BILL—PUBLIC BUILDINGS.

Order Discharged.

Order of the Day read for the resumption of the consideration in Committee from the 27th August of the Public Buildings Bill.

On motion by the Premier, Order of the Day, discharged from the Notice Paper.

ADJOURNMENT—SPECIAL.

THE PREMIER (Hon. P. Collier—Boulder) [8.33]: I move—

That the House at its rising adjourn until 7.30 p.m. on Tuesday next.

Question put and passed.

House adjourned at 8.34 p.m.

Legislative Council.

Tuesday, 10th December, 1929.

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Assent to Bill	2009
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The PRESIDENT took the Chair at 4.30 p.m., and read prayers.

ASSENT TO BILL.

Message from the Governor received and read, notifying assent to the Sandalwood Bill.

BILL—MENTAL DEFICIENCY.

To Restore.

THE HONORARY MINISTER (Hon. W. H. Kitson—West) [4.37]: I move—

That the Committee on the Mental Deficiency Bill be revived to sit on Wednesday, the 11th December.

I am prompted to take this action because of the fact that the Bill is regarded as most important and long overdue. Hon. members will be well aware that when the measure was before another place it was referred to a select committee, who went into the subject exhaustively and submitted a report which, in all essentials was adopted. This Chamber has discussed the measure thoroughly. It is a lengthy Bill, comprising 72 clauses; and only on the sixty-fourth clause was the motion moved "That the Chairman do now leave the Chair." That motion was submitted to the Chamber when the attendance was thin. In my opinion the fate of a Bill of this character should be decided by, at all events, a larger proportion of the Council's membership. The subject of the measure is not by any means new, although some hon. members have expressed a contrary view. Similar legislation has operated in America for over 30 years.

Hon. H. A. Stephenson: I think we have heard that before.

The HONORARY MINISTER: I am just reminding hon. members that that is so.

Hon. H. A. Stephenson: We are getting pretty tired of that piece of information.

The HONORARY MINISTER: There is nothing novel about the remark or the legislation. It simply points out that those hon. members who say the measure is new are not, perhaps, seized of the importance of the subject in the same degree as are legislators of other countries. Great Britain has had corresponding legislation on its statute-book for 16 years, and in Tasmania it has operated for a number of years. Western Australia has been losing a considerable amount of money simply because numbers of children who should come within the jurisdiction of such a measure as this have been compelled to attend the ordinary State schools for a period of seven or eight years. We have warped kindly disposed natures simply by reason of unmerited reprimand, ridicule and disparagement. That fact is now admitted, I believe, by all students of the subject.

Hon. Sir E. H. Wittenoom: What is the reason for such a number of children being in that condition?

The HONORARY MINISTER: We have put into gaol, as vagabonds or thieves, adults who are only children in mind, that

condition being due to circumstances over which they have no control. Scores of these individuals, severely handicapped in their early years, have been sent into our lunatic asylums, though they are not mentally ill but merely deficient. By passing this Bill we would give such individuals an opportunity which so far has been denied them. I wonder whether hon. members are aware that to-day there are in the Claremont Lunatic Asylum 73 mentally defective persons—not idiots by any means, and not by any stretch of imagination to be termed idiots.

Hon. H. A. Stephenson: There will be many more of such cases if the Bill passes.

The HONORARY MINISTER: That interjection shows that the hon. member does not understand the measure.

Hon. H. A. Stephenson: It will be so according to the evidence you have submitted to the House.

The HONORARY MINISTER: That evidence has been submitted in an honest endeavour to show both sides of the question.

Hon. H. A. Stephenson: The same is true of the evidence advanced by opponents of the Bill.

The HONORARY MINISTER: Whilst various members may be opposed to an individual clause of the Bill—some thinking that it does not go far enough, others thinking it goes too far—it must be remembered that that clause deals only with sterilisation, and was inserted in the Bill by the select committee of another place.

Hon. A. Lovekin: That does not cut any ice, all the same.

The HONORARY MINISTER: All I wish to add at this stage is that I hold this to be a most important measure, one of those statutes which a young country should be only too pleased to adopt in order that, as the years go by and population develops, we may be spared some of the experiences which other countries have suffered, and which we are experiencing in some degree at the present time. In view of the facts I have mentioned—that a considerable time has been spent on the Bill by another place, and that hon. members of this Chamber were prepared to discuss the measure right up to the sixty-fourth clause—I submit that a decision should be made by a larger number of members of this House than was the case.

HON. A. LOVEKIN (Metropolitan) [4.35]: I hope the House will agree to the motion, because the Bill is highly important, and especially important in the view of those who have had some experience of the subject. From my standpoint the Bill does not go anything like far enough. It contains a clause which permits voluntary sterilisation. My opinion is that there should be compulsory sterilisation in certain cases here as in America. An important point of the Bill is the segregation of feeble-minded persons, especially girls of 17 or 18, with the mentality of children of two or three—girls who go about perpetuating their species, and putting their offspring on the State, while they themselves wander at large to procreate more of such children. I know this from experience in the Children's Court; and I speak not from one isolated case, but from dozens upon dozens of cases. Even in reputable and well-to-do homes one finds parents who do not know what to do with their feeble-minded children. In one instance I know of—obviously I cannot mention names, but I can give them to hon. members privately—the wife of one gentleman travelled all round Australia seeking a place where she could put a girl 18 years of age, so that the child could be taught what her mentality would allow her to absorb.

Hon. H. Stewart: What about Tasmania?

Hon. A. LOVEKIN: That lady has been all round Australia looking for such an institution!

Hon. H. Stewart: But is there no such institution in Tasmania where there is an Act of this description?

Hon. A. LOVEKIN: I do not know whether she went there; she went to Sydney and Melbourne.

Hon. C. F. Baxter: Sydney and Melbourne are not all Australia, as you said.

Hon. A. LOVEKIN: At any rate, this lady told me that she could not find a suitable place where she could leave the girl I referred to, and also two other children whose mentality was somewhat similar. The Bill will open the door for the provision of such a home in this State. That is what I am keen on. I would not press this matter upon hon. members had I not had experience that taught me the absolute need of such legislation. A good deal has been said by Mr. Seddon, Mr. Stephenson and others on the question of heredity and so

forth. I was rather surprised at Mr. Stephenson's attitude in view of the pains taken by the late Dr. Saw, who went into this matter thoroughly. In collaboration with Dr. Saw, I cabled Home for the 1928 and 1929 reports of the British Commission, and Dr. Saw examined them thoroughly. After he had done so and had given his pronouncement, we had Mr. Stephenson brushing them aside as of no value because of a telegram that appeared in the "Daily News," which, he said, wiped out Dr. Saw's pronouncement!

Hon. H. A. Stephenson: That does not cut any ice!

Hon. A. LOVEKIN: I was surprised that Mr. Stephenson adopted such an attitude, because a bit of a newspaper telegram cannot cut any ice as against the studied report of a committee of ten of the leading British medical men and the Home Authorities Commission of Inquiry.

Hon. H. A. Stephenson: What about the report the Honorary Minister read to the House?

Hon. A. LOVEKIN: I do not know what the Honorary Minister read; I am stating facts. I gave the names of the ten British doctors who signed the report. They included the King's doctors and they were all knights—for whatever that is worth. The British Commission's report was read by Dr. Saw. Yet we are asked by Mr. Stephenson to brush that aside for some miserable telegram in the evening newspaper

Hon. H. Seddon: What about the evidence in the select committee's report that we have before us?

Hon. A. LOVEKIN: I contend that the report supports the Bill. Apart from the academic question of heredity and environment and the theoretical side of it generally, I am looking at the question from the practical standpoint. Here we have amongst us mentally deficient and feeble-minded children who are a menace to other children in our schools, yet there is no place where we can put those unfortunate children. The Bill at least will help in that direction. Some hon. members may say that the Bill will mean the expenditure of a large sum of money and that that course is impossible in view of the finances. On the other hand, if we pass the legislation, we may get one home at any rate to which these mentally deficient children may be sent. I hope hon. members will agree to the motion.

HON. H. SEDDON (North-East) [4.50]: I do not intend to take up much of the time of the House in opposing the motion, because I have placed my views fully before hon. members. I wish to deal with one remark made by Mr. Lovekin. I think it necessary merely to mention that the report of the select committee discloses that the evidence submitted by authorities on heredity showed that mental deficiency under that heading did not represent more than 30 per cent., and that the remaining 70 per cent. of our mental deficiency was directly attributable to some accident or other cause from which the patient had suffered.

Hon. E. H. Gray: Where is your authority for that statement?

Hon. H. SEDDON: The hon. member should read the report.

The Honorary Minister: Does not that support the Bill?

Hon. H. SEDDON: No, because the Bill is based on the principle of heredity.

The Honorary Minister: Not at all.

Hon. H. SEDDON: Of course it is, and the evidence before the select committee disclosed that not more than 30 per cent. of the mental deficiency in the State was due to that cause. Only to that extent is that argument in favour of the Bill. I have already expressed my strong opposition to the principle of sterilisation. I do not think this State has reached that high state of civilisation when we can adopt as public policy the mutilation of human beings. That is one of the strongest arguments against sterilisation, particularly as science has not advanced to the stage when its conclusions can be regarded as definite.

Hon. A. Lovekin: But we have arrived at that stage; a person may consent to sterilisation to-day.

Hon. H. SEDDON: The conclusions of science to-day are by no means complete, and for Western Australia to embark upon such a definite course of action would be unwarranted, in view of the present stage of development in this State. We are a small handful of people and yet we are asked to accept the serious responsibility of adopting sterilisation, which other nations have adopted with their large proportion of mental deficients. The mentality of the people of Western Australia is higher than in many other parts of the world. It is not necessary to travel far in order to determine that question. On the figures sub-

mitted by the Honorary Minister himself there was little to warrant the introduction of a measure of this description. There was another point mentioned by Mr. Holmes, namely, the voluntary sterilisation of those who are sufficiently normal to be allowed to leave an institution. If we were to adopt that course we would stretch further the principle of mutilation, which is associated with sterilisation.

Hon. A. Lovekin: But that can be done irrespective of the Bill.

Hon. H. SEDDON: My strongest argument is that we are asked to adopt what I would describe as negative eugenics. If we are to go in for eugenics and build up a finer race, what better course can be followed than that which we are pursuing now? We are endeavouring to stimulate a higher standard of mentality amongst our young people by means of our educational system.

Hon. A. Lovekin: What course do you adopt for the improvement of your sheep and horses?

Hon. H. SEDDON: The mentality of our young people is given a much better chance in Western Australia than in the Old Country. In Australia opportunities are given for our alert young people to engage in any vocation, and also for advancement by means of industrious endeavour. These are lines along which we should expand our efforts, rather than indulge in this sort of legislation. Already there are homes in this State where work along the lines indicated by Mr. Lovekin is carried out. There are two such homes—Seaforth at Gosnells and Castledare on the Canning River. Then there is the financial point of view. We have sufficient evidence before us to realise exactly the position of the State, yet we are asked to embark upon legislation that will inevitably lead the State into additional expense! The examination of these young people and the inquiries that will be necessary will absorb a lot of money, on top of which we shall have to face the expense of establishing institutions at which they can be housed. In these circumstances, we are justified in rejecting the Bill. The fact that we got as far as Clause 64 with the Bill at the Committee stage, can be interpreted as meaning that we proceeded so far with the measure, but realised its grave possibilities. In the circumstances, we determined it would be better to defer such legislation and request the Government to submit a Bill on a future occasion in a modified form, so that we may give further consideration to it then. I oppose the motion.

HON. J. J. HOLMES (North) [4.55]: As to the necessity for a Bill of this description, perhaps a large number of hon. members are prepared to admit it exists. There are some things regarding the welfare of the country and of the individual that are governed by finance. In view of the present financial position of the State and the economic position facing Australia as a whole, I question the necessity or desirability of starting a new department, involving expenditure that will grow from year to year.

Members: Hear, hear!

Hon. J. J. HOLMES: We should consider the provision from the standpoint that we already have obligations, and we should see to it that those institutions we have already established are properly provided for before we start out on something new. When we remember that children, who are not mentally deficient, cannot receive sufficient care because of the finances of the State, that numbers of adult people are in straitened circumstances through no fault of their own and consequently cannot get the medical assistance they require, and that recently we established the Mental Receiving Home at Point Heathcote, which involved enormous expense, to deal with one section of the community, we must realise that our first duty is to see that institutions we have already established are properly equipped and provided with sufficient money before we start out on anything new. I had not gone into this question very deeply, but I was astounded to hear Mr. Lovekin say that someone from Western Australia had travelled throughout the Commonwealth seeking for a suitable home where a young girl could be lodged in order to receive necessary attention. Here we have the wealthy Eastern States without such institutions, and the lady Mr. Lovekin referred to had to come back to Western Australia! Shall we, the Cinderella State, in our small way start out to establish an institution for the people in the Eastern States as well? If such institutions existed in the Eastern States, we could send our mental deficients there. If we establish an institution here, the people in the

East can send their mental deficients here and thus add another burden for this State to shoulder. Shall we establish such an institution, and enable the mental deficients from the Eastern States to flock here and take refuge in Western Australia?

Hon. A. Lovekin: But they would have to pay.

Hon. J. J. HOLMES: I have said sufficient from the financial aspect. I would emphasise the point that our duty is to the institutions we already have established. We should see to it that our children and our people, who are not mentally deficient, are properly cared for before we start out on new lines. Now I come to the question of sterilisation. Mr. Lovekin and some fanatics of the opposite sex not in this House are preaching throughout the country that some men should be sterilised and then let loose on the community. Sterilisation does not prevent such men from being a menace to the community; it will merely prevent them from reproducing their species. Those men will still be a danger and a menace.

Hon. E. H. Gray: No.

Hon. J. J. HOLMES: Won't they?

Hon. C. B. Williams: Who knows?

Hon. J. J. HOLMES: They will still be a menace.

Hon. E. H. Gray: The authorities in this State do not agree with that assertion.

Hon. J. J. HOLMES: Authorities on this point have told us that while persons who have been sterilised cannot reproduce their species, they are not by that operation prevented from being as great a menace to the community as they were before.

Hon. A. Lovekin: But you have a check on the other portion.

Hon. J. J. HOLMES: Mr. Lovekin told us what has been done in America. The Honorary Minister, too, quoted all the leading authorities on the subject, including the highest authorities in America. There, it seems, only one per cent. of the States have carried this legislation and enforced it. Actually it has become a dead letter in America.

Hon. A. Lovekin: That is nonsense.

Hon. J. J. HOLMES: The Honorary Minister put the matter fairly to the House and quoted the highest authorities in the world, but the only effect of his speech upon me was to convince me that we should let the matter remain in abeyance.

Hon. A. Lovekin: The very clauses in the Bill have been taken from the Alberta Act of 1928.

Hon. J. J. HOLMES: So much has to be done for the sake of our own community at the present time, so necessary is it that our exising institutions should be fully equipped, that I cannot conscientiously give my support to the creation of a new department.

Hon. A. Lovekin: It is already there, unfortunately.

Hon. J. J. HOLMES: If we could get these mental deficients exclusively from one section of the community and deal with them, it would be a different matter. But on Mr. Lovekin's own showing we have in Perth highly intelligent and respectable people with mentally deficient children; proving that no matter what we may do, no matter how we may segregate the mental deficients, there is still a great body, 70 per cent. I think it represents, who will come from here, there and everywhere. If we could deal with the whole lot, declare them mentally deficient and put them away where they will be looked after, it would be different. But we are not likely to be able to do that, for I understand that something like 70 per cent. of them come from highly intelligent and respectable families. I think we can well wait until we see what will be accomplished in this direction by more wealthy communities before we start out on legislation of this kind.

HON. C. B. WILLIAMS (South) [6.5]: I wish to justify my vote against the motion. As the Honorary Minister has said, some members are against certain clauses. I am entirely in sympathy with Mr. Lovekin's suggestion that the whole of the mentally deficient children should be taken. But as Mr. Holmes has said, that would mean we should have them flocking here from the other States. Apart from that, I have a rooted objection to the constitution of the proposed board. I have seen the State Psychologist. If she is going to be a judge of who is an imbecile and who is not, I am not supporting it. The woman might be quite capable in lots of ways, but on appearances, if I were in authority she would be one of the first to be tested. I do not think a woman such as the State Psychologist has had any of the experiences of life that should be necessary in a member of a board of this description.

Member: The personnel of the board could be altered.

Hon. C. B. WILLIAMS: No, it could not, for the authorities in charge of the Bill would not accept it. Then they purpose putting another woman on the board. Again it might be a single woman with no experience of life. That is quite sufficient to impel me to vote against the motion. With Mr. Seddon, I trust that when there is more time at the disposal of Parliament, the wishes of the people will be introduced again, but in a much simpler form.

HON. E. H. GRAY (West) [5.7]: I will support the motion. I should like to correct the statement made by Mr. Holmes as to the effect of sterilisation. There came before my notice the case of a man who, aged about 40, had been in and out of gaol all his life. His imprisonment was always for sexual offences, offences against children.

Hon. C. F. Baxter: Would you reckon him mentally deficient?

Hon. E. H. GRAY: I think so. Eventually, at his own request, that man was sterilised. He has never been in trouble since. That does not apply altogether to the Bill, but it serves to show that sterilisation would decrease offences of that nature. I can scarcely credit Mr. Holmes's statement that in the Eastern States no provision is made for mental deficients.

Hon. J. J. Holmes: I made it clear that I was repeating what Mr. Lovekin had said.

Hon. E. H. GRAY: There is in the Eastern States better provision than we have here for mentally deficient children. In this State a mentally deficient child of parents not able to look after it is sent to the Asylum for the Insane, where it has to be accommodated either in a ward with other children who are hopeless imbeciles, or in another ward with women who are insane. More than one such case has come under my notice. We have had to take out of the Asylum for the Insane children who have been placed there through some misunderstanding. As to the question of cost, the speeches of the Minister and Mr. Lovekin in support of the Bill were based on the fact that we have to do something which in the course of time will save the country hundreds of thousands of pounds. That is not an exaggeration. If members opposed to the Bill would but study the financial aspect, they would come to that same conclusion. The proposed legislation is overdue and I hope the House will agree to the motion and pass the Bill through Committee, modifying certain clauses if they are regarded as being too drastic.

HON. C. F. BAXTER (East) [5.9]: We have had the Bill before us for a short period, but unfortunately through the rush of business some of us have not had the time to carefully study it. It is one of the most important Bills introduced in this Parliament, because it affects the liberty of quite a lot of our subjects. Mr. Gray said the Bill eventually would save the State hundreds of thousands of pounds. It is all very well for a member to make a bald statement like that, but we know that if this Bill were put into operation it would cost the State hundreds of thousands of pounds.

Hon. A. Lovekin: What have the cases we have heard quoted cost America?

Hon. H. A. Stephenson: And what have some of the murder cases cost?

Hon. C. F. BAXTER: It will be a very expensive system, and I cannot see where any saving is to come in. Mr. Lovekin put up a very good case with which I think every member will agree. But in all reasonable Acts of Parliament there is a line of demarcation, and this Bill will go far beyond that line. We are all favourable to something being done in a reasonable way.

The Honorary Minister: Do not say "all," please.

Hon. C. F. BAXTER: Why should the Honorary Minister always be so sarcastic? I advise him that if he would use a little less sarcasm and a greater sense of responsibility he would get on very much better in this House. Every member is quite prepared to meet the situation of those unfortunates who require help. But what does the Bill propose? It proposes to deal with very many people. And who is going to say whether or not they are mentally deficient? Judgment will be given by two medical men and a psychologist. Take our own experiences of the medical profession. It is not a question of how often do medical men agree, but how often they disagree, because it is very seldom they agree. When a murder is committed, it is very difficult to find two medical men of the same opinion as to the mental condition of the accused.

Hon. H. A. Stephenson: Some of them do not even know when a man is drunk.

Hon. C. F. BAXTER: That is so. Yet it is proposed to put this Bill into operation and allow the liberty of a lot of our young people to be interfered with by professional men who never are sure of their facts.

Hon. E. H. Gray: You are not too sure of your facts.

