

urer, to get the money in this way, although we shall have to wait longer for some portion of it. I move—

That the Bill be now read a second time.

On motion by Hon. P. Collier, debate adjourned.

*House adjourned at 10.36 p.m.*

## Legislative Council,

*Wednesday, 18th November, 1931.*

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

### HON. SIR NEWTON MOORE, M.P.

THE PRESIDENT: I wish to announce that I have invited to take a seat on the floor of this Chamber Major-General, the Hon. Sir Newton Moore, a member of the House of Commons, who was born in this State, was a former Premier of Western Australia, and who has rendered great service not only to Western Australia in Western Australia, but also in England.

### QUESTION—RAILWAYS, STATION EARNINGS.

HON. E. H. H. HALL asked the Chief Secretary: 1, Are the figures published in the "West Australian" of the 17th inst., relative to the earnings of several railway

stations in this State, correct? 2, If so, why is Geraldton station, with a revenue of £235,547, graded as 2nd class, and Bunbury, with a revenue of £190,129, graded as 1st class? 3, Was it through an oversight in this connection that the recent action was taken to promote and transfer the station-master from Geraldton to Bunbury?

The CHIEF SECRETARY replied: 1, Yes. 2, Revenue is a variable factor, and is only one of the considerations affecting the classification of stations. At the present time, owing to the decline in timber traffic the earnings of Bunbury have diminished considerably, but for the year 1928 preceding the date of the existing classification the respective earnings were: Bunbury, £279,911; Geraldton, £167,711. 3, No.

### LEAVE OF ABSENCE.

On motion by Hon. A. Thomson, leave of absence granted to Hon. W. T. Glasheen (South-East) on the ground of ill-health.

### ASSENT TO BILL.

Message from the Administrator received and read, notifying assent to the Land Tax and Income Tax Bill (No. 2).

### MOTION—RAILWAYS' CAPITAL ACCOUNT.

*To inquire by Committee.*

HON. A. THOMSON (South-East) [4.35]: I move—

That, in the opinion of this House, a Committee should be appointed with the powers of an honorary Royal Commission—1, To inquire into and report upon the Western Australian Railways' Capital Account with a view to reducing the amount upon which the Commissioner of Railways is expected to find interest and running costs. 2, To make such recommendations to Parliament as the Committee or Commission may deem desirable to enable the railways to meet the competition of motor transport.

Members will agree with me that finance, particularly railway finance, is a matter of great importance, and that the Railway Department is one of the biggest spending departments of the State. In moving this motion I am giving the House an oppor-

tunity to discuss both railway management and railway finance. I am also asking the House to view favourably the appointment of a committee on lines similar to that which was appointed in Queensland. The Queensland committee, after going exhaustively into the capital cost of the railways, recommended that it be reduced by approximately £35,000,000. I feel sure if a committee is appointed here, and goes thoroughly into the matter, the decision will be arrived at that we also should materially write down the capital cost of our railways. It is amazing to think that the first railway sleeper laid down in Western Australia in the Northampton-Geraldton line, which was constructed about 54 years ago, is still a capital cost against the system. In effect, the Commissioner is expected to find the interest and running costs upon that sleeper, and any other sleepers and dogspikes that form part of that railway.

Hon. J. Cornell: No effort has ever been made to repay the capital.

Hon. A. THOMSON: No provision has been made for what may be termed a sinking fund or a depreciation fund. The Queensland committee also recommended that so much money should be set aside for depreciation. We cannot expect the Commissioner of Railways to pay interest and running costs upon assets such as engines, locomotives, rails, etc., which have long since vanished. He should not be expected to meet the interest and charges that are levied upon him in this direction. Approximately £24,000,000 is charged up against the Commissioner. Since the inception of the railway service the total loss has been £1,167,293. This year, according to the report of the Commissioner, the loss, after allowing for interest, was £379,992, compared with a loss of £404,489 last year. Apparently, therefore, the position is a little better. We also find from the report that this improvement has mainly been brought about by the dismissal of men, by reducing salaries and wages, and by reducing also the maintenance cost of the railways to a minimum, a very dangerous precedent. The Commissioner is severely handicapped under present conditions in his administration. On the one hand he is handicapped by the policy of the Government, and on the other is restricted in his administration by the conditions imposed upon him by the Arbitration Court. He is refused the privi-

lege of purchasing coal from the mine from which he desires to purchase it. Notwithstanding that this officer is paid a substantial salary to administer the railways, he is bound hand and foot on both sides. I would ask members, most of whom are successful business men, if they would dream of placing in charge of one of their departments a man drawing a high salary, place such restrictions upon him as have been placed upon the Commissioner, and still expect him to return a substantial profit. We have been told on many occasions it is essential that the best methods should always be employed in all forms of Government control. I wish to refer particularly to one of the difficulties with which the Commissioner is faced. I heard the ex-Minister for Railways (Hon. J. C. Wilcock) make the following statement in Geraldton: "That they had granted to the employees a 44-hour week, that they had given them long service leave, that they had increased the wages of the men and the staff generally, and that this had not cost the Railway Department one penny piece." I followed that speech later on by stating that if this was correct we had reached the millenium, and I sincerely hoped that the hon. gentleman would occupy his position as Minister for Railways for all time. I am not casting any reflections upon the member who made that statement or upon the administration. I am merely endeavouring to show how severely handicapped the Commissioner is, as a result of that administrative act. What happened was that the whole of the savings, which it was anticipated by the Railway Department would be effected by purchasing larger locomotives, by laying down heavier rails in certain sections, by re-grading, by establishing depots in various parts of the State to increase the haulage load, went by the board as the result of that administrative act. Therefore we find that the Commissioner and his staff were, in effect, handicapped in that direction by what I would term an administrative act. I realise that Parliament, generally speaking, looks upon Royal Commissions, such as the one I suggest, as rather hopeless. In my opinion such a commission would afford the Government an opportunity, if they desired it, to embark upon reforms. I would mention one Royal Commission appointed by the Federal Government—the Migration and Development Commission—that, had it been

in existence during the initial stages of the Group Settlement Scheme in this State, would have saved a vast amount of money.

