Legislative Council.

Thursday, 28th January, 1915.

The PRESIDENT took the Chair at 3 p.m., and read prayers.

PAPER PRESENTED.

By the Colonial Secretary: Regulations governing the issue of licenses for the construction of artesian wells under the Rights in Water and Irrigation Act, 1914.

LEAVE OF ABSENCE.

On motions by Hon. R. J. LYNN, leave of absence for 12 consecutive sittings granted to the Hon. J. F. Allen (West), and for six consecutive sittings to the Hon. J. J. Holmes (North) on the ground of urgent private business.

MOTION—LAND AND INCOME TAX ACT, TO AMEND.

Hon. J. CORNELL (South) [3.3] moved—

That in the opinion of this House the existing Land and Income Tax Act should be amended so as to provide for a greater tax on incomes not earned by personal effort.

He said: I crave the indulgence of the House for a brief period in moving this motion. Probably the motion will not strictly convey the tenor of my remarks, at all events in respect to the last two words, namely, "personal effort." It would possibly have been better if the words had been "personal exertion." In stating my reasons for bringing this motion forward, it may be as well that I should point out at the beginning that the Legislative Council cannot initiate or amend any Bill dealing with the imposition of taxation on the people of the State. As an alternative, the Council can, I am informed, express an opinion upon the question. In expressing that opinion, whether in the affirmative or in the negative, it must be taken into consideration that the Council will this session be asked to reaffirm a clause in the Land and Income Tax Act, 1907, imposing the rates for the coming year. I take it, therefore, that if this House carries a resolution—and I think I can make out a case which will induce them to do so—it will be an instruction to the Government and to another place, when the re-enactment of the incidence of taxation comes to be dealt with. It may be necessary before proceeding any further to endeavour to arrive at a basis which will show what has prompted me to move in this matter, and to show why I pin my faith to the motion. Before making any comparison of the legislation in other States, I would define "income" as it is defined in the Land and Income Tax Act, 1907, which has not been amended since its enactment. The definition of "income" given there is as follows:—

> "Income" includes profits, gains, rents, interest, salaries, wages, allowances, pensions, stipends, charges and annuities.

"Income tax" is defined as follows:—

> "Income tax" means the tax or duty imposed or charged in respect of income by any Act in force for the time being as assessed under this Act, or any Act amending the same.

"Income chargeable" is defined as follows:—

> "Income chargeable" means a taxable amount less the deductions allowed under this Act.

These definitions are still in force, as I have already stated. I took the trouble to ascertain the definition of "income" in other statutes and I have endeavoured to glean from the Imperial Statutes the definition of the incidence of income tax as it operates in Great Britain. Hon. members who have been long in the House know that it is very difficult indeed to follow the English law. I find that an

income tax was originally introduced into the Imperial Parliament in 1845. There have been amendments since then. The financial provisions of the income tax are included in an annual Bill known as a "Finance Bill" which fixes the rate every year. It will not be disputed that the definition of "income" in the Imperial Act follows the Act which I am going to quote from. The Victorian Income Tax Act was passed in 1895, a long while ago. The definition of "income" there is as follows:—

> "Income derived by any personal exertion" means all incomes consisting of earnings, salaries, wages, allowances, pensions, superannuation or retiring allowances, or stipend earned in or derived from Victoria, and all income arising or accruing from any trade carried on in Victoria.

"Income derived by any person from the produce of property" means—

> All income derived in or from Victoria and not derived from personal exertion.

It will there be seen in the definition in the Victorian Act that there is a clear line of demarcation, as compared with our Act. "Income tax" means—

> The tax on income from personal exertion and the tax on income the produce of property.

That was passed in Victoria, as I have already stated, in 1895. In 1896 a further amendment was moved which I have written out, but which I will not weary hon. members of the House by quoting, or weary the *Hansard* staff by reporting, except to say that it was to the effect of roping in some of those whom the 1895 Act did not clearly define, and roping them in without in any way altering the definition which I have just quoted. We find that the Imperial Parliament has made this differentiation; we find that the Victorian Parliament has also made it; but we find that in 1907 this House made no such differentiation. It is a poser to me to conjure up in my mind the reasons why Parliament did not do so, and why Parliament has not done so since. Legislation is invariably a reflex of the Parliament which enacts it, and when I make a comparison between our Parliament, the Imperial Parliament, and the Victorian Parliament, I for the life of me cannot see any reason why this House should not carry the resolution. When I entered this Chamber I could not have entered the Imperial or the Victorian Parliament, except by two means—either through the dispensation of Providence, or by the grace of His Majesty King George V. We know the constitution of the second Chamber of the Imperial Parliament, and it is needless for me to dilate upon it. Also, we know the Constitution of the Victorian Legislative Council which agreed to the measure in 1895. No man could become a member of that institution unless he held freehold property to a very considerable value. The very franchise upon which members of the Legislative Council in Victoria were elected was an infinitely higher franchise than, and not nearly so generous a one as, the franchise upon which members are elected to this Chamber. Therefore, if hon. members want some guidance, they will find it exemplified in the two Houses of Parliament I have just referred to. Before proceeding further, I shall quote the rate and incidence of our tax, and the rates and incidence of the Victorian tax. The West Australian Land and Income Tax Act of 1907, by Section 2, paragraph (b), and all succeeding Income Tax Acts of this State, provide for——

> An income tax at the rate of fourpence for every pound sterling of the annual amount of all incomes as assessed under the said Act.

The amount payable under our Income Tax Act, therefore, is and always has been fourpence in the pound, minus exemption. The Victorian Act of 1895, Clause 5, reads as follows:—

> Subject to this Act there shall be charged, levied, collected, and paid for the use of Her Majesty in aid of the Consolidated Revenue for each year duties of income tax at such rates as may for each year be declared by an Act of Parliament (that is to say):—
> (a) On all income derived by any

person from personal exertion, a tax at such rate or rates as shall be so declared, and such tax for the year ending on the thirty-first day of December, One thousand eight hundred and ninety-five, shall be as follows (that is to say):—for every pound sterling of the taxable amount thereof up to Twelve hundred pounds, Fourpence; for every pound sterling of the taxable amount thereof over Twelve hundred pounds and up to Two thousand and two hundred pounds, Sixpence; and for every pound sterling of the taxable amount thereof over Two thousand and two hundred pounds, Eightpence. (b) On all income derived by any person from the produce of property within Victoria, a tax at such rate or rates as shall be so declared, and such tax for the year ending on the thirty-first day of December, One thousand eight hundred and ninety-five, shall be as follows (that is to say):—for every pound sterling of the taxable amount thereof up to Twelve hundred pounds, Eightpence; for every pound sterling of the taxable amount thereof over Twelve hundred pounds and up to Two thousand and two hundred pounds, Twelvepence; and for every pound sterling of the taxable amount thereof over Two thousand and two hundred pounds, Sixteenpence.

Thus in the Victorian Act a clear differentiation is made between income earned by personal effort, and income the product of property; and the Victorian Act clearly sets out that the tax on income the product of property shall be double the rate of the tax on income derived from personal exertion. The rate of taxation has fluctuated, but the incidence of the taxation has never been altered, in Victoria. That is to say, though the rate may have been lower in both instances, yet the rate on income the product of property has always been twice as high as the rate on income the result of personal effort. Next I ask, is the incidence of our income tax fair? I submit it is not fair. By way of illustration, I shall that property he derives, we will assume that A is a mechanical engineer in receipt of income of which the taxable amount is £300. Under our law A pays the same rate as the man deriving income from property, namely 4d. in the pound. A creates his income by his personal exertions, and in so doing he creates wealth within the community. On the other hand, B has a certain amount of money invested in property, and from that property he derives, we will assume in the form of rent, taxable income to the amount of £300 per annum, or the same taxable amount as A. Now, what has B done to create that income? Has the creation of that income been of any benefit to the State? I submit it has not. The only person who has benefited during the time that income was earned is B; and for that reason I say that B's tax should be much higher than, or say double, the tax levied on the income earned by A's personal exertion. Do present circumstances warrant the carrying of this motion? I submit that never in the history of the State were circumstances so favourable for bringing about this most desirable reform, and that never before did circumstances so strongly warrant that reform. In the hostilities now in progress between the British Empire and foreign powers, I ask, who has most to lose in the highly improbable event of our enemies' prevailing —the person whose income is derived from personal evertion, or the person receiving income which is the produce of property? Undoubtedly, the person who owns property has more to lose. The enemy is not likely to take away income derived from personal effort; but the enemy can take away from B the property which is the source of B's income. In the event of the enemy's coming here to take away B's property, the persons called upon to defend that property would be the great bulk of the community deriving income from personal exertion. Therefore, I submit that at the present juncture it is specially desirable that persons in receipt of income from property should be more highly taxed. To further substantiate my arguments in that direction, I wish to remind the House that not long after the outbreak of hos-

tilities two Parliaments of the British Empire—I mention only two, though I believe there are others as well—the Imperial Parliament and the Victorian Parliament, promptly took steps to increase taxation on income not earned by personal effort; and that course was adopted for the very reason I have advanced, that the recipients of such income had more to defend, and more to lose, and could more easily bear additional taxation, than other sections of the community. I do not intend to weary the House. If any hon. member can puncture my arguments in debate, I shall be pleased to endeavour to repair such puncture when the time comes for reply. Accordingly, I submit the motion standing in my name, and I crave the indulgence of hon. members to give it calm and deliberate consideration, with a view to rectifying an anomaly and an injustice which have characterised our income tax law since its initiation.