Hon. C. F. BAXTER: If I were so careless of my facts as Mr. Gray is of his, I would not be on my feet at all. Mr. Gray in his arguments will use anything at all in an endeavour to gain his own ends. He mentioned that a man spent so many years in Fremantle gaol in consequence of having committed sexual offences. That does not mean that that man was mentally deficient. Rather was he suffering from a disease of the mind. Mr. Gray said that after being sterilised that man did not commit any further offences. I can scarcely believe that. I think the hon. member has made a mistake. It was not sterilisation, but emasculation that was performed on that man.

Hon. E. H. Gray: No, that is not so.

Hon. C. F. BAXTER: Then you do know the difference, do you? The third member of the board is to be a psychologist. After all, is psychology accepted as something reliable? I do not think so.

Hon. H. A. Stephenson: The late Dr. Saw admitted that he did not know anything about it.

Hon. C. F. BAXTER: I do not think psychology is so well established that we should appoint a psychologist to interfere with the liberty of our people. It is often found that psychologists, biologists and others who are highly proficient in their own particular spheres are deficient in every other direction. A psychologist ought to have clear vision and, as Mr. Williams said, varied experience as well as something more solid than psychology itself to back him before I would agree to place him in a position with two medical men to declare children mentally deficient and order them to be segregated. If a person were segregated for a number of years, would not he agree to anything in order to regain his liberty? According to the Bill, sterilisation is to be voluntary, but really it would not be voluntary because when persons had been confined for a number of years, they would be only too glad to submit to the operation in order to regain their freedom. In one way, the Government seem particulary keen to finish the business of the session and yet in another way they do not seem keen. Many important Bill have been brought down in the closing days of the session and we have been asked to finish the session practically in a day. If the motion be agreed to and we are called upon to consider other measures before the House, we shall be fortunate if we conclude the business next week. A Bill that was forecast in the Governor's Speech reached us only a few days ago. Why the delay? This is the only place where a Bill receives due consideration and is amended to any extent. The Government have a majority in another place and can force through any measure they wish. It may be discussed and criticised there, and at times it may be slightly amended, but seldom is an amendment made and never an important one. In the second Chamber and here alone a Bill receives thorough consideration, and it is this Chamber that has to knock legislation into shape when it contains anything not in the interests of the State. Yet this important measure has been jumped upon us in the closing days of the session. It should have been one of the first measures introduced. Year after year we have been told that certain legislation is essential as an excuse for its late introduction, and we have been asked to pass it on the score of urgency. Members would be wise to insist on the Mental Deficiency Bill being held over so that it might be introduced early next session and thoroughly considered. If that be done, the Bill may be considerably amended and to an extent that will preclude it from doing any harm.

HON. W. T. GLASHEEN (South-East) [5.19]: I intend to vote for the motion to revive the Bill. I find myself wondering why the hon. member who moved that the Chairman do leave the Chair did not move his motion before we reached Clause 64. Instead of wasting so much time, as we apparently did, if the Bill was not desired, he should have opposed it at the beginning.

Hon. H. A. Stephenson: So we did. I think the hon. member was absent.

Hon. W. T. GLASHEEN: Then the motion was not carried, or the Bill would not have been considered down to Clause 64.

Hon. J. J. Holmes: It is necessary to analyse a Bill before we are able to decide what its effect is likely to be.

Hon. W. T. GLASHEEN: Reference has been made to the late Dr. Saw, and de-

servedly so. I have never heard or read from Parliament, Press or the public such high eulogiums as were expressed on the death of Dr. Saw. It might be said that to a large extent the Bill was Dr. Saw's Bill, because another place requested that he be allowed to sit on the committee and make available his knowledge on the subject.

Hon. H. Stewart: Not to sit on the committee.

Hon. A. Lovekin: To my knowledge he devoted six months to the question.

Hon. W. T. GLASHEEN: No member of this House was more capable of arriving at a sane judgment on such a complex question, and if only for the reason that he sat in judgment on the Bill—

Hon. E. H. Harris: He gave evidence before the select committee; he did not sit in judgment on the Bill.

Hon. W. T. GLASHEEN: And because of his goodwill towards the measure, the motion will have my support. Mr. Holmes objects to the Bill on the score of expense. I cannot see the force of that argument, because at present we are filling our gaols, hospitals and other institutions through lack of such legislation. Mental deficients, gaol birds and inmates of asylums are propagating their species and creating a need for more gaols, more hospitals and more institutions. Such institutions entail a far greater expense than would the establishment of an institution for mental deficients.

Hon. H. A. Stephenson: From what asylum are patients allowed out to propagate their species?

Hon. W. T. GLASHEEN: All over the State.

Hon. H. A. Stephenson: In the asylum?

Hon. W. T. GLASHEEN: Patients are discharged from the asylum when mentally weak and unfit, and I dare say there are thousands of people in the State who should be in the asylum and are not. It is illogical that we should devote such attention to the propagation of the fit in animals and plants and yet expect the human race willy-nilly to maintain a high efficiency. We have bred wonderful horses and wonderful sheep and wonderful plants by eliminating the unfit, and what applies to animal and plant life should apply to the human race. Mr. Holmes also said that we should wait until some other State instituted similar legislation rather than that the Cinderella State should be the first in the field. I am proud that we have initiated legislation that has been a guiding start to other States. By this measure we shall be the means of leading public opinion throughout Australia as we have led it in other respects. I cannot claim to understand precisely how the measure will operate. I do not think any member would claim to foresee just how every detail will work out, but we never shall find out whether it is good or bad until it be given a trial. I hope that a workable measure will be the outcome of the discussion. Certainly the best thing we can do is to agree to the Committee again sitting in judgment on the question.

HON. J. CORNELL (South) [5.24]: I did not speak on the second reading of the Bill; I spoke only once and that was from the Chair on the sterilisation clause. I think the Honorary Minister would have served a very useful purpose had he let sleeping dogs lie. The Bill should remain where it is. On a question so wide in all its ramifications he should be grateful that the Bill reached such a stage in this Chamber and that so much publicity has been given to it. It will be admitted that the measure represents a very great departure in social legislation. Tasmania is the only State of the Commonwealth that has a Mental Deficiency Act. The principles underlying the treatment of mental deficients had been endorsed by passing the Bill, except Clause 25, as far as Clause 64. I would counsel the Honorary Minister to let it rest at that and be content to reintroduce the Bill next session. There is not the slightest doubt that the Bill met its fate on the principle of sterilisation. Even the Government responsible for the introduction of the Bill did not include sterilisation amongst its provisions. It was inserted subsequently on the recommendation of a select committee. In this Chamber we had the spectacle of the Honorary Minister and his chief divided on the question of sterilisation, and that is sufficient guarantee that the Government responsible for the Bill are not at one on this important principle.

Hon. A. Lovekin: The Government were convinced by the evidence given before the select committee.

Hon. J. CORNELL: I have read the evidence of the select committee and I venture

to say that, with the exception of the evidence of Dr. Saw and one or two other witnesses, the evidence was practically valueless. By some members it is contended that the provision relating to sterilisation does not go far enough. That is one reason why we should drop the whole question for the time being. Even by the aid of one of the most eminent authorities he quoted, the Honorary Minister made out an unanswerable case against sterilisation.

The Honorary Minister: That was against compulsory sterilisation.

Hon. J. CORNELL: The sterilisation provided for in this Bill amounts to compulsion. Anyone likely to consent to the operation is one likely enough to become normal again. I understand that in the United States sterilisation has fallen into disuse; yet, after 24 hours' discussion, we were going to place on the statute-book something that I understand is not in operation elsewhere in Australia. The subject has not been sufficiently before the people of this State to enable them to weigh its pros and cons and arrive at a definite conclusion. For that reason alone the Bill should be dropped. The people should be afforded time to give deliberate consideration to a principle that many may consider should not go on our statute-book. If we deferred the Bill until next session, what would the delay amount to? I understand that Great Britain has a Mental Deficiency Act on its statute-book, but Great Britain survived many centuries without one. Australia has survived almost a century and a half without one, and a delay of six months can cause hardship to nobody. The public look to this House to exercise mature judgment and to delay any legislation with which it thinks they might not be thoroughly conversant. Something should be done for the mental deficients, but I do not think a delay of six months will hurt the situation at all. In order that the public may become more conversant with the whole subject, particularly with the subject of sterilisation, I will vote against the Bill being revived.

THE HONORARY MINISTER (Hon. W. H. Kitson—West—in reply) [5.30]: One would imagine from Mr. Cornell's remarks that if the Bill were brought up again next session there would be no question about the result. I am afraid, however, from the speeches of other members, that this would hardly be the case. Mr. Baxter had the temerity to say that every member believed that something should be done, but they did not want the Bill. I wish to say strongly that some members have deliberately expressed themselves in the opposite direction. They do not want anything done; they desire that everything shall be left as at present, irrespective of the cost to the State or the people individually. Mr. Seddon used as an argument why the Bill should not be restored to the Notice Paper the statement that the select committee proved that only 30 per cent. of the cases of mental deficiency were the result of heredity. I do not think I have contradicted that, but have used the argument in favour of the Bill. All through I have endeavoured to be fair by placing both sides before the House. I have shown conclusively that with respect to the debatable clause there is room for a difference of opinion. I would not, however, be prepared to go beyond the clause as printed. It has been suggested that because the Chief Secretary and I have differed on that clause the Government are not particularly enamoured of the principle of sterilisation. The Bill was introduced as a non-party measure. We wished to secure the main principles of the protection, care and training of these people before introducing any clause that might be debated in the same way as the sterilisation clause has been debated. It is only because the select committee in another place, after hearing the evidence of experts, decided it was advisable to have such provision made, that this clause was framed. It is purely a permissive or voluntary clause. It does not mean anything but what could happen to-day if a particular individual desired that it should happen.

Hon. J. Cornell: It means the commencement of what may become a pernicious practice.

Hon. W. T. Glasheen: If the committee sat again, a different view might be taken of the clause.

The HONORARY MINISTER: I have an open mind on the subject. The sterilisation clause has caused members a lot of heartburning. It is not the main principle of the Bill, but only a side issue. Those who would drop the Bill because of the clause would be doing so on side issues only. Ours is only a small population, it is said, and members urge that we should allow the

larger populations of the Eastern States to introduce legislation of this kind before we attempt to do so. They say we should profit by their experience before we do anything ourselves. That is rather an argument why we should have legislation of this kind in operation here. We have a large country with a small population. Our difficulties are great. If we were to cope with this subject, as the Bill proposes, we would be doing a big service to the people of the country. Opponents of the measure have referred to America. I have also done so, particularly in reply to the requests of members for information. Many of the States of America have introduced legislation dealing with this subject, but they have not all introduced it with a view to affecting mental deficients. They have introduced the question of sterilisation to deal with all manner of people, with criminals and lunatics, but some States have included mental deficients. Some members do not see the difference between mental deficients, lunatics, and criminals. They are rather apt to include them all in the one category, whereas this Bill deals only with mental deficients. Mr. Seddon said there were two institutions in Western Australia which had been established to deal with mentally deficient children. He mentioned Castledare and Seaforth. Both are doing excellent work and deserve every commendation. They have been very successful in several directions, but are dealing only with a limited number of mental deficients. There is no establishment in Western Australia for female mental deficients.

Hon. W. T. Glasheen: Females are the worst.

The HONORARY MINISTER: I make no distinction between the sexes.

Hon. H. A. Stephenson: That shows what the Government are doing.

The HONORARY MINISTER: Castledare is not a Government institution.

Hon. H. A. Stephenson: You say there is no place for the girls.

The HONORARY MINISTER: There is no place for mentally deficient girls, and no Government institution for mentally deficient boys. The only place where their liberty can be curtailed is at Claremont Asylum. It has been said that the Bill will cost the State a lot of money, and that we should hesitate before taking this step.

Hon. H. A. Stephenson: That has been our experience up to date.

The HONORARY MINISTER: The hon. member has no experience of the subject, and does not understand the main principles of the Bill.

Hon. H. A. Stephenson: I am sorry.

The HONORARY MINISTER: In reply to a member I supplied the House with an estimate of the additional cost which would have to be borne if the Bill were passed. The estimate is £1,165 per annum.

Hon. H. A. Stephenson: It would cost more than that for wages.

The HONORARY MINISTER: The interjection shows that the hon. member does not understand the position.

Hon. H. A. Stephenson: You have a valuable board to pay.

The HONORARY MINISTER: If the cost were £10,000 would it not be worth while?

Hon. H. A. Stephenson: No.

The HONORARY MINISTER: There is a large number of boys and girls who have no opportunity to receive training so as to become useful citizens.

Hon. E. H. Harris: What do the Government propose to spend in the first year?

The HONORARY MINISTER: The estimated cost is £1,165 per annum.

Hon. H. Seddon: Including the provision of institutions?

Hon. H. Stewart: That would be only the interest on the capital cost.

The HONORARY MINISTER: There is little need for additional institutions. There is some need, but it is proposed to provide that progressively.

Hon. H. A. Stephenson: Does this include the capital cost of buildings, etc.?

The HONORARY MINISTER: It is the estimated annual cost, and must include what is done in that direction.

Hon. H. A. Stephenson: It is an absurd statement to make, and to ask the House to listen to. You cannot build a four-roomed house for that amount.

Hon. J. J. Holmes: That might be the expenditure for the first year.

The HONORARY MINISTER: I cannot say more than I have said. I made particular inquiries, and was informed that this was the estimated cost of the local clinic.

Hon. H. A. Stephenson: You put forward a statement like that, and yet you tell members they do not know what they are talking about.

The HONORARY MINISTER: That is the estimated cost.

Hon. J. J. Holmes: If you can deal with all the mental deficients in the State for £1,100 a year, the matter is not worth bothering about. You should drop the Bill.

The HONORARY MINISTER: That is the cost of administration.

The PRESIDENT: Order! Under Standing Order 114 it is necessary that the debate shall be interrupted unless the Council otherwise order.

Resolved: That motions be continued.

The HONORARY MINISTER: The building programme will not be of an ambitious nature. One thing that is badly needed is a residential training centre for girls. That is one of the first things that should be provided.

Hon. E. H. Harris: Would it be provided in the £1,100?

The HONORARY MINISTER: It stands to the discredit of the State that no provision of this kind has been made. I have informed the House that certain cases that have occurred in this State have cost in the vicinity of thousands of pounds each. Were we able to get at the actual cost in all directions, I think it would be found that it ran into tens of thousands of pounds. It is estimated that the cost to the State, represented by waste of money, for the education of mentally deficient children runs into close on a million pounds.

Hon. C. F. Baxter: How are you going to reduce that?

The HONORARY MINISTER: If the Bill becomes law, money will no longer be wasted in an endeavour to educate these children on present lines. The existing system has been proved a failure, and has not given deficients the opportunity to live a decent life or do what other citizens would do.

Hon. Sir Edward Wittenoom: What are the parents of these children doing?

The HONORARY MINISTER: They are heartily supporting the Bill. There is no social organisation in this or any other State, and no educational or medical authority but is prepared to say that the whole of the principles of this Bill, with the exception of sterilisation, are warranted and long overdue.

Hon. J. Nicholson: If you reinstate the Bill, will you be prepared to reconsider the clause dealing with sterilisation?

The HONORARY MINISTER: It will be in the hands of the House. I happened to have authorities with me and I quoted them. They dealt with the experiences in those countries where sterilisation was the law and, while some favoured it, there were States in America that, though they had passed the legislation, it had remained a dead letter. With regard to a measure of this kind there is nothing whatever for me to hide; I have endeavoured to supply all the information possible.

Hon. J. J. Holmes: We can make it compulsory for the children to attend school.

The HONORARY MINISTER: That costs us £11 10s. per annum, apart from the harm that is done to other children that come into association with them.

Hon. J. J. Holmes: It is all a question of administration; you need not compel the children to attend school.

The HONORARY MINISTER: We are bound to. As the late Dr. Saw has been referred to in connection with the measure, I would point out that he adopted a very fair attitude. He admitted that he knew very little about psychology. There is reason for that, and it is that when the late member received his training, psychology was not a subject which was included in the medical course.

Hon. H. A. Stephenson: Did he give that as his reason?

Hon. H. Stewart: He maintained that.

The HONORARY MINISTER: He inferred it. To-day quite the reverse is the case. In most of the universities it is necessary that students shall take a course in the subject.

Hon. H. Stewart: In the medical course?

The HONORARY MINISTER: Yes, in a large number of the universities. That reminds me, too, that while the late Dr. Saw was talking, references were made to the position at our University, and I am pleased to have the present opportunity to refer to what was said, because I consider a grave

injustice was unwittingly done to one who stands very high in her profession, and notwithstanding, too, the unwarranted attack made upon her by Mr. Williams. While the late Dr. Saw was speaking, Mr. Stewart made an interjection regarding the position occupied by Miss Stoneman at the University, and he asked the late Dr. Saw whether Miss Stoneman was lecturer there.

Hon. H. Stewart: I could not have asked that because I know she is not; you did not catch the interjection correctly.

The HONORARY MINISTER: It appears in "Hansard," and to put the matter right I must pursue it a little further because the reply given by the late Dr. Saw was that Miss Stoneman was part-time lecturer, and that Dr. Fowler was the lecturer. Mr. Stewart then remarked that Dr. Fowler had superseded Miss Stoneman. Dr. Saw, who was Chancellor of the University, answered that Miss Stoneman was a part time lecturer, and that Dr. Fowler was now the lecturer. I regret to have to contradict that statement because it was not correct. The position is this: both Dr. Fowler and Miss Stoneman are part-time lecturers at the University; Dr. Fowler is part-time lecturer in educational psychology; Miss Stoneman is part-time lecturer in advanced psychology.

Hon. Sir Edward Wittenoom: Is Dr. Fowler a woman?

The HONORARY MINISTER: No. Both Dr. Fowler and Miss Stoneman are under Professor Fox. Unwittingly an injustice was done to Miss Stoneman, and in reading "Hansard" one would gather that Miss Stoneman had been superseded by Dr. Fowler. It is rather important from her point of view that the matter should be put right for she is still lecturer in advanced psychology, a subject in respect of which, I understand, Dr. Fowler has no credentials. As a matter of fact, he has not studied it and therefore he could not hold the position.

Hon. H. Stewart: I do not think you are correct there.

The HONORARY MINISTER: I am perfectly correct.

Hon. H. Stewart: That he has not studied psychology?

The HONORARY MINISTER: I said he was part-time lecturer in educational psychology which is a different thing. I know that Dr. Saw did not quite understand the purport of what was being said. Had he known, I feel sure we would have had a different opinion expressed. The only other point I wish to make is that when the late Dr. Saw was speaking to the Bill, he criticised the contentious clause dealing with sterilisation, and I think he suggested that it should go further, though at the same time he was quite prepared to accept it as it stood. He finished his speech in support of the Bill by saying the time was overripe for the Bill, although probably it would prove considerably more expensive in its operation than the Government expected. At the same time, he said, the results would warrant that expenditure. Those are my sentiments and I sincerely hope the motion will be carried.

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

Ayes	10
Noes	15
Majority against ..	5

Ayes.	
Hon. J. M. Drew	Hon. W. H. Kitson
Hon. J. Ewing	Hon. A. Lovekin
Hon. G. Fraser	Hon. W. J. Mann
Hon. W. T. Glasheen	Hon. J. Nicholson
Hon. E. H. H. Hall	Hon. E. H. Gray (*Teller.*)

Noes.	
Hon. C. F. Baxter	Hon. H. Seddon
Hon. J. Cornell	Hon. H. A. Stephenson
Hon. J. T. Franklin	Hon. H. Stewart
Hon. V. Hamersley	Hon. C. B. Williams
Hon. E. H. Harris	Hon. Sir E. Wittenoom
Hon. J. J. Holmes	Hon. H. J. Yelland
Hon. G. W. Miles	Hon. G. A. Kempton
Hon. E. Rose	(*Teller.*)

Question thus negatived.

BILL—FREMANTLE ENDOWMENT LANDS.

Read a third time and passed.

BILL—STATE SAVINGS BANK ACT AMENDMENT.

Second Reading.

Debate resumed from the 4th December.