Hon. J. Cornell: If it had not been in existence, we would not have had the Lake Carmody disaster.

Hon. Sir Charles Nathan: Question!

Hon. A. THOMSON: In passing, I may remark that that was a responsibility of the Government. On the other hand, there is no gainsaying the fact that the appointment of that Commission by the Bruce-Page Government had the effect of saving many millions of pounds to Australia as a whole.

Hon. J. Cornell: Where?

Hon. J. THOMSON: I could quote one instance in Queensland, and could mention one or two others as well. I am satisfied that had that Commission continued to operate, effective work would have been done in the interests of the Commonwealth. That Commission would have saved millions of pounds to Western Australia. If a commission were appointed, such as I suggest, it should be the means of providing some constructive suggestions for those responsible for the administration of the Railway Department. If we had an independent transport body, somewhat along the lines of the Migration and Development Commission, we would possibly secure independent action. Many railways have been constructed in this State, some probably for political motives and others for developmental purposes. Many of the lines were rushed through without due consideration as to their ultimate success. They were built merely as matters of expediency. If some body were created with power to co-opt and advise the Government, a comprehensive railway scheme might be propounded. Such a scheme was suggested some years ago, and under it we would have built railways to the natural ports of the districts tapped. That would have saved many dead-ends and the expensive system of railway administration we are faced with to-day. Dealing briefly with the railways as we find them now, we must note that some of the lines have been closed down, yet the capital cost of the undertakings is still debited against the Railway Department. Some of the assets have disappeared altogether, but the Commissioner is still expected to find the interest and other charges on the capital cost involved, which are still debited against him. One of the objections that may be

raised to my suggestion to write down the capital will probably be that such action will not relieve the taxpayers. On the other hand, I would draw attention to the report of the Auditor-General, wherein it will be noted that the expenditure on group settlement was written down by £3,164,000; that the capital cost of the State Shipping Service was written down by £595,674, and that of the State Implement Works by £120,155. Thus it has been considered advisable in the interests of sound business, to write down the capital cost charged up against those several State undertakings. Similarly I hope we may arrive at a decision that will enable us to relieve the Commissioner of Railways of portion of the burden imposed upon him under existing conditions.

Hon. H. Seddon: And upon whose shoulder will you place the burden?

Hon. A. THOMSON: It will have to be dealt with in the same way as approximately £5,000,000 written off the capital cost of group settlement has been treated. If it is fair and just to distribute that load over the taxpayers generally, it should apply equally where the Railway Department is concerned. I presume no member of this Chamber would for one moment expect the unfortunate group settlers to bear the enormous burden that would be involved if they had to accept the responsibility for the repayment of the whole of the money involved in the Group Settlement Scheme. That money was written off in view of the blunders made in the administration of the scheme. Possibly some of the settlers may not have been successful, but the fact remains that that principle was adopted and was recognised as just. Surely it is just as logical to ask that the Commissioner of Railways shall be relieved from the blunders of various Governments—I am not attacking any particular Government—who have placed burdens upon his shoulders. I notice from the Commissioner's annual report that the interest he is required to find annually amounts to £968,866. Thus for each of the six days of a working week he is expected to find £3,122, or £2 1s. 6d. per minute.

Hon. J. Cornell: That has to come from the users of the railways.

HON. A. THOMSON: At any rate, that is what the Commissioner of Railways is expected to find, and at the same time we ask that he shall make the railways

pay. It must be recognised that the railway system of this State has been greatly handicapped by the burdens placed upon it. In Victoria, the Railway Act contains a section that, in my opinion, should be included in our Act. The section I refer to reads as follows:—

In the following cases (that is to say)—

- (a) where Parliament makes any alteration in the law which occasions any increase of expenditure by the commissioners or any decrease of the railways revenue; or
- (b) where Parliament or the Governor in Council directs the commissioners to carry out any system or matter of policy which occasions or results in any increase of expenditure by the commissioners or any decrease of the railways revenue; or
- (c) where Parliament authorises the construction of any new line of railway which when vested in the commissioners does not produce sufficient revenue to cover the interest on its cost of construction and the expense of its maintenance,

the annual amount of the increase of expenditure or decrease of revenue or of the loss resulting from such new line of railway shall be from time to time notified in writing by the commissioners to the Auditor General and, if certified by him, shall be provided by Parliament in the annual Appropriation Act and paid to the commissioners.

That is a fair and reasonable provision, and had we such a section in our Act, it would meet some of the difficulties that confront the Commissioner of Railways. In his annual report he mentions that the Wiluna-Meekatharra, Pemberton-Westcliffe and Lake Grace-Karlgarin lines are under construction, and that the Denmark-Nornalup and Kulja-eastward lines have been completed and handed over to the working railways, in consequence of which the department has to provide the necessary interest and running cost charges. It is doubtful whether any one of the railways mentioned would have been constructed with the consent of the Commissioner of Railways as business propositions upon which he would be expected to pay interest and running costs. We know that the cost of railway construction has been increased partly by Governmental action and partly because of the Federal tariff. When we entered Federation it was never contemplated that the various State Governments would have to pay duty upon their railway requirements, or even upon other supplies

necessary for the development of the States. It is indeed regrettable that the Commonwealth Government have insisted upon the payment of duty chargeable against railway material that has had to be bought from time to time in order that we may open up and develop our rural areas. I admit that we are now using Australian-made rails and I do not say anything against the quality of the material. On the other hand, had we been free from tariff imposts, we would have been able to open up and develop the country areas much more cheaply than is possible to-day. It is estimated that the cost of railway construction work has increased, due to various causes, by approximately 50 per cent. since 1914. That additional impost has been forced upon us largely through the policy of the Federal Government. If members turn to the report of the Railways Commissioner, they will find, under the heading of "Reconciliation of Earnings and Expenses with Revenue and Expenditure," the following:—

Value of Parliamentary and other services, etc., performed under instructions from the Government, exclusive of £2,000 paid by the Treasury—£31,052.