Hon. J. E. DODD (Honorary Minister—South) [3.25]. I second the motion.

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

BILL—LOAN ACTS AMENDMENT.

Read a third time and *passed.*

BILL—POLICE ACT AMENDMENT.

Read a third time, and transmitted to the Legislative Assembly.

BILL—PUBLIC SERVANTS.

Third Reading.

Hon. J. E. DODD (Honorary Minister—South) [3.27]: I move—

That the Bill be now read a third time.

Hon. W. KINGSMILL (Metropolitan) [3.28]: Before the Bill goes through, I should like to ask the Honorary Minister whether the Government are perfectly sure of their constitutional position in the matter. Of course, I would like the Honorary Minister to understand that I am entirely in accord with the Bill, and think that the Government should certainly have this power, providing they can obtain it properly. The question in my mind is whether the State Government are entitled to deal with this subject, or whether the matter, being one affecting alien races within the boundaries of the Commonwealth of Australia, and the rights of members of those alien races whether naturalised or not—which in itself is a somewhat large order—is not rather a matter which falls within the province of the Commonwealth Government to deal with? That raises a question which I presume has been looked into already, and I should like to have the assurance of the Government that this is the case. I trust that they have made this inquiry, and that the answer has been satisfactory. I am sure the Honorary Minister will be able to tell me this; and, furthermore, he can give us some valuable evidence if he is able to inform us that other States have legislated in the same manner. If that is so, the presumption is that the Governments of other States have made the inquiries I have indicated, and that the answers received have been satisfactory. In any case, I am afraid that the Bill, if it passes Parliament, will be reserved by His Excellency the Governor for the Royal assent. However, I should be glad of any enlightenment the Honorary Minister has to offer the House on the point I have raised.

Hon. C. SOMMERS (Metropolitan) [3.30]: Following on the remarks of Mr. Cullen yesterday I had intended to raise the very same point. I am in accord with the Bill, but I am afraid we have not the power to discriminate between naturalised public servants, no matter where their birthplace. I think this should be further looked into. The Bill will almost certainly have to be reserved for the Imperial assent, and moreover it would be interesting to know what has been done in the other States.

Hon. J. E. DODD (Honorary Minister—South) [3.31]: The Bill has been prepared by the legal advisers of the

Government, and I assume that if there were any constitutional difficulties they would have drawn the attention of the Government to them. The position is somewhat altered in regard to foreign countries by reason of the fact that we are at war with those countries, and so cannot strain our relationship with them.

Hon. W. Kingsmill: But can we as a State do this?

Hon. J. E. DODD (Honorary Minister): I cannot answer that question, nor the other question as to any of the other States having such legislation; other than I know the matter was discussed when the Premier was last in Melbourne. However, if we pass the Bill I will undertake to see that these questions are answered before the assent of the Governor is received.

Hon. D. G. GAWLER (Metropolitan-Suburban) [3.33]: It looks as if discrimination was being sought against a naturalised subject of the State, and, therefore, against a British subject. If a subject of this State went to one of the other States where this law was not in force he would not be subjected to any such discrimination. It is a question whether we are not putting on him a disability to which he would not be subjected in any other State, and if that be so it seems to me the proposed legislation is in conflict with Section 117 of the Constitution Act.

Hon. J. E. DODD (Honorary Minister): In the circumstances perhaps it would be better to adjourn the debate.

On motion by Colonial Secretary, debate adjourned.

BILL—NAVAL AND MILITARY ABSENTEES' RELIEF.

Report of Committee adopted.

BILL—INDUSTRIES ASSISTANCE.

In Committee.

Hon. W. Kingsmill in the Chair; the Colonial Secretary in charge of the Bill.

Clauses 1 to 8—agreed to.

Clause 9—Colonial Treasurer may supply commodities and make advances:

Hon. H. P. COLEBATCH: I move—

That paragraph (c) be struck out.

I cannot see any good purpose to be served by the Government lending people money with which to pay their debts to the Government. It is simply a means of transferring loan funds to revenue. It is objectionable from the point of view of finance, and is also likely to be objectionable in regard to Clause 15, in giving interest on those charges priority over the first mortgagee. Faced with similar circumstances the South Australian Government, instead of lending the settlers money out of loan funds with which to pay the Government for wire netting, have postponed their payments for a couple of years. If people cannot pay rents it would be far better to give them an extra year in which to do it than to lend them the money and charge them six per cent. interest.

The COLONIAL SECRETARY: The main object is to put all future advances to settlers on a business basis. Hundreds of settlers in Western Australia have been paying no interest on their land rents during the last three years. They have had accommodation and extension of time, but have not paid one penny interest. The Government intend to stop this system, and if the settlers require special concessions in this regard, they must borrow the money from the Government at interest and pay the Lands Department the rent due.

Hon. W. Patrick: This is going to introduce a very vicious principle, namely, the payment of loan money into revenue.

Hon. J. Cornell: What happens now in the case of a deficit?

Hon. W. PATRICK: Parliament has never consented to anything of this kind. The result will be to transfer loan money to revenue, and, worse than that, it will mean removing an enormous sum from the legitimate avenues in which loan money should be expended and putting it into revenue, to be spent for quite different purposes. There could not be a worse principle.

Hon. A. SANDERSON: I do not see any very serious objection to letting this go through. In fact I snort with

glee, to quote the words of a German professor, when I see the hopeless tangle the Labour party and the country generally are getting into with this kind of performance. There will be no end to it. The loan fund will become the capital which will be used by the Treasurer as a fund for carrying on business with the people of the country. In short, the Government will be conducting a general banking or pawnbroking business. If the Government continue to submit and the country to sanction measures of this kind, I will walk out of the House when the divisions are taken. This legislation is only a fore-runner of what will come later. The Government know the hopeless state of their finances. Where will they obtain this money to lend? The measure is bad from start to finish and I regret I did not divide the House on the second reading.

Hon. J. CORNELL: Mr. Sanderson is so full of pessimism that I do not see how he could possibly snort with glee. The object of the paragraph is to make advances to settlers who owe land rents, survey charges, etc., and the provision is a very desirable one. To-day £200,000 is owing to the Government in the shape of deferred rents.

Hon. W. Patrick: And will still be owing if this provision is carried out.

Hon. J. CORNELL: That sum is portion of the deficit.

Hon. W. Patrick: A large sum has always been owing for land rents.

Hon. J. CORNELL: If the Government had insisted on the payment of that sum, the deficit would have been £200,000 less. When there is a deficit the money has to be found and is it not more honest to put the transactions on a business basis? If this is done, the deficit will be reduced by £200,000. If the amendment is carried, the object will be to further harass the Government and prevent them from putting the finances of the State on a satisfactory basis.

Hon. W. Patrick: That is nonsense.

Hon. J. CORNELL. Perhaps so, but this House has not passed anything which would enable the Government to cast aside some of the harassing restrictions which have beset them since they they took office. It would not be fair if the State Implement Works were to take precedence over the Massey-Harris Company for instance. The State Implement Works are a trading concern and should stand side by side with private enterprise.

Hon. D. G. GAWLER: It seems that the Government having made bad debts which cannot be paid, are resorting to this method to pay themselves. They desire to borrow money and lend it to the farmer who will pay it back to them. Is not this paying debts with borrowed money? If so, it is not a financial way to carry on business. Under this provision the Government will be merely piling up a big loan fund. I do not feel inclined to help the Government to get their debts paid in this fashion.

