach of even greater extent than the one we know of? Did the Premier think it would be better for him not to say anything to his Cabinet but to trust to his party to see him through? We are told, and I believe from the silence of members sitting behind the Government that it is correct, that details of the proposal have been reported to the party, and the Bill has been made a party question, subject to party decision. We have the extraordinary spectacle, unique in my experience as a parliamentarian, of Cabinet disagreeing and the party being unanimous. It is a most extraordinary position. One member of the Cabinet resigns because of the attitude of his Leader, and then the Premier goes to the

party meeting with the agreement. We do not know what was said.

The Premier: Join our party and then you will know.

Hon. W. D. JOHNSON: The matter was discussed and, in spite of the difference of opinion that obtained in Cabinet, party unanimity was arrived at. Apparently it is a case of caucus decision running mad. This would not have been made a caucus question at all by the Labour Party. It would not have been a matter to go before caucus. We lay it down definitely what shall be discussed by the party and what shall not. A matter of this description would be left to Parliament to determine, not to the party. The present position is to be deplored. I emphasise the fact that I not only oppose the agreement for reasons that I shall give, but I am dissatisfied with the Premier's negotiations. It is quite wrong—the position should not be encouraged—that a Premier should have the right to pursue such a course as that adopted by Sir James Mitchell, without consulting his colleagues. Earlier in the history of banking by the people's representatives, or, in other words, when the Commonwealth Bank was first established in Australia, we might have viewed an action of this description with some possible degree of favour because we would then be extending the control of banking in the hands of the people's representatives. We would then be strengthening the policy of the nationalisation of banking. But under the conditions established by the Bruce-Page Government, the Commonwealth Bank, in actual fact, ceased to be the property of the people of the Commonwealth; it was placed under the control of a special board, so directed in their operations that they worked in harmony, rather than in competition, with private banking institutions. Had this proposal been submitted to us before the Bruce-Page policy had been introduced, some of us might have viewed it in a different light. To-day we must recognise that, instead of this proposal helping the people, it will still further limit the control of banking by the people. The citizens of Western Australia owned and controlled their own State Savings Bank. It was definitely the property of the people. Its policy was outlined by the people's representatives. Its operations were administered by a Minister under authority given him by Parliament. Now the people's bank is to become part and parcel of the

larger institution that experience has shown is more concerned with the stabilising of private banking than with the extension of the people's control by way of nationalisation. There are many people in the Commonwealth who are strongly of the opinion that the people's money should be regulated, distributed, and organised for the benefit of the people themselves, rather than that a board, or a section representing private interests, should utilise the people's wealth for the benefit of private gain. Prior to the amalgamation that is to be effected, the people's money in Western Australia was free, quite separate and distinct from control by private banks. The great friendly societies, trade unions throughout the State, and tens of thousands of people operated through their own bank without any connection with, control by, or interference from private interests. Those people said, "The State Savings Bank is the people's bank. We will foster and control the people's bank, and do our business there." But the Premier and his party now say that that must stop. All the friendly societies, trade unions and the people of the State are to be told by them that they shall no longer operate with the advantage of the State institution, and that they must transact their business through a bank that is part and parcel of the Commonwealth concern. The Commonwealth Bank is to-day hampered because of the system of administration imposed by a Government that had a majority in both Houses of the Federal Parliament. There is no question that if the Commonwealth Parliament to-day were in a similar position, and the present Government had the same power that the Bruce-Page Government possessed, there would be a change, and the Commonwealth Bank would not be hampered in its financial operations as it is to-day. On the other hand, with a divided Parliament, the Senate holding one view and the House of Representatives another view, the Commonwealth Government's ambitions are stultified and become impossible. The Senate is so constituted as to be able to continue the policy of bank control by a board, rather than by the people, which was the policy imposed by the Bruce-Page Government. Some of us have had visions of the State Savings Bank developing into a State bank. That ambition of the Labour Party has been

outlined on its platform for a considerable time. As a matter of fact, an attempt was made to extend the operations of the Savings Bank by utilising it as the foundation for a State Bank. That effort was in the direction of creating a rural bank that would extend the use of the people's money to the development of the State. That has now gone by the board. All our ambitions along those lines have been shattered. We are without the foundation upon which to build. That which we had established and made profitable in the interests of the people of the State, has now been handed over to the bigger banking organisation controlled in the manner I have already indicated. When we look at it from that point of view, we must appreciate the fact that this is a definite step toward unification.

The Premier: Then you will rejoice at it.

Hon. W. D. JOHNSON: I will not; the Premier has no right to say that. If people are to force unification upon me, I want a complete scheme of unification. A system of piecemeal unification is the most dangerous that could be introduced. If the Commonwealth Government are going to do it piecemeal in this way, and show that they are capable of inducing Premiers without the authority of their Cabinets, or Ministers on their own initiative, to agree to the introduction of unification on such a basis, it will be a sad day for the States. I do not wish to convey that any scheme of unification is going to be profitable to the State. But if we are going to have a scheme, let it be a comprehensive one dealing with all functions of State, not picking out the eyes of those functions, as has been done in this regard. I want any scheme of unification to deal with expenditure as well.

Mr. SPEAKER: Do not labour unification too much on this Bill.

Hon. W. D. JOHNSON: But this is a definite step towards unification.

Mr. SPEAKER: There is nothing of that in the Bill.

Hon. W. D. JOHNSON: If it is not unification of savings banks, I do not know what unification is. I wish to extend my remarks and apply them definitely to the Bill. This Bill is a unification-of-revenue proposition without any responsibility for expenditure burdens. It is quite wrong for the Commonwealth in a time of stress to use

that stress for the purpose of furthering a policy of this kind. We have never made a loss on our Savings Bank. We have made profits year after year; even last year we made a profit of nearly £20,000. The Commonwealth is taking a profitable proposition and unifying it, putting it as part and parcel of the Commonwealth banking control. The Commonwealth is using the revenue side to force all the profitable revenue from the States; and of course the States will be forced into further actions of unification because of the burdens of expenditure. This further action of unification or step towards unification has been forced upon us through special circumstances; and that is how it will be done. Gradually but surely, the Commonwealth uses every opportunity that presents itself to force upon us control by the central Government to the detriment of the States.

The Premier: They can do that by taxation of course.

Hon. W. D. JOHNSON: They can do it by taxation, but this is an easier way of doing it and less objectionable because free from any voice of the people. After all, the Commonwealth can use taxation only through the people's representatives. This is no action by the Commonwealth Parliament.

The Premier: Has the Commonwealth Parliament ever refused the sugar bonus?

Hon. W. D. JOHNSON: I do not propose just now to go into the sugar bonus, but I want to probe fully this action by the Premier. The Premier says the Commonwealth can introduce unification by taxation. But taxation is a Government action; it can only be imposed with the consent of Parliament, whereas this agreement has not been before the Commonwealth Parliament. This is not done by the direction of the Commonwealth Government. It is true their consent has been given, but the action that influenced the Premier to sign this agreement was the action of the Commonwealth Bank Board, not of the Commonwealth Government. If we are going to have unification by taxation, it will not be as objectionable as this way of getting it. For taxation is imposed in open daylight, the debate is open to the public, whereas we have not had all the particulars of what occurred between the Bank Board and the Premier. We have the Premier's report, but that report does not convey the full text of the whole of the

negotiations. It is most extraordinary that it is the outer fringe, the more remote parts of the Commonwealth where the Commonwealth's actions are gradually but surely introducing a unified system. The first time a State's operations in savings bank business were restricted was in Tasmania. The first action dates back to 1912. There have been other negotiations since in regard to the control of the Savings Bank, and I do not think the final agreement, somewhat on the lines of the agreement contained in this Bill, was completed in Tasmania until 1921. Then in 1920 the Queensland Government were approached and after negotiations the State Savings Bank was taken over by the Commonwealth Bank. To-day Western Australia is stampeded into a similar action. The outer fringe is being compelled to give up the control to the Commonwealth, and gradually they will work from that until they get absolute control. Under this agreement the Commonwealth Bank is taking over the whole of the assets of our bank. It is most extraordinary that, in addition to giving the assets, as already pointed out by the Leader of the Opposition we have to guarantee the principal and interest on those assets.

