

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.

	PAGE
Leave of absence	4554
Bills: Dried Fruits Act Continuance, Com., 3R.	4554
Interstate Destitute Persons Relief Act Amendment, 2R., Com. report	4555
State Savings Bank Transfer, 2R.	4555
Firearms and Guns Act Amendment, 1R., 2R., Com. report	4558

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.

Third Reading.

Bill read a third time and returned to the Assembly with amendments.

BILL—INTERSTATE DESTITUTE PERSONS RELIEF ACT AMENDMENT.*Second Reading.*

THE CHIEF SECRETARY (Hon. C. F. Baxter—East) [4.37] in moving the second reading said: This Bill is necessary to permit the enforcement of a maintenance order against a resident in the mandated territory of New Guinea. The position in regard to the particular order is that the wife of an individual at present working and in receipt of a very good income in the mandated territory of New Guinea obtained an order against him for maintenance. Application was then made to the Federal Government to have New Guinea brought within the Reciprocal Enforcement of Maintenance Orders Act, which is common to all British countries. But the Federal law officers pointed out that the Act in question could not be extended to New Guinea, as New Guinea was not a British possession, but a mandated territory. To meet the position the Prime Minister advised that our desires could only be effected by either amending the Commonwealth Service and Execution of Process Act or by an amendment of our own legislation—the Interstate Destitute Persons' Relief Act of 1912—in the manner indicated in the Bill before the House.

Of the two proposals the Prime Minister suggested that the second—the alteration of the State law—be adopted, as the first suggestion would permit merely of the enforcement of orders without at the same time affording the facilities intended by the Maintenance Orders Enforcement Facilities Act; and he undertook, if this Parliament amended the Act as shown in the amending Bill, that the necessary steps would be taken immediately by the Commonwealth with a view to completing the transaction. If this House agrees to the Bill the amended law will throw the responsibility of keeping the lady in question upon her husband who, as previously stated, is in a very good position to pay. At present she is a charge on the State. I move—

That the Bill be now read a second time.

Question put and passed.

Bill read a second time.

In Committee, etc.

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

BILL—STATE SAVINGS BANK TRANSFER.*First Reading.*

Received from the Assembly and read a first time.

Second Reading.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East) [4.43] in moving the second reading said: This Bill provides for the ratification of an agreement entered into for the amalgamation of the State Savings Bank with the Commonwealth Savings Bank. In the fertile imagination of some people this transfer of the Savings Bank has been related to the question of secession. In that connection, the Bill seeks to conserve the savings of the depositors in a bank, and in my opinion it would be asking too much that the safety of those savings should be jeopardised by the oncoming question of secession, which is to be decided by the whole of the people, the bulk of whom are not depositors in the State Savings Bank. In the Government's view, the only question at issue is that of the ratification of the agreement for the protection of the savings of the depositors, and no other subject should be imported into the debate. Unlike the savings bank position of New South Wales, the heavy withdrawals locally did not arise in consequence of the legislative or administrative acts of the present Government, or of any previous Government. Happily our Governments have been careful in the custody of the funds of the bank. In no way are they to blame for the crisis which arose recently when the economic conditions of the people culminated in severe daily demands on the liquid funds of the bank. When the Premier left for Melbourne on the 1st August last there was no cause for anxiety about the bank. But the financial position in Australia was changing from day to day. Commonwealth bonds were selling at a discount, and had been for some time. They were quoted on the market at £83, and that figure was only the nominal value. Then, in a few days, the Primary Producers' Bank closed its doors and there

were rumours of other small banks being in trouble, while another was absorbed by the Bank of New South Wales.

Watching the position closely the Premier came to the conclusion that the financing of our own State Savings Bank would daily grow more difficult, and that view was impressed on him when he knew well that the withdrawals from the bank had been fairly consistent over a long time. Those withdrawals were due to unemployment and causes associated with it, and it was apparent that the people were withdrawing their savings to provide means of subsistence. As previously stated, the withdrawals were consistent, and it was expected that they would be so in view of the relentless grip of unemployment on the people. As the days went by the withdrawals became much heavier, and in July over £100,000 was withdrawn.