Hon. H. P. COLEBATCH: Supporters of the Government are very fond of telling the country what the settlers owe. It is most unfair that a number of men who have gone into the backblocks and are endeavouring to develop the State should have it thrown up at them because the Government, through blundering finance, have built up a huge deficit, that they have not paid their land rents as quickly as they should have done. A few years ago we were told that it was wrong to take land rents into consolidated revenue. Under a proper system of finance, it is reasonable and right that such rents should be suspended without interest and tacked on to the end of the period. Our settlers are enduring great hardships and doing most valuable work to develop the State, and it should not be continually thrown up at them that they owe money to the Government. We have been told that the Government require £750,000 to finance their proposals under this Bill. Later on we shall be told that the Government have advanced that sum and we shall probably find that only £250,000 of it has been advanced; the balance will represent money advanced for the payment of arrears which by every argument of right and justice should be deferred to a future period

without interest. I appreciate the attitude of Mr. Sanderson. He regards the Bill as being bad in principle and he wants it to leave this House in as bad a form as possible. If there is only some slight defect in the measure, it will not cause the same amount of injury as if it is utterly bad. Mr. Sanderson will be satisfied if the Bill is passed in the worst possible form so that it will bring disaster to the country.

Hon. A. Sanderson: The Government think it the best possible form.

Hon. H. P. COLEBATCH: Our duty is to make the Bill as good as we can.

Hon. J. E. DODD (Honorary Minister): It is curious that those who are continually railing about the deficit are those who, by every means in their power, endeavour to prevent the adoption of any method to place the finances on a better footing. I say earnestly and candidly the State under this Bill has gone about as far as it can towards assisting the farmers. The farmers are in debt to the revenue account of this State to the extent of £400,000. Thus more than half of the deficit is due to advances made to the farmers, and the Government now desire by a more businesslike method to remedy this state of affairs. It is all very well to say we will be taking out of one pocket and putting into the other. This may be so to a certain extent, but this paragraph applies not only to land rents but to advances made by other Government institutions. The Government do not intend to continue what they have been doing in the past. If something is not done to establish a fair and equitable method under this measure, we will simply have to drop the assistance we have been giving to the farmers. No Government could continue on those lines.

Hon. C. F. Baxter: You mean the State would close down altogether.

Hon. J. E. DODD (Honorary Minister): I have every sympathy for the farmer, but he is not the only man in the State, nor is the farming industry the only industry in the State. There are other people who are getting tired of the spoon-feeding farmers.

Hon. C. F. Baxter: I like your term. Where does it apply?

Hon. J. E. DODD (Honorary Minister): I say that £400,000 are owing by the farmers to the State to-day. No one is more in sympathy with the farmers than I am. No Government could go on in the manner that the Government of Western Australia have been going on with regard to the farming industry. I hope that the Committee will recognise that the Bill is intended to render assistance to the farmers and that members will not go too far in the direction of mutilating its provisions.

Hon. W. PATRICK: I am astonished at the speech of the hon. Minister, but I am pleased that he has given us one piece of valuable information, namely, that the farmers are said to be owing the State £400,000. He also gives us to understand that the object of the Bill is to assist in reducing the deficit of the State by that amount. No doubt that is the object of the clause, namely, to pay £400,000 of loan money into the Consolidated Revenue, and say that they are advancing that amount to the farmers. The Government would not be advancing one sixpence to the farmers. In an interview with the Premier before Christmas, the hon. Mr. Carson, the member for Greenough (Mr. Cunningham), and myself, were told by him that the Government were going to advance approximately three-quarters of a million to the farmer. There is no doubt from what the hon. Minister says that £400,000 of this £750,000 is to come out of this clause. The farmer will have no reason to thank the Government for a transaction of this kind, because they are going to be charged big interest. As to the farmer being spoon-fed, it is quite evident that the Honorary Minister knows nothing whatever about farming in Western Australia to-day. If this State is not going to be built up on wheat growing it is not going to be built up on anything else. The mining industry is practically at a standstill, whilst the wheat industry has a great future before it. Any money spent upon the farmer will, therefore, be a good investment. If it is not a good investment

it is not worth anything at all. If this is carried through, the Bill can be dropped so far as I am concerned. I would not vote for the clause. It is a Machiavelian proposal to adopt the plan of drawing £400,000 of loan money from its legitimate avenue of expenditure and calling it revenue.

Hon. E. M. CLARKE: This gives the Government power to borrow a certain amount of money which goes temporarily into Consolidated Revenue. The farmers are to be charged with the amount they owe for rent and at the same time be credited with the amount; and the amount, therefore, stands where it was. I do not think that the farmer would even see the spoon with which it is said he is being fed. He will not have a single penny and he will be in no better position than before.

Hon. H. MILLINGTON: I find it rather difficult to understand hon. members who have opposed this clause, and yet almost implored the Government on various occasions to adopt business methods. Before a private bank will lend money on conditional purchase leases they insist that the rents shall be paid to date. The Government are continually making advances to settlers and they are only asking that they should be put on the same footing. It is stated that the Government are anxious to hide the deficit. No attempt is being made to hide the real deficit. It cannot be said that outstanding amounts can be taken in as part of the deficit. An attempt is being made to show the real position of the deficit and the position of the outstanding accounts owing to the State. The clause in my opinion is absolutely necessary.

Hon. H. CARSON: I understand it is the intention of the Government during the session to introduce an amendment of the Land Act. In that Bill I believe they are going to give exemptions up to five years, and I believe they are going to make the leases of the repurchased estates extend over 30 years. If that is so, this clause will not have the effect that some hon. members seem to think. There will not be very much to go to revenue account from rents owing if the Bill is passed, which I hope it will be. It may be necessary for some such clause as this, because there is interest also due to the Agricultural Bank, and the Government are entitled to that money. I do not feel inclined to oppose the clause, although I do not altogether agree with it. I hope there will be no necessity for taking money from Loan Funds for revenue.

Hon. H. P. COLEBATCH: In view of the reference of one hon. member to the adoption of business-like methods, I may say that I do not know it is a business-like method to borrow money to pay interest due to the Agricultural Bank. From a business point of view take the words in the latter portion of this paragraph, "or to pay any moneys due to any Government department or institution." Does it appeal to the Committee as being a business proposition that the Government should sell implements from the State Implement Works and advance the money to the farmer out of loan, so that the farmers shall pay cash to the implement works, and thus in a fictitious fashion run the State Implement Works on a cash basis, and show that these works are not making any loss whatever, every loss that does occur being debited to this loan account? If that is the Government's idea of business methods I must say I cannot agree with them. In my opinion it would mean the covering up of some of the losses that these trading concerns are certain to make.

The COLONIAL SECRETARY: The hon. Mr. Patrick said that the Government had a Machiavelian object in regard to this Bill. I can assure the hon. gentleman that the majority of the House will have to accept that amendment before the Bill becomes law. We intend to put the whole of the transactions in connection with the farmers on a business basis. Any advances made will have to bear a certain amount of interest. If a farmer owes money to the Lands Department in the form of rents and it is considered necessary, because his holding is liable to forfeiture, to render him assistance, and that assistance is rendered through the Assistance Board, he will be required to pay the money to the Lands Department, and

it seems to me that it is a very proper way of conducting the business. It is said that it is borrowing money to put it into revenue. That sort of thing has been taking place in the past for many years. A man obtains money from the Agricultural Bank and carries out improvements on his block. He walks across to the Lands Department and pays his rents with loan moneys he has obtained from the Agricultural Bank. We say that the old system shall cease. For three years nine-tenths of the people have paid no rent in those dry districts of the State and paid no interest.

Hon. W. Patrick: If that is so why were the land rents last year better than before?

The COLONIAL SECRETARY: The hon. Mr. Patrick said that £400,000 out of the £750,000 is to go back to the Government. The effect of that statement will be to create a very erroneous impression throughout the country, an impression that the Government intend to advance practically only £350,000 to the farmers of Western Australia. That is not correct. It is a misrepresentation of the position. The Government propose to advance £750,000 for the purpose of cultivating Western Australia and assisting farmers in distress and enabling them to till their land. Mr. Clarke said the farmers would not receive one penny of this money. I cannot say what process will be adopted, or whether the farmers will be allowed to handle the money or not. What does it matter so long as the rents are paid, and paid with the permission of the farmer?

Hon. A. SANDERSON: I just want to be quite sure that I heard the Minister correctly. I understood him to say that if the amendment were passed the Bill would be dropped.

The Colonial Secretary: Yes.

Hon. C. F. Baxter: That is always the position taken up when they are doing anything for the farmers.

Member: That is a threat.

Hon. A. SANDERSON: I do not take it as a threat. I took it as a new method adopted by the Government in making a business-like clear intimation of what is going to be done. A Minister does not threaten the House. He tells us what he proposes to do, and we ought to be thankful for his having told us clearly that if this clause is amended the Bill is to be dropped. If the hon. member took it as a threat I can quite understand his position. Are we going to waste time? If it is desired that the Bill shall be rejected members have only to vote in favour of the amendment. If, on the other hand, it is desired that the Bill shall go through, the House has to accept the clause.

Hon. R. D. McKENZIE: The Minister has admitted that the effect of this clause will be simply a book entry.

The Colonial Secretary: I did not.