In effect, that means that the Government have imposed expenditure upon the Commissioner of Railways amounting to £31,052 over and above what they are prepared to pay for. I maintain that in the interests of the Railway Department, while it would be only a book entry, the department should have full credit for services they perform. The position the Commissioner finds himself in to-day is that he is expected to make the railways pay. That is the instruction given to him by the Government. At the same time we impose upon him the policy of the Government, and, in addition, the Arbitration Court complicates his task. Then we ask him to achieve the impossible by expecting him to pay interest and the running costs on the capital that is invested in the system. I contend that there should be a writing-down of the capital and that that should be met by an Act of Parliament as provided in Victoria; also that a reasonable amount of depreciation should be allowed for. This would enable the Commissioner of Railways materially to reduce his freights and fares. I was constrained

to bring this matter forward by virtue of the fact that I discussed it freely before I was returned to this Chamber. A great deal of dissatisfaction is expressed in country districts at the attitude of the Government, particularly as regards motor traffic. Recently a deputation waited upon the Minister for Railways, and asked for a reduction of railway freights. The Minister replied that as the railways were losing a considerable sum of money it was impossible to accede to the request. What is the attitude that has been adopted by the Railway Department and the Government as well towards motor transport and the competition the railways are receiving from it? If we as business men were faced with competition of this description, we would immediately go out after it, but when we think of a Government monopoly such as the railway system trying to secure the whole of the transport in Western Australia, it is time the people of the State asked the Government to use more business-like methods in their administration. It is a recognised fact that in the country districts—and I know it is the case in the city as well—business has fallen very considerably. We find that the small business men in the country are hampered—much as they desire to support the Railway Department—by the lack of business methods adopted by the department. A few years ago, when things were prosperous, it certainly was a good business risk for a man to book up with the railways a quantity of material and in that way receive the advantage of the minimum freight. For instance, the Railway Department laid it down that the minimum quantity for one truck should be four, five or six tons. At that time it was a common thing for business people to make a saving in freight by booking larger quantities than they required. But the Government do not appear to have recognised the changed conditions, and consequently the people in the country, much as they desire to support the Railway Department, are forced by virtue of the necessities of their businesses, to patronise the motor vehicles. Here we have the position that the Government's idea of meeting the motor competition is to impose high traffic fees upon those desirous of carting goods over the roads. The Government were perfectly satisfied that by increasing the traffic fees on motor

trucks by 400 per cent., they were going to drive those motor vehicles off the road.

The Chief Secretary: The Government never thought that it would do so.

Hon. A. THOMSON: Hon. members in this House were anxious to protect the interests of the farming community, and they had hoped that the farmers would have been able to cart their produce from their own farms to any particular place. We find, however, that if a farmer attempts to do so, he is liable to a penalty. In to-day's paper I notice that an unfortunate Jugo-Slav who was changing his camp, put all his luggage on his truck to bring it to the metropolitan area, and because he travelled over the main road, he was fined. That is the position we are facing to-day. There is also the provision that if a farmer is desirous of carting his wool, say, to Fremantle or Albany, he will be allowed to do so by the gracious permission of the Minister. That permission, however, has been refused. As a matter of fact, only yesterday I received a letter from a friend of mine asking me to support the request put up to the Minister to permit him to cart half his wool to Fremantle by road. The other half it was intended to send by rail. The desire was to take back on the motor truck stores and requirements for the farm. I have here the reply which was received by this farmer and it shows that it is the intention of the department administering the Traffic Act that it shall be administered in the interests of the railways and not in the interests of the taxpayers. Here is the letter—

In reply to your letter of the 12th inst, I have to inform you that as one of the reasons why the new legislation was passed was to prevent competition with the railways it is regretted that the request contained in your letter cannot be granted.

Yet we claim we are living in a free country.

The Chief Secretary: Why should they not send their wool over the railways?

Hon. A. THOMSON: The business men in the metropolitan area, or a majority of them, do not use the railways.

Hon. Sir William Lathlain interjected.

Hon. A. THOMSON: I am game to bet that the hon. member brings his merchandise from Fremantle to Perth by motor truck.

Hon. Sir William Lathlain: No, it comes up by lighter.

Hon. A. THOMSON: There you are! The hon. member does not patronise the railways. We have been told frequently in this House and in another place, where I had the honour of being a member for a considerable time, that what we want the farmers to realise is that they are lacking in business acumen. We were also told from the house tops that it was the bounden duty of the farmer to reduce his working costs. I assure the House that all the farmers are honestly endeavouring to do so. But here we find the Government, with the idea of fostering their own particular business, debarring the farmer from carting his own produce over the roads. That is wrong and I hope the Government will find it possible to amend that particular section of the Traffic Act, because, in my opinion, it is a gross violation of what I might term British justice. I think it was in 1916 that by virtue of an Arbitration Court award the wages of the staff generally of the Railway Department were increased. Then immediately there was an increase in railway freights, and the reason given for that was that the Railway Department, having had additional charges imposed upon it through the Arbitration Court, there was no alternative but to pass on those charges. Is it not logical now to assume that as the Railway Department, having reduced the wages and salaries all round in accordance with the financial emergency legislation, they should reduce railway freights correspondingly. Let me draw attention to some of the difficulties experienced by people in the country by the instruction that everything required by them shall pass over the railways. I may quote two instances. Salt River, near Borden, is 60 miles by direct road from Albany, but by rail it is necessary to cart a distance of 16 or 18 miles to the siding and then the distance by rail to the port is no less than 120 miles. Yet the people living at Salt River are breaking the law of the land if they dare to cart anything to Albany by road. The Government insist that they shall use the longer and more expensive route. The Williams, as most hon. members know, is exactly 100 miles from Perth by road, but by railway it is 192 miles. Why compel a farmer or a business man to convey what he requires over 192 miles when he can carry it over 100 miles?