The Premier: We owe a lot, of course.

Hon. W. D. JOHNSON: But there is a lot of it that we do not owe. We handed some of our cash to the Commonwealth for bonds, we invested in Commonwealth bonds.

The Premier: But the Commonwealth gave bonds for our debts under the Financial Agreement. We owe them money.

Hon. W. D. JOHNSON: Yes, but a lot of the securities in this bank are represented by Commonwealth bonds.

The Premier: Do you doubt those bonds?

Hon. W. D. JOHNSON: No, I do not, but Sir Robert Gibson said in effect, "Although the security that you hand over is in the form of Commonwealth bonds, if the Commonwealth fails to pay interest on those bonds or fails to make the bonds par at the time of their maturity, the State has to make it up." In other words, we as a State have to guarantee securities that are Commonwealth securities. We invested in those bonds, looking upon them as gilt-edged securities.

The Premier: There is no risk about them.

Hon. W. D. JOHNSON: But why should we as a State be called upon to say that the whole of the securities, including Common-

wealth bonds, shall be guaranteed. principal and interest by us? In addition to giving security of that kind, we have to pay—I cannot make this out. The Premier has not explained it. As a matter of fact, the Premier's speech when he was moving the second reading, was woefully incomplete, and one part that I cannot understand is why we should have to pay £129,232. I want the Premier to explain that. It is stated very clearly in the agreement that we have to make up, over and above the securities given, an amount of £129,232 in cash.

The Premier: Because we held that cash at the time.

Hon. W. D. JOHNSON: Very well, the Premier can explain it when the time comes. I expect him to explain exactly what this £129,232 represents. But in addition we have to pay £66,096 for a block of land.

The Premier: No, £40,000.

Hon. W. D. JOHNSON: The agreement states £66,096. I am not going to argue the point across the floor. When in Committee I will see to it that we get this fully explained. By my reading of the clause it is quite clear that we have to pay £129,232 in cash and we have also to pay in cash £66,096 because we retain a block of land. In other words, the Premier has to find in cash £195,328.

The Premier: You are reading that clause wrongly.

Hon. W. D. JOHNSON: I want the Premier to explain that to us, and when he is explaining it I want him to explain also how it is that the agreement provides for £66,096 for the Barrack-street block.

The Premier: It doesn't.

Hon. W. D. JOHNSON: Then I cannot understand the agreement. In any event I shall be pleased to have the Premier explain it. The Premier when moving the second reading said we were retaining that block, for which the State paid £40,000. In my reading of the agreement the value of that block is now £66,096.

The Premier: No, it is £40,000, but we are retaining other buildings. Read it in the Bill.

Hon. J. C. Willcock: There is no part of the Bill where we can read that.

Hon. W. D. JOHNSON: However, we shall get all that in Committee, for we will expect the Premier to explain all these things before the Bill passes the Committee stage.

The Premier: We are not in Committee now.

Hon. W. D. JOHNSON: No, but it is as well to give to the Premier on the second reading an indication of what we will expect in Committee. It would have been better if the Premier had gone into a little more detail when moving the second reading. I recognise of course that the Premier is in the happy position that he has explained it to the satisfaction of his party, which constitutes a majority in the House, and so he need not worry a great deal about the Opposition, or the people either. He has a majority, and so he is quite safe and of course any ordinary speech will do to satisfy the Opposition. However, it will not do for me, and so I shall want to hear a little more from the Premier in his reply to the debate and again when in Committee. The Premier in trying to justify this agreement, said there was a certain amount of anxiety in regard to a possible run on the bank, and that that and the danger which he could foresee were his justification for entering into the agreement. While there was an excess of withdrawals over deposits for some time, they were not in any way alarming. We all know that during a period of stress the people must draw upon their savings. I am aware from sad experience that in my own constituency men who had saved their money and deposited that money in the Savings Bank are to-day denied any sustenance and any Government work. They cannot get Government work because they are not on sustenance, and they cannot get sustenance because, having been thrifty, they have a little money in the bank.

Hon. S. W. Munsie: Moreover, many of the withdrawals were made as the result of patriotic feeling; depositors withdrew their money from the Savings Bank and put it into Commonwealth bonds.

Hon. W. D. JOHNSON: There are instances of that kind. What I wish to convey is that withdrawals have exceeded deposits during the last 12 months, due to the fact that thousands of people have been compelled to withdraw their money to maintain themselves because they have been denied Government assistance.

Mr. Sleeman: And have been compelled to use their children's savings, too.

Hon. W. D. JOHNSON: Yes, because children have had accounts at the bank, sustenance has been denied people until the

children's savings were exhausted. Knowing that such conditions prevail, it is not reasonable to expect deposits to continue on the basis of normal conditions. We have to anticipate an excess of withdrawals. Consequently, it is useless to become alarmed. We have to adjust matters to meet the situation. The conditions prevailing previous to the agreement being signed were quite normal, and the Government would have been justified in approaching the Commonwealth Bank Board and discussing the situation. The actual run on the bank did not take place until the agreement had been made public. The Premier's announcement that he had signed the agreement caused the run on the bank. The signing of the agreement had no steady-effect; in fact, the reverse was the case, and Ministers had to go to the bank and appeal to the crowd not to withdraw their money from one bank and put it into the other, because the two institutions had then been virtually amalgamated. Will it be argued by the Premier or by any member that the Commonwealth Bank Board were justified in regarding the State's position with indifference? It is idle for the Premier to cite New South Wales. I do not know the facts, but that State is supposed to have repudiated its interest payments to the Commonwealth. The New South Wales Government, it was alleged, declared that they were going to alter the system of finance to the extent of reconsidering interest payments in some respects. Therefore the very act of the New South Wales Government in limiting the payment of interest placed additional responsibility upon the Commonwealth Government and the Commonwealth Bank. Under the Financial Agreement the Commonwealth Government have to make good any default by a State. The conditions in New South Wales were dissimilar from those in any other part of the Commonwealth. Because something happened under certain conditions in New South Wales, we cannot argue that a similar occurrence was likely to happen in Western Australia under different conditions. There was no reason in the world why a run on the State Savings Bank should occur in Western Australia any more than in Victoria or South Australia, but there were very strong reasons for expecting the Commonwealth Bank to come to our rescue if the position caused anxiety or danger of a run. The Government of Western

Australia have been very loyal to Commonwealth policy. Premiers' Conferences have been held from time to time and the Government have always marched in step with the ambitions of the conferences. Even the Niemeyer policy was accepted and endorsed by the Premier, and from that time onwards the State Government have loyally abided by the policy of the Premiers' Conferences, plus the direction of the Commonwealth Bank Board. If the Premier was anxious about the bank's position because of the excess of withdrawals over deposits, surely he was justified in expecting some help and consideration from the Commonwealth Bank Board.

Mr. Doney: Are you suggesting that he did not get any?

Hon. W. D. JOHNSON: He did not get any help, because he has sought to justify the agreement by the fact that he was unable to get help.

The Premier: We are trying to get £5,000,000 now.