Hon. R. D. McKENZIE: You said that if money were owing to the Government for land rents, the Government would advance money to pay the land rent. Therefore, the farmer will still owe you the amount which has been paid off the rents. Where are you going to get the money? From loan, and then advance it to the farmer. And in doing so you are going behind the mortgagee, the man who has advanced money to the farmer frequently. You are going to upset his security altogether. I would have voted against the second reading of the Bill, but now the second reading is passed I am willing to sit in the House and try to make the Bill as little harmful as possible.

Hon. W. PATRICK: The leader of the House made the extraordinary statement that farmers were owing about nine-tenths of the land rents for the last three years.

The Colonial Secretary: I said in the dry areas.

Hon. W. PATRICK: The dry areas form a large portion of the State. That is a serious statement in view of the incontrovertible fact that during the last financial year £378,000 of revenue was paid into the lands office, which was much more than was paid in the previous year.

Hon. J. CORNELL: I will follow the leader of the House and throw the responsibility, if this Bill be lost, on the proper shoulders. Mr. Patrick said the mining industry was going down, but it

is accepted that the mining industry today is the backbone of the country. Without a continuation of the mining industry it would be a long time before we would see the rehabilitation of the farming industry. If the money provided by the taxpayer in the mining industry is to be lent out to the farmer, then business methods should be adopted. I appeal to the House to have some consideration for the taxpayers of the State. Those taxpayers engaged in the mining industry have not had nearly as much done for them in ten years as the farmers have had done in ten months in the way of advances and assistance.

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

Ayes	.. .. ..	10
Noes	.. .. ..	8
Majority for	..	2

AYES.

Hon. E. M. Clarke	Hon. R. D. McKenzie
Hon. D. G. Gawler	Hon. W. Patrick
Hon. A. G. Jenkins	Hon. A. Sanderson
Hon. R. J. Lynn	Hon. C. Sommers
Hon. C. McKenzie	Hon. H. P. Colebatch (*Teller*).

NOES.

Hon. C. F. Baxter	Hon. J. M. Drew
Hon. H. Carson	Hon. J. W. Kirwan
Hon. J. Cornell	Hon. G. M. Sewell
Hon. J. E. Dodd	Hon. H. Millington (*Teller*).

Amendment thus negatived.

Hon. H. P. COLEBATCH: I move an amendment—

That the following words be added: —Provided that no commodities shall be supplied or money advanced under this Act after the 31st day of December, 1915.

I do not think that assistance will be needed after the date mentioned; if it is needed it can be arranged in a new Bill. So far as the mining industry is concerned I think that nothing like this is intended to apply. This Bill will meet all the requirements until the end of the year, and if necessary a more comprehensive Bill can be then introduced.

Hon. J. CORNELL: That means that the Government shall only grant assistance in the lean years.

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

Ayes	.. .. ..	9
Noes	.. .. ..	9
A tie	.. ..	0

AYES.

Hon. E. M. Clarke	Hon. W. Patrick
Hon. H. P. Colebatch	Hon. A. Sanderson
Hon. A. G. Jenkins	Hon. C. Sommers
Hon. R. J. Lynn	Hon. C. McKenzie
Hon. R. D. McKenzie	(*Teller*).

NOES.

Hon. C. F. Baxter	Hon. J. W. Kirwan
Hon. H. Carson	Hon. H. Millington
Hon. J. E. Dodd	Hon. G. M. Sewell
Hon. J. M. Drew	Hon. J. Cornell
Hon. D. G. Gawler	(*Teller*).

The CHAIRMAN: In order to permit of further consideration, I give my casting vote with the noes.

Amendment thus negatived.

Clause, as previously amended, put and passed.

Clauses 10, 11—agreed to.

Clause 12—Colonial Treasurer may grant application:

Hon. H. P. COLEBATCH: I move an amendment—

That paragraph (d) be struck out.

The COLONIAL SECRETARY: I recognise that this is a consequential amendment on the amendment made in Clause 9.

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

Clause 13—agreed to.

Clause 14—Provision for fixing the cost of commodities supplied, and the repayment of advances:

Hon. H. CARSON: I move an amendment—

That in Subclause 4, line 3, the word "less" be struck out and "more" inserted in lieu, and that in line 4 the word "six" be struck out and "five" inserted in lieu.

The object of the amendment is to reduce the rate of interest chargeable to the

settler. In the present position of affairs we can afford to be a little considerate to the men struggling on the land. The rate charged in Victoria is only 4½ per cent. whilst South Australia charges no interest at all for the first 12 months. An hon. member has contended that the farming community has been spoon-fed, as compared with the gold mining industry; but many thousands of pounds spent by the State on the goldfields will never bring any return whatever. I trust the Government will accept the amendment. Settlers pioneering the dry areas, in especial, need some consideration. The Government are getting the money at 4½ per cent., and ½ per cent. should cover all the expense of administration.

The COLONIAL SECRETARY: The Government cannot accept the amendment. The fixing of the rate of interest at not less than 6 per cent. seems to me fair and reasonable. It is not proposed to charge more than 6 per cent. under existing conditions, but the time may come when the Government themselves may not be able to borrow at 6 per cent. If the war extends over two or three years, the price of money in London even may be more than 6 per cent.; and there may be considerable difficulty in raising money at all. And it has to be borne in mind that the Government may have to carry the settlers over two or three years. Again, the cost of raising money just now is about £4 5s. per cent., and, in addition, the cost of departmental administration must be taken into consideration. What financial institution is prepared at the present day to lend money at 6 per cent.? How much does the machinery agent charge, and the merchant selling fertiliser? With money at 6 per cent. under this Bill, the farmer will be in a much better position than he finds himself in to-day without such aid. It seems to me a most peculiar attitude on the part of the Legislative Council to attempt to dictate to the Government the rate of interest at which money should be lent, and to attempt such dictation without any information as to the probable cost to the Government of money borrowed during the next 15 or 16 months.

Hon. A. SANDERSON: I trust that after the statement of the leader of the House the mover will withdraw his amendment. There is no doubt the Government are doing the best they can, according too their lights. It is easy for us to drop the rate one per cent., even assuming for a moment that the reduction will be accepted by the Government. However, there is good reason why it should not be accepted. I hesitate to suggest that the amendment is moved simply for the purpose of placing on record that some hon. members have tried to do something for the farmers. In any case, it is no use bringing up the mining versus farming controversy again.

Hon. H. CARSON: I ask leave to withdraw my amendment.

Amendment by leave withdrawn.

Hon. H. P. COLEBATCH: I move an amendment—

That in Subclause 4, line 4, the word "six" be struck out and "five" inserted in lieu.

I appreciate the arguments of the Colonial Secretary, if the Bill is to be a continuing piece of legislation, which I think would be a very great pity. In that case the Government would be likely to have to pay much higher rates. This amendment, however, will not bind them to advance at 5 per cent., but will be an expression of the opinion of the Committee that advances should be granted at the rate of 5 per cent.

Hon. J. CORNELL: The only effect of the amendment will be to accentuate vexation.

Hon. C. F. Baxter: Rubbish!

Hon. J. CORNELL: A man who can at present borrow money at six per cent. is fortunate, and this rate will probably hold good for some time.

Hon. C. F. Baxter: The Government are getting the money for 4½ per cent.

Hon. J. CORNELL: If the Committee are satisfied that six per cent. is a reasonable rate of interest at present, and is likely to continue, why not allow the clause to stand? If the outlook improves it will be possible to introduce a

short amending Bill to make the rate not less than five per cent.

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

Ayes	9
Noes	7
Majority for	2

AYES.

Hon. C. F. Baxter	Hon. W. Patrick
Hon. H. Carson	Hon. G. M. Sewell
Hon. E. M. Clarke	Hon. C. Sommers
Hon. H. P. Colebatch	Hon. C. McKenzie
Hon. D. G. Gawler	(*Teller*).

NOES.

Hon. J. Cornell	Hon. R. D. McKenzie
Hon. J. E. Dodd	Hon. H. Millington
Hon. J. M. Drew	Hon. A. Sanderson
Hon. R. J. Lynn	(*Teller*).

Amendment thus passed; the clause as amended agreed to.

Clause 15—Advance to be first charge on land, crops, etc., of settler:

Hon. D. G. GAWLER: I move an amendment—

That the following proviso be added to Subclause 1:—Provided that when the holding of an applicant is already mortgaged by a registered instrument or instruments, or is subject, to the knowledge of the Colonial Treasurer, to a vendor's lien for unpaid purchase money, notice in the prescribed form of the proposed advances shall be given to the mortgagee or mortgagees or vendor, and if within fourteen days after such notice the mortgagee or mortgagees or one of them or the vendor, by notice in writing served on the Colonial Treasurer, objects to the proposed advance, the Colonial Treasurer shall only be entitled to make the advances, either subject to such mortgage or mortgagees or vendors' lien or on the security of a bill of sale over the crop of the next ensuing harvest sown or grown on or upon the lands of the applicant, and also over each of the two succeeding crops to be sown on or grown upon such lands. Provided further that the advances under the security of such bill of sale over crops shall be and until fully paid shall remain a first charge or priority to all other encumbrances over such crops.