HON. H. SEDDON (North-East) [6.1]: As mentioned by the Chief Secretary, this Bill marks an important departure from

past procedure. Everyone will recognise that the establishing of a savings bank in Western Australia was an important and sound development; but I think everyone will also agree that in the establishment of such an institution the dominant consideration should be the safety of the people's savings. The importance of that phase is stressed throughout the provisions of the statute relating to private savings banks. Further, it must be recognised that the considerations governing savings banks differ essentially from those that control ordinary banking. The investment of savings bank funds is restricted accordingly. The last annual report of our State Savings Bank shows that a large number of persons have very small deposits indeed. There are 151,672 depositors with balances of less than £20, the average balance being £3 5s. 8d.; 17,530 depositors with balances under £50, the average being £31 12s. 5d.; 10,917 with balances between £50 and £100, the average being £70 13s. 11d.; and 6,278 with balances between £100 and £150, the average being £119 14s. 11d. Hon. members will observe the huge number of depositors with very small deposits to their credit. It is evident that the financial position of these depositors is such as to necessitate their money being ready at call. Therefore any step that tends to bring the State Savings Bank within the circle of ordinary banking business means the creation of a set of conditions which may materially affect the position of small depositors, many of whom must from time to time make urgent demands on the amounts standing to their credit. In savings bank practice it is recognised that there must remain a cash reserve of at least 10 per cent. of the total deposits, and that the proportion of liquid assets readily convertible into cash must not be less than 30 per cent. It is these figures that necessarily affect the returns received from savings banks. Consequently, when considering the question of extending the activities of our State Savings Bank, we have to recognise that to the extent to which we infringe upon those figures we are imperilling the ready "liquidity" of the bank, and to the same extent are inducing a want of confidence. The scope of investments open to savings bank business is indicated in the lists of assets of our institution for the years 1924 and 1929—

	1924.	1929.
	£	£
Mortgage on freehold	33,163	32,902
Municipal Debentures	35,680	92,849
Metropolitan Waterworks, G.W.S. Debentures	508,207	335,057
Debentures under Agricultural Lands Purchase Act	240,954	257,254
Water Boards Debentures	71,557	32,535
Local Inscribed Stock Certificates	3,123,303	4,505,664
Land Drainage Act Debentures	8,304	7,267
Road Board Debentures	14,994	110,270
Treasury Bills	746,113	638,913
Treasury Bonds	631,360	1,185,305
W.A. Government Debentures	6,210	6,210
Cemetery Board Debentures	250	330
Commonwealth Treasury Bond	20	31,950
Land and Buildings	..	53,881
Fixed Deposits	66,667	500,000
Total	5,486,754	7,790,372

I have quoted those figures because they indicate the classes of security considered suitable for savings bank funds. Upon examining the lists, one finds that the securities stand unimpeachable in respect of safety. The first requirement—safety of savings bank funds—has there been thoroughly regarded. As to the proposed extension of the field of investment, I may draw attention to Clause 6 of the Bill. The provisions there are the same as those of the parent Act, with, however, three new features. The Bill provides that not more than three-fifths of the amount of the valuation of any land shall be advanced, and that not more than £10,000 shall be lent on any one security. In the parent Act the limit is £5,000. The tables I have quoted show that hitherto mortgage loans have been restricted to a relatively small amount. Mortgages are a fairly permanent kind of investment, and cannot be readily realised. From that aspect they are not a specially satisfactory form of investment for a bank which has for its first requirement the "liquidity" of its assets. Paragraphs (f) and (g) of Clause 6 are new features—

(f) by making advances to depositors by way of overdraft or otherwise on such author-

ised securities as aforesaid; (g) in the purchase of land and the erection of buildings thereon for use in the conduct of the operations of the bank, or by its tenants.

Those are two departures which I submit should be viewed with great caution. As regards money advanced on overdraft, particularly in the form of rural credits, it will often be difficult to call in overdrafts, or to get them materially reduced, without inflicting severe hardship on clients. Moreover, the granting of an overdraft calls for close and careful investigation into the personal character of the proposed borrower. I am sure I shall have Sir Edward Wittenoom with me when I say that no small portion of an ordinary bank's business is investigation into the personal standing of anyone who wishes to do business with the bank, especially anyone wishing to borrow on overdraft. In the circumstances I contend that paragraph (f) invites us to enter upon a field which is not only doubtful, but entirely outside the scope of savings bank business. We have to remember that the funds of our State Savings Bank will be interchangeable with those of the rural bank, and that the latter institution is to be authorised to operate on them. Reference has been made to the Government's guarantee which is behind all State Savings Bank deposits. No doubt that is so; but, apart from the Government guarantee, the present constitution of the State Savings Bank provides for a large proportion of liquid assets which are immediately available upon a sudden demand. When it comes to the point of utilising the Government guarantee one has to take into consideration just exactly what special circumstances might arise in a time of financial stress. On that point I would refer hon. members to page 5 of the Auditor General's report, which offers a revelation of the way in which the Government finance for their ordinary requirements. There hon. members will find a reference to trust funds, reading as follows—

> The Trust Fund was the only fund with a credit balance at the close of the year, and the uninvested balance thereof financed, for the time being, the Loan and Revenue Funds, also other services. The following statement shows the position:—
>
> | | £ | s. | d. | £ | s. | d. |
> |---|---|---|---|---|---|---|
> | Trust Fund—Credit Balance | | | | 14,360,375 | 4 | 4 |
> | Less— | | | | | | |
> | Interest, etc., due to the Savings Bank —payable after 30th June, 1929, but included in the Trust Fund at that date | 156,045 | 11 | 2 | | | |
> | Investments | 10,359,962 | 18 | 3 | | | |
> | | | | | 10,516,008 | 9 | 5 |
> | Balance of Trust Fund uninvested | | | | £3,844,366 | 14 | 11 |
> | This balance is accounted for as under— | | | | | | |
> | Loan Fund overdrawn | | | | 1,218,284 | 6 | 4 |
> | Revenue Fund overdrawn | | | | 231,730 | 1 | 2 |
> | Advances (''Advance to Treasurer'') | | | | 629,569 | 5 | 8 |
> | Stores purchased | | | | 728,600 | 9 | 4 |
> | Cash in hand, at Banks, and in transit | | | | 1,036,182 | 12 | 5 |
> | Total (as above) | | | | £3,844,366 | 14 | 11 |

That passage of the Auditor General's report shows the manner in which our ordinary financial business is carried on during the periods in between receipts of revenue, and also by way of tiding over the interval between the flotation of one loan and the flotation of another. However, let us assume that a time occurs when it is impossible to go on the money market for a loan except at exorbitant rates, and that at the same time our trust funds have been operated on to the largest extent possible. Let us assume, further, that at this particular time, the financing of the rural bank from State Savings Bank funds having been arranged, there was a run on the State Savings Bank. Then we should find ourselves in a position where the Government's guarantee would really be of only doubtful value, inasmuch as the Government would not be able to make those ready advances which are needed in meeting a sudden large demand on State Savings Bank funds. In a time of depression there would be a much heavier run on the State Savings Bank than would occur under normal conditions.

Hon. W. T. Glasheen: Every bank is liable to that.

Hon. H. SEDDON: But a savings bank has to maintain a much larger proportion of liquid assets, and also has to place its investments in such securities as will be more or less readily saleable even in times of depression. If the State Savings Bank funds are to be invested in debentures of the rural bank, we may find ourselves in a position of not being able to meet a run on the savings bank as readily as we should be able to do, and thereby the disturbance and uneasiness of depositors would be increased.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. H. SEDDON: I was dealing with that phase of the Bill that controls the operations of the State Savings Bank and stressing the conservative policy that has characterised the operations of the bank up to the present time. It is generally recognised that the bank has a reputation for conservative business on which is based the confidence of the public. It is an important aspect of the work. It is well known that our banks have set up a policy of conservatism and thus have established the confidence of the people, which constitutes their greatest claim for merit in the future. I now wish to deal with the clause that will serve to inaugurate the rural bank department. It should be pointed out that this completes the entry of the State Government into the full sphere of banking operations. First we had the establishment of the State Savings Bank; then the extension to the Agricultural Bank, which has done splendid work in developing the agricultural areas; and now the proposal to establish a rural bank department; and the methods by which it is to operate, complete the entry of the State Government into banking operations generally. In other words, we are to establish another State trading concern, this time to engage in banking operations. It is a step respecting which our experience in the past should make us proceed exceedingly cautiously. That experience has demonstrated to us that the entry into the field of manufacturing or other business by the Government has always been attended with disadvantages and is associated with more inefficiency than characterises the conduct of private concerns. In considering the inauguration of the rural bank department, it is necessary to look into the conditions existing in the banking world to-day. Under that heading I would refer hon. members to a report of an excellent speech delivered by the chairman of the Bank of New South Wales at the annual meeting held in Sydney recently. The report of his speech was published in the "West Australian" of the 30th November. In the course of an interesting resume of banking conditions in Australia, the chairman made use of the following significant remarks:—

> Another proposal is that all borrowing by Governments and local authorities should be restricted to the Commonwealth, and that no loans should be raised abroad, a policy with which I agree. To adopt this policy now, however, would restrict all development work in Australia to such proportion of the amount of annual savings of the Australian community as could be attracted to investment in such loans. To borrow beyond this would create inflation, which has been referred to already in connection with the note issue. In a partially developed country such as Australia it is necessary for a time that capital in addition to the savings of the community should be attracted from outside to enable important schemes of developmental work to be carried on. To refuse absolutely to accept capital from abroad would be to slow up our development suddenly and limit it to our own capacity to undertake it. The latter is the more desirable course, but having pursued a policy of external borrowing for many decades, to turn round now and limit borrowing to the funds available in the Commonwealth would be to increase unemployment far beyond the conditions now obtaining.

At a later stage of his speech he said—

> Expedients, such as borrowing to provide employment, inflation of the note issue, or the maintenance of high prices by fixing money wages or restricting output, will lead us to harder times and greater difficulties. Expenditures must be reduced.

I quote those references because it is necessary to stress the important fact that at present the available funds for investments of any description in Australia are, and will continue to be, severely restricted. In considering the Bill before us we must ask ourselves the question, "Where are the funds to come from whereby the bank will operate?" We have the factor of the falling prices in connection with our primary industries. That fall will naturally be felt first in the primary industries. In other words, the law of the survival of the fittest will come into more general operation, and be felt more particularly by that portion of the community to which I have referred.

We may reasonably assume that as the banks necessarily tighten up their conditions, there will be a certain squeezing out of clients carried by the Associated Banks. The squeezed-out clients will look to the new bank to undertake their advances. We would be justified in saying that, in the process of restricted business, the Associated Banks would not squeeze out their best clients. It would not be upon them that the banks would exert pressure; it would be upon those who had made the worst showing in carrying on their operations. The latter class will constitute the clients who will come to the new bank to secure accommodation. I referred previously to the facilities the new bank will have to set up in order to secure confidential reports on clients, which is so important in connection with banking operations. The Associated Banks generally have a very complete and thorough system of obtaining advice not only regarding the assets of their clients but more particularly regarding their personal characters. The latter phase is of great importance in considering the amount of accommodation to be given to an individual client by a bank. The new bank would have to establish such a service of its own and the bank would naturally not be a welcome entrant to the banking world. It will be seen, therefore, that the new bank will have to establish additional facilities to obtain information about prospective clients, whereas those facilities are already possessed by the Associated Banks. The Associated Banks themselves are in need of funds. That fact can be recognised on every hand. In different parts of the Commonwealth and in different parts of the cities, high rates are offered for deposits, all indicating one thing —the urgent necessity the banks themselves feel for the provision of funds with which to extend their operations. The new bank will require funds and we have to ask ourselves what funds will be available. The report of the speech by the chairman of the Bank of New South Wales indicates that we are already severely hampered regarding the amount of available capital, and any attempt to increase the amount of credit is merely another method of inflation that will have a pernicious effect on the community. In Clause 8 of the Bill hon. members will see that the new bank is authorised to "discount bills, drafts and Government securities; to issue bills and drafts and grant letters of credit; to borrow money; to make advances by way of loan, and grant overdrafts payable on demand to agricultural, pastoral, rural, or primary producers, or to persons carrying on industries immediately associated with rural pursuits, on the security of land, crops, wool, stock, plant or machinery, personal security, guarantees by co-operative societies or associations, promissory notes, bills of exchange, or other security approved by the bank." These are all factors of banking that require a highly skilled personnel to carry out and administer effectively. It must be borne in mind that the inauguration of the new bank will greatly depend upon the provision of a staff comprising a skilled personnel. When considering the formation of such a staff for the new bank, we must remember that the work to be undertaken by the institution is quite out of the ordinary State Savings Bank business and also out of the scope of the Agricultural Bank operations. The work represents a type of business in which experience is not available to the officers either of the Savings Bank or of the Agricultural Bank. The rural bank department will necessitate the appointment of an entirely new staff. It is probable that the Government will find it difficult to obtain an efficient personnel from the State banking institutions that are operating to-day. The Bill provides that the rural bank may make use of savings bank funds and a reference to Clause 5 makes that clear. It sets out that moneys to the credit of the savings bank department may be used for the purposes of the rural bank department, and money to the credit of the rural bank department may be used for the purposes of the savings bank department, subject to monthly adjustments between the respective departments. A further provision exists in the Bill whereby debentures may be issued by the rural bank to the savings bank, or to the general public. In order to provide the capital necessary, where these are issued by the Rural Bank, they are to have the same standard as Government securities, but I contend that that will mean they will not have the same readily saleable value of other Government securities. That will be a departure from the established policy of having the savings bank funds invested in readily realisable securities. In these circumstances there could not be a more inopportune time for the establishment of a new bank than the present. There is also this factor, that in undertaking ordi-

nary banking business, the associated banks are taking risks that are met out of capital and reserves. While provision has been included in the Bill whereby certain reserves will be provided against losses, the fact must not be lost sight of that any losses over and above those reserves will have to be borne ultimately by the Government. That brings in a very undesirable feature of this new departure. In these circumstances, I feel we would be justified in extending opposition to the Bill, particularly as the present time is most inopportune for the establishment of such an institution. There is another phase of the establishment of State banking that requires emphasis, particularly in view of the policy of the Federal Government who control the Commonwealth Bank. In the course of his remarks the Minister said that we could look for sympathetic dealings on the part of the new bank towards its clients. I think we should expect that to be the policy instituted by the rural bank, but one is inclined to ask the question, "Just exactly how far will there be interference with the activities and operations of the directors of the new bank?" I am prompted to ask that question because of the significant remarks made in connection with our Australian banking policy, which has been advocated by the Federal Government in dealing with amendments to the Commonwealth Bank Act. In the course of an article, which was published in the "West Australian" of the 24th November, the following appeared—

> It has been found that most of the shipments of gold from Australia have been made for the purpose of maintaining the credits in London of certain importing houses. Under the new method total prohibition is not aimed at, but the Treasurer will be required to satisfy himself of the purpose for which gold is being sent out of Australia.

That is a significant new departure in the policy of the Government in connection with the Commonwealth Bank, a departure that is wholly undesirable. It will be remembered that the policy of the bank is along certain set lines, and any departure from those lines, unless taken by a person thoroughly and entirely acquainted with the whole procedure and its consequences, must be viewed with grave suspicion.

Hon. H. Stewart: The Federal Treasurer might apply that to gold and that would put a brake on the mining industry.

Hon. H. SEDDON: Exactly. As a matter of fact no commodity is more acutely in demand in Australia than gold, and with the probable trend of our foreign trade it is likely that a considerable quantity of gold for export will be essential.

Hon. H. Stewart: We shall want another Gold Producers' Association.

Hon. H. SEDDON: There is one very disquieting sentence in the newspaper report to the effect that some members of the party were strong advocates of an inflation of the note issue, but it was understood that that course had been definitely rejected. To my mind the disquieting feature of the report was that the question had been considered at all, because anyone with the slightest recollection of the disaster that occurred in certain European countries from interference with the note issue and the ratio between the gold reserves of the Government and credit, must realise what a vicious course this would be for any Government to embark upon.

Hon. J. Cornell: It was only supposition by the newspaper that the Government would do it.

Hon. H. SEDDON: The report says that some members of the party were strong advocates of the inflation of the note issue.

The Honorary Minister: They are not all financial experts.

Hon. H. SEDDON: That is quite evident, and it is one of the things that makes me discuss this Bill with a view to its rejection.

Hon. J. J. Holmes: You can only create wealth by work.

Hon. H. SEDDON: Yes; and it is possible to maintain the foreign trade balance only by exporting commodities to pay for imports. In establishing a bank, it is impossible to create wealth by writing credit. There must be some wealth behind it and there must be unimpeachable security. The only funds available to the proposed new bank are those that at present are being profitably employed by the savings bank. I feel that this measure would authorise a departure which would be not only a very dangerous one, but which, in the present state of the country, would be a most undesirable one from the point of view of the people's savings. From that standpoint, I strongly urge the House to reject the Bill, maintain the high standard that in the past has been associated with savings bank operations, and protect those funds from being

utilised in the very risky field of ordinary banking operations. In the circumstances, I have no option but to oppose the Bill.

HON. G. W. MILES (North) [7.47]: I endorse the remarks of the previous speaker. The savings bank as at present constituted is doing good work for the State. The Agricultural Bank, too, is fulfilling its functions satisfactorily by assisting people on the land, up to a certain point, to develop their holdings. The private banks step in and take over mortgages, and then funds are repaid to the Agricultural Bank and can be used again to assist other settlers. As has been pointed out by Mr. Seddon, if this Bill becomes law, the Government will be starting another trading concern, and for that reason I am strongly opposed to the measure. The Government propose to embark upon the risky business of discounting bills, granting overdrafts and such like. That is not a function of the Government, and it is particularly undesirable at this stage of the State's history. I hope the House will do as Mr. Seddon suggests—reject the Bill. I have a few notes on the Bill that are worth quoting. Is there any real necessity for the suggested rural bank on the lines proposed by the Government? If so, would it be necessary to carry out all the functions proposed, most of which are apparently being carried out satisfactorily by the Commonwealth Bank as well as the trading banks, the latter having 250 branches spread throughout the State? If there is real necessity for the rural bank as proposed, is the present an opportune time to bring it into existence when the financial stringency is so apparent to all? If a rural bank is decided upon, would the financing of its operations by taking funds from the trading banks really be in the best interests of the State? I say it would not be. The trading banks know their business and have branches established throughout the State, and they are serving a good purpose in assisting the development of the country. Is it possible that such action by the Government might bring about a reduction of advances by the trading banks? That is what the result would be.

Hon. J. Cornell: The struggling cocky cannot get advances from them.

Hon. G. W. MILES: The struggling cocky is assisted by the Agricultural Bank. There has been too much assistance given to men without money in this country. The people are taxed to provide for men who possess not a bean. The Agricultural Bank and the Industries Assistance Board have done good work, but I do not want the credit of this country to be further taxed to assist people on the land when we have institutions that can assist them.

The Honorary Minister: Is it a crime to assist them?

Hon. G. W. MILES: No.

The Honorary Minister: Well, why not assist them?

Hon. G. W. MILES: We are assisting them.

Hon. C. B. Williams: Then what are you growling about?

Hon. G. W. MILES: I am contending that we are doing all that is necessary. There has been no policy in this country for a man possessed of capital. The whole policy has been to tax the man with money in order to assist the man without money. That has been the policy, not only of the present Government, but of past Governments, and I am strongly opposed to it. Some efforts should be made to encourage men of capital to come here and, when they come, they should be given a fair run. The administrative and general running expenses of the proposed rural bank would doubtless be heavy, and would in the ordinary business course have to be met from banking profits generally. Is it the intention of the Government to adopt a liberal lending policy at low rates of interest? That evidently is the intention of the Government. How is it to be done? Where is the money to come from unless men with money be taxed to finance people without it?

Hon. C. B. Williams: So that they can eventually make more.

Hon. G. W. MILES: Bad debts would in time have to be provided for somehow. Are the Government prepared to face heavy losses? According to the interjection of Mr. Cornell, they are.

Hon. J. Cornell: Have they suffered heavy losses to date?

Hon. G. W. MILES: In connection with the Industries Assistance Board, yes. If a conservative policy is proposed and the bank is run on prudent business lines, would it be any more helpful to the people whom the Government desire to assist than the trading banks now are? When an

man has an equity in a property, the trading banks are prepared to assist him. It is possible to square up with the Agricultural Bank and make the money available to that bank to finance other new settlers. In doing that we are going quite far enough. The trading bank averages recently published show that the advances in this State total £19,270,000.