Mr. Doney: You are suggesting that there were ample funds in the bank to meet withdrawals.

Hon. W. D. JOHNSON: I say most definitely that the funds in the bank after the agreement was signed were identical with the funds in the bank before the agreement was signed. After the run occurred, Sir Robert Gibson assured depositors that the bank would remain solvent, but he had no extra funds with which to do it. The position was the same before as after the signing of the agreement. Why should Sir Robert Gibson have the right to dictate conditions to a State?

The Premier: He did not.

Mr. Doney: You do not know that he did so.

Hon. W. D. JOHNSON: Then why should it be assumed that he would be hostile?

The Premier: He was not hostile at all.

Mr. Withers: That is the point.

Hon. W. D. JOHNSON: If he was not hostile, why did he want the agreement?

The Premier: Of course he was not hostile.

Hon. W. D. JOHNSON: Why did not the Premier negotiate? Exactly the same attitude could have been adopted by Sir Robert Gibson before the agreement was signed as afterwards. There was not the slightest difference.

The Premier: There was a difference.

Hon. W. D. JOHNSON: The responsibility of maintaining the stability of Australian finance rests mainly upon the Commonwealth Bank Board. They are the people who have been dictating to the Premiers' Conference.

The Premier: No, they have never tried to dictate to the Premiers' Conference.

Hon. W. D. JOHNSON: If they are not dictating, they are directing.

The Premier: They have never dictated.

Hon. W. D. JOHNSON: Then I shall use the word "directing."

The Premier: They do not direct.

Hon. S. W. Munsie: They have told you what you should do, failing which they would not finance you further.

Hon. W. D. JOHNSON: The Commonwealth Bank Board have undoubtedly been directing the financial operations. When we signed the Financial Agreement and became associated with the Loan Council, the idea was to stabilise finance, strengthen the financial position, control it and make it a Commonwealth function to a greater extent than before, so that the States could confer with the Commonwealth on matters of finance. The very fact that the Financial Agreement was endorsed really imposed a strong moral responsibility on the Commonwealth Bank Board to ensure that nothing detrimental happened to the savings bank of Western Australia or that of any other State. I exclude New South Wales, for the reasons I have already indicated. Every other State, however, was justified in looking to the Commonwealth Bank for help, and I venture the opinion that the other States that still control their savings banks have made representations to the Commonwealth Bank Board as to what would be done in the event of there being a run of any magnitude upon the funds of their savings banks. The securities of the bank under the scheme of amalgamation are identical with the securities held previously. Suppose the Premier's fears were justified and there was a grave danger of a real run setting in, Sir Robert Gibson had only to make the announcement that he made after the run on the bank. What took place? People rushed to the bank and drew their money and deposited it in the Commonwealth Savings Bank, and a messenger took it back to the State Savings Bank in readiness for the next depositor who wished to withdraw his money. That is what took place.

The Premier: No, it did not.

Hon. W. D. JOHNSON: Sir Robert Gibson told depositors that if they wished to take their money out of the State Savings Bank, it would be made available to them.

The Premier: Do you know how much money there was in the State Savings Bank?

Hon. W. D. JOHNSON: There is no need to discuss that. Sir Robert Gibson had no greater financial strength after signing the agreement than before. Therefore he had no right to use the special circumstances to stampede the Premier into signing an agreement of this kind because of his fear that there might be a run on the bank. This is the wrong time to do that sort of thing. The Premier's mind was disorganised at the time because of the financial stress. The public mind was disorganised. On matters of finance we are not normal, and this is not the time to enter into such an agreement. It was wrong of Sir Robert Gibson to take advantage of the position and force the agreement on this State.

The Premier: That is utter nonsense and rubbish.

Hon. W. D. JOHNSON: The Premier must try to make rubbish of it in order to justify himself. I can quite understand why he is chafing under criticism. He has got us into a nice mess. He has finalised an agreement without the consent of his Cabinet; the agreement has been endorsed by his party, and Parliament dare not vote it down. I do not like the agreement. No one on this side of the House likes it, and many members opposite do not like it. Apparently it must be finalised now because of the action of the Premier.

The Premier: Let us do it, then.

Mr. Withers: It is done.

Hon. S. W. Munsie: It must go on.

Hon. W. D. JOHNSON: The Premier has had some experience of the operations of the Commonwealth Bank in Western Australia. We have had the Commonwealth Bank for some time. The Premier should have profited by that experience in regard to this institution, and should have been able to judge what would happen in the future. The Commonwealth Bank in this State has been of very little practical value in developing Western Australia. It has not assisted development to any extent compared with other banking institutions. It has certainly not assisted in developing the State to the extent carried out by the State Savings Bank, an institution it is now proposed to hand over to the Commonwealth.

The Commonwealth Bank is here in name only. It has been of no practical assistance to the State. The only thing we have in the State that has been of real assistance to us in our work of development it is now proposed to hand over to the Commonwealth. The experience gained of the Commonwealth Bank as administered in this State should have made the Premier hesitate before entering into such an agreement. The Premier says he is going to get first call upon 70 per cent. of the increased deposits as the result of the amalgamation. He will not be able to call upon 70 per cent. of the whole of the capital of the bank. The capital we are handing over goes with the institution. The call refers only to the increase that may take place as a result of the amalgamation. In round figures we are amalgamating 8½ millions with 2½ millions. We do not get anything from that except any increase in any future business there may be as a result of the amalgamation. This does not cover past business. Time alone can show of what value that will be to us. I suppose we are justified in assuming there will be an increase in business as a result of the amalgamation. The fact that they have 2½ millions compared with our 8½ millions demonstrates that they are bound to add to the business. I question very much whether the 70 per cent. is so great a concession after all, or whether it really exists. Of what use is it to magnify that 70 per cent.? The Queensland agreement of 1920 contains a provision whereby that State gets the 70 per cent., and there is no doubt that that agreement is very largely the basis of the Western Australian agreement. There is, however, a deletion from the Queensland agreement that I want the Premier to explain. The Queensland agreement says that the State shall have a call upon 70 per cent. of the increased business, and that in the event of the State not utilising the 70 per cent. that portion of the 70 per cent. which is retained by the Commonwealth shall be invested in State and municipal securities. During the debate, which I read, when the Bill was being ratified in the Queensland Parliament in 1920, that was singled out by every speaker. Members stated that the negotiator, Sir Denison Miller, on behalf of the Commonwealth, had agreed that he would introduce the policy of expending in the districts where the deposits were made the amount of money received from those

districts. They pointed out that that provision was not made in the agreement. Speakers in opposition drew attention to the fact that this was not definitely stipulated, and the Government stated that as that stipulation was made, any part of the 70 per cent. that was used by the Commonwealth Bank would be expended in State and municipal securities. That is left out of our agreement, and it is of some value. I want the Premier to explain why that has been deleted from our agreement. I now propose to compare the Queensland agreement with ours. It is very helpful to go through it and read the debates in the Queensland Parliament. It is not easy to compare the two documents. One requires to have a more intimate knowledge of Queensland finances than it is possible to glean from the debates, in order to make a clear comparison between the relative merits of the two agreements. The Queensland agreement divides the activities of the State Savings Bank, as they operated under State control prior to the making of the agreement, into two sections. Before the amalgamation in Queensland, the State Savings Bank also operated the Agricultural Bank, or arranged agricultural advances. It also did something on the lines of our Workers' Homes Board, in advancing money for workers' homes. It also had quite a lot of other activities in connection with buildings, agricultural developments, water supplies, and activities of that kind. These were definitely part and parcel of the activities of the State Savings Bank commissioners, and endorsed and authorised by the Savings Bank Acts of Queensland. When the amalgamation took place these activities were separated. The State Advances Corporation—really the Treasurer of Queensland at the time—was created. Under that corporation the State Treasurer took over all activities in the shape of Agricultural Bank advances, and advances for dwelling-houses, etc.; while the Commonwealth took over the State Savings Bank portion of the activities. The Queensland agreement is involved compared with ours, because there was so much separation to take place. By a careful reading and analysis, however, one can compare the Queensland agreement with ours in its salient features in regard to savings bank activities. In Queensland the State paid