The Chief Secretary: Do not they get super and other requirements by rail?

Hon. A. THOMSON: We have heard a good deal about super. It may surprise the Minister to know that motor men travelling through the country are saying to the farmers, "If you will give us your wool to carry, we will bring back your super." In my opinion, where the Government are making special concessions to assist in the development of the country, the railways should be recouped by an appropriation from Parliament for any loss they might sustain through those concessions. I have no desire to labour the question any further. I hope members will agree with the few remarks I have made, and that they will realise it is desirous that a committee should be appointed to carry out this investigation.

Hon. G. W. Miles: Can you give any specific cases of differences in freight?

Hon. A. THOMSON: Yes, but I have no wish to labour the question. I could quote many curious anomalies in respect of railway charges. I might be permitted to mention two, both of which came under my notice during the course of my election campaign. In addressing a gathering at Darkan, I was given an illustration of excessive railway charges. A man purchased a set of wash troughs which cost him 16s. 9d. in Perth. The railway freight came to 16s. 3d. But I have even a better case. A gentleman to whom I related the previous instance informed me of a case—and I saw the account—in which an acquaintance of his desired to obtain one stone of a special kind of seed potatoes, and had to send for them specially. Unfortunately the freight, instead of being prepaid at the other end, was made "collect." The original cost of the seed potatoes was 1s., and the railway freight amounted to 2s. 6d. The same parcel by motor truck would probably have cost 6d. in freight. I have no desire, in giving these illustrations, to create any feeling of unpleasantness towards the Government or the Railway Department. My only wish is to show how desirable it is that the Railway Department should get right down to meet competition. Its minimum charges should be reduced so as to enable the department to compete. In effect, the department should charge a flat rate. I have had many illustrations given to me of pretty poor people on farms sending in a few bags of wheat, nine or ten bags, not a full load, in the hope of receiving a few

shillings from the storekeeper, and the railway charges being very much more than in the opinion of these farmers they should have been.

**HON. E. H. H. HALL** (Central) [5.18]: I second the motion. In my opinion, the thanks of the House are due to Mr. Thomson for bringing it forward. If there is one thing which rather than another the proposed Commission should investigate, it is the anomalous position taken up by the present Government, and by all previous Governments, towards the Commissionership of Railways. As we all know, a large salary is paid to the holder of the Commissionership. We have been told for many years that in order that the Railway Department might be removed from political control, the system should be placed under a Commissioner receiving a salary commensurate with the responsibilities of the office. Only quite recently there has appeared in the Press something touching on that aspect. If the Press statements are incorrect, the Minister can enlighten us on the subject. For some considerable time much comment has been aroused in the city and also in the country by the fact that suburban trains have been running practically empty. The remark has frequently been made that it is a wonder the Commissioner of Railways has not power to reduce suburban fares so as to compete with the motor buses. There has been a rumour that the Commissioner was willing to reduce the fares, but was prevented from doing so by the policy of the Government. That is a matter which we, as members of Parliament, desire to have set before us plainly. The management of the railways is vested in the Commissioner. The policy of the railways is a Government responsibility. Where does the policy begin and the management cease, or where does management begin and policy cease? As an illustration of railway management may I refer to the businesslike attitude of the General Manager of the Midland Railway Company of Western Australia. I admit that any comparison between the single line of that company and the immense network of railways administered by the Commissioner would be utterly unfair. However, as regards meeting competition and converting an unpayable service into a payable one, we cannot do any harm, but are bound to derive some good, by setting up a comparison. The General Manager of the Midland Railway

Company met the unfavourable situation by adopting the natural method of lowering freights, so much so that, I am given to understand, the port-to-port rates operating from Fremantle and Perth to Geraldton on the Midland line are very nearly, if not absolutely, the cheapest railway freights in the world. The General Manager of the Midland Railway Company has succeeded in converting his railway from an unpayable into a payable one, notwithstanding the fact that it has lost all the traffic from the Murchison goldfields, which at one time it enjoyed. With these facts before us, I think it is high time some action was taken by Parliament on behalf of the primary producers. Later I shall have an opportunity of referring to wool freights. I have every respect for the gentleman who occupies the position of General Manager of the Midland Company, but I must draw attention to the fact that his port-to-port rate enables him to haul every bale of wool produced on the Murchison past the Government railway system at Mullewa, to take it 65 miles from Mullewa to Geraldton, and then re-consign it from Geraldton to Fremantle past the Government system. How much longer shall that unnatural method of transport continue? It is time someone woke up and took action to enable the Government railways to compete with this private railway, and thus permit of wool and other primary products being carried at reasonable rates, incidentally enabling our primary producers to increase the wealth of the country.

On motion by the Chief Secretary, debate adjourned.

## **BILL—LOAN (No. 2) (£2,450,000).**

### *First Reading.*

Received from the Assembly, and read a first time.

### *Second Reading.*

**THE CHIEF SECRETARY** (Hon. C. F. Baxter—East) [5.25] in moving the second reading said: In dealing with this Bill for authority to raise loan moneys to carry on developmental works, I do not think hon. members will maintain that the Government have been in any way lavish in stating the anticipated requirements under the headings set forth in the Schedule. But the Government are not taking any credit for their

inability to outdo the Loan Bill requirements of previous Governments in that regard, because we have passed the convenience of "Ask, and it shall be given you." In recent months the question of finance has become increasingly difficult owing to falling revenues and the inability of the financial interests to supply the needs of the various Governments. In consequence the Governments have been driven back to bare necessities in the expenditure of loan moneys on works of a developmental character; and at the moment it cannot be said with certainty that the full amount required will be obtained, even though it is urgently needed to keep industry moving.