The Under Treasurer was very concerned about the position. He wired the Premier in Melbourne that heavy withdrawals had set in, and a few days later that the withdrawals were becoming still heavier. Being well aware of the limited amount available in ready cash, and surmising that it would be exhausted very quickly by the persistent demands on the bank, the Premier became very anxious and went earnestly into the question of protecting the bank. He consulted the Governor of the Commonwealth Bank, and was dismayed to find that no arrangements could be made to finance the bank to meet a serious run if one set in. Members are aware that such a disastrous happening was imminent.

Hon. G. W. Miles: Did not the Under Treasurer advise the Acting Treasurer of the position?

The CHIEF SECRETARY: The Premier also realised that he could not find money by way of the securities held by the bank. In plain words he was at a dead-end in his efforts to find cash to meet the demands of the depositors. The position was then very delicate, and the Premier was disturbed by the fact that he could not consult his colleagues and Parliament in the solution of the problem. Telegraphic or telephonic communication with the State was obviously impossible in view of a leakage of the true position, which might have resulted in unprecedented demands on the bank with serious consequences.

Accordingly the Premier had to act alone. He knew that in following that course he would be taking the serious risk of being misunderstood, and that he was incurring an equally serious risk of criticism, because of the formidable body of opinion in the State against the transfer of any of our institutions or facilities to any body connected with the Commonwealth. However, he had been driven into the risk, and it had to be taken. Briefly, he was faced with the fact that the deposits in the bank totalled £7,971,000, and that every penny of it belonged to the depositors in 270,000 separate accounts. The money did not belong to the State, and it was necessary that great care should be exercised in the trusteeship of it. It represents the principal banking deposit in the State.

The people of the State have 23½ million on deposit in the whole of the banks, and eight millions of it are in the State Savings Bank. The Premier knew that if the Savings Bank closed, in the first place it would bring great discredit on the State, and in the second place the eight millions would become frozen at a time when money was badly wanted. He had to keep before him the interests of the depositors, every one of whom is entitled to get his money whenever he desires it. In New South Wales great privations had followed the freezing of the £59,000,000 of deposits in the Savings Bank of that State, and it was of the first importance that the depositors here should not be permitted to lapse into a similar state and that innocent people should not suffer as a result.

It should not be forgotten that the Savings Bank has always been carried on with the money of its depositors, and that it has been conducted without capital. That fact should be clear in the minds of members. The funds of the State Savings Bank are largely invested in Government stocks, the amount being £6,862,000. Of that sum £2,280,000 is in Federal bonds, which, for reasons already mentioned, are unsaleable at anything like face value. Those bonds have been accumulated over a considerable period, and appeared to be securities that could readily be realised. When the Premier was in Melbourne they were quoted on the market at £83, and it was only a nominal value. After the end of July, the Government had £300,000 available in cash in the

Savings Bank to meet further withdrawals, and with the demands that were taking place it would not have taken much of a run to exhaust that amount. The bank has always invested in securities in the shape of Government bonds, and it would have been justifiably criticised if it had ventured into other avenues of investment.

The following shows the investment of the funds:—

	£	s.	d.
Metropolitan Waterworks, Goldfields Water Supply debentures	258,069	3	0
Debentures under Agricultural Lands Purchase Act	247,873	6	7
Water Boards debentures	28,995	17	1
Local inscribed stock certificates	4,122,906	15	0
Land Drainage Act debentures	7,789	13	4
Treasury bills			
Treasury bonds	192,962	12	9
W.A. Government debentures	6,210	0	0
Commonwealth Government inscribed stock	2,248,231	10	0
	31,950	0	0
	£7,144,988	17	9

Hon. E. H. Harris: Are those the total investments?

The CHIEF SECRETARY: Yes. Those figures represent the position at the 30th June last. They differ from the figures in the schedule, which were introduced therein as a basis of calculation only.

Hon. J. J. Holmes: What had you left?