over in cash £137,431. We intend to hand over in cash £129,000. Queensland had the right to reserve or transfer or hold for themselves the amount of £314,777. That sum represented an accumulation of profits made by the Queensland Savings Bank, and was held by way of a reserve. The State of Queensland had to pay over £137,000. Possibly, as the Premier has pointed out, that money was to meet amounts held in agencies throughout the country. I question whether that is the correct explanation, but it may be. There was an amount of £137,000 to be paid over, but the State retained £314,000 from the bank's funds. In other words the State got £314,000, out of which had to be paid £137,000. I admit that in this State we have been using the profits of the State Savings Bank for revenue purposes. That is wrong, but it has been going on. Instead of accumulating profits, as was done in Queensland, no doubt the respective Treasurers, in their desire to make the deficiency in the State's operations look better than it was, used the profits of the Savings Bank to relieve the needs of revenue. Even in this regard one is at a loss to understand what has become, for instance, of last year's profits. We have to pay over £129,000 in cash, and £66,000, a total of £195,000.

The Premier: We have to pay over the cash.

Hon. W. D. JOHNSON: I do not know where the Premier will get the £66,000. It is represented by a block of land in Barrack-street. If he can get the cash for that, he can buy bags for the farmers of the State with it. I want the Premier to explain something in relation to the profit and loss account. At the 30th June last there is an amount of £36,000 referred to in the profit and loss account, and also mentioned by the Leader of the Opposition. The net profit shown for the year ended 30th June last, was £19,880. Then there is an item, Appropriation of Profit transferred to Consolidated Revenue Fund, £16,640, and balance carried forward £20,105. Of the £36,000, £16,000 has gone. That is part of the deficiency, or is helping to reduce the deficiency. The Treasurer got, up to 30th June last, £16,640 from the profits of the State Savings Bank. I take it that the balance carried forward is the balance of £20,105. I cannot understand where that has gone.

The point should have been explained by the Premier.

Hon. P. Collier: He cannot explain it.

Hon. W. D. JOHNSON: We shall see when we get into Committee. In the profit and loss statement there is an amount of £36,748, and I want the Premier to explain it. There is another point about the Queensland agreement I should like the Premier to explain. In our agreement the interest is fixed. The agreement specifies that the Commonwealth Bank shall pay $3\frac{1}{2}$ per cent. up to a certain amount, £1,000 deposits, and 3 per cent. for the following £300, and then the rest is left. But there is a definitely stipulated rate of interest in the Queensland agreement. That is not so in the agreement with this State. Why was it left out?

The Premier: It was better left out.

Hon. W. D. JOHNSON: The Premier should explain that matter, because the country is entitled to know. If the Premier has succeeded in obtaining a better agreement than the Queensland agreement as to payment of interest, he should explain the matter for his own good.

The Premier: Sit down, then, and I will explain.

Hon. W. D. JOHNSON: It is no use making a success of a negotiation like this without explaining that success. The Premier has not explained it so far. The interest rate in Western Australia is left to the discretion of the Commonwealth Bank. It is true that the joint bank will have a board of which the Treasurer will be a member, but the agreement clearly conveys that the determination of the interest rate is not likely to be made by the State. The State would have power to dictate the interest rate only if that was provided for in the agreement. Queensland has the same clause as regards representation on the board. In the case of Queensland, however, the interest rate is stipulated in the agreement, while it has been omitted from our agreement. There is also a marked difference between the two agreements as regards the taking-over of State officers. I am going to read certain extracts in order that they may be recorded in "Hansard." Clause 18 of the Queensland agreement reads—

The Governor of the Commonwealth Bank agrees to take over and employ in the business of the said Commonwealth Bank of Australia all officers who were at the date hereof exclusively employed in the Government Savings Bank, subject to each such officer sign-

ing and conforming to the usual form of officer's agreement used by the Commonwealth Bank of Australia; provided always that each officer shall be employed upon the same terms and conditions, whether as to salary, terms of employment, or otherwise howsoever, which such officer was entitled to under the laws of the State at the time of such amalgamation, and such form of agreement shall be amended accordingly.

There is no qualification in that. The Queensland clause is definite. It says that the Commonwealth Bank of Australia agrees to take over and employ all State officers. The corresponding Western Australian clause says—

The bank agrees to take over and employ—

not all officers as in the case of Queensland, but—

on such terms and conditions as the bank may decide, all officers.

Mr. Wells: There is no guarantee of tenure in either case.

Hon. W. D. JOHNSON: There is.

Hon. S. W. Munsie: Absolutely in the case of Queensland.

Hon. W. D. JOHNSON: Yes; and the Queensland State officers retain all their rights. In the case of Western Australia the Commonwealth Bank take over all officers on such terms and conditions as the bank may decide. The Queensland agreement is definite as to the taking over of all officers, and the wording is "all officers so employed." But Clause 13 of our agreement states "all officers who are at the date of amalgamation exclusively employed in the business of the said State Savings Bank subject to each officer signing and conforming to the usual form of officer's agreement used by the bank." The clause goes on to make a proviso. I do not wish to quote the whole clause, but these significant words run through it, "Members of the said staff who are employed"—indicating that some officers might be employed and that others might not. The clause in our agreement also contains the words "While so employed," which are not to be found in the Queensland clause at all. Instead of the words "Who are employed" which Queensland gets, we get the words "While so employed." That fact conveys definitely that there is nothing of a definite character in the arrangement for taking-over of officers. I should like hon. members to obtain the Queensland agreement and read it for themselves. The Queensland

agreement refers to the taking-over of all officers who "shall be employed." There is not such wording as "Who are employed" or "While so employed." The Queensland clause is extremely definite, but the Western Australian clause is highly indefinite.

Hon. P. Collier: There is no protection at all in this agreement so far as the staff are concerned.

Hon. W. D. JOHNSON: That is so. The Premier said it was definite that the Commonwealth Bank would take over so many officers. I contend not merely that that is not so under the agreement, but that it is definitely excluded from the agreement.

The Premier: It is not.

Hon. W. D. JOHNSON: If the Premier had adopted the Queensland wording, our officers would have some protection.

The Premier: No more than now.

Hon. W. D. JOHNSON: The Premier is wrong. I agree that he has to try to maintain the correctness of what he has conveyed. No doubt the party were told that the State officers would be taken over by the Commonwealth Bank; no doubt party unanimity was obtained in that way. But I want to tell the party that they are accepting the responsibility of that agreement.

The Premier: The members of the party are just as well able to understand the agreement as you are.

Hon. W. D. JOHNSON: I venture the surmise that the Premier did not compare the Queensland wording with the Western Australian wording when explaining the matter to the party. I question whether any member of the party has taken the opportunity to analyse the Queensland agreement and compare it with the Western Australian agreement as regards protection of the respective officers. I venture to say that I do not think hon. members opposite have been concerned to protect the officers of the Savings Bank of this State.

Mr. Wells: You have no right to say that.