That is the position to-day; and although the outlook for industry is brighter than it was some months ago, it is not anticipated that the revenue of the State will improve markedly within the financial year, or that the loan market will ease to any considerable extent in the near future. Despite the unpromising situation, the Government must obtain loan funds to carry on the services outlined in the Schedule; and it is necessary that we should have authority to raise loan funds to the amount stated in the event of its being possible to do so. When the Appropriation Bill is before the House, hon. members will see the Government's proposals for the expenditure of the money, if the full amount can be raised, and I shall then endeavour to satisfy any inquiries under that heading.

A total amount of £2,450,000 is involved in the Bill, and of that amount it is estimated that a sum of £1,200,000 will be required to continue or complete the services specified in the Schedule. The actual authority for its expenditure will be sought in the Appropriation Bill. The balance of £1,250,000 is approximately the amount which the Loan Council have arranged to provide in order to enable this State to meet the estimated deficit for the year. As that amount becomes part of the Public Debt, it must be covered by Treasury bills, and Parliamentary authority must be obtained for the raising of it in the same way as ordinary loan funds. Previously it was the custom to treat the funds for deficit purposes as short term advances pending the flotation of a loan; but that procedure was changed last year, and Treasury bills are now used to cover the funds provided until Parliament approves of the

action of the Federal Treasurer in issuing the necessary securities on behalf of the State. I move—

That the Bill be now read a second time.

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

### **BILL—ELECTORAL ACT AMENDMENT.**

Returned from the Assembly with an amendment.

### **PAPERS—IRWIN COAL DEPOSITS.**

On motion by Hon. E. H. H. Hall, ordered: That all papers, reports and correspondence in connection with the Irwin coal deposits be laid on the Table of the House.

### **BILL—DIVIDEND DUTIES ACT AMENDMENT.**

Report of Committee adopted.

*Third Reading.*

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

### **BILL—STAMP ACT AMENDMENT (No. 4).**

Report of Committee adopted.

*Third Reading.*

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

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

*Second Reading.*

Debate resumed from the previous day.

**HON. H. SEDDON** (North-East) [5.36]:

This is the usual annual Bill for the perpetuation of the Industries Assistance Board. The Bill is altering in nature, and instead of being a hardy annual, it now tends to become a perennial, for it is desired to extend the term of continuance to the 30th June, 1933. On previous occasions when the sanction of Parliament has been sought for the continuance of the Industries Assistance Board, the annual re-



port of the board has been here, and it has been pointed out that it is hoped before a further renewal is sought the Act will be brought to a close. Members to-day have before them the report of the board for the last financial year, and no doubt they will be interested in reading it and seeing the distinct alteration that has been made in the nature of that report. The Industries Assistance Board has certainly outlived its usefulness, at any rate, so far as Parliament is concerned, and I intend to bring forward for the consideration of members certain figures pertaining to these reports.

Hon. J. J. Holmes interjected.

Hon. H. SEDDON: Yes, but the trouble is that the Bill continues to be brought down and passed by the House. If members intend to pass it again this year they should justify their action in the light of the figures placed before them from year to year, and especially in view of the fact that the Government are faced with a very serious position since they do not know where to get funds with which to carry on. That being so, surely we should consider every avenue through which money is being expended, especially since the expenditure of that money involves the State in further losses year by year. So, as I say, members before committing themselves to the passing of the Bill should consider these figures. There is also an additional argument which was not adduced last year. Since last year's Bill was passed, amending legislation has been agreed to, giving increased powers to the Agricultural Bank, which has been authorised to take general liens over the assets of the client. That power, I contend, is identical with the power given under the Industries Assistance Act. That being so, it is not necessary to continue the activities of the Industries Assistance Board, since the Agricultural Bank can carry out all the work at present being done by the board. The same officers administer the Industries Assistance Act and the Agricultural Bank Act, so from that standpoint there should be no alteration of the personnel nor of the organisation; it is simply a question of handing over the whole thing to the Agricultural Bank. I should like to hear from the Minister when he is replying what objections there may be to that course.

Hon. J. Cornell: There would be no saving.

Hon. H. SEDDON: I do not know whether the hon. member has read the an-

nual report, but in my view there should be a considerable saving resulting from the discontinuance of the Industries Assistance Board.

Hon. J. Cornell: The officers would have to be paid just the same.

Hon. H. SEDDON: In the board's report, on page 5, we find the following statement:—

It is expected that the loss in administration will be offset in part by the reduced costs of administration.

When the Bill came down last year the State was beginning to feel the depression, and was considering whether means could not be found whereby the deficiencies could be balanced. It seems to me that every five minutes or so the Premier was packing his bag and running off to Melbourne with the idea of raising money with which to carry on. Yet all the time losses were being steadily made under the Industries Assistance Board, and we find in the latest report that some £180,000 was drawn from loan fund in order to enable the board to carry on. Advances amounting to £106,000 were made to the settlers. In view of this I think the position requires further explanation to justify the continuance of the board. A year ago the departments were being asked to curtail expenditure. Men who had held their positions for years were being discharged in order that a decrease in expenditure might be achieved. The Government were watching every item of expenditure with a view to bringing the Budget somewhere near balancing. It has been pointed out, and I think correctly, that in many departments renewals of plant and even necessary maintenance work have had to be deferred, because of the lack of finance. In view of this, one would have expected that there would be given to the House more figures than we have had, relating to the strain which has been placed on the agricultural authorities to keep the industry going. Therefore, I suggest that members should pay particular attention to the figures contained in the board's report. From them I hope to draw some deductions regarding the board's operations in previous years, as compared with their activities during the last financial year.