The CHIEF SECRETARY: I will tell the hon. member directly. The agreement was drafted in Melbourne and for that reason the figures were inserted merely as a basis. The only investments with private people are represented by mortgages on freehold amounting to £39,553 13s. 2d.; but the bank holds municipal debentures of £151,810 1s., road board debentures £188,126 18s. 3d., fixed deposits £400,000, and other small securities, the total being £780,897 17s. 7d., which makes a grand total of £7,925,886 15s. 4d. As previously stated, ever since the bank was started it has been the practice to invest the funds in Government securities. Under the conditions of the amalgamation the State is to receive 70 per cent. of the increased deposits of the amalgamated bank as from 1st October, 1931. That will be calculated quarterly. The money will be an ordinary loan to the State, and the amalgamated bank will receive Commonwealth bonds in respect of the amounts made available.

If at the end of any quarter a decrease of deposits is revealed, then no money will be available to the State Government until the decrease has been made good. The State will get only the proportion of the actual increase. The State Government will not be called upon to make good any decrease at any time, but the decrease in one quarter will be made good by the increase in the next quarter or in the quarter following. The rate of interest is to be 1 per cent. over the rate paid by the Savings Bank. The securities, being Commonwealth securities, must carry sinking fund, which will be half per cent., to be paid on all loans. The profit and loss will be shared by the Commonwealth Bank and the State Government.

Under the agreement the State Government will guarantee the payment of interest on the securities, and principal as well. That guarantee includes the payment of interest and principal, if necessary, in respect of the £39,000 13s. 2d. invested in mortgages on freehold. The State Government have always guaranteed the payment of interest and the principal of all securities, and there is therefore nothing new in the guarantee. The only additional guarantee is in respect of the £39,000 out on mortgage on freehold. Any decrease in deposits will be allowed for before the Government are entitled to further advances by way of loans. That is a reasonable provision. The agreement also provides that the State Treasurer shall be a member of the Savings Bank Advisory Board.

The board's responsibility will be to fix the rate of interest, the maximum amount that may be taken for investment, and the nature of the investments, and will also advise as regards the terms and conditions of the advances to be made by the bank. After the State Government's 70 per cent. is taken there will not be very much available for loans to municipalities or to other people.

An important provision worthy of mention is the arrangement whereby the present staff of 120 civil servants is to be taken over by the amalgamated bank. In the past they have proved themselves loyal and hardworking officers, and it is due to them that all their rights should be safeguarded.

The advisory board will only exist for the purposes mentioned. It will fix the rate of interest, the maximum amount that may be taken, and the nature of the investments

that may be made, including the terms and conditions. The board will be a local one and the State will have a representative on it. The board will be advisory and our investments will not be greatly affected by its decisions because it is laid down in the agreement that the State is to receive 70 per cent. of the increased deposits. The agreement will not result in the taking away of any facilities such as country agencies. Our officers who, as I have said, will be taken over and their rights preserved, will probably be much better off there than they would be in the State service. That refers particularly to the younger men who will have a chance to acquire a complete knowledge of the general banking system.

The assets are to be taken over, other than the Barrack-street land. Hon. members will recollect that the State Savings Bank purchased that land for £40,000. It forms part of the land on which the public offices are situated, and it will be required by the State Government.

Hon. G. W. Miles: Why then do you allow £66,000?

The CHIEF SECRETARY: The words "with the exception of the Barrack-street property," appearing in the agreement, should be in parentheses. The amalgamation is to last for 25 years, with the option of renewal for another 20 years. It is also provided that if any better terms are to be granted to any other savings bank which becomes absorbed by the Commonwealth Bank, those terms are to be available to Western Australia. The State has no past experience of such an amalgamation as that laid down in the agreement, but inquiries of the Queensland Government disclose that the work under the amalgamation in that State has been highly satisfactory to the Government of that State.

All along we have paid interest on deposits, and it has been necessary to invest the deposits to earn the interest. All Governments have made investments on behalf of the bank, almost all in governmental securities. In normal and easier times no doubt the securities might have been realised, but it is utterly impossible to realise on them to-day. In the past money could be obtained easily to meet the daily demands of the bank, and sometimes it was readily available in London. But to-day

there is no chance of obtaining funds either in Australia or London. I move—

That the Bill be now read a second time.

On motion by Hon. H. Seddon, debate adjourned.

BILL—FIREARMS AND GUNS ACT AMENDMENT.

First Reading.

Received from the Assembly and read a first time.