Hon. J. Cornell: Against about £29,000,000 worth of security.

Hon. G. W. MILES: It is not so much a question of security as whether it is possible to get the cash with which to make advances. The trading banks have their capital accounts and reserve funds which have been established for many years. It has been said that owing to conditions in the Eastern States, money lodged as deposits here has been used to benefit those States.

The Honorary Minister: Is not there some truth in that?

Hon. G. W. MILES: No; and I shall quote figures to disabuse the Honorary Minister's mind.

The Honorary Minister: It is information that we want.

Hon. G. W. MILES: This is authentic information. While advances total about £19,270,000, deposits amount to £10,765,000 the excess of advances being £8,505,000 During last year when the financial crisis occurred in the East, advances in this State increased by £3,450,000, while deposits increased by only £330,000. Those figures show that the reserves of the trading banks are being utilised in this State to assist in the development of the country. Where do the Government propose to get their capital to finance the proposed rural bank?

The Honorary Minister: Borrow it.

Hon. G. W. MILES: Where can they borrow it? They cannot get it in the State and, if they take it from the savings bank, they will be risking the deposits of the people to assist propositions in doubtful rainfall areas.

Hon C. B. Williams: You know better than that.

Hon. G. W. MILES: I am on sound lines when I say that. It would appear therefore that the trading banks have helped considerably in the development of the State, in spite of the poor seasons recently experienced in the Eastern States. That cannot be denied. The only way in which the Government could raise money to finance the proposed institution would be to borrow overseas. How could they borrow overseas at the present rate of interest.

Hon. J. J. Holmes: They could not.

Hon. G. W. MILES: Even if they could, it would be impossible to bring the cash into the country. All they could do would be to take the equivalent of the money in goods.

Hon. J. Cornell: How did they finance the State Insurance Office?

Hon. G. W. MILES: An explanation will be given, not by Ministers but by members, as to how the State Insurance Office has been conducted. That office is being illegally carried on by the Government.

The PRESIDENT: Order! We are not discussing the State Insurance Office.

Hon. G. W. MILES: I intend to connect it with my remarks by referring to the interjection made by Mr. Cornell.

The PRESIDENT: There can be only an incidental reference to State insurance.

Hon. G. W. MILES: This is another trading concern that the Government propose to start with the sanction of Parliament. The State Insurance Office was started without the sanction of Parliament. I hope Parliament will not approve of this trading concern. If it is considered advisable to have a rural bank on the lines suggested, apparently the best way to help the State would be to finance the new bank with funds raised in London. Such funds cannot now be obtained except at exorbitant rates. It would not help the State as a whole if the Government merely enticed deposits away from the trading banks. If the money be raised in London, as I have pointed out, we can get it only in the shape of goods, and when goods are imported, 40 per cent. to 50 per cent. on their value has to be paid into Commonwealth revenue under the high protective tariff. If we raised a couple of million pounds in the Old Country, we would net only about one million for the use of the new bank. The other million would go to swell the tariff revenue of the Commonwealth. Thus the State would never have the benefit of the full amount borrowed. Would it not be in the best interests of the State as a whole and all concerned if further consideration of the proposed bank were postponed until funds with which to finance a rural bank could be obtained from abroad or until the financial position in Australia eased considerably? In my opinion it would. What would be the use of starting a rural

bank unless the requisite money could be obtained from the Old Country at a very cheap rate of interest? To borrow at a cheap rate of interest would be essential if the proposed bank were to be enabled to lend the money at a reasonable rate. The rural bank would probably at times of financial stringency have less resources and lending capacity than trading banks. What is proposed is an impossibility; even if such a bank be started it will interfere with the trading banks and, as has already been pointed out by Mr. Seddon, those banks will not be in a position to make the advances they have made in the past, and overdrafts will be called in, and probably a crisis will follow. Thus the people who in the past have been assisted by the associated banks will be deprived of the facilities that are at their disposal to-day. It cannot be said that the figures of the Commonwealth Bank show a similar proportion of advances to deposits. On the other hand, the figures I have quoted are proof of the good work the associated banks have done in the way of assisting to develop the country. Is further State enterprise as against private enterprise necessary or desirable? The Government have quite enough to do in attending to the ordinary functions of Government without interfering with private enterprise. If they would only steer clear of private enterprise, the State would be run on better lines. I think I have set out the matter pretty clearly, and I have no wish to detain the House any longer. I hope the Bill will be rejected, because it is not necessary at this stage, nor at any other stage, for the Government to start additional trading concerns. I oppose the second reading of the Bill.

HON. J. CORNELL (South) [8.3]: When speaking on the Address-in-reply, I expressed my determination to support any proposal for the establishment of a rural bank. I intend to do so. I know very little about banking, and I have never had an overdraft in my life. I maintain that a rural bank is the logical outcome of the Agricultural Bank. What is the position to-day under the Agricultural Bank? All the arguments used by Mr. Seddon and Mr. Miles were advanced against the formation of the Commonwealth Bank, and those very same arguments could be just as logically used to-day even against the continuance of the Agricultural Bank. It has been said that the rural bank will be subsidiary to the Agricultural Bank. I hope that every agricultural member in the House will support the formation of the rural bank because the establishment of it will be in the interests of the agriculturist, and he is the man who cannot get help to-day from the associated banks.

Hon. G. W. Miles: Increase the capital of the Agricultural Bank.

Hon. J. CORNELL: But what is the position of the Agricultural Bank to-day? It makes advances against fixed improvements only. Take the No. 2 Zone. It will advance up to £1,500 against clearing, fencing, water conservation, and it will provide a certain amount for a camp and a certain sum for fallow.

Hon. G. W. Miles: Well, what more do you want?

Hon. J. CORNELL: And a given amount for machinery. For fallow the advance is up to £150 at the rate of 5s. an acre, and advances are made on a 30 years basis against fixed improvements. That is as far as the Agricultural Bank will go.

Hon. G. W. Miles: Do you expect the rural bank will go any further?

Hon. J. CORNELL: I would like to tell the House something about the position of thousands of clients who are under the Agricultural and the chartered banks. Fortunately for Western Australia, the State has a buoyancy and solvency for which the low land values are largely responsible. The values are low in comparison with those of the other States. In some parts of the State, where advances have been made by the Agricultural Bank up to £1,500, there is no land value, that is, as far as the saleable value of the land is concerned. At any rate the selling values to-day may be 10s. or 15s. What is the position of the Agricultural Bank's client? After having received £1,500 or £2,000 on fixed improvements in the No. 1 Zone and £1,500 in the No. 2 Zone on fixed improvements, the bank will carry him no further. The client may have an equity in his land of, say, £1,000 over and above what the bank has lent him. It is good business, but not good enough business for the associated banks. That is where the rural bank could render assistance, the client having good security over and above what he had borrowed from the Agricultural Bank. I should like to quote an in-

stance that came under my notice, and it is one of many that could be mentioned. A settler from the Karlgarin district asked me to go to the branch manager of one of the associated banks and make the request that he be taken over from the Agricultural Bank. The manager wanted to know when the Lake Grace-Karlgarin railway would be started, and he added, "As soon as the first sod is turned, I will give you double what you ask for."

Hon. J. J. Holmes: That manager knew his business.

Hon. J. CORNELL: Of course he would not go after anything unless it was gilt-edged.

Hon. W. T. Glasheen: The man could not have asked for much.

Hon. J. CORNELL: No; he wanted the Agricultural Bank security taken over and £400 advanced.

Hon. W. T. Glasheen: How many acres?

Hon. J. CORNELL: Mr. Glasheen knows the man and the property. That might be said to be the position in regard to hundreds of settlers in this State to-day. I know a man in the district where I am. He is solvent, and has garnered 4,000 bags of wheat. He does not owe the Agricultural Bank more than £1,000, but he cannot get a twopence overdraft. It is the same with many other settlers in this State. Mr. Miles has said that we cannot make advances unless we have the money. If that policy had been adopted from the beginning, Western Australia would not have produced half the wheat that we are accounting for to-day. If we do not back up the men on the land, we might as well shut up shop.

Hon. J. J. Holmes: You are backing them considerably.

Hon. J. CORNELL: We are backing them with public money up to a certain point, and when they have an equity and a security over and above what they owe the Agricultural Bank, they have no option but to go to a chartered bank and ask to be carried further.

Hon. G. W. Miles: And if the security is right, those banks will take them on.

Hon. J. CORNELL: If we are to use the taxpayers' money to carry on a farmer up to a certain point, it is only logical that we should carry him still further.

Hon. G. W. Miles: Where will you get the capital?

Hon. J. CORNELL: The same question was asked when the Agricultural Bank was being formed. I am given to understand that the Agricultural Bank has never been a losing proposition. On other hand, the Industries Assistance Board has lost a considerable sum. Why? In 1914 the Industries Assistance Board was established to back the man on the land and keep him there. Even if the State lost a million through the Industries Assistance Board, indirectly the gain to the State in keeping many men on the land has been incalculable. Take the position of the man on the mallee land in Victoria. During the last four years he has been backed by the State to the extent of a million pounds. It must be the function of the State to support the man on the land when he is up against a difficulty. Whenever that is done I venture to say that the State is the gainer. The State can never be placed in the same category as a chartered bank or individuals who are running a concern for profit. I have yet to learn that the associated banks exist for anything else. I support the rural bank proposal because it is the logical outcome of the Agricultural Bank. We should not use State money to establish a man on the land, to take him up towards the stage of productiveness and independence, create an equity, and then refuse to allow him to continue to do his business with the State. The question has been asked as to where the money will come from. We might ask where the money came from for the establishment of workers' homes.

Hon. W. T. Glasheen: Why not broaden the Agricultural Bank?

Hon. J. CORNELL: Personally I would like to see that done, but that is a question for our financial advisers. I do not think anything in the shape of a fabulous amount would be required. The Workers' Homes Board did not need any very large sum, and that institution has done its work admirably, and no one can point a finger of suspicion at any of its results.

Hon. G. W. Miles: What about soldier settlement?

Hon. J. CORNELL: A lot can be said about group settlement.

Hon. G. W. Miles: More than we can afford has been spent there.

Hon. J. CORNELL: I venture to say that what has been lost on soldier settle-

ment is largely due to two factors: that is the soldier himself, who at that time was prepared to agree to pay any sum whatever for a property; and then there was the public generally, who insisted upon the Government and the controller putting the man on the land. I happened to be on the R.S.L. Land Settlement Board, and members, if they were to turn up the records of the Soldier Settlement Scheme, and peruse the minutes of various properties, would find that in 85 per cent. of the instances Mr. McLarty minuted them to the effect that they were over-valued and would have to be written down. As to group settlement, I have always said we can never measure the indirect gain to the State from group settlement by the direct losses incurred; any more than the indirect gain from the irrigation schemes of Victoria and New South Wales could be measured by the direct losses upon those schemes. I hope members will take a lenient view of the Bill and not regard it as the coming of another State trading concern. Those who are running State institutions such as the Savings Bank, the Workers' Homes Board, and one or two others, if given a free hand with the finances and not pushed on by members of Parliament, will compare favourably for judgment and acuteness with any set of private citizens acting as directors of a chartered bank. I will support the Bill, and I hope members will deal with it on its merits. I do not expect there will be any wild orgy of borrowing to finance the bank, nor any orgy of lending when the bank is established.

Hon. G. W. Miles: Do you believe in discounting bills?

Hon. J. CORNELL: There will not be much discounting of bills by the rural bank. Those conducting the bank will use just as much business acumen and common sense as do the people running the chartered banks. The object of the Bill really is to provide an institution that will carry on the settler who is a client of the Agricultural Bank, and who has a fair equity and security over and above what he owes to the Agricultural Bank.

HON. SIR EDWARD WITTENOOM (North) [8.20]: After the excellent speeches delivered by Mr. Seddon and Mr. Miles there seems little occasion for me to add anything. But, unfortunately, I have to state that I intend to vote against the second reading, on the ground that the proposed rural bank is unnecessary and quite superfluous. For one thing, the State already has two excellent banking institutions which, as Mr. Seddon has said, are carried on in a most satisfactory manner and are affording facilities for public money to be advanced to a large section of the population on terms which are quite suitable to both parties. Another reason why there is no necessity for the proposed rural bank is to be found in the activities of ten trading banks doing business in the State. All of those banks are willing, and even anxious, to extend help by advancing money to assist in the development of the country in every way. So in my opinion the Government have no right whatever to introduce another institution such as this proposed trading bank. By doing that they would be coming into competition with the efforts of private enterprise to provide funds for people who require them. Mr. Cornell's only argument was that we must have a rural bank because we must have it, and therefore we ought to have it. Mr. Cornell declared the proposed rural bank was not to be a trading concern. Yet it is going to do exactly the same kind of business as the trading banks are doing. So, if the term "trading banks" applies to those ten banks carrying on exactly the same business as it is intended the proposed rural bank shall carry on, I think unquestionably the proposed rural bank can be referred to as a trading concern. Certainly, when that rural bank is established, it will be as much a trading bank as is any of the existing trading banks. These two Government banks we already have were instituted for special purposes. I remember when the State Savings Bank was first opened.

Hon. G. W. Miles: You were the first depositor, were you not?

Hon. Sir EDWARD WITTENOOM: I forget, but if I did deposit anything in the bank, it was not left there long. The State Savings Bank was then intended as a place where people could accumulate small savings. It was never intended as a trading bank. For a long time depositors had to give some days' notice before they could withdraw their money. Now it is almost like a trading bank, in that it offers all the conveniences of a trading bank. The Agricultural Bank also was instituted for a special purpose, the purpose of helping the

man on the land. Undoubtedly it has been of great assistance to farmers and settlers, but unfortunately discrimination has not always been shown in the granting of that assistance, and in consequence from time to time a considerable amount of money has been lost, either by advancing against unsuitable country or by advancing to unsuitable men. But, taken by and large, the bank has been of very great service to the country. Mr. Cornell, supporting the establishment of the proposed rural bank, said that when any client of the Agricultural Bank had an equity in a property and was unable to borrow any more from the Agricultural Bank, it was necessary that there should be this rural bank for him to go to. The hon. member was quite wrong in that. In my experience when the Agricultural Bank was charging 5 per cent. interest, numbers of Agricultural Bank clients came to the bank with which I am associated and, stating that they had a large equity in a property, asked would the bank take it over and pay off the Agricultural Bank. We always sought to dissuade them. We said, "Keep your Agricultural Bank advance, and we will take your second mortgage and advance you the money against your equity." That was done until eventually, when the bank rates were all the same, the trading bank usually paid off the Agricultural Bank and took the first mortgage over the land. So Mr. Cornell will see that the difficulty in his mind about these equities does not exist unless, indeed, the equity was of such a nature that the trading banks would not take it, in which circumstances no Government institution should make an advance. To give an idea of the business the trading banks have been doing, and to show how unnecessary it is to establish a rural bank, let me say that the institution with which I am connected has advanced £2 for every £1 of deposit it has had during the last few years.

Hon. J. Cornell: Where?

Hon. Sir EDWARD WITTENOOM: In Perth.

Hon. J. Cornell: Yes, but not in the country.

Hon. Sir EDWARD WITTENOOM: I mean in Western Australia. If the hon. member had not interrupted me so abruptly, if he had allowed me to finish my sentence, I would have told him that the aggregate amount advanced by the bank is something like £8,000,000, and that nearly all of it has been advanced to farmers. So there is definite proof that there is no necessity for this proposed rural bank. And it must be remembered that I am speaking for only one banking institution out of ten, and that all ten of them have been making large advances for some years past. In fact, there has been a good deal of competition among the banks in making these advances. Various banks have been establishing branches all over the State and giving every possible facility to the man on the land when he had anything fair to offer them. Unfortunately, too, everything points to a very strenuous financial crisis ahead of us. Money is going to be very tight and, as a result, advances will be restricted as far as possible.

Hon. G. W. Miles: The reserves of the private banks are going to save Australia.

Hon. Sir EDWARD WITTENOOM: I thank the hon. member for that interjection. Even supposing this proposed rural bank were required, it is not an advantageous time to bring it into operation. Money is going to be very tight, and I think the Government will find a great deal of employment for capital without indulging in any fresh development. Another point, which Mr. Seddon touched upon, is the difficulty of getting competent officials. There has been a great deal of competition amongst the various trading banks owing to the establishment of so many branches, and great difficulty has been found in getting competent officials to take charge of them. If those banks, with all their various institutions, cannot secure competent officials as quickly as they would like, how can a new institution such as the proposed rural bank secure satisfaction in that regard? Certainly it will experience some difficulty in finding competent officials to take charge of its branches in country towns. Therefore I shall vote against the second reading.

HON. H. STEWART (South-East) [8.30]: The point to be deduced from the remarks of Mr. Seddon, who showed the additional liability that the proposed rural bank would incur, is that it might to a certain extent shake the confidence of prospective depositors in the State Savings Bank. We should be careful to guard against anything of that kind as the State Savings Bank is in competition with the Commonwealth Savings Bank, and if depositors felt that their money would be safer in the Commonwealth Savings Bank,

and the rate of interest were the same, the deposits in the State Savings Bank would be likely to suffer. Like Mr. Cornell I would be glad to support a rural bank that proposed to benefit the agricultural industry, provided it were based on sound principles. Two years ago the subject of rural banks and banking was exhaustively investigated by the Migration and Development Commission, who asked the British Economic Commission—a permanent body—to report to them on rural banks throughout the world. The British Commission detailed the latest developments in the United States of America and Europe, but no concrete suggestions were offered to meet the real requirement, namely cheaper money to make possible profitable agricultural expansion. According to the report, the only really successful rural banking scheme was in Denmark, and there it was conducted purely on a co-operative basis, the agriculturists depositing their surplus cash to provide the capital for the banks. I can understand a scheme of the kind being possible in an established country where money is much cheaper than it is here, but I fail to see how under the proposed scheme the agriculturists of Western Australia are likely to receive any appreciable benefit. Apart from the possible shaking of confidence in the State Savings Bank, must be considered the necessity for organising a new staff of capable men if the State is to launch out on this new business. If it is a question of the Agricultural Bank being unable to advance to its clients sums in excess of the maximum prescribed by the Act, it would be better, where clients have a substantial equity in their properties, if we amended the Agricultural Bank Act to permit of greater advances than amounts based on improvements actually carried out. I regard this proposal as a rural bank in nothing but name. I think it will achieve nothing appreciable as compared with the risks that would be entailed. The associated banks in this State have done much for the agriculturists in giving credit and facilities. As far back as 20 years when agricultural development was much less advanced than it is to-day, I felt that in many instances the trading banks were, to say the least, extremely generous. Viewing the whole position as I do, I cannot give the Bill my support.