Hon. J. Cornell: Actually this report is 17 months old.

Hon. H. SEDDON: The report to which I am referring is the report of the board for the year ended 30th June, 1931.

Hon. J. Cornell: Yes, and it is about 17 months old.

Hon. H. SEDDON: The report for the year ended the 30th June, 1931, was tabled only last week, and that is the report to which I am referring. Let me refresh the memories of members on the history of the I.A.B. It was started in 1914 to assist farmers who had been placed in a very serious position as a result of the drought. At that time the intention was that it should be a purely temporary measure—an expedient to enable the farmers to carry on, and successfully overcome their difficulties. The belief was that only a year or two would elapse before the board would go out of existence. The war, however, intervened, and the whole position was altered, and the board had to continue because of the disorganisation of markets. In 1922 a special investigation of the affairs of the I.A.B. was made by a select committee of the Legislative Assembly, under the chairmanship of the Hon. W. C. Angwin. Amongst the comments made by the select committee were the following:—

Your Committee is of opinion that the amount of bad debts will be largely increased, as many of the clients who have drawn heavily on the board have little security. According to the evidence of the assistant manager (Mr Grogan) experience shows that when properties are put on the market for sale there is little, if any, money left after the Agricultural Bank mortgage is paid.

The amount owing to private creditors in 1922 was £678,228, and of that the total payments amounted to £259,120, while withdrawn and compromised accounts represented £97,460, leaving a balance of £321,648 still owing at that time. The select committee also mentioned that 1,149 farmers had taken their clearances from the board after paying all creditors in full. Four years previous to the select committee's inquiry it was decided to take no new clients, and consequently the clients who are now on the board have been carried by the board for 13 years.

Hon. J. Cornell: Did not the board take on the Walgoolan and Bodallin soldier settlers?

Hon. H. SEDDON: In 1919 the soldier settlers were brought under the operation of the board, and up to 1925 soldiers were accepted by the board, after which no new clients were taken. Figures dealing with the

number of clients handled by the board are interesting:—

PROGRESSIVE COMPARATIVE FIGURES FROM REPORTS.

Year.	No. of settlers' accounts funded.	No. of settlers' accounts cleared.	Pro- gressive No. cleared.	No. of settlers partly or wholly assisted.	Clients in hands of Board.
1916	...	...	...	...	3,510
1923	...	...	...	...	1,847
1925	...	180	1,440	1,681	...
1926	272	208	1,820	2,145	...
1927	396	142	1,762	1,063	...
1928	406	105	1,875	837	...
1929	060	41	1,936	434	...
1930	555	27	1,963	208	...
1931	1,011	3	1,966	...	...

I cannot obtain figures to show the number receiving assistance. As I said, there has been a variation in the method of presenting the report as compared with the previous years. I contend that in view of the altered financial position, there must have been a considerably greater number of settlers who received assistance last year as compared with previous years. Perhaps the Minister will be able to give us that information when he replies. In the board's report of 1931 we find that the number of settlers whose accounts had been funded was 1,011, while the number unfunded was 388. Consequently there are still 388 accounts in which the process of funding has not yet been completed, due to various causes, but principally to the fact of borrowers holding unsold wheat in store and inability to arrange with their other creditors for the withdrawal of claims lodged with the board. Members will realise, therefore, that the progress in the direction of winding up the activities of the board has been very slow. The number drawing clearances year by year has decreased tremendously, until last year there were only three. In view of the fact that many settlers have been on the board for a considerable number of years, surely they should be in a position to have their accounts finalised. Either that should be done, or the department should have discovered that they were not likely to finalise their accounts and should have dealt with them accordingly. I understand that many of the settlers have not been in a position to get their accounts finalised and still owe considerable sums of money to their creditors. It was originally arranged that creditors should receive a certain amount of protec-

tion, and yet it is impossible to finalise those accounts. Therefore the settlers are being carried on at increasing loss and cost to the State. The best plan would be to face the position and stand up to the present loss rather than incur a much bigger loss later on. It was understood that assistance had been stopped a year ago. Let me refer to reports of the board that have been placed before the House. In the report for the year ended 30th June, 1929, appear the following remarks:—

In many cases where settlers' debts have been funded and placed under mortgage conditions, the board has found it necessary to refund a portion or the whole of the repayments received to enable further cropping operations to proceed. To remain secured for the amount of such refunds, it is requisite that special covenants be signed by settlers. This procedure has been found unwieldy and cumbersome, and the board has certain proposed amendments to its Act under consideration with a view to simplifying the transactions.

Members will also see that it has been necessary to carry on a number of settlers whose accounts were supposed to have been funded. The report continues—

A number of those settlers who resumed control of their own financial affairs under the funding arrangements were unable to resist the pressure of creditors, and consequently they have reverted to trustee control.

In last year's report appears a similar remark—

It is frequently necessary to refund part or all of the interest and instalments collected from settlers whose debts have been funded under mortgage, and these transactions can now be carried out without endangering the board's securities.

Hon. J. Cornell: It has been necessary to do that with all the Agricultural Bank clients.

Hon. H. SEDDON: The report continues—

It is not proposed to make any further advances or accept new clients. The board considers the purpose for which it was created has been served, and that its activities should not be renewed if such can possibly be avoided. It is obvious that a serious loss would ensue in carrying on operations under present conditions.

The Chief Secretary: A lot of unexpected things have been forced on private companies as well as Governments during the last 12 months.

Hon. H. SEDDON: I do not doubt it, but to continue the activities of the board

means that we shall involve the State in very much additional loss at a time when every penny is required.

Hon. J. Cornell: The hon. member has evidently had very little to do with the Agricultural Bank.