Hon. W. D. JOHNSON: I do not like to make such a statement, but I want hon. members opposite to accept the responsibility. They are voting for the agreement, and they have to see that the State officers are not employed casually, and not on terms worse than those they have under the State, but that their rights as officers are maintained and that their conditions shall remain equally good. I shall test the feeling of the House as to whether the Commonwealth

Bank shall have the right to direct what shall be done in this respect, instead of a definite assurance being obtained under the agreement, as in the case of Queensland. The member for South Fremantle (Hon. A. McCallum) has referred to the matter of printing. I know, because I have been told so by the Printers' Union, that a great proportion of the work of our Government Printing Office is obtained from the State Savings Bank, that the largest client of the Government Printing Office is the Railway Department, and the second largest the State Savings Bank.

The Premier: How much does the Government Printing Office get for that work?

Hon. W. D. JOHNSON: I do not know.

The Premier: How much does the State Savings Bank spend on that work?

Hon. W. D. JOHNSON: I have no idea.

The Premier: You are highly interesting.

Hon. W. D. JOHNSON: The Government Printing Office in this State is a large employer of labour, and its second-best client is the State Savings Bank. Representations have been made to the Government pointing out that the workers in the Government Printing Office have obtained a good deal of employment thanks to the printing for the State Savings Bank being in the hands of the Government.

The Premier: And you do not know the amount of the tender!

Hon. W. D. JOHNSON: I am not concerned about the amount, but I am concerned that the Premier should explain this wonderful omission. He has never referred to the matter. In fact, when representations were made on the subject, the reply was that the point had been forgotten, overlooked. At all events, it is not mentioned in the agreement. Further, the Premier visits the Eastern States often enough to be aware that all the printing for the Tasmanian Savings Bank and the Queensland Savings Bank is done at Canberra, and that therefore the printing for the joint bank in Western Australia will also be done in Canberra. Even supposing the Premier has safeguarded the officers of the State Savings Bank under the agreement, that agreement will mean the dismissal of employees of the Government Printing Office, which will lose one of its best clients. The work of the Government Printing Office will be reduced, and that will mean the dismissal of State workers.

Mr. Withers: Another step towards secession! The Premier will bring it about for us.

Hon. W. D. JOHNSON: I wonder whether the Premier thinks the Commonwealth Bank will arrange for the transfer of some of our Savings Bank officers to the Federal Printing Office in Canberra! It is hard to understand how they are to be absorbed even if the agreement actually provides for it. "Amalgamation" conveys not increase of officers, but reduction of officers by way of economy in administration. The Premier asserts that the Commonwealth Bank will absorb the State Savings Bank officers. Our endeavour will be to have that reflected in the agreement as far as possible. However, I want the Premier to explain what he will do with the officers about to be dismissed from the Government Printing Office. Again, the Queensland agreement contains a clause that any improved conditions granted in future agreements with other States shall be extended to the Queensland Government. If the Queensland Government so desire, they can take advantage of such improved terms. There is a clause of that nature in the Western Australian agreement, but I wish the Premier would explain why it is worded as it actually is. It says—

... any variations of conditions of amalgamation which may subsequently be allowed to other States . . .

In other words, Western Australia cannot obtain the advantage of anything contained in the Tasmanian or Queensland agreement once we endorse this agreement. In that respect the starting point is from the completion of this agreement. If in future any State Savings Bank is taken over on more favourable terms to the State, then we can take advantage of those terms. We have a right to claim such improved conditions. But once we endorse this agreement, we cannot obtain any of the better conditions that are to be found in the Queensland and Tasmanian agreements, more particularly the Queensland agreement. Our right to modification of the agreement is only as regards improved terms in agreements made subsequent to the adoption of the present agreement. Another matter I would like the Premier to deal with is whether he made any representations regarding the continuance of our school banking system. Western

Australia has a fine system whereby State school children bank their pennies, the arrangement being organised and fostered by the school teachers. What is going to happen to that system of education in thrift which has been conducted so long and so successfully, and with such profit to the children as well as to the State, by our educational system? There is no reference in the agreement to that matter. I do not know whether any of the other States function in the same way regarding the State schools, but some provision should have been contained in the agreement to ensure that the encouragement of thrift among school children shall be maintained under the amalgamation. I propose leaving any more I have to say to the Committee stage. As I have already indicated, there are some phases regarding which we should have some more information when we deal with the measure in Committee; that is, of course, unless the Premier elects to reply to the various points raised during the second reading debate. His speech in introducing the measure was not as complete as we could have desired. I again emphasise that the Premier was stampeded into signing the agreement, and that he had no right to sign it without consulting his colleagues. He had no right to tie the hands of Parliament as he has done. It would be impossible to defeat the agreement. It is in actual operation to-day; the Commonwealth Bank is in practical control of the State Savings Bank. We must deplore the fact that our State Savings Bank has gone for ever, especially when we feel that it has gone without proper consideration being given to the whole matter. Expert officers of the Government have not been consulted, nor were their opinions obtained. Ever since I have been a member of Parliament, any action taken by a Government in matters of first importance has always been backed up by expert opinion. Parliament has always demanded that the advice of expert officers of any particular institution shall be secured before the operations of such institutions are interfered with or curtailed. No Government has any right to do anything of major importance such as the transfer of the Savings Bank without consulting the expert officers. If they had furnished the Premier with their opinions, the Premier should then have consulted Cabinet before putting pen to paper. It was wrong to allow a delay of ten days after putting pen to paper, before he per-

mitted Cabinet Ministers to know what had happened. We have had the extraordinary spectacle of Ministers being supplied by the Premier with a statement relating to the position, simultaneously with its publication in the Press. The Ministers received the Premier's announcement with a direction to give it to the Press. The whole of the negotiations represent something that is most deplorable. Responsible Government demands that Cabinet shall be unanimous in coming to decisions, or at least that a majority decision shall be arrived at if unanimity is not possible. In this instance, Cabinet was not consulted and the effect was to cause the resignation of one Minister. Parliament was not consulted and now Parliament is to be stampeded into accepting the agreement because of the signature the Premier attached to the document. His announcement caused a run on the bank, necessitating the State seeking the protection and assistance of the Commonwealth. That very protection and assistance make it impossible for us to vote against the agreement. I trust there will be no division called for on the second reading of the Bill. It is too serious. If a division is demanded, I cannot, on principle, vote for the Bill. It is wrong and I have not yet voted for something that is wrong. Much as I would deplore having to vote against it in the circumstances, if a division is called for, I shall vote against it. On the other hand, I have no hesitation in saying that it would be disastrous to this State if, in view of the circumstances, the agreement were not ratified. It is wrong that Parliamentary control is denied to us. For years the State has been building up its savings bank. Government after Government have fostered and encouraged the institution. We have proudly boasted of its operations and its fine administration. Yet here we have the Premier without the authority of his party, his Cabinet or even the approval of Parliament, signing a document that ties our hands and compels us to vote for something that I have no hesitation in saying is against the best interests of the State.

THE PREMIER (Hon. Sir James Mitchell—Northam—in reply) [8.50]: The member for Guildford-Midland (Hon. W. D. Johnson) knows far more about agreements than I; of that there is no doubt.

Hon. S. W. Munsie: He would not know much, if he did not.

The PREMIER: I am not so sure about that. I cannot take much exception to the discussion that has taken place. I understand that party politics demands that there shall be some criticism such as the member for Guildford-Midland has just levelled against the agreement. I do not know that I need repeat anything I stated when I introduced the Bill, but in every way possible that hon. member has tried to make political capital out of the position. That was the whole object of his speech. He is very concerned about the Government Printing Office, yet he does not know how much work is done by that department for the State Savings Bank. It is mighty little.

Mr. Withers: Then you have got the figures?