HON. J. NICHOLSON (Metropolitan) [8.36]: The ostensible purpose of the Bill is to establish a rural bank and incidentally make certain amendments to the legislation affecting the State Savings Bank. When we realise that the Bill has for its main object the creation of a new department, and a very important alteration of the law relating to the State Savings Bank, we must regard the matter with much more seriousness than it has apparently been regarded by those responsible for the introduction of the Bill. Views have been expressed that show the trend of opinion to be in opposition to the Bill. I am not surprised at that. Notwithstanding the opposition expressed, I feel sure that members desire as strongly as I do to assist in every possible way the men engaged in the development of our country districts. There is no member of this House who is averse to giving legitimate assistance to the man struggling on the land. When we are asked to enter into a new realm quite different from what has been regarded as the legitimate function of a savings bank, however, we have to view the proposal with great caution. The purpose of any savings bank, as members well know, is that it shall be a bank of deposit. That is its primary and essential purpose. In the past, the Government have shown commendable wisdom in the care exercised when new banking concerns have sought to establish themselves in our midst. Not only with regard to new banking concerns have the Government exercised caution, but in more recent years, when there has been a desire to establish insurance companies, the Government have considered it right to protect the people against what might be termed bogus companies, and have demanded a deposit of a substantial sum from every company carrying on business in the State. Those deposits are intended to afford security that the obligations undertaken by the insurance companies will be performed. So recently as 1924 we passed a Private Savings Bank Act, a perusal of the provisions of which is very interesting in the light of the Bill now before us. That Act is designed, wisely I admit, to regulate the establishment of private savings banks in this State. The Act authorises the Government to issue licenses for banks that may be desirous of carrying on savings bank business. A private savings bank is defined as meaning any bank, company, co-partnership, society, institution or person which or who is competent, or but for the prohibition contained

in this Act would be competent to undertake savings bank business in this State, and is either actually engaged in such business or has made the necessary preparations and provided the necessary means for so engaging. Then it defines "savings bank business," and this gives point to the argument I intend to advance regarding the proposal to amend the State Savings Bank Act. "Savings bank business" means the business of receiving small sums of money by deposit, although the aggregate amount so deposited may be unlimited, and the allowance of interest thereon or a limited portion thereof so that, subject to withdrawals, such moneys may accumulate at compound interest. The expression also includes any business ordinarily carried on by a savings bank having relation to any moneys so deposited and withdrawals from such deposits. It does not include or extend to the business of receiving money on deposit for fixed periods at interest by joint stock or incorporated banks engaged in or carrying on ordinary commercial banking business; nor does it include any building society or mutual cooperative or benefit society receiving deposits or loans at interest from its members or others, provided the deposits or loans received from other than members are in sums of not less than £100. In addition to a license being required from any person or company desirous of carrying on a private savings bank, it is necessary for the licensee to deposit with the Government £10,000 by way of security for the performance of the obligations undertaken. Having regard to the wise precautions exercised in the past, realising that the State Savings Bank was intended to receive moneys on deposit, and realising also that it was never intended that the savings of depositors in the bank should be utilised as is proposed by this Bill, one is forced to the conclusion that the measure has been introduced without the fullest examination of the risks involved. I support all that Mr. Seddon has said as to banking being a science. In the receipt of money on deposit by the State Savings Bank there is not involved the great risk nor the great science that are essential in the conduct of the business of commercial banks, as we know them to-day. We have also to view a Bill like this from the standpoint of the troubles that many of our banking institutions have passed through in former years. We remember the great trouble that assailed the banks some years ago, particularly in the other States. Our own old bank weathered that storm. The effect was not felt here as it was felt in the other States. It becomes all the more necessary, therefore, before we give authority to any Government to enlarge the powers of the State Savings Bank so as to undertake all the functions, duties and powers of an ordinary trading bank, that we should examine every one of those powers with the greatest of care. If we look at the Bill as it stands, and have regard for the position of any institution that is going to establish itself in our midst, the first question that presents itself, concerning the fitness of the institution to carry out its obligations, is, what is the capital of the concern? Then we should ask ourselves how it is going to be carried on, what is the personnel? We should have information regarding those who will be at the head of it and will control it, of whom will the board that will assist in directing operations consist, and satisfy ourselves that we have confidence in these people, and that the proposed capital is sufficient? Strange to say there is no mention of capital in the Bill. There is a shocking disregard of the wisdom to which I have referred, namely, of exercising care. Clause 5 indicates that the capital is going to be subscribed largely from the Savings Bank, and the deposits of the people who have placed small sums with that bank. I remember reading the debates in another place, and noticing it was intended to get other capital, but there is no evidence of that in the Bill. If we were given the prospectus of some banking business, we should naturally look to see what the capital was, and what the personnel of the directors was. In this Bill we see none of these things. These most important details that should be furnished to us are absent. I cannot see my way to support a measure so devoid of these essentials. Subclause 3 of Clause 5 sets out that subject as thereinafter provided, no money belonging to either department shall be used for the purpose of the other department, and no liability incurred, shall affect the other department or the funds thereof, provided that money to the credit of the Savings Bank department, may be used for the rural bank department, and money to the credit of the rural bank department may be used for the purposes of the Savings Bank department, subject to a monthly adjustment between the two. If we passed a Bill contain-

ing a provision such as this, we would rightly be assailed by the people as having done something that was unjust and was probably threatening the fate of their Savings Bank. I want to see that the people who have entrusted their savings to the State bank are safeguarded to the utmost. If we passed a measure such as this, we should be unworthy of the trust reposed in us. Having regard to all that has been said, I can only follow along the lines laid down by other members, and express my opposition to the Bill. I say that with deep regret. I am anxious at all times to afford every possible help to the man on the land. There is a very simple way by which that help can be given, namely, by extending the limit of the advances that may be granted under the Agricultural Bank Act. If these advances were liberalised, I feel sure that existing difficulties would be overcome. Before any measure of this kind is again introduced, I trust that the Government of the day will submit it to a select committee, so that the closest investigation may be made into the whole subject, and recommendations put forward that may guide the Government in framing legislation of the wisest nature. Nothing is more dangerous to the development of any country or calculated more to hinder its progress than unsafe methods of banking. I oppose the second reading of the Bill.

HON. W. T. GLASHEEN (South-East) [8.57]: I cannot support the second reading. Were this Bill to extend and liberalise the advances made to settlers under the Agricultural Bank Act, it would have my heartiest support. Probably very few members of the community have any knowledge of the intricacies of banking. It is one of the greatest problems in the world of finance. I do not pretend to know much about the subject myself. It has been said that banking is a science. I agree with that. We know that whatever Government may be in power an institution that is run by the Government is rarely run on scientific lines.

Hon. E. H. Gray: Would you say that about the Commonwealth Bank?

Hon. W. T. GLASHEEN: That was established to develop the great reproductive resources of Australia, just as the State Savings Bank is being used to develop the resources of this State. I have been told, on the best of authority, that the Commonwealth Bank advanced £130,000 to a trumpery picture show, on a joint and several guarantee as well as other security. This is an instance of the kind of business that is being done by the Commonwealth Bank, which was established to develop the reproductive resources of Australia. Evidently the business of that institution leads into channels of a most undesirable character. When a person gets an overdraft from one of the associated banks, he does so on certain security. These banks blow hot and cold. One day they run about the country expressing their anxiety to lend people what they ask for. After the money has been advanced, something happens in international commerce, trade, or finance, to alter the whole outlook, and they then ask people to pay off the overdraft which but a little while before they had gladly allowed. That makes for uncertainty in the position of the man on the land. His financial position is all right one day, and the next day or next year he has to go to someone else for his monetary needs. The Agricultural Bank takes a man to a certain point. In the past it has taken hundreds of settlers to a point when they could get no further. Instead of the bank helping them, it has really caused some of them to commit financial suicide. They have reached the point when they could not carry on, and the bank had reached the limit allowed by statute, and could not exceed it no matter what the security was. The settlers are therefore left stranded, and because of that in many instances they have had to walk off their property. We frequently find that the associated banks recognised that an equity did exist in the land, and as a result have been able to get most profitable business, which has been deemed to be outside the scope of the Agricultural Bank. That being so, I cannot see the necessity of establishing a brand new banking institution, when the whole difficulty would be overcome by liberalising the advances that can now be made by the Agricultural Bank.

Hon. H. Stewart: The Agricultural Bank know the personnel of their clients.

Hon. W. T. GLASHEEN: And they know their business, too.

Hon. H. J. Yelland: Do you suggest that the Agricultural Bank should be turned into a cheque-paying institution?

Hon. W. T. GLASHEEN: I do suggest that with all the energy at my command. I have had a lot of dealings with the Agricultural Bank and know as much of its methods as most people. It is a roundabout system and not practicable. A settler requires a loan upon his property, and makes application for it and encloses a certain percentage with his application. The bank then instructs the local inspector to visit the property and make a report upon it. Perhaps three months, six months, or even 12 months later the report is sent to the head office which sits in judgment upon it. After another period of waiting, the bank intimates to the settler that his application has been successful or otherwise. This method makes for uncertainty and great delay. People have been prevented from putting in their crops for six months on account of it. Owing to this inefficiency hundreds of individuals have suffered. A man may have an equity upon his place equal to, say, half the amount that has been advanced by the Agricultural Bank. Why is it not possible for that institution to send along a valuer and say, as is done in the case of associated banks, "Go on writing your cheques up to £5,000, although we have already lent you £3,000. Your limit is £5,000"? If that system were adopted, and the example of the chartered banks followed, it would do away with a lot of the roundabout system and red tape which are so unsatisfactory to all concerned. I really do not know the intricacies of banking operations, but to me as a layman it seems that it would be far simpler could we extend the scope of the Agricultural Bank to meet the needs about which we are so concerned. Because of that uncertainty, too, as to the lending of money to-day and calling it in to-morrow, there are other institutions, such as life assurance companies, lending money at a lower rate of interest and on fixed mortgage. An astonishingly large number of people have left the Agricultural Bank and gone to the associated banks, and, finding those banks too uncertain, have again left them for other lending institutions. Thus the insurance companies are getting the business. I cannot vote for this measure. I would enthusiastically vote for a measure that would extend the scope of the Agricultural Bank so as to meet the conditions regarding which we are all so anxious. Mr. Cornell, by way of indicating a sign of the safety of the rural bank, said that nothing was more certain than an increase of land values in Western Australia. I hope the hon. member is right, but I hope he is not too right, as unduly high land values have been a curse of the world and one of the greatest curses of the Eastern States. When land values go over their economic base, there is trouble around the corner; and it is not long before bank crashes eventuate. Personally I doubt whether the increase indicated by Mr. Cornell will occur. Two years ago wool and wheat happened to be somewhat higher in price than they are to-day; and since wool and wheat prices have fallen, the average price of rural land has fallen by 30s. per acre. That is within the last three years. I have not calculated the effects of the tariff schedule recently published, because it is impossible to do so; but I venture to predict that its final result will be the compulsory finding of another five millions of money by rural industries. Moreover, there is nothing to show that there will not be another increased schedule as time runs on.

Hon. G. W. Miles: And that will again push down land values.

Hon. W. T. GLASHEEN: It is a symptom of the wretched fiscal system we have adopted that the more one gets of it, the more one wants. Tariff increases are flowing along on the dead-end of land values. For the life of me I cannot see the prospect of land security as a result of the increase Mr. Cornell indicates. I am rather inclined to the belief that our economic system on its present basis will force land values lower and lower, and constitute not security, but lack of security, for the rural bank. However, that is an intricate question. I would say, go warily. If we are to do anything in the way of giving rural industries a fillip, the best channel is the Agricultural Bank, which up to date has proved itself an admirable institution.

HON. E. H. H. HALL (Central) [9.5]: Before addressing myself to the Bill, I wish to take the opportunity of expressing my regret that the Government, though mentioning this important legislation in the Governor's Speech delivered some months ago, have not been able to submit the measure to this House until last week. A rural bank has been on the platform of the party in power for some time, yet only during the closing days of the session does the neces-

sary Bill reach this House of review. Whatever the reason, that is not as it should be. I intend to vote for the second reading in the hope that in Committee we may be able to make something of the Bill. The functions of the Agricultural Bank have been mentioned by several members. It may be said that that bank is an institution which lends money for improvements only. Mr. Glasheen touched on the subject, but did not mention that phase. If it should be possible in Committee——

Hon. G. W. Miles: The Bill will never get into Committee.

Hon. E. H. H. HALL: That remains to be seen; one never knows till the numbers go up. If it is possible to apply the Bill to alteration of the Agricultural Bank's constitution, I shall consider that a good reason to vote for it. I happen to know several men with properties almost worth putting up to the associated banks were it not for the fact—this is not just idle supposition—that some men have a strong objection to giving a mortgage to an associated bank. We now have on the land men from all walks of life, some of whom have never had anything to do with a private bank and shrink from giving a mortgage to such an institution. At Buntine a farmer was mentioned to me as having thrown up a position in a big departmental store of this city to take up a light land proposition a few miles out from Buntine. He has put all of £500 of his own money into the property, built a house, cleared two or three hundred acres, put a crop in, and established himself on the place with his wife and family. I was instrumental in asking the Agricultural Bank to grant the man some assistance; up to date he has not had any. The bank officials, however, say that on account of the light nature of the land he cannot be given any assistance by the Agricultural Bank, even on a 50 per cent basis, and this notwithstanding the excellent crops which light lands throughout the State have yielded. While Western Australia is so dependent upon primary industry, such a state of affairs should not be allowed to exist. I believe the Agricultural Bank trustees are desirous of extending their institution's operations beyond the limits of the present Act. It is the hope that something of the kind may result from the passing of this measure that decides me to vote for the second reading, so that in Committee, notwithstanding the late stage of the session, the combined business experience and ability of members of this Chamber may produce something useful from the Bill.

THE HONORARY MINISTER (Hon. W. H. Kitson—West) [9.10]: I was particularly interested in Sir Edward Wittenoom's remarks. That hon. member has a very fine reputation as one who has been associated with banking and other financial institutions in Western Australia for many years. Naturally, one must take note of what he has to say on such a subject as this Bill. While discussing the measure he remarked that the private trading banks of this State were quite prepared to advance money to the farmer so long as he had anything to offer—those, I think, were the hon. member's words. He stopped there.

Hon. Sir Edward Wittenoom: In explanation, I wish to point out that the Honorary Minister has quoted me a little incorrectly. I was speaking about the Agricultural Bank, and I said, in reply to remarks made by Mr. Cornell, that anyone who had an equity after going to the limit of the Agricultural Bank came as a rule to the associated banks, who took up such equities; and that when it came to 7 per cent. they took over the lot and obtained a mortgage. I did not say the associated banks were always ready to advance to farmers.

The HONORARY MINISTER: I am glad of those few words from Sir Edward Wittenoom, because the hon. member's remarks led me to infer that the institutions with which he has been associated are quite prepared to advance money at all times to the primary producer so long as he has anything to offer. Apparently that is not the case, and so we have another strong argument in favour of the Bill. Sir Edward Wittenoom went a little further, and said he had been associated with a bank which had advanced £2, for every £1 received in deposits, to assist the primary producer.

Hon. Sir Edward Wittenoom: I did not say that unreservedly.

The HONORARY MINISTER: I think the hon member, after an interjection, said this applied to the whole of the State.

Hon. Sir Edward Wittenoom: No. I said it applied to a good many farmers.

The HONORARY MINISTER: The point I want to make is that another hon. member, whilst speaking to the Bill, found fault with the statement which has been

made from time to time that during the last year or two the private trading banks here have refused to give primary producers, at all events in some cases, further assistance, and in other cases have forced the reduction of overdrafts. I venture to say that that statement is quite correct. I know positively that during the last two years, not in one case but in many cases, the private trading banks have called in overdrafts, and have reduced overdrafts, and have stated as their reason for so doing that owing to the depression in the Eastern States the banks have to be very careful in that regard. They said they required money urgently in order to meet commitments in other directions and in order to assist many Eastern States primary producers. The remark applies to one or two members of this House, whose security, so far as I know, is perfectly good. If the private trading banks are prepared to do all that is necessary in this respect, why should such complaints be received from time to time? Almost wherever one goes in the country—at least, that is my experience—one encounters a strong agitation for the establishment of a rural bank.

Hon. W. T. Glasheen: For the liberalisation of the Agricultural Bank.

The HONORARY MINISTER: In some cases for the liberalisation of the Agricultural Bank.

Hon. J. Nicholson: That would be the proper method of dealing with the matter.

The HONORARY MINISTER: A strong argument may be used against even that proposal. Mr. Miles for instance, says the State has gone far enough in assisting the man who has no money. That is Mr. Miles's main objection to the Bill.

Hon. G. W. Miles: One of them.

The HONORARY MINISTER: It was the main objection raised by the hon. member, who said we had gone quite far enough in assisting men without money. The Agricultural Bank was established primarily to assist those people to go on the land, seeing that they had not enough money to enable them to carry through.

Hon. G. W. Miles: I also said I was satisfied that the Agricultural Bank had done good work.

The HONORARY MINISTER: No one can gainsay that fact, but it was pointed out by other hon. members that the Agricultural Bank does not advance loans against securities already created.

Hon. J. Nicholson: It has power to advance against first mortgages at present.

The HONORARY MINISTER: Yes, for improvements to be carried out.

Hon. J. Nicholson: I thought you were referring to the savings bank; you are quite right.

Hon. W. T. Glasheen: But those advances are based on the security of the land.

The HONORARY MINISTER: Yes, plus improvements that the client is to make. Consequently, while the Agricultural Bank is tied down to a policy of that description, we cannot expect that institution to be able to go much further than it has gone already. I would ask hon. members how many instances they know of in this State in which men have improved their properties to the fullest extent and have received advances from the Agricultural Bank, but, because they have no further improvements to effect, are not able to secure any additional loans from the Agricultural Bank, notwithstanding that the securities those people have to offer are many times greater than the loans they require.

Hon. J. J. Holmes: What would they require the money for, if they had effected their improvements?

The HONORARY MINISTER: To carry on their businesses. There are hundreds of men in this State who, as a result of circumstances during the last year or two, have been placed in that position. Unfortunately the Agricultural Bank is not able to assist them. As Mr. Cornell pointed out, is it not a reasonable proposition that where the State has been responsible, through the Agricultural Bank, for enabling a man to create an asset for himself and the State, and where the State has taken all the risk after the initial period, that the State should also be allowed, provided the client so desired, to carry on further with the business?

Hon. H. Stewart: Yes.

The HONORARY MINISTER: Is it fair that the State should be saddled with the risky business only?

Hon. W. T. Glasheen: Certainly not.

The HONORARY MINISTER: Is not the State entitled, considering all it has done to assist the primary producers of the State, to at least the right, should it so desire, to establish a rural bank, which could advance money against improvements already effected? I know a number of men personally who would now be in a much

better position had they been able to secure advances against their property, quite apart from further improvements to be done. Because they could not receive those advances, and were not prepared to place themselves in the hands of private banks —in many instances, they had just cause for doubting the desirability of that course —they are not in the position to-day that they would have been in, had they been able to raise the extra advances. When Sir Edward Wittenoom was speaking about the amount of money advanced in this State as against the deposits received by the various institutions he was referring to, he did not mention any particular bank, but I believe there are about ten private trading banks in Western Australia at present. I would like to ask hon. members how many of those trading institutions are Western Australian?

Hon. E. H. Gray: None.

Hon. W. T. Glasheen: They kicked out the only one there was.

Hon. G. W. Miles: But the banks brought their capital here.

Hon. G. Fraser: And are taking it away now.

The HONORARY MINISTER: The only banking institution that had what we might describe as a Western Australian flavour, was the one with which Sir Edward Wittenoom was associated for many years, and which prior to the amalgamation had done yeoman service in the interests of Western Australia. I believe that bank went further than any other private banking institution, and had a wonderfully fine reputation.

Hon. W. T. Glasheen: And they mucked it up!

The HONORARY MINISTER: From what I can gather—I know my information is second-hand—the policy of the bank has been altered, and it is more difficult to secure advances now than it used to be. I understand that it is primarily because of the change in the management.

Hon. E. H. H. Hall: That is not so in our district.

Sir Edward Wittenoom: No, the Honorary Minister is wrong.

The HONORARY MINISTER: I may be wrong, but that is the information given to me. I was informed that the alteration was primarily because of the change in the control.

Hon. G. W. Miles: It is the present Government that has caused the stringency of the money market.

Hon. C. B. Williams: Well, we can chuck them out to-night!

Hon. J. Nicholson: What saved many of the banks from being ruined? It was nothing but care and wise management during the time of the financial crash.

Hon. G. W. Miles: And that it what is going to save us during the financial crash that is coming.

The HONORARY MINISTER: I may agree with hon. members who express sentiments along those lines, but I ask them why it should be necessary for them to cast doubt on the proposed management of the rural bank?

Hon. Sir Edward Wittenoom: The local directors of the bank you have been referring to are the same as before the amalgamation.

The HONORARY MINISTER: But why cast doubt on the proposed management of the new bank?

Hon. J. Nicholson: Why address your remarks to me?

The HONORARY MINISTER: Because the hon. member did so.

Hon. J. Nicholson: I asked for information and it was not given.

The HONORARY MINISTER: The hon. member said that if the Bill became an Act, it would cast a doubt on the safety of the deposits in the State Savings Bank.

Hon. J. Nicholson: That is the first reflection it would have.

The HONORARY MINISTER: The rural bank would be in the same position as the State Savings Bank.

Hon. G. W. Miles: But the Savings Bank cannot discount bills.

The HONORARY MINISTER. Both banks would be in the same position because they would have all the resources of the State behind them.

Hon. J. Nicholson: There is too much risk about it.