Under the clause as drafted Government advances would take priority of all other encumbrances. The object of the amendment is to give notice to prior mortgagees, and if they object, the Treasurer can only make advances on securities subject to their mortgages, or by lien over the crops, which lien shall take priority of other liens over the crops. The whole of our commerce is built up on the maintenance of obligations, and if obligations are destroyed by Act of Parliament, as it is proposed under this clause and under Clause 23, the faith of investors in this State will be destroyed, and it will be impossible to get advances as heretofore. This proposal is on a par with the action which precipitated the present war in Europe—the tearing up of a scrap of paper. Yet the Government ask us to assist in tearing up scraps of paper—securities. In many instances mortgagees have been the salvation of those to whom money has been lent. Many farmers would not otherwise have been able to obtain farms. But the securities of these mortgagees are now to be superseded for money which the Government propose to advance for the purpose of putting in crops. If it had not been for the first mortgagees, in many cases there would be no land prepared for cropping. But for a previous amendment to the Bill, the mortgagee would have been sacrificed to enable the Government to pay their losses on socialistic undertakings.

Hon. J. Cornell: Do you call advances to settlers a socialistic undertaking?

Hon. D. G. GAWLER: I was referring to another portion of the Bill which has been struck out. We have to realise the position of trustees if this clause is passed. Under the Trustees Act a trustee is liable for negligence if he lends on a margin of less than two-thirds of the value. If mortgagees' securities depreciate, as they will and become second mortgages, trustees will be bound to call in their advances. That surely will be a serious matter. If further ad-

vances are required by farmers, what attitude will the great institutions which at present lend money adopt? If such legislation is passed there will be no more advances if their securities can be superseded by the Government's loans. The position has been represented to me very strongly in behalf of the A.M.P. and National Mutual Societies, which are very apprehensive of the effects of this clause. The A.M.P. Society has been advancing £100,000 per annum in this State, and a large proportion of it to the farmers. We can therefore understand what the effect of this clause would be on that institution.

Hon. J. Cornell: How will they get on if the Government do not assist the settlers?

Hon. A. Sanderson: That is their affair.

Hon. D. G. GAWLER: Under the Bill as drafted the Government will get on very well, but apparently every one else will suffer.

The COLONIAL SECRETARY: If the object of even the effect of the clause could injure or destroy the security of the mortgagee there would be some ground for the strong opposition shown by Mr. Gawler, but there is no reason to apprehend that the mortgagees' security will be affected; in fact, there is reason to believe that the security will be improved. A farmer who has borrowed money from a mortgagee will be assisted by the Government to remain on his holding and cultivate it. There is no doubt that five out of every six mortgagees would be prepared to give their approval to the advances. Take the case of a farmer with 2,000 acres of land on which he has already borrowed £200; that man cannot get assistance if the mortgagee will not give his consent. There is no new principle in this clause. I do not know what is in the South Australian Bill, which was referred to by Mr. Colebatch last night, but for many years past Acts have been passed in South Australia embodying a similar principle to that which appears in this measure. During periods of drought extending over a number of years the South Australian Government from time to time have brought down Bills making provision for supplies of seed wheat being distributed amongst farmers through the district councils, and the fact of the farmer receiving this seed wheat would make the advances in that form a first charge, not only over the growing crop, but over the land.

Hon. H. P. Colebatch: It is not the same in the present South Australian Bill.

The COLONIAL SECRETARY: I do not know what is in the present Bill, but in the past Bills have been brought down in South Australia making provision for a similar principle.

Hon. A. SANDERSON: We have not been told that this is one of the clauses the Government insist on passing. If it is of any satisfaction to the leader of the House, I would be prepared to admit that we could find on the statute-books of the various States precedents for what is proposed to be done here, and it is possible to exaggerate the probable effect. It is difficult to ask the financial institutions and people in the position of trustees, who are not intimately acquainted with every detail of what is going on to advance money. Surely the leader of the House must see the bad effect this provision will have on people who lend money. Instead of getting rid of speculation it will increase speculation. We are not responsible for what is done in South Australia, but we are responsible if we pass a clause of this kind, and I cannot believe the Government will insist on this provision. The practical effect of the amendment is to take the sting out of the clause, and I think the Government should accept it in a friendly spirit.

Hon. C. SOMMERS: I heartily support the amendment. It seems to take the sting out of the clause. A Bill was introduced into the Victorian Parliament about the middle of November, the fate of which I do not remember, but it contained some provisions that seem to be embodied in Mr. Gawler's amendment. It says that an advance to enable any cultivator to cultivate his farm may be

made in any financial year by way of a loan bearing interest at 5 per cent., and in such quantities as the Minister thinks fit in seed and fodder, or both. The Government go further than that in their Bill. No advances can be made after the 30th June in Victoria, but in this Bill the time is 31st December. In Clause 5 of the Victorian Bill it goes on to say that where loans are made, if the cultivator is subject to any encumbrance no advance will be made without the written consent of each mortgagee. Where the cultivator is unable to give to the board security by way of mortgage, or where the mortgagee refuses consent to the advance, the Minister may, if he thinks fit, grant the cultivator an advance and cover the advance by taking a preferential lien over the two succeeding crops. Mr. Cornell goes further, and says that the present crop, the coming crop, and the two succeeding crops, should be subject to lien. To me the Victorian proposition seems very sensible, and I strongly commend the amendment to the Committee. Everything Mr. Gawler has said as to the attitude of lenders has my endorsement: they confidently expect the Legislative Council to throw out the Government proposal.

Hon. C. F. BAXTER: Clause 15 represents a great boon to me, seeing that among my constituents there is a large section of those suffering, and in need of assistance from the Government. While recognising that the Government require security, I consider that this clause, if passed as it stands, would rebound on us like a boomerang, by reason of its after effects. Are the Government financially strong enough to take on their shoulders practically two-thirds of the producers of this State? Assuredly they are not. It would be madness to suggest that the Government and the Agricultural Bank could carry the settlers on. For every pound advanced by the State, as much as £10 has been advanced by financial institutions. With a view to assisting the Government to obtain adequate security, I move an amendment on the amendment—

That in lines 13, 14, 15, and 16 of the proviso the following be struck out: "the crop of the next ensuing harvest sown or grown on or upon the lands of the applicant, and also over each of the two succeeding"; that in line 16 of the proviso the word "such" be struck out and "the" inserted in lieu; and that after "lands" in line 17 of the proviso there be inserted "of the applicant."

The effect will be to give the Government a lien over all crops. In New South Wales, where there has been drought upon drought during the last 19 years, the Government take a lien upon the crop growing on the land and upon the two succeeding crops; and I am sure the Committee would agree to a similar provision here. The threat is frequently uttered that if certain amendments are made in a Bill, the measure will be dropped by the Government, with the result that no assistance will be given to the farmers. Let the Government ask themselves whether they can carry on the State if they turn down the farming community. Owing to the failure of the harvest, the railways are now losing about £2,000 per day. The Government should put up with trouble until good times come along. A great deal of trust money has been advanced in this State, and Ministers must know that it is illegal to advance trust moneys on any mortgage but a first one. Lastly, if the proposed advances by the Government are not repaid out of crops, they will not be repaid at all.

Hon. J. CORNELL: Under the clause as it stands, any person can approach the board for assistance, irrespective of whether there is an encumbrance on his property or not. In such a case the board can make an advance, and to the extent of that advance the board will have a prior claim on that person's property. Under the amendment, however, the holder of an encumbrance over the property of an applicant for Government assistance must be notified by the board of the application for an advance; and if the holder of the encumbrance re-

fuses his consent to the advance, where does the poor unfortunate applicant come in?

Hon. C. F. Baxter: The board would take a lien over his crops.

Hon. J. CORNELL: The applicant will be between the devil and the deep sea. Mr. Gawler's proposal, with Mr. Baxter's further amendment, amounts to this: if the Government think fit they may make advances to such an applicant and take a lien over his crops. In the event of the amendment being carried, the Government, I take it, would do that. By that very action, however, the Government would probably be assisting some person who had persuaded himself that he wanted to get back the money he had advanced, to obtain his desire. If it is thought that mortgagees will not allow the Government priority and that the Government should take a lien over the crops in such cases, this security should be good enough in all cases. Probably 95 per cent. of those who will receive assistance are encumbered, and it will be necessary to give notice in all those instances. The Government will never be repaid unless we experience a return of good seasons, notwithstanding that they hold a prior claim. I believe 90 per cent. of lenders would take no exception to the Government's proposal, and it is evident that unless the Government go to the assistance of settlers, both they and the lenders will go to the wall.