The PREMIER: If the hon. member was so very much concerned about the matter, he could have found out. He has not endeavoured to do so.

Mr. Withers: Have you done so?

The PREMIER: It does not amount to very much.

Hon. S. W. Munsie: They tell us that the second biggest customer of the Government Printing Office is the State Savings Bank.

The PREMIER: They tell you!

Hon. S. W. Munsie: If the bank is the second biggest customer, second only to the railways, it must have meant a good deal to the printing office.

The PREMIER: The work has not represented a large amount.

Mr. Panton: Well, tell us the amount.

The PREMIER: Less than £2,000 for this year. The member for Guildford-Midland was concerned about the £129,000 that is to be handed over, and he refused to believe that it represented cash on hand at the agencies. He knows that it is impossible to run savings bank business without having cash at the disposal of agencies, but despite that fact, he elected to say that he did not know. There is, certainly, the profit of £16,864, but the profit has been paid into revenue year after year for a great many years. The hon. member was a Minister himself for many years, and he knows it has always been the custom to take some of the profit into revenue. There is a balance, of course, that is always carried forward. For instance, there is £20,000 carried forward from the end of the last financial year, and there is the profit for the four months of this year. Finding myself in Melbourne,

2,000 miles away from Parliament and from Cabinet, and having been advised as I was that there was a steady drain, not a run, on the resources of the bank, and knowing that the reserves at our disposal were limited, I had to face the situation. I knew that we could expect that £320,000, representing interest for the year, would be added to the amounts we had on deposit, and finding, as I have already explained, that the financial position had changed from what it seemed to be when I was here, I had to appreciate the utter impossibility of realising upon our securities.

Hon. J. C. Willecock: They had been the same price for three months.

The PREMIER: But it was utterly impossible to realise on them. The member for Guildford-Midland talked about the banks of Australia being able to find unlimited funds for the savings bank.

Hon. J. C. Willecock: They have got to find it.

The PREMIER: A little while ago there was £200,000,000 on deposit in the savings banks throughout Australia; there is not much short of that now. That is an enormous amount of money. However, I had to appreciate the position, and I realised that something had to be done promptly if the demands of the depositors were to be met.

Hon. J. C. Willecock: You must have had some idea of that before you went away.

The PREMIER: Yes, just as the hon. member himself did every day he was a Minister of the Crown. There has never been a day since I came into office when we had sufficient funds at our disposal to meet all possible demands. During the last 25 years the position has never been a comfortable one for any Treasurer, for throughout that whole time the difficulty has confronted us.

Hon. J. C. Willecock: But you had the arrangement with the Commonwealth regarding fixed deposits under which you could get £500,000 at any time.

The PREMIER: To meet £8,000,000? It must be patent to all, that the financial position has never been quite comfortable. When we pay three per cent. or more on money on deposit, that money must earn interest. It cannot pay interest unless it is invested. As hon. members know, that money was invested in what we thought was the best possible form of security. When we held Federal securities we thought we

had something that was easily realisable. Under ordinary conditions, those securities were easily realisable, but that is not the position under existing circumstances. Even when the Federal Government have signed the securities in which our money has been invested, we are responsible for interest and sinking fund payments, because the money has been loaned to the State Government. When any of the loans fall due, the amount now is renewed, but we shall still be responsible for the payment of interest and the provision of sinking fund charges.

Hon. J. C. Willcock: And if we do pay that amount into the sinking fund, how will we get on about that?

The PREMIER: We will discharge our loan obligation.

Hon. J. C. Willcock: But how would the bank get on regarding the use of the money that the State has had? Will they get 70 per cent. of the money that is paid?

The PREMIER: We will merely discharge all dues to the bank.

Hon. J. C. Willcock: Will the State have the use of the money as it has now, or can the Commonwealth invest it here?

The PREMIER: I do not think we need bother about that so much. There will be the sinking fund payment at the rate of one-half per cent., and if the Commonwealth Government desire to invest the money available, they can do so with us as with anyone else. I should think the assets would have to be kept much more liquid than they would be if tied up in Government securities. It is essential to invest them in a form that can easily be liquidated during difficult times. It does not mean when we pay off the loans that the money will be loaned to the State again.

Hon. P. Collier: They would never be able to carry on the business profitably if they had to keep such a large amount liquid all the time.

The PREMIER: No.

Hon. J. C. Willcock: We shall not be able to discount bills as formerly.

The PREMIER: No, not on short-termed conditions, but we have no right to take any risk with the money. The only direction in which we have any responsibility is in regard to the £39,000 and in that respect we have to carry the full responsibility now. We do not assume any greater responsibility under the agreement than we have to shoulder now. If it had been possible to

consult Parliament, I should have done so, for I can assure hon. members that no one would desire to take the responsibility such as I did, without sound reason.

Hon. J. C. Willcock: Are you sure in your own mind that the interests of the employees are secured?

The PREMIER: I am. The relevant clause is as full as we could expect to have it. I have no doubt the officers will be employed.

Hon. W. D. Johnson: Why were the qualifying words inserted?

The PREMIER: I do not think the clause is qualified. It has to be remembered that no one is safe in employment to-day. We are not obliged to employ all the people in the savings bank to-day. If by a piece of extraordinary bad luck, the doors of the bank had to be closed, every one of the employees would be out of work.

Hon. W. D. Johnson: That is not the point. Queensland has a definite arrangement; you have a qualified one.

The PREMIER: I do not think ours is qualified. Even under the Queensland Act there is no guarantee that all the officers of the bank will be employed.

Hon. W. D. Johnson: They were given the same right as they had at the time of the amalgamation.

The PREMIER: And we have the same right now. I do not know that there is anything more I need reply to, for we shall deal with the matter fully in Committee. I ought to tell the House there was no possible chance of doing other than I did, if the situation was to be made more comfortable. When we federated we gave up control of banking.

Hon. J. C. Willcock: We did not surrender it.

The PREMIER: We gave up control of banking. We have no right to issue notes. We gave up the absolute control of banking; not, of course, of our own banking, for we had the right to carry that on. But before federating we agreed to a Commonwealth note issue. There never has been a time when our credit balance has not been held by some bank. We have always had to do our banking with one bank or another; it used to be the old Western Australian Bank. I am glad there has not been any more serious criticism than we have had. The position compelled us to amalgamate our bank with the Commonwealth Bank for the safety

of the depositors, who alone have money in our bank. I am certain that no member of this Chamber, faced with the responsibility that confronted me, would not have acted as I did.

Hon. W. D. Johnson: That is a grave reflection on others.

The PREMIER: I do not think so; it is no reflection on the hon. member, anyhow. Perhaps I ought to say the hon. member would not have done as I did.

Hon. W. D. Johnson: I hope I never will.

The Premier: But that any other member would have done exactly as I did.

Question put and passed.

Bill read a second time.

In Committee.

Mr. Richardson in the Chair; the Premier in charge of the Bill.

Clauses 1 and 2—agreed to.

Clause 3—Approval of agreement:

Hon. A. McCALLUM: I propose to move an amendment on the lines I indicated on the second reading, in order to provide that the work in connection with the printing and stationery of the bank shall be executed in Western Australia. With the exception of the Railways, the State Savings Bank is the largest customer of the Government Printing Office. If this work is to pass to the Eastern States, it will be sure to displace some of the men in the Government Printing Office. The Premier has said that last year the printing and stationery for the State Savings Bank represented only some £2,000.

The Premier: It was under £2,000.