The HONORARY MINISTER: Mr. Nicholson quoted from different Acts relating to the private banks and compared them with the rural bank. The hon. member quoted Clause 8 but not all of it.

Hon. J. Nicholson: Well, you have the clause before you.

The HONORARY MINISTER: The hon. member did not quote the last paragraph in the clause which reads—

> The payment of all moneys due by the rural bank department is guaranteed by the State.

What better guarantee do hon. members want? I would prefer to have that guarantee than the guarantees of the private banks——

Hon. E. H. Gray: Combined.

The HONORARY MINISTER: That is so. What is the use of casting doubt on the security of the deposits in the State Savings Bank, or upon the rural bank if it is established?

Hon. J. Nicholson: But this is not the right method for dealing with that subject.

The HONORARY MINISTER: I wonder when legislation will be introduced into this House, which members will agree is desirable and in the proper form—according to their ideas.

Hon. G. Fraser: That will never be.

The HONORARY MINISTER: It seems to be the fashion nowadays for hon. members to say, "This is what is wanted, but this is not quite the way of doing it; you want something else."

Hon. W. J. Mann: You will learn if you keep going!

The HONORARY MINISTER: Perhaps so, according to the hon. member.

Hon. J. J. Holmes: What we want is better brains on the Treasury bench.

The HONORARY MINISTER: The hon. member may get that at some time or other, but I do not know how that will affect the State Savings Bank or the rural bank.

Hon. J. J. Holmes: We will get proper legislation.

The HONORARY MINISTER: The legislation before the House is quite desirable, and I do not think there is one member of this Chamber who is prepared to say there is absolutely no need for facilities of this description in order to help those primary producers who have reached the limit of assistance available from the Agricultural Bank.

Hon. H. A. Stephenson: What is the use of a bank that has no money?

The HONORARY MINISTER: What is the use of the hon. member talking that way when the Bill sets out that the rural bank will be backed by the whole of the resources of the State?

Hon. J. Nicholson: And this State is borrowing money all the while!

The PRESIDENT: Order! I ask hon. members to allow the Honorary Minister to proceed with his speech.

The HONORARY MINISTER: That is one of the strong reasons in favour of the establishment of the rural bank. Boiled down, the position is this: Some members of this Chamber are prepared to allow the State, through the Agricultural Bank, to carry on the primary producers so long as there is a semblance of risk. Once there is no suggestion of risk, and of helping the primary producers further, those hon. members are opposed to it and talk about more State enterprises.

Hon. C. B. Williams: They talk about socialism.

The HONORARY MINISTER: Yes, and they contend that the participation by the State in these enterprises must cease, and the business must be handed over to outsiders—

Hon. C. B. Williams: Who will take their 20 per cent.?

The HONORARY MINISTER: That is the attitude of some hon. members.

Hon. J. Nicholson: I did not suggest any such thing.

The HONORARY MINISTER: I did not say the hon. member did.

Hon. G. W. Miles: And Mr. Nicholson is not "some hon. members"; he is only one of them.

The HONORARY MINISTER: That is so. I admit that the argument regarding State trading is consistent on the part of those hon. members, because we have heard it advanced so many times during the last few years. I would be surprised had any other argument been advanced. On the other hand, I submit the arguments advanced should not be regarded as sufficient to prevent the State from having an opportunity to establish a rural bank to which the primary producers can turn for assistance, should they so desire. I understand from one hon. member that there is little hope of the Bill passing the second reading stage. Apparently he has counted heads, or there has been a meeting.

Hon. J. Nicholson: No.

The HONORARY MINISTER: I hope that hon. member's statement is not correct. I trust the Bill will pass the second reading stage, and that eventually a rural bank will be established in this State.

Hon. G. Fraser: You are optimistic.

On motion by Chief Secretary, debate adjourned.

BILL—RESERVES (No. 2).

Assembly's Message.

Message from the Assembly received and read notifying that it had agreed to the amendments made by the Council.

BILL—LAND TAX AND INCOME TAX.

Assembly's Message.

Message from the Assembly declining to make the amendment requested by the Council, now considered.

In Committee.

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

The CHIEF SECRETARY: I move—

That the amendment requested by the Council be not pressed.

It is not my intention to repeat the comprehensive arguments advanced by me in endeavouring to convince members of the Council that it was not advisable to make the amendment. The position has been discussed from every angle, but I desire to repeat one argument I previously used. I would remind members that the Government have substantially reduced taxation, and that we cannot possibly go any further. With the assistance of the disabilities grant we were able to reduce the income tax by 33 1/3rd per cent.

Hon. J. J. Holmes: Temporarily.

The CHIEF SECRETARY: Yes, but I hope permanently. The money from the grant could have been spent in other directions, but we decided to utilise it for the purpose of reducing income taxation. And previously the income tax had been reduced by 15 per cent. There is very little hope of a continuance of the disabilities grant, which has only two years to go. Then, unless we husband our resources in the meantime, the original income tax will come into existence again. That is a position we wish to avoid. We cannot go on remitting taxation, for if we do, then in two years' time the maximum income taxation of 4s. 8d. in the pound will have to be reintroduced. I hope the Committee will carefully consider that position and see the futility of still further reducing taxation at this stage with the inevitable result that, later, the taxation will have to be considerably increased.

Hon. H. J. YELLAND: I do not propose to reiterate the arguments I put forward when moving for this reduction. However, I would point out that the Treasurer this year has budgeted for a surplus of £105,000, and that the proposed reduction of the land tax would represent only some £96,000 of that surplus. I feel we are quite justified in insisting upon our amendment. The Minister has said the Government expect to have to return to the original income taxation when the disabilities grant ceases, and that in the meantime they will have to husband their resources. I suggest they begin to practise husbanding their resources by agreeing to the proposed reduction of the land tax. I urge the Committee to insist upon the requested amendment.

Hon. Sir EDWARD WITTENOOM: Members should realise the responsibility they are taking in criticising a money Bill sent down by the Government. The fundamental principle of government is to provide funds for carrying on the business of the State and developing the country. It is for the Government to suggest to Parliament the method of doing so. Therefore I say members should be very cautious about criticising or opposing financial measures brought down by the Government. Unless I hear something that will induce me to change my views, I intend to support the motion of the Chief Secretary. At the same time, I would very much like to be able to support the proposal for the reduction of the land tax. I am entirely opposed to any land tax whatever for revenue purposes. In a State like Western Australia, where the land is the foundation of all success, and where we offer land to the people at the exceedingly low price of 6d. per acre per annum—really the amount of the interest on the principal, together with any improvements—to put a tax on the land is to adopt a contradictory policy. The only liability that residents in the country should have are those in respect of road board, vermin, health, and water, while in the towns and cities there should be municipal, water and health rates, but no taxation for revenue purposes. To have a land tax whilst inviting people from abroad

to come and develop our lands is a very bad advertisement for the State. I would prefer to see an increase in the income tax to make good the amount derived from the land tax. Undoubtedly the two fairest taxes we can have are an income tax and a reasonable Customs tax.

Hon. W. T. Glasbeen: Do you not think the land also would bear that?

Hon. Sir EDWARD WITTENOOM: Hardly. I will support the Chief Secretary's motion, for the reason that I do not think we would be justified in interfering with the Government's programme for finding funds with which to continue the development of the country.

Hon. J. NICHOLSON: The views expressed by Sir Edward Wittenoom have at all times been observed by this Chamber. Members here have always recognised that a duty devolved on the Government to manage the affairs of the State, and a reasonable effort has always been made to afford the Government opportunity to wisely and properly carry out their duty. So long as any Government, Labour or National, show that they are wisely and economically administering the affairs of the State, they are entitled to our support in any such motion as that before us. I believe the Government are actuated by a desire to study economy; and believing that and being impressed by what the Chief Secretary has said, I feel it is the duty of the Committee to support the Minister. However, I would ask him to take into account the remarks made by Sir Edward Wittenoom as to the wisdom of relieving landowners from the land tax and increasing the income tax to a corresponding degree. In the meantime I will support the motion.

Hon. H. STEWART: If the land valuations had not been increased, and if the land tax were still 1d., the man who is getting his income from agriculture would be paying more land tax now than he was before the amendment of the Land and Income Tax Assessment Act, which the present Government brought in.

Hon. G. Fraser: This Government were not responsible for the revaluations.

Hon. H. STEWART: I did not say they were. But the present Government introduced a vicious system when they put relatively a heavier tax on the man who improved his land, as against the man who did not improve his land. As I have said, if the tax to-day were 1d. on the same holdings without revaluation, a man would be paying more in land tax to-day than he was paying in 1924. That is because of the amendment made in the Land and Income Tax Assessment Act. On the other hand, a man who was not improving his land would be paying the same tax, with 1d. on, as he was paying prior to the present Government taking office. By the amendments to the Land and Income Tax Assessment Act, the Government have placed the man who improved his land in a relatively less favourable position than previously.

Hon. J. Nicholson: So there was justification for the amendment.

Hon. H. STEWART: Yes. The injustice has been pointed out session after session and though the Government have been asked to remedy the vicious principle, they have declined to do so.

Hon. C. B. WILLIAMS: I support the motion. The Chief Secretary has said that out of £21,000,000, no less than £14,000,000 has been spent outside the metropolitan area within the last five years, and yet members go on wasting time in this way. I assume that the expenditure must have improved values of land that has been developed and land that has not been developed. On two occasions the time of the country has been wasted in fighting the Government's proposals, notwithstanding the plea of the Chief Secretary that the money is needed. The Premier has thrown down the gauntlet.

Hon. E. H. Harris: What gauntlet is that?

Hon. C. B. WILLIAMS: That he will fight an election on the question at any time.

Hon. G. W. Miles: Where did the Premier say that, in Caucus?

Hon. C. B. WILLIAMS: I do not think I have attended a Caucus meeting since this matter has been before the House.

Hon. E. H. Harris: Where did he say it?

Hon. W. J. Mann: You might have inside information.

Hon. C. B. WILLIAMS: It might be wrong information, but we shall soon see. I represent a semi-farming community.

Hon. J. Nicholson: Well, why not vote for the amendment?

Hon. C. B. WILLIAMS: My farming constituents have received numerous benefits and are not opposed to a fair tax. The farmers' representatives in this House are the biggest Bolsheviks in the country. If Lab-

our members demanded of the Government what country members in this House demand, there would be no Labour movement.

Hon. J. J. Holmes: Did you not say something about members wasting time?

Hon. C. B. WILLIAMS: Yes, and they do not cast their votes intelligently or honestly.

The CHAIRMAN: Order! I ask the hon. member to withdraw that remark.

Hon. C. B. WILLIAMS: I withdraw it. I have seen country members called in to vote in a manner that was never adopted by the Labour Party. Members should realise that the Government require this money and must have it.

Hon. J. J. Holmes: You will never reform.

Hon. C. B. WILLIAMS: My reformation would be easy, but I hold out no hope for some members. I object to time being wasted through members insisting on an amendment that they know is not justified, simply because it is the eve of an election. Country Party members did not get nearly so much from the previous Government as they have got from the present Government. The Chief Secretary has added nothing to his argument of last week, and I shall be interested to see whether the Committee press the amendment.

Question put and passed; the Council's amendment not pressed.

Preamble, Title—agreed to.

Bill reported without amendment. and the report adopted.

Third Reading.

Bill read a third time and *passed.*

BILL—CRIMINAL CODE AMENDMENT.

Second Reading.

Debate resumed from the 26th November.

HON. H. STEWART (South-East) [9.55]: I presume all members realise that this Bill proposes a fundamental alteration to the principle of the administration of justice by courts. Having had so much discussion on the Mental Deficiency Bill, which has certainly been educative, we realise more than we otherwise would the dangerous nature of this Bill. The main objection to it is that before a case goes to the court, a person charged with an offence punishable with death—I understand murder is the only crime carrying capital punishment—shall appear before a board consisting of two duly qualified medical practitioners, who shall have special knowledge of mental diseases, and a psychologist. Had I spoken at an earlier stage of the debate, I would have made no comment about the psychologist, but seeing that we have in this State only one thoroughly qualified psychologist—the other being only an educational psychologist, according to the differentiation mentioned to-night—one might assume that there is only one who could possibly sit on the board. We are told that she is an eminent psychologist.

The Honorary Minister: You have misquoted me.

Hon. H. STEWART: If I have misquoted the Honorary Minister, I withdraw. I did not set out to quote him; I merely stated the impression I had gained from his remarks—the differentiation he drew between a psychologist and one who was only an educational psychologist. When a person is indicted for an offence punishable with death, instead of his going before a judge and jury, the Attorney-General is to appoint a board, constituted as I have mentioned, to deal with the mental condition of the patient, and if the board report in a certain direction, the accused will be treated in a different manner and will not come before the court as he otherwise would. It is a fundamental alteration, and I wish to be satisfied whether there is any warrant for it. As any mental defective may be removed from trial by a court, members should bear in mind how wide is the range of mental deficiency. We have to take into account how unfair it is to someone else who may commit a serious crime, but who is not treated with the same leniency as the other man accused of murder. The former cannot be brought before the board for them to determine whether he is mentally defective or not, although the crime he has committed may be a very serious one but not murder. The question arises whether in the present state of modern thought the great bulk of those who do commit crimes are not, after all, mentally defective. Clause 2 seeks to repeal Section 653 of the Criminal Code. My opinion is that in that section there are already sufficient safeguards to ensure that any per-

son who commits a crime, such as murder but is not responsible for his actions, shall be properly safeguarded. We are far better off under that section than we would be if we passed this Bill. If we interfered with the proper course of justice, and removed the safeguards that are provided by the Criminal Code, we should be running a grave risk. Section 653 is as follows—

> If the jury find the accused person is not guilty, or give any other verdict which shows that he is not liable to punishment, he is entitled to be discharged from the charge of which he is so acquitted; provided that if on the trial of a person charged with an indictable offence, it is alleged or appears that he was not of sound mind when the act or omission alleged to constitute the offence occurred, the jury are required to find specially if they find he is not guilty, whether he was of unsound mind at the time when such act or omission took place, and to say whether he is acquitted by them on account of such unsoundness of mind; and if they find that he was of unsound mind, at the time when such act or omission took place, and say that he is acquitted by them on account of such unsoundness of mind, the court is required to order him to be kept in strict custody in such place and in such manner as the court thinks fit until His Majesty's pleasure is known. In any such case, the Governor, in the name of His Majesty, may give such order for the safe custody of such person during his pleasure, in such place of confinement and in such manner as the Governor may think fit.

The intention of that section is clear. Under the responsible Government that we now have the accused would always receive sympathetic consideration. No case is likely to occur to cause us to regret not having passed this Bill. It is not only injudicious but unfair to seek to place upon the proposed board the responsibility of determining the mental defectiveness of an accused person, and also of determining whether such person was responsible for his actions. That is a great responsibility to place upon a body of men. I appreciate the intention of the framer of this Bill, but I must vote against it.

HON A. LOVEKIN (Metropolitan) [10.5]: I have been asked to take charge of this Bill, which was introduced by the late Dr. Saw. I desire to do the best I can on behalf of one who is not now able to speak for himself. Members will have heard what Dr. Saw said. I will merely content myself by referring to some remarks of Mr. Stewart. I should like to point out to him the difference between this Bill and the Criminal Code. If in a criminal case the defence that is put up is that of insanity, the first question the jury has to try before it goes into the merits of the case is whether or not that person is fit to plead by reason of his mentality. A common jury, which is not comprised of experts, has to decide this question before dealing with any other phase of the case.

Hon. J. Cornell: Why not apply the principle right down?

Hon. A. LOVEKIN: The only difference between the present procedure and this Bill is that a board will be appointed consisting of experts. That board will be asked to examine the accused, which a jury cannot do, and make a report to the court. When that report has been made the case will proceed exactly along the lines laid down in the Criminal Code.

Hon. J. Cornell: If a man commits arson, which is a serious offence, why not apply the same procedure to him?

Hon. A. LOVEKIN: I am dealing with murder cases, the penalty of which is death. A man is not liable to the dealth penalty if he is guilty of arson.

Hon. J. Cornell: He can get seven years imprisonment.

Hon. A. LOVEKIN: He can be hanged only for murder. This is a wider and more humane procedure than that of leaving the matter to a jury, which has no opportunity to examine the accused and ascertain his mental condition. The jury cannot determine whether he is sane enough to plead or not. It is far better that the accused should go before a board such as is suggested in the Bill, and that the board should present a report to the court. The jury is then in a position to proceed with the trial. That is more in accordance with British fair play in the treatment of a man who is standing his trial on a charge of murder. I hope the second reading will be agreed to.

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

Ayes	13
Noes	7
Majority for	6

AYES.

Hon. J. M. Drew	Hon. W. J. Mann
Hon. J. Ewing	Hon. J. Nicholson
Hon. J. T. Franklin	Hon. E. Rose
Hon. W. T. Glasheen	Hon. H. A. Stephenson
Hon. E. H. Gray	Hon. C. B. Williams
Hon. W. H. Kitson	Hon. G. Fraser
Hon. A. Lovekin	(*Teller.*)

NOES.

Hon. J. Cornell	Hon. H. Seddon
Hon. E. H. H. Hall	Hon. H. Stewart
Hon. V. Hamersley	Hon. G. W. Miles
Hon. E. H. Harris	(*Teller.*)

Question thus passed.

Bill read a second time.

In Committee.

Hon. J. Cornell in the Chair; Hon. A. Lovekin in charge of the Bill.

Clause 1—agreed to.

Clause 2—Insertion of section after Section 653; Powers of court when question of mental capacity has been raised on trial of person found guilty of capital offence:

Hon. J. NICHOLSON: I move an amendment—

That Subclauses 5 and 6 be struck out, and that the following, to stand as Subclause 5, be inserted in lieu:—"(5) If the accused person is found guilty of an offence punishable with death, but the jury are of opinion from the medical, psychological and any other relevant evidence that he is a mental defective, and that by reason of such mental defectiveness he was incapable at the time when the offence was committed of understanding what he was doing or of forming a rational judgment on the moral quality of such act, they may add a rider to that effect, and in that case the judge shall make such order as he would make if such person had been acquitted on account of unsoundness of mind, and such person shall be deemed to have been so acquitted, and the Governor may provide for such person's safe custody in manner set out in Section 653."

The late Dr. Saw concurred in this amendment.

Amendment put and passed.

Hon. J. NICHOLSON: I move an amendment—

That in Subclause 7 the words "shall include," line 2, be struck out, and "means" inserted in lieu.

Amendment put and passed; the clause, as amended, agreed to.

New clause:

Hon. J. NICHOLSON: I move—

That the following new clause be added:—"Subsection (3) of Section 187 (as amended by the Criminal Code Amendment Act, 1918) is hereby amended by the deletion of the word 'six,' appearing in the third line of said subsection and the substitution of the word nine."

The section in question provides—

Section 188 of the Code is hereby repealed, and the following sections inserted in lieu thereof:—"187. (1) Any person who has or attempts to have unlawful carnal knowledge of a girl under the age of 16 years is guilty of a crime, and is liable to imprisonment with hard labour for five years with or without whipping: Provided that if the offender's age does not exceed 21 years he is guilty of a misdemeanour and liable to imprisonment with hard labour for two years, with or without whipping. (2) It is a defence to a charge of either of the offences defined in this section to prove that the accused person believed, on reasonable grounds, that the girl was of or above the age of 16. (3) A prosecution under this section for the offence of having unlawful carnal knowledge must be begun within six months, and for the offence of attempting to have unlawful carnal knowledge within three months, after the offence has been committed . . . . . ."

The amendment proposes to alter the period of six months to nine months. The circumstances that led to that being considered desirable were brought before the late Dr. Saw. I was present when the matter was discussed with certain parties. A little time ago a case arose in connection with a young girl whose condition was not ascertained until just after the six months had elapsed. The result was that proceedings could not be laid against the offenders, and in order to overcome that difficulty it was considered that the period should be increased to nine months. Having regard to all the circumstances, we should protect young girls and make the punishment fit the crime. If that is not done, those who are responsible will escape the consequences of their acts.

Hon. A. LOVEKIN: The new clause will extend the period from six months to nine months within which an individual may be prosecuted for the offence referred to. A similar provision in the Police Act has given rise to difficulties.

New clause put and passed.

Title—agreed to.