The CHAIRMAN: The question before the Committee is the amendment by the hon. Mr. Baxter on the amendment of the hon. Mr. Gawler. I ask hon. members to confine their remarks to that.

Hon. H. P. COLEBATCH: I am inclined to favour the amendment moved by Mr. Gawler. In view of our decision, that this Bill shall continue in perpetuity, the amendment by Mr. Baxter will amount to almost the same thing as the original clause. If we empower the Government to advance indefinitely and provide that the advances shall be a charge until they are pad, I do not see how the positions of mortgagees will be improved. Probably 80 per cent. of those to whom advances will be made are clients of the Agricultural Bank over whose property the Government already hold a first mortgage, so the necessity to give notice will apply in only a limited number of cases. I suggest that the Minister should agree to the postponement of the clause until the remaining clauses have been considered.

The COLONIAL SECRETARY: I move—

That the further consideration of the clause be postponed until after the consideration of Clause 29.

Motion passed.

Clauses 16, 17—agreed to.

Clause 18—Provisions of the Act to apply where commodities have already been supplied:

Hon. A. SANDERSON: This clause seeks to legislate retrospectively. No saving of time is effected by rushing measures of this description through, because omissions occur which have later to be rectified by amending Bills. What commodities have been supplied? Is any considerable sum involved?

The COLONIAL SECRETARY: Yes, the Government have been supplying some farmers for nearly three years and have been supplying very extensively since October. This clause seeks to provide security for the Government.

Clause put and passed.

Clause 19—Punishment for selling commodities supplied:

Hon. A. SANDERSON: This clause should not be passed without discussion.

Hon. C. Sommers: Any man who offends in this way should be imprisoned.

Hon. A. SANDERSON: Anyone who honestly makes money is doing a good service to himself and the State. If a man can buy chaff and sell it at a profit——

Hon. C. Sommers: He might sell it at cost price and collar the cash.

Hon. A. SANDERSON: We tear on with these measures and put them through without proper consideration.

Hon. C. SOMMERS: The clause does not need discussion. If a man receives from the Government commodities for which he has not paid, and sells them to

someone else for cash, should be go scot free? Instead of two years' imprisonment, he should receive ten years.

Clause put and passed.

Clauses 20, 21—agreed to.

Clause 22—Register to be kept for inspection:

Hon. C. SOMMERS: I oppose the clause. Bills of sale should be registered in the ordinary way. It would be objectionable to set up another office for the registration of titles.

Hon. D. G. GAWLER: I oppose the clause for the reason given by Mr. Sommers. It would take a long time before the public became aware of the new place of registration and I fail to see the object for making this departure.

The COLONIAL SECRETARY: It ought to be evident that the Government desire to provide a simple form of acknowledgment and if this clause is struck out, it will be necessary to prepare in accordance with the Bills of Sale Act agreements which will involve heavy legal expenses in every case. They will have to be drawn up and registered in the Supreme Court. The only cost involved in the Government's proposal will be the value of a sheet of paper and a copy of the schedule. The deletion of the clause will greatly harass the Government.

Hon. D. G. Gawler: The Minister is not altogether accurate.

The COLONIAL SECRETARY: If this clause is struck out it will involve fairly large fees in every individual case. Every bill of sale will require registration, and notice of intention will need to be given.

Hon. A. G. Jenkins: That would not apply in this particular case.

The COLONIAL SECRETARY: Affidavits would have to be drawn, and there are various other technicalities. I know what the cost will be, and that it will be a pretty heavy burden on those who are already not in a position to bear any extra burden. Everybody will know that the Department of Agriculture will keep a register which will be open to inspection on payment of a small fee, say 1s.

Hon. A. G. JENKINS: The cost will be practically nothing. A small form of affidavit will be required, and you can get thousands printed for a few shillings and bills of sale also are printed practically at no cost. Thousands of such forms could be run off at a cost of a pound or two. Under the Bills of Sale Act a commissioner of affidavits is authorised to take the affidavit. It may be said on the other side that there should be only one place of registration. It would save a lot of unnecessary trouble and bother to everybody concerned, and while it would simplify matters it could be done with practically no expense.

Hon. W. PATRICK: I would suggest that the leader of the House might defer consideration of this clause until the end of the Bill. I move—

That the further consideration of the clause be postponed.

Motion passed.

Clause 23—Relief to farmers from contracts for the supply of wheat for future delivery:

Hon. H. P. COLEBATCH: I move an amendment—

That in Subclause 5, line 4, the words "thirty-first day of March" be struck out, and "thirtieth day of April" inserted in lieu.

It has been represented to me by people interested that the time given in which action must be taken is too short.

Amendment (that the words proposed to be struck out be struck out), put and passed.

Hon. C. SOMMERS: I am going to oppose the clause as a whole. I have sympathy with farmers who have miscalculated the amount of the crops that they would have for disposal, and now find themselves unable to deliver. I think the cancellation of any contract is a serious matter, and any interference with the laws of contract should, if possible, be avoided. The endeavour to give relief to those unfortunate farmers under this clause will possibly do more harm than good. A farmer makes a contract for forward delivery with a wheat buyer, who passes it on to a miller, and the miller, feeling sure that he will get delivery in due course, makes contracts with bakers

and others. If you relieve the farmer, it is a natural consequence you should also relieve the wheat buyer, the miller, and the baker. In fact, the complications will become so great that I hardly know where it will end. I think we must leave it to the parties themselves to decide the question. I know that wheat-buyers have already intimated to their farmer customers that it is not their intention to press for fulfilment of the contracts. But there may be cases in which farmers may be able to deliver, but now that wheat has gone up to 7s. 4d., and they can probably get a little more, they will not be anxious to complete. The more we interfere with business contracts the more probability there is of trouble, expense, and litigation. If it is left to the parties themselves it will be found that they will settle the matter satisfactorily. From my experience of trading people of this State it will be found that they are just in the long run.

Hon. D. G. GAWLER: This is a matter affecting the commercial community. As I said before, in Clause 1 it is provided that any contract for forward sales shall be deemed to be a contract for the sale of wheat the proceeds of the farmer's own crop. If a specific crop failed and the contract could not be carried out, the buyer could not say to the vendor "You must go round and get more wheat for me." The object of Clause 1 was to prevent the possibility of an action for damages, and to overcome any possible difficulty in cases in which the dealings have been with persons in another State. Therefore the contract will be impossible of performance. Probably the purpose of the subclause is to get over that difficulty. Under Subclause 4 the magistrate is left to say whether or not the contract shall be carried out. I do not like the clause, and will vote against it.

The COLONIAL SECRETARY: I hope the clause will be accepted, because if it is rejected many unfortunate farmers will be manacled for years to come. Before the war they entered into contracts with produce agents for the delivery of wheat. It was not specified that the wheat should be the product of their own crops, but it may be assumed that that was their meaning. The opinion of the Crown Law Department is that these farmers can be compelled to fulfil their contracts, that if they have no wheat of their own they can be compelled to buy wheat to make up the contract, or, alternatively, the people to whom they sold their wheat can come in and claim on next year's crop. As a matter of practice the produce agents are sufficiently reasonable, but in this abnormal year numerous cases can be quoted of threats having issued.

Hon. W. PATRICK: The leader of the House has stated the case exactly. When a farmer sells his wheat he never dreams of selling anything but what he expects from his own crop. The clause provides that if the farmer cannot supply the wheat he cannot be compelled to deliver it. That, I believe, is the tacit understanding in any ordinary year, although the legal position is, that if the farmer sells wheat he must deliver it. The clause is a good one, and will not impose injustice on anybody.

Hon. A. SANDERSON: The leader of the House has not made reference to the Federal aspect. Have the legal advisers of the Government given attention to this point, and if so, what is their opinion? We cannot deal off-hand with questions of contract. If we pass the clause probably it will be upset in the High Court.

The COLONIAL SECRETARY: The Crown Law Department has given the question special consideration.

Hon. A. Sanderson: This particular clause?

The COLONIAL SECRETARY: No, but a clause of similar import in another Bill. The Solicitor General, the chief legal adviser to the Government, has repeatedly had this question before him.

Hon. A. SANDERSON: I am glad to have the specific assurance of the Minister on this particular clause, the assurance that the matter has had full consideration, and that the Government are convinced there is no trouble to be anticipated in

connection with the Federal aspect of the clause.

On motion by Hon. C. SOMMERS, further consideration of the clause postponed.

Clauses 24 to 28—agreed to.