Hon. A. McCALLUM: But during the last year or so the bank has been using up its stock of stationery, and so in those figures we get no indication of the amount of work the bank would have had done in normal times. If the agreement is left as it stands, all printing, bookbinding and stationery, instead of being manufactured or executed here, will be produced in Melbourne, until such work is done in Canberra. It is a serious mistake that this was not provided for in the agreement, and I think we should lay it down that it be made a condition of approval that this work be kept in Western Australia. I move an amendment—

That there be added to the clause the words "and subject to the Bank undertaking to

have all printing and all stationery requirements for the Western Australian business executed in Western Australia wherever possible."

Hon. J. C. Willcock: Better leave out "wherever possible."

Hon. A. McCALLUM: But there are some requirements that have to be imported even now. However, I will excise those words "wherever possible." Without this amendment the agreement will mean the dismissal of some men from the Government Printing Office, and the money for the work going out of this State to the Eastern States. We have just had a campaign to induce people to consume Western Australian goods and buy Western Australian products. The Premier is a champion of Western Australian production and has even passed a Bill to encourage it. Yet he makes this agreement to hand over to the Eastern States work that in the past has been done in this State. It did not even occur to him to provide for this work being done locally, so keeping the money in Western Australia. All the printing and stationery for private banks here are furnished from the Eastern States, and the whole of the wages for that work are paid in the Eastern States. I know what the work of the State Savings Bank means to the Government Printing Office, and I think the House should see that it is retained in this State. By leave of the Committee I will excise the words "wherever possible."

Leave granted.

Hon. W. D. JOHNSON: I want your ruling, Mr. Chairman. I propose to move to delete certain words in Clause 13 of the agreement, and such an amendment may have a bearing upon the one before the Committee. Let me explain: The clause we are now considering reads "... is hereby approved subject to the insertion of the paragraph set forth in the Second Schedule to this Act in the place of paragraph (c) of Clause 13 of the said Agreement." I propose to move the deletion from Clause 13 of the Agreement of the words "on such terms and conditions as the bank may decide." The question arises, should I move my amendment now or shall I have the right to move it at a later stage?

The CHAIRMAN: It is immaterial whether your amendment comes before or after that of the member for South Fre-

mantle. It will have to be dealt with on Clause 3. Once Clause 3 is passed, there can be no further amendment to the Schedule.

Hon. W. D. JOHNSON: If we want further explanation of the Schedule, we shall have to get it under Clause 3?

The CHAIRMAN: Yes.

Hon. P. Collier: That is, if you want to amend it.

The CHAIRMAN: Clause 3 approves the Schedule, and the whole of the Schedule is under discussion now.

Hon. W. D. JOHNSON: The danger I run is that if the amendment be carried, I shall be denied my right.

The CHAIRMAN: No; the question before the Chair is the amendment of the member for South Fremantle.

The PREMIER: There is not much in the printing work. This year it is less than £2,000, and by the time stationery is bought, there is not much left for the employment of many men.

Hon. A. McCallum: It is considerably more than that, but even so £2,000 is a lot of money.

The PREMIER: It is not such an enormous sum as the hon. member would have us believe. Stationery has to be imported.

Mr. Griffiths: Why not keep even the £2,000 here.

The PREMIER: The hon. member should have retained the words "where possible." I should not think the bank would object to having the work done here.

Hon. P. Collier: They want it all done in a central place.

The PREMIER: Some of the printing might have to be done under special control. If the hon. member agrees to re-insert "wherever possible," I will accept the amendment. It does not mean much to the bank, but it may provide a little work here.

Hon. A. McCallum: If it is not possible to do the work here, it will not be done, so it is of no use putting those words in.

Hon. W. D. JOHNSON: I support the amendment. Unless it be accepted a large number of employees of the Government Printing Office will be dismissed. Men are employed on printing work for the Savings Bank, which is the second largest customer the Government Printing Office has. If we do not safeguard the position the work will be done in Canberra.

The Premier: Who told you that?

Hon. W. D. JOHNSON: The union have obtained that reply. The position is serious.

Mr. GRIFFITHS: I support the amendment, because I strongly object to anything more going to the Eastern States.

Mr. Marshall: There is nothing more to send unless it be our huge deficit.

Mr. GRIFFITHS: Though the amount may be only £2,000, the work should be reserved for our own people.

Amendment put and passed.

Mr. GRIFFITHS: How was it the bank had to be handed over to the Commonwealth, seeing that it held over £2,250,000 worth of Commonwealth securities? I know that to realise would have entailed a loss of 20 per cent., but could not the bank have been protected without amalgamating?

The PREMIER: The hon. member knows it is very difficult to get any money at all. We had tremendous difficulty to get £3,000,000 in order to pay a bonus on wheat. The Fremantle municipality have something over £14,000 invested in Commonwealth stock, and to realise on it would have meant a loss of £3,000. For the moment we have been able to provide the money, but it may yet become necessary to realise on that stock. Similarly with the Savings Bank securities. It is impossible to get accommodation at present. Tremendous demands have been made on the bank during the last 12 or 18 months. It has been necessary to borrow in order to finance overdrafts and assist farmers.

Hon. W. D. JOHNSON: Clause 5 of the agreement reads—

That the Government shall transfer to the bank the title free of all easements and encumbrances of the various premises included in the assets of the said State Savings Bank, with the exception of the Barrack-street property, which will be retained by the Government and valued in their books at £66,096 9s. 10d. inclusive of the said Barrack-street property.

I have read it over and over again and my interpretation is that we retain the Barrack-street property only, and hand over all other Savings Bank property. Because we retain the Barrack-street property we have to admit that in our books it is worth £66,000.

The Premier: That is not so.

Hon. W. D. JOHNSON: Paragraph 4 of the schedule states that £7,342,000 is to be handed over. Other securities total

£1,013,000. The total that will be handed over is £8,551,000. If we add £7,342,000 and £1,013,000, and the £129,232 that we have to pay in cash, and the £66,096 that we have to pay for the Barrack-street block, we get the total of £8,551,000. We have actually paid £40,000 for the Barrack-street block and we are now going to pay £66,000 for it.

Hon. S. W. Munsie: That is what will happen under the agreement.

Hon. W. D. JOHNSON: The clause is badly worded.

Hon. P. Collier: It is difficult to understand it in its present form.

Hon. W. D. JOHNSON: We arrive at the total of £8,551,000 by taking in the Barrack-street block at £66,096.

The PREMIER: It is clear that the total value of the Savings Bank properties at that date was £66,096. Now they are worth £70,000, inclusive of the Barrack-street property, which is to be retained by the State, and which originally cost £40,000. The Commonwealth Bank will pay us £30,000, and we shall retain the Barrack-street property at the amount stated against it, namely, £40,000.

Hon. W. D. Johnson: You have to pay £129,232 plus the £66,000.

The PREMIER: The £129,000 is money that is held.

Hon. W. D. Johnson: You have to put that in to get the £8,551,000.

The PREMIER: No cash is being found by the Government. The paragraph may be badly worded, but it simply means that the value of the property, including the Barrack-street land was at the time £66,096. We retain the value of the Barrack-street land at £40,000, and the Commonwealth Bank pay the difference.

Hon. A. McCallum: Do you say all the property held by the State Savings Bank is valued at £66,000?

The PREMIER: It is £70,000 now.

Hon. A. McCallum: The buildings in Claremont, Subiaco, and all over the country?

The PREMIER: Yes. Those buildings would not cost more than £30,000, which, with the Barrack-street land, makes a total of £70,000.

Hon. W. D. JOHNSON: The Premier is trying to make out that these properties are valued at £66,000. If we are to give these to the Commonwealth, why should they have the £66,000 as well? We have to pay the

cash to the Commonwealth Bank, and we are handing over all the properties except the Barrack-street block.