Bill reported with amendments and the report adopted.

Third Reading.

Read a third time and returned to the Assembly with amendments.

BILL—INDUSTRIAL ARBITRATION ACT AMENDMENT.

Second Reading.

THE HONORARY MINISTER (Hon. W. H. Kitson—West) [10.25] in moving the second reading said: The Bill is another measure—

Hon. H. Stewart: That was referred to in the Governor's Speech—

Hon E. H. Harris: And is a window-dressing affair.

The HONORARY MINISTER: The Bill was mentioned in the Governor's Speech—

Hon. A. Lovekin: And has just arrived here.

The HONORARY MINISTER: For which there is good reason.

Hon. W. J. Mann: We would like to hear what it is.

The HONORARY MINISTER: The Bill is one that lends itself to proper consideration in Committee—

Hon. E. H. Harris: And will entail a week's work.

The HONORARY MINISTER: I do not think the Bill will take that long if hon. members devote their attention to it.

Hon A. Lovekin: I have 16 amendments to it.

The PRESIDENT: Order! I ask hon. members to allow the Honorary Minister to proceed with his speech.

The HONORARY MINISTER: It is necessary for me to give at least a broad outline of the provisions of the Bill. The Industrial Arbitration Act has been an outstanding factor in the maintenance of industrial peace in Western Australia since its introduction. Prior to the Act being amended in 1925, there were many complaints from all sections of the community because of the congestion of business before the court, with the result that unions and employers had to wait for long periods before they could secure a hearing. With the passing of the amending Act of 1925, the position was rapidly remedied. Within a few months of the amended Act becoming law, the Government appointed Mr. Walter Dwyer as the first President of the Arbitration Court.

Hon. E. H. Harris: Thanks to this House.

The HONORARY MINISTER: It will be agreed that the president of the court has given satisfaction.

Hon. H. Stewart: Hear, hear!

The HONORARY MINISTER: Industrial magistrates were provided for in the amended Act, and these have been appointed in the districts of Perth, Fremantle, Kalgoorlie, Albany, Geraldton, Northam and Cue. That Act also provided for industrial boards to be appointed in order to relieve the court of some of the duties previously performed by it.

Hon. E. H. Harris: And they frequently do that.

The HONORARY MINISTER: Thirteen of those boards have been appointed. Largely as the result of these steps, the congestion that was apparent prior to 1925 has been relieved to such an extent that now it is quite possible for industrial disputes of various descriptions to be dealt with expeditiously, to an extent previously unknown. In order to demonstrate just what is happening and to bear out the anticipations I mentioned when speaking on the 1925 Act, when it was before this House, the cases heard by industrial magistrates since 1925 have been as follows:—For the year ended 30th June, 1926, 307 cases; for the year ended 30th June, 1927, 211 cases; for the year ended 30th June, 1928, 296 cases: for the year ended 30th June, 1929, 223 cases. Prior to 1925, most of these cases would have been dealt with by the Arbitration Court, and consequently much of the congestion formerly complained of would still have been rife had it not been for the altered conditions. The industrial registrar in a recent report said the amendment of the Industrial Arbitration Act had undoubtedly proved to be of great benefit to the industrial community.

Hon. J. J. Holmes: Mr. McCallum said that the existing Act was the best in the world.

The HONORARY MINISTER: And I believe he had a perfect right to claim that at the time he said it. The provision in the amending Act for a permanent president of the court who would devote the whole of his time to industrial arbitration has gone a long way towards remedying the state of affairs to which I have alluded. The creation of these boards and the appointment of industrial magistrates have relieved the court of a lot of work and eliminated delay and consequent dissatisfaction,

and I think it only right to say my anticipations at the time that Act was passed have been realised. But although the Act is a good one, although it has been responsible for relieving that serious congestion we used to experience, and although in many ways it has brought about an improvement in the industrial relationship between employers and employees, experience has shown there are some ways in which the Act should be amended. The court itself has pointed out one or two serious defects which, in the interests of all parties using the court, this Council should agree to remedy. I do not wish to unduly labour the Bill, but it is necessary that I should give an outline of the amendments contained therein, and in one or two instances it may be advisable to go into a little detail to satisfy members that those amendments are necessary. On the other hand, I contend it is in the Committee stage that one can deal most effectively with most of the amendments in the Bill.

Hon. A. Lovekin: Well, leave them until the Committee stage.

The HONORARY MINISTER: If I did so, I should be faced with the charge that I had not explained on the second reading just what was involved in the amendments. No doubt when I have finished I will be charged with the offence of having spoken too long. So it does not really matter much on which system I deal with the Bill, some members will have complaint to make.

Hon. J. J. Holmes: It is your duty to explain the Bill.

The HONORARY MINISTER: Quite so, and I hope to do it as briefly as I can, compatible with the desire to give to some members who may not have a clear knowledge of the Industrial Arbitration Act and its workings, the position as we find it today. The first amendment in the Bill deals with the interpretation of the word "canvasser," which in the Act reads as follows—

> The term includes canvassers for industrial insurance whose services are remunerated wholly or partly by commission or percentage reward.

When the Bill of 1925 was before the House, I dealt with this matter at some length. There was a long discussion on this particular point, and some members were keenly desirous of assisting this section of the working community. Eventually, in Committee an amendment was moved which by a majority was considered to give to this section of the workers at least a little of what they were asking for. On that occasion I went to some pains to point out to the Committee that if the amendment were agreed to it would nullify that portion of the interpretation which I have just read out. This was the amendment—

> For the purposes of this paragraph the word "canvassers" means persons wholly and solely employed in the writing of industrial insurance business and/or in the collection of premiums at not longer intervals than one month in respect of such insurance, but does not include any person who directly or indirectly carries on or is concerned in the carrying on or conducting of any other business or occupation in conjunction or in association with that of industrial insurance.

I pointed out that before those men could secure engagements with an industrial insurance office it would be necessary for them to sign a so-called agreement, and that in that so-called agreement—

Hon. E. H. Harris: But it is an agreement, is it not?

The HONORARY MINISTER: A very one-sided agreement. It is a set of conditions put forward very lengthily at the time when a man applies for employment. The prospective employer says to him, "Your credentials are quite all right, but we must have your signature to this agreement before you can have employment with us. A clause I wish to quote from that so-called agreement reads as follows:—

> That the duties of the agent under this agreement may be performed either by his clerks or servants or by himself personally, and nothing herein shall be construed to prevent the agent for engaging in any other business or employment during the continuance of his agency; provided that during the continuance of his agency the agent shall not directly or indirectly act for any other life assurance society or company. The agent further undertakes not to appoint sub-agents, except such as are authorised and approved by the society, nor to act either directly or indirectly for any agent of the society's ordinary department.

This is rather an intricate business.

Hon. E. H. Harris: They limit the avenues in which he can obtain employment, other than their agency.

The HONORARY MINISTER: Undoubtedly.

Hon. E. H. Harris: But that is not an uncommon thing, is it?

The HONORARY MINISTER: This is quite different from what the hon. member is referring to. The conditions created by this clause of the agreement are just what I

prophesied. Still I was advised that I was not correct, and that if a case were tested there was no doubt in the mind of the member who moved that amendment that we should be successful. He went further and said that if the clause did not do what he said it would do, very little harm would be done, and we could come again in the future. We have come again.

Hon. E. H. Harris: Was not that one of the compromise clauses at the conference?

The HONORARY MINISTER: No. We have come again. To prove my own point and in view of the fact that I had been closely associated with these men, I myself took a case before the registrar of the Arbitration Court and applied for registration under the Act of 1925. I was unsuccessful, and I have here a copy of the decision of the registrar:—

> Application for registration of the Federated Clerks Union of Australia Industrial Union of Workers, West Australian Insurance Canvassers Division, Perth. Decision of Registrar.

The paragraphs to which I desire to refer read—

> For the purpose of this paragraph (the definition of "worker") the word "canvassers" means persons wholly and solely employed in the writing of industrial insurance business, and/or in the collection of premiums at not longer intervals than one month in respect to such insurance, but does not include any person who directly or indirectly carries on or is concerned in the carrying on or conducting of any other business or occupation in conjunction or in association with that of industrial insurance.

> It is obvious from the evidence produced at the hearing of this application that if the legislature intended insurance canvassers to be embraced within the definition of "worker," the restriction they have placed on the definition makes it impossible to register this society as a union.

> The members or the bulk of the members are not, in fact, "wholly and solely" employed in the writing of industrial insurance business. The agreements upon which the agents accept the agency of the company do not confine them solely to the writing of industrial insurance business or the collection of premiums. On the contrary, they specifically provide that nothing in the agreement shall be construed to prevent the agent from engaging in any other business or employment.

> Taking all the facts into consideration, and in view of the restriction imposed by the legislature in the amending Act of 1925 on the definition of a worker as applied to canvassers, I am of opinion that I should not register the union. The application for registration is accordingly refused.

The next point I wish to make is that while it is a fact that the great majority of the men engaged as industrial insurance canvassers are not wholly and solely employed in that line, the other business they are engaged in is in accordance with the terms of their agreement. They are required by the agreement to transact what is known as ordinary insurance business and the terms to be paid to them are set out in the document.

Hon. E. H. Harris: It is more lucrative business than the other.

The HONORARY MINISTER: Quite so, but the agreement I have quoted prevents their acting as sub-agents for an agent of the insurance company who is doing ordinary business. In addition they are advised from time to time that they should secure as much ordinary business as they possibly can. I believe they are requested to pay special attention to that phase of the business. Yet, simply because they are compelled, practically speaking, to sign the document before they can be engaged, the court rules, and in my opinion rightly so, that so long as the restriction appears in the Act, the men are not entitled to registration as workers. It is a peculiar thing that men, particularly in recent years, have entered the occupation for a few weeks and have been compelled to relinquish it because of the impossibility of making a living, due largely to the methods employed by the companies. I do not wish to enter into the whole of the details but I think I can say, without doing anyone an injustice, that the great majority of those men do not receive from their work the reward to which they are entitled, and in many instances they are practically robbed of the results of their endeavours.

Hon. W. T. Glasheen: Perhaps they are not business-getters.

The HONORARY MINISTER: The trouble is that the best business-getter has to suffer. The method adopted is something like the following: A certain area is mapped out and four men are placed in it. As those men secure new business and their earnings increase, the company step in at the right time from their point of view and say to A "We want £5 worth of your business," the same to B, the same to C, and the same to D. What is taken from those four men is given to another agent who is planked down in the midst of the other four making five in all for that district. That is

what comes of their efforts to increase business. Men have had to relinquish as much as 20 per cent. of their average weekly earnings from collections in order that some other agent might be put into the same district to compete with them; in other words, to cut their throats for the business?

Hon. E. H. Harris: Five men are employed instead of four?

The HONORARY MINISTER: Yes.

Hon. V. Hamersley: The district might have grown.

The HONORARY MINISTER: Districts do grow, but districts in the centre of Perth are not growing. Even if they were, would members stand for methods of that kind? Would any member approve of it if he were suffering as a result?

Hon. E. H. Harris: Will you overcome that difficulty by the amendment?

The HONORARY MINISTER: I do not know.

Hon. E. H. Harris: You may depend you will not.

The HONORARY MINISTER: The amendment will at least give the Arbitration Court the right to decide whether such procedure is fair and right. It will also give the Arbitration Court the right to determine many other things connected with this occupation that should have been rectified long ago. In view of the debate that took place in 1925, I do not think many members of this House would be prepared to say that the men concerned are not entitled to some recognition. By striking out the proviso, the men will have the right to go to the registrar for registration as a union and then will be able to appeal to the Arbitration Court for a determination of the conditions under which they shall be employed. This proposal is not new. It has been in operation in Queensland for many years. Some years ago there was a strike and an agreement was in operation for a period of six months, which was practically equivalent, if not in actual terms, at least in many ways, to the method adopted in Queensland.

Hon. E. H. Harris: A lot of men lost employment when the provision was passed in Queensland.

The HONORARY MINISTER: That is an old bogey which has been exploded.

Hon. E. H. Harris: No, it has not.

The HONORARY MINISTER: Very few men lost their employment and the men who did lose it would have voluntarily left the occupation because they could not possibly have made a living out of it. If the amendment be agreed to, the men will have the right to apply for registration as a union and then approach the court for a determination of the conditions under which they shall be employed. That is an eminently fair proposition, and I hope on this occasion the House will agree to it. On the last occasion the amendment was inserted in the Bill as a result of a majority of one vote in Committee. With regard to Clause 3, there is no reason for the existence of the latter portion of Section 11, which reads, "And also the locality in which the majority of its members reside or exercise their calling, as thus, the Goldfields Plumbers' Industrial Union of Employees; the Perth Tailors' Industrial Union of Workers." That can have no application in a union like the Railway Union or the Timber Workers' Union. It is proposed to delete the concluding words. These unions cover the whole State. It is almost impossible in a union of this kind to limit the operations to a district as set out by these words.

Hon. E. H. Harris: Is that the only reason for the proposed amendment?

The HONORARY MINISTER: It is the main reason.

Hon. V. Hamersley: They must be confined to a district.

The HONORARY MINISTER: I am prepared to answer any questions members like to ask me.

The PRESIDENT: I suggest to members that the proper time and place to ask questions is in the Committee stage.

Hon. H. A. Stephenson: You answered them all four years ago.

The HONORARY MINISTER: I answered some of them. On that occasion the hon. member suggested that half a loaf was better than no bread. He also said there would be an opportunity of coming again if the clause was not satisfactory. Clause 6 says that Section 20 of the principal Act is amended by inserting after the word "union" in the fourth line of Subsection 1 the words, "or in registering or refusing to register any amendment of rules involving an addition to the constitution of a union." When a union applies for registration as a union there is an appeal against the decision of the registrar, but when a union applies for an alteration of its con-

stitution, the same position does not arise. It is considered there should be the same right of appeal against the decision of the registrar in the one case as there is in the other. The reason for Clause 5 is apparent. There is no provision in the Act making it obligatory on the registrar to notify a union that might be affected by any application to amend rules, that may be for the purpose of enlarging the constitution of the applicant union. It is contended that such application should be treated in the same manner as the original application for registration, and any union whose industrial life or condition is likely to be affected by an alteration of the constitution of another union should have the right to object thereto. Under this clause it will have that right. As evidence of the necessity for this amendment I would point out that the registrar in practice notifies every union that he considers might be affected by such legislation. He does that to give it the opportunity to make any reference to him it may think fit. It is considered unfair to register an amendment to the rules of a union that may be detrimental to the interests of some other union, without hearing any objection that such union may have to offer. It happens that a good deal of ill feeling has been engendered when the rules of an organisation have been altered or amended, and perhaps in some cases have been so amended as to make it possible for men to be included in the ranks, as they probably are included, of some other union. Clause 6 amends Section 39 of the principal Act. That section provides that an agreement may be varied, reviewed or cancelled. It says—

> Every industrial agreement made under this Act or Acts hereby repealed may be varied, reviewed or cancelled by any subsequent industrial agreement made by and between all the parties thereto, but so that no party shall be deprived of the benefit thereof by any subsequent industrial agreement to which he is not a party; provided, however, that no industrial agreement with respect to which any powers conferred by the next succeeding section have been exercised shall be varied or cancelled without the leave of the court.

That appears to read well enough, but in view of a recent decision the position is not quite as it should be. Awards can only be varied by the court itself. As common rule industrial agreements are to be treated as awards, the amendment in the Bill is necessary. Section 39 provides that agreements which have been dealt with under Section 40 can only be varied or cancelled by leave of the court. In other words, although the union and the employers have come to an agreement, and an application has been made to the court for the agreement to be made a common rule, and that has been agreed to, the industrial agreement then has the force of an award, and according to the decision of the court it can only be changed, amended or varied by the decision of the court. This prevents the unions from coming together and agreeing on some variation of the industrial agreement, and going through the same process as they went through originally. Some remarks of the president of the court when dealing with a dispute between the Amalgamated Engineering Union and Millar's Timber and Trading Company on the 13th November last are interesting. The President, inter alia, said—

> Personally I am not particularly anxious about dealing with this reference in a hurry, as I am in hopes that the Legislature, by passing certain amendments to the Act, will do away with all the shifts and expediments that may be necessary to bring this reference, so far as the timber workers are concerned, within the four corners of the Act. Holding, as I do, very definite views in regard to the effect of Section 39 on industrial agreements, whether made a common rule or not, except something is done in that direction, I may yet have to say to the union, in regard to that endeavour to establish a dispute within the timber mills, that they are bound by the terms of an industrial agreement and that when they come into court they are still bound by the terms of an industrial agreement, and that in those circumstances I find it difficult to see how a dispute could be created that the court could take cognisance of in all the other circumstances of the case.

On account of that decision it is absolutely necessary that the amendment which I have just mentioned should be agreed to. The president of the Arbitration Court has shown the difficulties under which the court labours, and those of us who have been closely associated with industrial unions also know the serious difficulties that are likely to arise. Clause 7 amends Section 40, dealing with industrial agreements being made common rules. The Full Court's recent decision in the case of Spurge and the Hotel and Restaurant Employees' Union has rendered alteration necessary. In delivering the decision, of which I have a full report here,

the Chief Justice said, referring to the section in question—

> There the parties are not acting under their own agreement; they are acting under the compulsion of an award. They are bound by its terms; it is to have the effect of an award. In order to see how long it is to last, we must see what is the position of an award, and that is shown by Section 91: "Notwithstanding the expiry of the term of an industrial award, it shall, subject to any variation ordered by the court, continue in force until a new award has been made."

These words seem absolutely to imply that an industrial agreement which is made a common rule is an award. If that is so, the Act should be altered to say it in such language as will place the matter beyond doubt. The Full Court's decision in the Spurge case also places the parties to an industrial agreement made a common rule, as the law now stands, in a most extraordinary position. The decision means that an industrial agreement which has been made a common rule and is therefore operating as an award, continues unless it is varied by the court, whilst the Act under which the Arbitration Court operates says that no such agreement may be varied except by a subsequent industrial agreement and by leave of the court. The position is really an impossible one for the court. and I would say also for the other parties concerned. This, however, has been brought about by the decision of the Full Court, which the Arbitration Court has to abide by. That very case affords a strong argument in favour of the amendment proposed by the next provision, Clause 8. That clause seeks to amend Section 45 of the Act, a section dealing with members of the court. When the 1925 measure was before this Chamber, it was considered advisable to have a permanent president of the Arbitration Court; and it was further agreed that the president should be appointed a judge of the Supreme Court, subject to certain restrictions. It is considered important as well as reasonable that the president should have the same status as a judge of the Supreme Court, together with the right to sit in the Full Court when industrial matters are being considered there. Otherwise the Arbitration Court is not represented. I firmly believe that if the present president of the Arbitration Court had been sitting with the Full Court when the Spurge case was being heard, the decision would have been entirely different, and would have made plain——

Hon. A. Lovekin: Is not this getting back to the old position before this particular president of the Arbitration Court was appointed, and was not that old position the cause of the congestion—the judge sitting in two courts?

The HONORARY MINISTER: The president of the Arbitration Court will merely to have the right to sit on the Full Court bench when appeals from the Arbitration Court are being heard. Apart from that, he will remain the permanent president of the Arbitration Court, and it will not be possible to take him away from that court for any other purpose.

Hon. J. Ewing: It is like appealing from Caesar unto Caesar.

The HONORARY MINISTER: No. It is just making possible an expression of the views of the Arbitration Court to the Full Court when the latter is dealing with Arbitration Court decisions. Does it not happen frequently that a judge who has tried a case is a member of the Full Court hearing an appeal from the decision?

Hon. A. Lovekin: That happens very seldom.

Hon. J. J. Holmes: The Honorary Minister said just now that if the president of the Arbitration Court had been in the Full Court, he would have influenced the decision. The Full Court deals with the Act, and not with influence.

The HONORARY MINISTER: I hope the hon. member will not misrepresent me.

Hon. J. J. Holmes: That is what you said.

The HONORARY MINISTER: I said had the president of the Arbitration Court been a member of the Full Court at the time the decision was given, the views of the Arbitration Court with regard to the matter would have been placed before the Full Court, and the full significance of the decision——

Hon. J. J. Holmes: You said that a different decision would have been arrived at.