Sitting suspended from 6.15 to 7.30 p.m.

Clause 29—Regulations:

Hon. H. P. COLEBATCH: I move an amendment—

That the following subclauses be added:—"(3.) All regulations so made, (a) shall be published in the Government Gazette; (b) shall be laid before both Houses of Parliament within fourteen days after such publication if Parliament is in session, and if not, then within fourteen days after the commencement of the next session. (4.) If either House of Parliament passes a resolution disallowing any such regulation, of which resolution notice has been given at any time within fourteen sitting days of such House after such regulation has been laid before it, such regulation shall thereupon cease to have effect, but without affecting the validity, or curing the invalidity, of anything done, or the omission of anything in the meantime. This subsection shall apply notwithstanding that the said fourteen days or some of them do not occur in the same session of Parliament as that in which the regulation is laid before it."

This subject has been thrashed out many times. The Bill provides that regulations may be disallowed by a vote of both Houses. The amendment will permit of the disallowance by a vote of either House.

Amendment passed; the clause as amended agreed to.

Progress reported.

BILL—DIVIDEND DUTIES ACT AMENDMENT.

Received from the Assembly and read a first time.

BILL—MUNICIPAL CORPORATIONS ACT AMENDMENT.

Second Reading.

The COLONIAL SECRETARY (Hon. J. M. Drew—Central) [7.36] in moving the second reading said: Hitherto the opinion has been generally accepted that local authorities have full power to approve or disapprove of any plans submitted to them in relation to buildings proposed to be erected within their area. The present Act makes it very clear that the plans must be deposited with the local authority. Recently a decision by one local authority to withhold approval to plans submitted to them was questioned. At Subiaco an owner, having purchased a small area of land, desired to erect upon it a greater number of buildings than the municipality could approve of. He deposited the plans with the council for approval. This approval was withheld as the council considered the buildings unsuitable, and considered also that the area was too small for the residences proposed to be erected on it. In one instance it was desired to erect two habitations on a block having a frontage of only 33 feet and a depth of 99 feet. The local authority, by virtue of the powers which they believed they possessed, withheld approval of the plans. The applicant, however, commenced operations on the land and began the erection of the buildings, and action against him was taken by the council.

Hon. E. M. Clarke: Is that not a matter for the board of health?

The COLONIAL SECRETARY: Apparently the board of health have no power. This Bill is intended to furnish the requisite power to municipalities. Action was taken. The council succeeded in the lower court, but the disappointed litigant approached the Supreme Court and obtained a mandamus compelling the council to approve of the plan. Mr. Justice Rooth held that so long as there was 20 feet of fair space at the rear of the proposed building the local authority had no say whatever in the matter.

Hon. W. Kingsmill: Under what Act was that?

The COLONIAL SECRETARY: Under the existing Municipalities Act.

Hon. R. J. Lynn: Does that mean that any one could erect a galvanised iron shanty?

The COLONIAL SECRETARY: It was contrary to the intentions of Parliament and to what had been accepted up to the time this ruling was given. The result of the ruling is that any one can erect any kind of building he desires so long as air space to the extent of 20 feet is provided at the rear. That certainly was not the intention of Parliament. Parliament intended when the Bill was passed that local authorities should have discretionary power in the matter of the size and class of building to be erected. The Subiaco municipality was involved to the extent of £65 in consequence of this defective legislation. The Bill before the House provides that all councils shall have discretionary power in connection with the question of approval or disapproval of plans. The right to appeal to the Supreme Court is taken away and is given to the Minister for Works. The Minister for Works will have the advice of the architectural branch of his department and no doubt will see that undue advantage is not taken by any local authority in this direction of the imposition of unreasonable conditions. I move—

That the Bill be now read a second time.

Hon. D. G. GAWLER (Metropolitan-Suburban) [7.41]: I support the second reading. It is desirable under the circumstances which the Colonial Secretary has set before the House that municipal councils should have discretion in matters of this kind. From what I can gather from the Subiaco case the trouble was that the owner proposed to erect buildings which it was clear from the plan, although showing only one house, was intended to be ultimately turned into two houses, and the municipal council therefore refused to approve of the plans. Apparently under Section 296 of the existing Act it is only lawful for them to disapprove of any plan which does not show that every proposed building intended to be or capable of being used as a dwelling-house has in the rear or on one side thereof an open space, exclusively belonging thereto, of an area equal to the full width of that allotted to the building, and of a depth of at least 20 feet. In any other circumstances it seems to be unlawful for the council to disapprove of plans. In matters like this the municipal council is the best authority as regards the class of building to be erected, especially where, as was the case at Subiaco, it is shown to be two pocket-handkerchief tenements. The Bill provides for an appeal to the Minister. I think that is better than the provision in the existing Act. The principal of appealing to the Minister appears to be recognised under Section 328 of the Roads Act under certain circumstances. In the case of a subdivision of land—it does not deal with buildings—a roads board may disapprove of the plans for the reason that the blocks are too small, or for some reason of that nature. In such a case an appeal is allowed to the Minister by the person aggrieved. I recollect an instance in which a roads board, of which I was a member, some years ago refused to approve of a subdivision of land for the reason that the subdivision was too small in the interests of the locality and in that case an appeal was made to the Minister who at that time happened to be the hon. Mr. Kingsmill. As that principle has worked well in the Roads Act, there is every reason why it should be introduced into this measure.

Hon. A. G. JENKINS (Metropolitan) [7.44]: I do not intend to oppose the second reading, but I have been asked by Mr. Sommers, who unfortunately had to go away, to intimate that he intends to move an amendment which I think should meet with the support of this Chamber. The amendment is that municipal councils should have the power to make regulations specifying the buildings which may be erected. The reason is this: anyone preparing a plan would not know

whether the municipality would approve or not, and would, consequently, have to go to the trouble of preparing a plan which might be refused by the municipality. The Minister when appealed to might also refuse to pass the plan, whereas, if regulations are made by the various municipalities setting forth what they will, or will not, approve of, it would be very easy for a man to make his application so as to comply with the requirements. I will support the second reading of the Bill. In Committee I intend to move an amendment to provide that a municipal council may make regulations fixing or prescribing the area of a block which may be built on.

Hon. J. CORNELL (South) [7.46]: Several recommendations have been sent forward by the municipalities in regard to this matter. We have had promise after promise that an up-to-date Municipal Act would be brought in under which municipalities would work. In my opinion the Municipal Act should be divided into two parts. The question of housing, I consider, should not be contained in the Municipal Corporations Act. The time has long since arrived when we should have on the statute-book an up-to-date Housing Act. We have municipalities in certain localities dealing with the question of housing, and in other places we have roads boards dealing with the same matter. I hope the Government will next session do what they and other Governments have previously promised, have the present Act amended and brought up to date. Municipality after municipality has declared in favour of an amendment of the Act so as to provide for rating on unimproved land values without any appeals, and overtures have been made in this direction by mayors and councillors and also by members of the roads boards.

On motion by the Hon. H. P. Colebatch, debate adjourned.

BILL — YILLIMINING-KONDININ RAILWAY EXTENSON.

Second reading.

The COLONIAL SECRETARY (Hon. J. M. Drew—Central) [7.50] in moving the second reading of the Bill said: The survey of this line which was authorised in the Railway Surveys Act, 1914, was completed on the 14th November last year. It will be an extension of the railway at present under construction from Yilliminning to Kondinin, and will junction with the main Eastern Goldfields Railway at Merredin. So far as the railway to Kondinin is concerned it is expected to be ready to be placed under the control of the working railways at the latter end of this month. With regard to the route decided upon and fixed by the Railway Surveys Bill, I would like to point out for the information of hon. members that full consideration was given at the time to the matter with the result as has been decided upon. At the northern end three points of junction with the existing railway were considered, namely, Merredin, Carrabin, and Bruce Rock. The former point was selected, and when reporting on the route Mr. Babington said—

> Although this line is the shortest to construct of the various proposals and also would serve the Arrowsmith, Emu Hill, and Wadderin districts, I cannot recommend its consideration because a large area of country to the east and north already thrown open for selection would not be benefited, and if this extension to Bruce Rock were adopted it would make it difficult at some future date to accommodate this unsurveyed area with railway facilities, in a favourable manner, from a railway and financial point of view.

So far as the line to Carrabin is concerned this was dealt with as follows—

> This route coupling up at Carrabin would serve a little more extent of country, but no more subdivided property than No. 1 proposal, and any additional country that would be served is in the dry fringe and doubtful rain zone.