The Premier: For £66,000.

Hon. W. D. JOHNSON: Why should we have to add another £66,000? Why should it not be only £40,000, that we paid for the Barrack-street block, which we are retaining?

The Premier: That is all we are paying. The £66,000 was the total cost of our premises then.

Hon. W. D. JOHNSON: The only way I can balance the figures is to take the £129,000 in cash and the £66,000 that would have to go with it. It appears to me we are paying £66,000 for a property we bought for £40,000.

The PREMIER: That is not so. We are debiting up to the bank the properties at the cost at that date, namely, £66,096. We are retaining the Barrack-street property, for which we must pay £40,000, leaving to the bank the properties valued at that date at £26,000.

Hon. P. COLLIER: I, too, was puzzled by this paragraph, which is very badly worded.

The Attorney General: It was drawn in the Eastern States.

Hon. P. COLLIER: As it is worded it indicates that the Barrack-street property is valued at £66,000. If the words "with the exception of the Barrack-street property, which will be retained by the Government" had been in brackets, we could have understood that the paragraph referred to all the properties.

The Premier: That is what is meant.

Hon. P. COLLIER: It would appear that the Barrack-street property is valued at £66,000, whereas it evidently means that all the properties are valued at that sum.

Hon. W. D. JOHNSON: I should now like an explanation with regard to the £129,000. The total of the cash at credit at the Commonwealth Bank is £109,000, whereas we are given the figure of £129,000. Apparently, the difference is due to the fact that one figure is made up to one period, and the other figure to another period. I now wish to refer to the 70 per cent. business. The Queensland agreement says that if the balances are held by the Commonwealth, such shall be retained and invested in the business of the bank, or in Commonwealth, State, or municipal securities. It also directs how the 70 per cent. shall be in-

vested. If it is not invested by the State of Queensland, that part of the 70 per cent. that is not taken by the State shall be invested by the Commonwealth in State or municipal securities. There should be some explanation of the omission of those words. In the case of Queensland the surplus must be invested in a certain way, whereas under our agreement any surplus can be invested anywhere in the Commonwealth. I move an amendment—

That the following words be added to the clause:—"and to the further provision that the words 'on such terms and conditions as the bank may decide,' be omitted from lines 1 and 2 of Clause 13 of the agreement."

The Queensland agreement provides for the taking-over of all officers, without qualification. In our agreement the following words are inserted:—"on such terms and conditions as the bank may decide." The carrying of the amendment will make the clause in our agreement identical with the corresponding clause in the Queensland agreement. Again, our agreement says that officers "may" be employed, whereas the Queensland agreement says that officers "shall" be employed. The drafting of our clause is dangerous, inasmuch as it indicates that the Commonwealth Bank may take over part of our State employees, and work them part time, or work them on such terms and conditions as will suit the Commonwealth Bank, and not the State officers who are being transferred.

The PREMIER: Whether the words are in or out does not make the slightest difference.

Hon. W. D. Johnson: I would like them struck out. It would please me if they were struck out.

The PREMIER: That would not improve the position of the officers. They do not all expect, especially the younger ones, to be always employed on the same terms and conditions as at present. I hope the Committee will not agree to the amendment.

Mr. SAMPSON: If the words proposed to be struck out are struck out, there will be no indication that the Commonwealth Bank will be called upon to observe any conditions. The officers transferred could then be employed for part time, or at reduced rates. The position would be quite satisfactory if the Committee agreed to insert, in place of the words to be deleted, "full time and at rates not less than at present paid." That would ensure that the officers

would not be treated less generously or fairly than at present. If the amendment of the member for Guildford is carried, I shall move the insertion of those words.

Mr. KENNEALLY: I hope the Committee will agree to the amendment. Then there would be no invitation to the Commonwealth Bank to decide on what terms and conditions transferred officers should be employed. They are to be employed as what? As bank employees. The clause as it stands invites the Commonwealth Bank to alter the conditions of transferred officers as bank employees. Seeing it is generally admitted that the Premier has made many mistakes in connection with the agreement, he should now be prepared to give some assistance towards protecting the interests of transferred officers. This is the only method by which a belated attempt can be made in that direction.

Hon. W. D. JOHNSON: I quite agree that if my amendment is carried, other words will have to be inserted. The Queensland clause continues—

Provided always that each such officer shall be employed upon the same terms and conditions, whether as to salary, terms of employment, or otherwise howsoever, on which such officer was employed under the laws of the State at the time of such amalgamation.

Those words will have to be inserted if the amendment is carried. I want our officers to receive the same protection as the Queensland officers received.

Amendment put and negatived.

Mr. J. MacCallum SMITH: I consider that after the word "officers" in the second line of Clause 13 of the agreement there should be inserted "and agents." The State Savings Bank has numerous agents, and these should receive some consideration.

Hon. P. Collier: The agents mostly conduct businesses of their own. Do you suggest that the Commonwealth Savings Bank should take over their businesses too?

Mr. J. MacCallum SMITH: Many of those agents have gone to considerable expense in providing facilities for the business of the bank.

Hon. P. Collier: Would they give up their businesses to be taken over by the Commonwealth Bank?

Mr. J. MacCallum SMITH: They have gone to the expense of installing telephones, providing signboards over their premises, and obtaining safes. The Commonwealth

Bank could continue the agencies with the present agents of the State Savings Bank. I know of localities where there are two agents almost next door to each other—one the agent for the State Savings Bank, the other the agent for the Commonwealth Savings Bank.

The CHAIRMAN: We are dealing now with the term "Employees of the Savings Bank." Agents are not exclusively employed in State Savings Bank work.

Mr. J. MacCallum SMITH: The interests of the agents as well as of the officers should be protected. I move on amendment—

That Subclause 3 of the clause as amended be further amended by inserting the following words:—"and the further provision, that the words 'and agents,' be inserted after the word 'officers' in line 2 of Clause 13 of the First Schedule."

The PREMIER: I hope the Committee will not agree to the amendment. I would like to protect the agents, if possible, but it is not possible in this measure. The country agents are usually business people although sometimes the agency is held by a bank. I imagine that in future the savings bank business will be done largely through the post offices, which is a better arrangement, seeing that the depositors do not like transacting their business through local shopkeepers. Apart from that phase, the clause deals with officers exclusively employed in savings bank business, and the agents are merely temporary officers. It will be competent for the Commonwealth Savings Bank to employ what agents they wish in country districts.

Amendment put and negatived.

Clause, as previously amended, agreed to.

Clauses 4 to 9—agreed to.

First and Second Schedules, Title—agreed to.

Bill reported with an amendment.

Standing Orders Suspension.

On motion by the Premier, resolved: That so much of the Standing Orders be suspended as is necessary to enable the remaining stages of the Bill to be taken into consideration at this sitting.

Report.

Report of Committee adopted.

Third Reading.

Bill read a third time and transmitted to the Council.

ADJOURNMENT—ROYAL SHOW.

THE PREMIER (Hon. Sir James Mitchell—Northam) [10.9]: I move—

That the House at its rising adjourn until Thursday, the 8th October.

Question put and passed.

House adjourned at 10.10 p.m.

Legislative Council,

Thursday, 8th October, 1931.

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

LEAVE OF ABSENCE.

On motion by Hon. G. A. Kempton, leave of absence for six consecutive sittings granted to Hon. W. T. Glasheen (South-East) on the ground of ill-health.

BILL—DRIED FRUITS ACT CONTINUANCE.

In Committee.

Resumed from the 6th October. Hon. J. Cornell in the Chair; the Chief Secretary in charge of the Bill.

Title—agreed to.

Bill reported with amendments, and the report adopted.