The HONORARY MINISTER: I never said anything of the sort. I know hon. members have counted heads and have made up their minds that there shall not be too much discussion on the Bill. What I did say was that probably after hearing the Arbitration Court's views, the Full Court would have arrived at a different decision. There is nothing wrong in a statement of that kind.

Hon. J. J. Holmes: The Full Court deals with the Arbitration Act, and not with the opinion of another judge.

The HONORARY MINISTER: That is all right. I am not finding any fault with that.

Hon. J. J. Holmes: I am finding fault, though.

The HONORARY MINISTER: I still maintain that my argument holds good. It is not a question of influence in the way the hon. member suggests.

Hon. J. J. Holmes: Yes, it is. Moreover, the suggestion is yours, not mine.

Hon. A. Lovekin: The principle is wrong.

The HONORARY MINISTER: That the president of the Arbitration Court should be a member of the Full Court in the circumstances stated? Those who sincerely believe that do not believe in our present system of administering justice. Members who are objecting know it happens frequently that the judge who has tried a case is a member of the Full Court in which his decision is being appealed against. However, hon. members will have the opportunity of expressing themselves on the subject. Clause 9 deals with the proposal that ordinary members of the court of not less than 15 years' service shall on retirement receive a superannuation allowance of one-fourth of the annual salary in respect of such 15 years' service, and one-sixteenth of such salary in respect of each additional year's service, but that the rate of superannuation allowance shall not exceed one-half of the salary. That provision I regard as eminently equitable.

Hon. J. Ewing: The lay members of the court should not be there at all.

The HONORARY MINISTER: The hon. member may hold that view. Perhaps he desires a court consisting of a president only.

Hon. J. Ewing: I have always held that view.

The HONORARY MINISTER: But this Parliament and other Parliaments have decided that the lay members shall be there.

Hon. A. Lovekin: Why should not a member of Parliament with 15 years' service receive superannuation?

The HONORARY MINISTER: These men occupy judicial positions. I think that is quite a reasonable description to apply to the position they hold.

Hon. A. Lovekin: They are appointed by partisanship. Those are not judicial positions at all.

The HONORARY MINISTER: I wish the hon. member would not use the term "partisan" so frequently. He cannot justify it. At all events, one member of the Arbitration Court has shown himself, time and again, anything but partisan from the point of view referred to by Mr. Lovekin.

Hon. J. Ewing: He is a party man all the time, on one side or the other.

The HONORARY MINISTER: The hon. member cannot know anything of the operations of the court.

Hon. J. Ewing: I follow them closely.

The HONORARY MINISTER: If he did, the hon. member would not say that. However, he is entitled to his own view and can act accordingly. The next amendment I propose to deal with is to be found in Clause 10, which will amend Section 54 of the principal Act. That section is contrary to Section 48 with reference to the tenure of office of the president, and it should be amended by adding the word "ordinary" before "member" in the first line. I do not suppose there will be any objection to that amendment.

Hon. A. Lovekin: There will be a good deal of objection.

The HONORARY MINISTER: Section 54 provides that the Governor may remove any member from the court for certain reasons. With the addition of the amendment I have referred to, it will mean that the Governor will be able to remove any ordinary member of the court for the reasons set out in the Act.

Hon. A. Lovekin: Why should not the president be also subject to the same disability?

The HONORARY MINISTER: The hon. member knows that the president has been given, as far as possible, the same status as judges of the Supreme Court, and they are not subject to the conditions to which Mr. Lovekin desires the president to submit. As a matter of fact, the section is contrary to Section 48 which sets out that the tenure of office of the president shall be the same as that of a Supreme Court judge, and that he shall be entitled to all the privileges of a judge, including pension rights. In the circumstances, Section 54 cannot very well remain as it is. Clause 11 provides a new section to follow Section 59. That section gives

the court power to deal with industrial disputes whether the parties concerned are registered unions or not, but only if the dispute has caused a cessation of work. As the section stands, it is necessary for the sake of convenience that where non-registered bodies are concerned, representative defendants shall be named in any proceedings. Otherwise the parties must cover the whole of the individuals concerned in the dispute, who would require to be specially named in any proceedings. In order to meet this position and other circumstances where necessary, the new section is suggested. As to Clause 12, it frequently happens that after a reference has been lodged in the court and before any "hearing, investigation or inquiry" takes place, the parties come to an agreement as to practically the whole of the matters, or a great many of them, and they desire to have such agreement made an award by consent. Experience has shown that that procedure has been of great advantage in many directions. To say the least of it, it is doubtful whether the court can at present make an award by consent, but in the Federal industrial arbitration jurisdiction, it is a rather common thing to find what are called "consent awards." Our own Act contains no provision for anything of that description. I should think hon. members would agree to the inclusion of the provision in our Act. If that is not agreed to, another difficulty will arise and will involve notifying all the employers concerned. At the present time it may be necessary to notify hundreds of people, and it is hoped to overcome that difficulty by means of the amendment suggested Clause 13 contains another amendment in the same category, and will not call for much discussion. It provides for an amendment to Subsection 1 of Section 69 and gives the court specific power to dismiss a dispute or any matter for "want of prosecution." Clause 14 is rather important and deals with a subject that has caused considerable trouble in the past. It relates to the demarcation of callings. Section 72 has caused a lot of comment in industrial circles. In every instance in which an application has been made to the court under that section, the decision has rested with the employers, because the Act sets out that each of the parties concerned shall be equally represented. In practically every instance the parties involved are unions, one of which may object to the members of another union doing a certain class of work. The dispute has to be settled. If the proposed alterations are not agreed to, it will mean that not only are the two unions concerned represented, but also the employers. Consequently, whichever way the representatives of the employers vote will decide the issue. That is not a fair position in which to place the employers, and I do not think it right that a dispute, which is essentially one between two unions, should be investigated in such a way that a third party can be placed in the position of deciding the issue. Therefore Clause 14 is proposed with the object of placing the responsibility on the chairman of the board to be appointed. That will get over the difficulty that has been experienced in the past, and will meet with the approval of all parties likely to have recourse to action under that section. I do not remember any instance in which the employer has taken action to determine the demarcation of certain work. On the other hand, there have been numerous instances of unions having taken action to secure such a decision. Clause 15 is designed to avoid the confusion caused, and friction likely to ensue, in consequence of the Full Court's decision on the interpretation of the word "industry." Mr. Nicholson will agree with me when I say that in years gone by there has been more argument over that word than in respect of any other word associated with industrial matters.

Hon. J. Nicholson: There have been many cases under that heading.

The HONORARY MINISTER: That is so. The parties have been placed in awkward positions from time to time and much trouble has arisen as the result of the interpretation placed upon that word. On page 157 of Volume 7, No. 3, of the "Western Australian Industrial Gazette" there is reported a decision of the Full Court, as follows:—

> The Full Court upheld the appeal of W. Parker & Son, and the reasons for upholding the appeal are set forth fully in the judgment. These reasons, as I have said before, must henceforward be a guide to this court in construing Sections 40 and 83 of the Act.

It is quite a long quotation, and I do not think it necessary to read it, but I am sure Mr. Nicholson knows what it is I am referring to. This Clause 15 of the Bill is designed to get us out of that difficulty. In regard to another decision of the Full Court, it was necessary for the Transport

Workers' Union to go to the expense and trouble of citing 301 employers. That is a fairly large number, but if the same provision were insisted upon in another case it would mean citing a considerably larger number of employers. It is considered that we should not force unions into that position, and consequently this amendment of Section 83, provided for in Clause 15, is inserted. On page 347 of the "Industrial Gazette" of the 27th March, 1929, there is a report of the particular case I am referring to, and in the same number of the "Industrial Gazette" there is published the list of the 301 employers who had to be served with summonses. There should be no necessity for a union to go to that trouble. In the past we have been able to get on quite satisfactorily by citing representative employers. It is desired to get back to that position, which will make it much easier for all concerned. I do not think the employers have any objection to this amendment. The next clause proposes to amend Section 87 of the Act, so as to enable a board of reference to be appointed where an industrial agreement is in force. At present in many Arbitration Court awards there is provision that boards of reference may be appointed to deal with certain phases of the award. It has worked very successfully in many instances. But there is no such provision regarding cases of industrial agreement, and it is desired that the same provision should apply in such cases. Clause 17 is designed to amend Section 88 of the Act. In that section the words "during the term of the award" are somewhat ambiguous in view of the fact that there are awards made under the amending Act of 1925, which continue for an indefinite period. It is proposed that those words should be struck out and that "whilst the award is in force" be inserted in lieu.

Hon. J. Nicholson: If made a common rule, it becomes an award.

The HONORARY MINISTER: That is so. Section 90 of the principal Act is also amended by the Bill. The first proviso to Section 90 states—

> Provided that it may be prescribed b an award that any provisions thereof may be referred to the court for review at such intervals of time as the court may think fit, with power to the court to vary or rescind such provisions.

The amendment in the Bill provides that the words "add to" shall be inserted after the word "vary." That will give the court the definite power to add to, as well as vary or rescind, the provisions of any award. It is a desirable amendment. The second proviso to Section 90 of the Act is very important. It is used considerably in applications before the court. For the sake of peace in industry, I should say it ought to be made essential that the parties should know for a period of at least 12 months for certain—unless some shorter period has been prescribed by the court—just what the conditions of employment are. The second proviso to Section 90 does not make the position clear. By means of the amendment in Clause 18, it is desired to clarify the position. If the amendment be agreed to, it will provide that the parties to an award may apply to the court for a variation of their award after the expiration of the first 12 months, or 12 months after the order of the court was issued. Thus, after the court has given a decision, it will not be possible for either party to again apply to the court until a period of 12 months has elapsed. By Clause 19 it is proposed to amend Section 97 by inserting after "court" in the second line the words "or of an industrial board, or of any other board or authority under this Act." The reason for the amendment is to provide specific authority in the Act for the enforcement of awards of industrial boards or other boards or authorities created under the Act.

Hon. J. Nicholson: Is not that rather wide?

The HONORARY MINISTER: Some people would argue that the authority is contained in Section 85 (2), or it may be implied from the Act generally as the authority to make an award is delegated by the court to the board. It is considered advisable to make the point clear in Section 97. I cannot see any objection to the proposal from an employer's point of view. By Clause 19 (2) the substitution of the word "shall" for "may" is to make clear to the court that it was the intention of Parliament that the court should order the payment of money unlawfully withheld from a worker, and that the worker should not be put to the extra expense and inconvenience of taking two actions to secure money legally due to him. In one case an industrial magistrate raised objection to awarding wages due and pointed out that such a course was not mandatory under Section 97 of the Act. Every reasonable individual must agree that it should not be

necessary for a worker, who had not received the full wages to which he was entitled, first of all to take proceedings for breach of the award and, having secured a decision, go to another court to recover the money. Wages should be paid with as little inconvenience as possible to the worker, and if it be necessary to take proceedings against an employer for breach of an award or an agreement, and the man proves his case, that decision should carry with it the payment of the amount involved. The second paragraph of Clause 19 (2) is self-explanatory—

An order may be made in pursuance hereof, notwithstanding that the amount claimed is due in respect of a period in addition to that in respect of which the enforcement is sought but subject to the same limitation as to time as prescribed by Subsection 2 of Section one hundred and fifty-three.

The limit in Section 153 (2) is that every action for the recovery of any such amount must be commenced within 12 months from the time when the cause of action arose. There should be no opposition to that. Clause 19 (3) is also self-explanatory. It provides that the court may order payment by instalments at such intervals of time and subject to such conditions as it may think fit. In some instances the amount of money involved may be fairly considerable and the employer may not be in a position to pay it immediately. The provision will give him an opportunity to pay it by instalments over a period such as the court may decide. Clause 20 contains an important amendment in that it deals with the maximum penalty payable by any party in respect of any breach of an industrial agreement, the amount being fixed at £500. That is the same penalty as is provided for a breach of an award of the court. I see no reason why there should be any difference in the penalties for a breach of an award and a breach of an industrial agreement. Provision should be made in the Act for the penalty to cover industrial agreements as well as awards. Clause 21 proposes the insertion of a new section as follows—

106 (a). The court shall, whilst acting in or dealing with any matter on its own motion, have all the powers of a Royal Commissioner under the Royal Commissioners' Powers Act, 1902, or any amendments thereof, or any Act passed in substitution therefor for the time being in force.

In dealing with matters which the Act empowers the court to deal with on its own motion, which matters include basic wage inquiries, the court needs further power as regards the summoning of witnesses to give evidence.

Hon. J. Nicholson: That is very interesting in view of the objection of another place the other day.

Hon. A. Lovekin: Giving power to the court to deal with people's private affairs.

The HONORARY MINISTER: I do not know that we should take exception to that. If there is any member who should not take exception to it, it is the hon. member. When the court is fixing the basic wage for the ensuing year, it should have the powers of a Royal Commissioner. We may rest assured that any evidence submitted to the court would be treated in the same way as similar evidence is treated by Royal Commissions, namely, with due regard to the interests of the persons affected.

Hon. J. Nicholson: I do not think that was ever intended under the original Act.

The HONORARY MINISTER: Is there anything that so vitally affects the worker as the court's determination of the basic wage for a whole 12 months? From time to time we appoint Royal Commissions to inquire into various matters. Here we appoint the court, which is equivalent to a Royal Commission, to determine the basic wage for a period of 12 months, the basic wage not for a few people but for thousands of people. The court actually determines the standard of living, and surely to goodness it should have power to get additional evidence if it is not satisfied with the evidence submitted to it!

Hon. J. Nicholson: Is similar power given anywhere else?

The HONORARY MINISTER: I cannot say, but that does not concern us. When one is dealing with the bread and butter of thousands of workers, there should be no loophole for unscrupulous persons to escape if they give evidence they cannot substantiate.

Hon. J. Cornell: I do not think the workers would be any worse off if you abolished the Act altogether.

The HONORARY MINISTER: The hon. member is entitled to his own opinion. A wonderful improvement has been effected in recent years as a result of the operations of the Act. One or two of the most important

amendments contained in the Bill are the outcome of statements made by the Court. Section 125 of the Act, for instance, leaves it somewhat in doubt whether the apprenticeship board has the right to cancel the original apprenticeship agreement made by the youth and the parent with the board. In the building trade one difficulty was that contractors generally were not in a position to accept apprentices and guarantee them continuity of employment. It was agreed that a board should be set up, and that youths should be apprenticed to it, and that it should see that they were found work with various employers as opportunity offered. That has been done. I believe there is now a big improvement on the old conditions. The Act, however, still leaves it doubtful whether the board has the right to cancel the credentials of a youth, and the Bill seeks to put that right.

Hon. J. Nicholson: Would you not give the same right to the employer who does not come within the scope of that board?

The HONORARY MINISTER: He has a right to apply for good cause. That is all that is asked for in the case of the board.

Hon. J. Nicholson: The board can do it of its own motion.

The HONORARY MINISTER: No, but it should have the right to do it for good cause. I think this amendment will fill the bill. Clause 23 provides that notice of employment of probationary apprentices shall be given to the court office. I am sure members who understand the matter will agree with that. The next clause provides that the service of an apprentice shall count from the date of probationary employment, instead of from the date of agreement of apprenticeship. It has very often happened that a youth is taken on for the probationary period and at some later date an agreement of apprenticeship is entered into. This means that he loses the first period of his apprenticeship. It is considered advisable that the date of apprenticeship should commence from the beginning of the probationary period instead of from the date of agreement. An apprentice may be guilty of conduct justifying the cancellation of his agreement. In other cases considerable delay may occur before the Court can hear a claim for cancellation. It is therefore desired that provision should be made for suspension, and this is done by the clause to which I refer. The last amendment is a very important one.

Hon. W. J. Mann: It ought to be framed.

The HONORARY MINISTER: Power is sought to enable the Court to say that a factory shall open at certain hours, and that a man shall not be employed during certain hours.

Hon. A. Lovekin: Are you serious about that?

The HONORARY MINISTER: Of course I am.

Hon. J. Nicholson: Who conceived the clause?

The HONORARY MINISTER: There is nothing wrong with it. It is an eminently fair one, from the point of view of the employer and the employee.

Hon. J. Nicholson: On economic grounds do you think it is fair?

The HONORARY MINISTER: Yes. If the hon. member had as much experience of the way in which the present position works and had the principle applied to his own profession he would think it was fair. He woul dbe one of the first to suggest the provision.

Hon. J. Nicholson: I do not know how it can be carried out.

The HONORARY MINISTER: The Court is to have power to determine what hours shall be worked in a given industry, a factory or a shop.

Hon. A. Lovekin: I suggest that the "Hansard" reporters should go to the Court as early as possible.

The HONORARY MINISTER: Why should they do that?

Hon. A. Lovekin: Because they have had a bad time to-night.

The HONORARY MINISTER: Although the Court has power to determine what hours shall be worked in a given shop where employees are engaged, it has no power to regulate those establishments run by one individual only. There is, therefore, a considerable amount of unfair competition in quite a number of industries. It is hoped by this amendment to provide that all persons engaged in a given industry, whether it be a one man concern or not, shall be limited to the same number of hours and the same set of conditions.

Hon. J. Nicholson: If a man wants to be a one man show he can be.

The HONORARY MINISTER: That would be giving one man an advantage over

others. It would give men the opportunity to undercut the standard which has been attained in recent years.

Hon. J. Nicholson: It would not give a man the opportunity to get on if he wanted to.

The HONORARY MINISTER: Why not? There is no reason why a man should not be able to get on working for himself, and keeping to the ordinary hours and the ordinary conditions such as is the case with his competitors.

Hon. J. Nicholson: What has enabled a man to get on before; nothing but industry and close application.

Hon. A. Lovekin: It will take you a long time to convince us.

The HONORARY MINISTER: That may be so, seeing that many members have already made up their minds against the Bill, without really considering it.

Hon. J. Cornell: That is only the Honorary Minister's construction of the matter.

The HONORARY MINISTER: I could mention two members who have told me they have not read the Bill, do not understand the Act, and do not intend to understand it.

Hon. J. Nicholson: I have read every clause in the Bill.

The HONORARY MINISTER: While that opposition obtains I am justified in making this statement. There are other members who have taken an interest in the measure. They have studied every clause and have tried to be helpful. I am particularly fortunate in some respects in that I have been able to discuss some of the amendments with one or two members who really understand them. While members may be opposed to the Bill they will have every opportunity on the second reading and in committee to voice their objections.

Hon. G. W. Miles: This is a nice stage of the session in which to bring down a Bill like this. It is only two days before you expect the House to rise.

The HONORARY MINISTER: It does not matter if it is within 24 hours of the House rising.

Hon. G. W. Miles: We are not going to rush business to suit you or your Government.

The PRESIDENT: Order!

The HONORARY MINISTER: I do not wish to cross swords with the hon. member. It would be interesting, however, to know what he means by the interjection. Surely the fact that the Bill comes down at this stage of the session does not mean that it will be prejudiced.

Hon. A. Lovekin: Not at all.

The HONORARY MINISTER: Then why are such interjections made?

Hon. A. Lovekin: We want time in which to consider it.

The PRESIDENT: The Honorary Minister should not provoke further interjections.

The HONORARY MINISTER: I have no desire to do that, Mr. President. However, I do think members should at least be a little more careful in their inferences. Some Bills have to be late in the session, while others have to be early. There are reasons for these things.

Hon. A. Lovekin: We do not like it as regards important Bills.

The HONORARY MINISTER: This is an important Bill, and members should be prepared to give it the consideration it merits. There is ample time for its discussion. To say that we are into December is no reason for declaring that it is too late to discuss the measure. If hon. members made up their minds to do so, they could easily go through the Bill in a short time—an hour or two.

Hon. A. Lovekin: It has taken you two hours to explain the Bill.

The HONORARY MINISTER: It would not have taken me so long had not hon. members been so desirous of explanation. As I have been reminded, it is necessary to give an explanation of the measure lest one might be charged with not having tried to do so, or, as one hon. member has suggested, with being afraid to do it. I have explained the Bill to the best of my ability.

Hon. J. Nicholson: You have explained it very clearly.

The HONORARY MINISTER: When the measure reaches the Committee stage, I shall be only too pleased to afford any further information I have. I move—

That the Bill be now read a second time.

On motion by Hon. A. Lovekin, debate adjourned.

House adjourned at 11.53 p.m.