Mr. Babington in summarising his remarks stated—

> The first 35 or 40 miles from Kondinin would be common to any of these proposals, and the character of the country affected throughout is very

similar in each case, composed of salmon gum, morrell, gimlet wood forests, or mallee and broome and other scrub over a light, loamy soil, interspersed with sand plain of various quality. After giving the matter thorough consideration from all points of view, I am in doubt that Merredin is the proper place to junction, and strongly recommend that this extension should be undertaken shortly, with an objective of coupling up there. This route would serve all the country at present subdivided, which is affected by the extension. Merredin is already an established changing station, having the necessary accessories for same, such as tower tanks, loco. sheds, staff quarters, etc. Junctioning at either of the other points would not serve the country any better, and would add to working expenses as it would necessitate establishing and maintaining a further changing station within 25 or 30 miles of one already in existence. The land alienated within a 12½-mile radius in the area controlled by the District Surveyor at Narrogin is 180,000 acres, unalienated land 252,000 acres, consisting of 45,000 first class, 15,000 second class, and 185,000 third class, the balance consisting of reserves. The average rainfall for the district is 11 inches, although this year it has fallen to about half that. The area cropped last year was 4,000 acres and much of the second and third class land will be brought under cultivation and worked in conjunction with the other when the railway facilities are provided. With regard to the northern end of the proposed railway which comes within the Northam Lands Agency District there are 563,000 acres within the 12½-mile radius. Of this land, 116,000 acres have been alienated, and there were 227,000 acres surveyed and ready for selection. In addition, it was estimated there were some 219,000 acres of Crown lands awaiting survey. The length of the line is 88 miles, and the cost of construction is £135,000, rails and fastenings £70,000, making a total of £205,000, or at the rate of £2,330 per mile.

I beg to move—

That the Bill be now read a second time.

On motion by Hon. H. P. Colebatch debate adjourned.

BILL—PINJARRA-DWARDA RAILWAY EXTENSION.

Second Reading.

The COLONIAL SECRETARY (Hon. J. M. Drew) (Central) [8.55] in moving the second reading said: When the Bill authorising the survey was being introduced, it was pointed out that the extension of this line was to provide better working facilities for the railways. The point of junction was one that received the most careful consideration of the Government, and the opinions of the Commissioner of Railways and the Surveyor General were obtained. These responsible officers reported in favour of Narrogin as recommended by Mr. Babington, who made the survey. There were other junction points mentioned, such as Brookton, Popanyinning, or Pingelly, and the claims of these places were fully considered. Parliament endorsed the Government's action with regard to Narrogin, and the Bill now before the House is to authorise the construction of a line from Dwarda, the present terminus of the line from Pinjarra to the town mentioned. In order that members may be in possession of the facts I propose to give the substance of the Commissioner of Railways' report, which reads as follows:—

> Narrogin is 162 miles from Perth, via Spencer's Brook; via Dwarda it is only 143 miles. The practice is that where a station can be reached by two or more routes to charge freight on the shortest mileage. We shall, therefore, lose freight on 19 miles on all traffic from Perth and Fremantle to Narrogin, and all stations to the southward thereof, and in a lesser degree northward as far as about Cuballing, from which point the distance to Perth via either route is equal. Moreover, the grades on the Hotham section are so steep and the curves of such small radius that, although we shall be bound to charge as

for the shorter distance, we shall have to haul the traffic via Spencer's Brook at a less rate than we are now receiving. The settlers between Dwarda and Narrogin will not, it seems to me, be greatly inconvenienced if the extension is not made, for they are at the present time within 15 miles of either Williams, Narrogin, or Popanyinning, and the settlers at Williams are more favourably placed under the existing conditions so far as distance from the metropolis is concerned than many of our settlers on other spur lines.

Mr. Babington, in his remarks, stated—

The proposed extension of this railway at first looks a simple matter from a local point of view. Three propositions present themselves to my mind, viz., to couple up with existing lines, either at Williams, Narrogin, or some other point on the Great Southern Railway, say, Pingelly or Popanyinning, but outside of parochial influence this matter should be considered in a more comprehensive manner. I think it is to be duly recognised that at some future time the traffic will warrant a trunk line being constructed from Narrogin or Brookton to Armadale, and this contingency must not be lost sight of; and I further desire to point out that in coupling up this line (Hotham Railway) practically no new country will be opened up. The distance from the present terminus (Dampier) to Williams as the crow flies is 21½ miles, and from the same point to the Great Southern Railway is 26½ miles. Considering all the circumstances, I beg to suggest that the opinion of the working railways as to the pont of linking up of the railway should bear the greatest weight. I have no hesitation in recommending that this Dampier extension should be taken to Narrogin, if it be deemed necessary from a working railways point of view to extend the line, otherwise I see no urgency for the extension at present. As I have already pointed out it will not practically develop any extra area of country, and although it will convenience many farms, will not add anything more directly to the revenue.

Within a 12½-mile radius of the proposed line there are 133,000 acres of alienated and 45,000 acres of unalienated land. Of the latter, 6,000 acres are first-class, 3,000 acres are second class, and 26,000 acres are third-class. The land cultivated totals 11,000 acres, and the rainfall is from 20 to 23 inches. I move—

That the Bill be now read a second time.

On motion by Hon. E. M. Clarke, debate adjourned.

BILL—KATANNING-NYABING RAILWAY EXTENSION.

Second Reading.

The COLONIAL SECRETARY (Hon. J. M. Drew—Central) [8.2] in moving the second reading said: The remarks I made when I moved the second reading of the Kukerin-Lake Grace Railway Bill apply on the present occasion also. The survey of this Katanning-Nyabing railway was authorised under the Railways Survey Act, 1913. The length of the proposed line is 21½ miles, making a distance of 60 miles from Katanning, and it will serve an area, within a radius of 12½ miles, of 300,000 acres. Of this 70 per cent. or 210,000 acres is first-class land; ten per cent. or 30,000 acres second-class land; and 20 per cent. or 60,000 acres third-class land. Last season there were over 4,000 acres under crop in the district, and the land fallowed totals 4,520 acres. The population is stated to be 114. The average rainfall is 14 inches. The estimated cost of construction is £31,000, to which must be added £13,000 for rails and fastenings, making a total of £44,000; which would represent a cost of £2,046 per mile. The construction of the line will follow that of the Kukerin-Lake Grade railway. I hope that hon. members representing the various districts which will be served by these railways will be able to support the measures. Personally, I have little knowledge of the different localities, and therefore I am placed in a peculiar position, not having been able to investigate these matters thoroughly for my-

self. However, I believe I can rely upon hon. members charged with the representation of the interests of the districts which will be served by the railways to give the measures I am placing before the House their whole-hearted support. I move—

That the Bill be now read a second time.

On motion by Hon. G. M. Sewell, debate adjourned.

BILL—BOYANUP-BUSSELTON RAILWAY EXTENSION.

Second Reading.

The COLONIAL SECRETARY (Hon. J. M. Drew—Central) [8.4]: in moving the second reading said: The whole of the arguments and statistics in support of this Bill were presented to the House when the Government asked the Legislative Council to give sanction to the Railways Survey Bill of 1913. The Boyanup-Busselton line will be some 38 miles in length, and will link up the railway system of the State with the Margaret River-Flinders Bay railway, which has been acquired by the Government from Millar's Timber and Trading Company, Limited. The land to be served is adapted to closer settlement, and the area alienated is 137,500 acres, whilst that not alienated totals 225,000 acres. Of the land not alienated, 22,500 acres is first-class land, 80,000 acres second-class land, and 120,000 acres third-class land. The whole of the unalienated lands, I am assured, is available for pastoral purposes. Since the Railways Survey Act was passed at the end of 1913, some 10 per cent. of the first-class land available at the time has been selected. The area is blessed with a good rainfall, ranging from 34 to 44 inches.

Hon. W. Patrick: How much?

The COLONIAL SECRETARY: Between 34 and 44 inches.

Hon. W. Patrick: Enough to drown you.

The COLONIAL SECRETARY: The resident occupiers number 265, and the population is between 900 and 1,000.

Hon. W. Kingsmill: Who told you that about pastoral land?

The COLONIAL SECRETARY: That is reported by the Lands Department, I presume. The acreage under crop totals 4,000, and whilst this may not appear large as compared with the area under crop in some of the wheat districts to be served by lines now proposed, still it is considered that the expense involved in bringing that area to the cropping stage in the karri country would be very much higher than elsewhere. Likewise, it is considered that the return from this class of land will be much greater in value, than the return from land under ordinary conditions. The estimated cost of construction of the 38 miles is £46,000, and the rails and fastenings will cost another £30,000, making a total of £76,000, or at the rate of £2,000 per mile.

Hon. C. F. Baxter: Have you any money?

The COLONIAL SECRETARY: We have never failed to get money so far, though things have been tight. I move—

That the Bill be now read a second time.

On motion by E. M. Clarke, debate adjourned.

House adjourned at 8.19 p.m.