Second Reading.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East) [5.5] in moving the second reading said: Hon. members will remember that we had this question before us in the second period of the present session.

Hon. V. Hamersley: The same Bill.

Hon. J. Cornell: Yes: only a few weeks ago.

The CHIEF SECRETARY: Unfortunately an error occurred, and it now requires to be rectified. Hon. members will see that at the end of Subsection 3 of Section 4 these words occur, "in all other respects it shall apply generally throughout the State." The words should have been placed at the end of Subsection 4; they were inserted in the wrong place. Therefore it becomes necessary to submit this Bill to amend the mistake, and to put the Act in order. I move—

That the Bill be now read a second time.

HON. J. CORNELL (South) [5.7]: I offer no objection to the Bill, but I do desire to offer a little criticism of this amendment to the parent Act. It is only a few weeks since the parent Act was introduced. It was presented to us while you, Sir, were away, and it went through the second-reading stage without discussion. It went through Committee also practically without discussion, but the drafting was such that when the Bill emerged in its completed form it was found to be unworkable. The amendment made by this House was agreed to, without question, in another place. Now we are just about putting up a record in that after a month or so of the passing of the parent measure it has been found necessary to overhaul it. In another place it was handled by the then Chief Secretary for the Minister for Police, who was out of

the State, and later the Attorney General rescued the Bill from the Chief Secretary and had a go at it. Now the Government find it necessary to amend it. It had too many sponsors, and, as in the case of too many cooks spoiling the broth, so we find that the Bill, which is now an Act, requires to have an error corrected. Anyway, we can take consolation from the fact that we passed an Act and amended it in the same session.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East—in reply) [5.9]: The amending Bill is rendered necessary only because an amendment made by this House, and agreed to in another place, was inserted at the end of the wrong subclause, nothing more. It was not the result, as the hon. member suggested, of interference on the part of several Ministers. It was out of their hands altogether.

Question put and passed.

Bill read a second time.

In Committee.

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

House adjourned at 5.11 p.m.

Legislative Assembly.

Thursday, 8th October, 1931.

	PAGE
Questions: Taxation of profits	4559
Workers' homes, reduction of interest rates	4559
Electricity, minimum charge	4559
Dalkeith bus service	4559
Leave of absence	4560
Bills: Criminal Code Amendment, 1R.	4560
Poor Persons Legal Assistance Act Amendment, Com.	4560
Firearms and Guns Act Amendment, 2R., etc.	4560
Local Courts Act Amendment, 2R., etc.	4571
Annual Estimates: General debate	4561

QUESTION—TAXATION OF PROFITS.

Mr. NORTH asked the Premier: Will he consider, with a view to remedial legislation, the disparity between Federal and State taxation laws, in that under the Federal Act profits earned on funds borrowed from a wife or husband are not taxable, whereas under the State Act they are?

The PREMIER replied: This provision has been in the Act since its inception in 1907, and it seems to me right.

QUESTION—WORKERS' HOMES.

Reduction of Interest Rates.

Mr. NORTH asked the Premier: 1, What is the rate of interest payable on workers' homes? 2, Do the Government intend to make a reduction in conformity with the recent emergency legislation?

The PREMIER replied: 1, Leasehold: Prior to 1922, 5 per cent.; since 1922, 6 per cent. Freehold: Prior to 1922, 6 per cent.; since 1922, 7 per cent., less ½ per cent. rebate for payment within seven days of the due date. 2, Australian loan moneys advanced to the Workers' Homes Board will be charged for at a reduced rate and the saving will be passed on to the board's clients. It will take some little time to ascertain how much of the board's capital was borrowed in Australia and how much in London. There can be no reduction in that part borrowed in London.

QUESTION—ELECTRICITY, MINIMUM CHARGE.

Mr. NORTH asked the Minister for Railways: Will he further investigate the question of reducing the minimum rate of 15s. per quarter charged to consumers of electricity, limiting its operation (a) to the term of the present emergency legislation, (b) to consumers who are registered as unemployed?

The MINISTER FOR RAILWAYS replied: Yes.

QUESTION—DALKEITH BUS SERVICE.

Mr. NORTH asked the Minister for Works: 1, Does he intend to take a referendum in Claremont regarding the Dalkeith

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