Hon. H. SEDDON: I am willing to give the hon. member pride of place there, but I maintain that my examination of the accounts justifies every word I uttered 12 months ago and that I have been vindicated by the experience of the department since. Let me deal with the financial position of the board. After the inauguration of the board certain sums of money were drawn from loan funds. This table will be found interesting:—

COMPREHENSIVE FIGURES FROM REPORTS.

Year.	Drawn from Loan.	Pro- gressive Total.	Amount Out- stand- ing.	Admin- istration Cost.	Interest charged.	To Board by Treas- urer.	To Clients by Board.	Car- ried over to Board.	Bad Debts.	Total Bad Debts.
1916	£ 801,533	£ 801,633	£ 801,533	£ 39,875	£ 131,411	£ 131,411	£ 145,212	£ 16,157	£ 74,833	£ 181,869
1917	478,170	1,279,803	1,279,803	1,565	130,185	130,185	126,576	19,218	84,477	283,794
1918	80,000	1,359,803	1,359,803	1,565	134,770	134,770	129,081	22,744	29,026	337,722
1919	80,000	1,359,803	1,359,803	30,231	132,451	132,451	116,446	12,567	59,040	409,368
1920	112,515	1,502,319	1,502,319	1,178	136,859	136,859	111,512	26,703	18,649	457,034
1921	500,543	2,002,862	2,002,862	41,281	132,062	132,062	110,002	8,386	49,980	512,850
1922	308,073	2,310,935	2,310,935	12,728	137,410	137,410	113,553	4,893	42,524	560,641
1923	112,515	2,423,450	2,423,450							
1924	130,907	2,554,357	2,554,357							
1925	150,082	2,704,439	2,704,439							
1926	146,343	2,850,782	2,850,782							
1927										
1928										
1929										
1930										
1931										

The table shows that in 1919 another £80,000 was drawn; in 1922 a further £142,515 was drawn, and in 1923 the sum of £500,543 was drawn.

Hon. Sir Edward Wittenoom: Do you think that the taxpayers' money should have been used in this way?

Hon. H. SEDDON: I leave that to the Chief Secretary. I am merely drawing attention to the fact that these sums have been drawn from the Loan account year after year and added to the capital of the Industries Assistance Board, and that therefore the responsibility of the board is constantly increasing. When we see the amounts outstanding we must realise that the position is becoming more serious as time goes by.

Hon. A. Thomson: These are additional amounts drawn each year.

Hon. H. SEDDON: Yes.

Hon. A. Thomson: What becomes of the revenue?

Hon. Sir Edward Wittenoom: Do you think the taxpayers' money should have been used for this experimental business?

Hon. H. SEDDON: The revenue received was used to meet operating expenses; some of it was used to meet departmental accounts with farmers; and another part was used to defray the claims made by creditors against individual settlers.

Hon. J. J. Holmes: The amount was £80,000 last year.

Hon. J. Cornell: The hon. member has only awakened to this in the last 18 months.

Hon. H. SEDDON: That is scarcely fair comment. I have not taken the trouble to analyse the accounts in this form, because I considered this was the duty of those members in whose provinces these things were going on. Eighteen months ago, and before that, I came to the conclusion it was the duty of every member closely to scrutinise the whole of the financial position, especially the operations of spending departments. When we find these departments increasing their demands on the loan funds and on the finances of the State to such an extent as this, one is led to wonder where the whole thing will end.

Hon. J. Cornell: If the Agricultural Bank had followed that line of reasoning, half the area under crop would not have been put in.

Hon. G. W. Miles: And a good thing, too.

Hon. H. SEDDON: I am simply analysing the accounts of the Industries Assistance Board, and after doing this will leave it to the House to say whether we are justified in continuing the operations of the board. In 1924 the amount of £308,027 was drawn from loan funds, raising the total

amount drawn to £2,310,893. Then came a period in which no further drawings were made from loan funds, until we reached the year 1929. In 1929 £150,967 was drawn from loan funds, making the total up to that time £2,371,907. In 1930, a further sum of £150,982 was drawn, making the total up to that time £2,422,306. This year we find from a perusal of the report that the sum of £186,343 was drawn, making the total £2,568,066. That is the amount which has been advanced to the Industries Assistance Board to enable it to carry on its operations.

Hon. Sir Edward Wittenoom: A very great amount, too.

Hon. H. SEDDON: Members raised the question of repayments. I refer them to the table from which I have just quoted to show how the outstanding amount is also increasing. In the latest report, the amount outstanding was given as £1,793,820.

Hon. Sir Edward Wittenoom: That is all for farmers?

Hon. H. SEDDON: That is in connection with the I.A.B.

Hon. J. M. Macfarlane: And what are the securities?

Hon. H. SEDDON: The securities are taken after the securities of the Agricultural Bank, and no doubt the Chief Secretary will be able to inform us what the securities of the board constitute.

Hon. J. Cornell: Has the hon. member had a look at last year's transactions of the Agricultural Bank?

The Chief Secretary: And what about the commercial banks, too?

Hon. H. SEDDON: I have looked at the transactions of the Agricultural Bank. I am obliged to the hon. member for his interjection. Referring to the report of the Agricultural Bank for the year 1930, on page 12 I find the following very interesting statement:—

Defaulted securities.—The number of properties in possession on the 30th June was 493, carrying an aggregate debt of £406,092 16s. 1d., made up as follows:—Ordinary settlers, 331 securities, principal £134,638, interest £47,964, total £182,602; soldier settlement 162 securities, principal £173,794, interest £44,695, total £223,490.

Or a total on both accounts, amount of principal involved in defaulted securities £313,438, amount of interest involved £92,659, a total of £406,092, representative of defaulted securities.

There also appear the following remarks:—

Ninety-seven of the above properties also carried debts to the I.A.B. totalling £141,658.

Hon. J. Cornell: The position is twenty times worse now.

Hon. H. SEDDON: The present is not the occasion for giving comparative figures of the activities of the Agricultural Bank. I have already taken out a considerable amount of comparative data concerning the operations of the bank, an opportunity to present which may come at a later stage. I was quoting the figures with regard to the Loan account, and also with regard to the amounts outstanding. I had shown that the amount outstanding has increased from year to year, and yet we have been led to believe, from previous reports, that the assistance has practically been stopped. It is obvious that as the amounts are increasing, the assistance must be continuing, and the extracts I have read from the reports show that, although accounts have been funded, it is absolutely necessary to carry these clients on further. One is inclined to ask how far this House will enable the activities of the board to be continued.

Hon. Sir Edward Wittenoom: What justification has the board for spending the taxpayers' money like this?

Hon. H. SEDDON: I should like to hear the hon. member's views upon the matter. Apparently he is impressed with the desirability of bringing the affairs of the board to a satisfactory conclusion. I have given figures concerning cancellations and bad debts. As these figures are given in a comparative form, they should serve to impress members concerning the progress or otherwise of this department. This year we are told there has been an advance to settlers of £106,550. This constitutes refunds and drawings from the Treasury. I have already quoted the cancellations and the bad debts. There is another interesting item to which I would like to draw the attention of members, namely that dealing with interest. The Industries Assistance Board is charged interest by the Treasury on the amount of money which is placed at its disposal; and on the other hand it charges interest to the settlers. Up to the year 1925 the amount of interest charged to the board was less than the amount of interest which it was receiving from its clients.

Hon. J. Cornell: And how do you account for that?

Hon. H. SEDDON: If the hon. member will read the report he will find that the money is advanced to the Industries Assistance Board by the Treasury at a certain figure. The board is allowed to charge a higher figure to its clients in order to cover the cost of operations, on somewhat similar lines to the way in which the Agricultural Bank is conducted.

*Sitting suspended from 6.15 to 7.30 p.m.*

Hon. H. SEDDON: Prior to the tea adjournment, I was commencing to deal with the question of interest in relation to the activities of the Industries Assistance Board. I pointed out that up to 1925 the board was paying to the Treasury sums by way of interest that were less than the money received from its clients, and I explained that this was due to the fact that there was a certain difference in the rate per cent. allowed to the board in order to pay the operating expenses. The following table shows the amount of interest charged to the board by the Treasury and the amount the board collected from its clients over a number of years:—

Year.	Interest charged by Treasury.	Interest collected by Board.
	£	£
1925 ... ..	134,411 ...	145,212
1926 ... ..	130,185 ...	126,576
1927 ... ..	134,770 ...	129,081
1928 ... ..	132,451 ...	119,447
1929 ... ..	136,839 ...	111,572
1930 ... ..	130,002 ...	110,000
1931 ... ..	137,419 ...	130,553

It will be seen that although the board was paying increased charges in the form of interest the collections from the board's clients were decreasing. Consequently, increased losses have resulted from that source year by year. It is obvious that so long as the board continues to operate, the greater will be the loss due to this disparity. One reason for the loss is that of the money outstanding, a considerable proportion has had to be written off, while respecting other outstanding amounts, a number of clients have not been able to meet their responsibilities. It is, therefore, obvious that here is to be found a serious leakage that is immensely important at the present juncture. The cost of administration of the board has

also been increasing, as will be seen from the following figures:—

Year.	Cost of administration.
1925	39,975
1926	41,665
1927	42,639
1928	39,231
1929	41,178
1930	41,281
1931	42,728

Up to the present the cost of administration has been divided equally between the Industries Assistance Board and the Agricultural Bank. Hon. members will see, therefore, that the expenses of the Agricultural Bank are not being disclosed at the full amount. If half the cost is to be charged against the Industries Assistance Board, it will be noticed that, whereas the statistics show that the number of clients handled by the Industries Assistance Board is decreasing, the number handled by the Agricultural Bank is increasing. Thus the proportion of 50 per cent. is not one that can fairly be accepted as between the two departments. Down the years quite a considerable sum of money has been paid to Government departments on account of the activities of the board. It may be argued that a considerable amount of loan funds finds its way into 'Consolidated Revenue because of such payments. The amount paid to Government departments in 1930 under this heading was £40,476, while the total of such payments up to 1930 was £2,115,108. Of course much of that money was paid as the result of the cropping activities of the board's clients. The fact that money was so drawn from loan funds at the time those payments were being made, prompts me to suggest it is a fair argument that loan funds from that source found their way into 'Consolidated Revenue. The position has been materially altered recently because the amount paid to Government departments through the Industries Assistance Board in 1931 was only £1,533 as compared with £40,416 in 1930. To conclude my remarks I wish to summarise my arguments along these lines: The Industries Assistance Board is a department that has incurred heavy losses, which are increasing year by year. It is taking money on its account and applying the funds to its purposes, and is further deeply indebted in each year. The money could be utilised in other avenues with better results. Every

year that continues it can only result in the operations further retreating. There is no doubt, in view of the £1,700,000 odd that is owing at the present time, when the accounts are wound up a considerable amount will have to be written off. The Agricultural Bank is benefiting in connection with its working costs by the fact that 50 per cent. is debited against the Industries Assistance Board. With the advantage of the legislation passed last session, the Agricultural Bank should now be operating the whole of these accounts and the Industries Assistance Board should be abolished. If among the Agricultural Bank clients there are men not worthy of being carried on, the time has arrived when the affairs of those men should be wound up. If it is found that many of the clients are merely suffering as a result of the severe crisis through which the industry is passing, they could be helped and continued on their holdings under the control of the Agricultural Bank. If the legislation we passed last year does not give the bank the power we intended, then it is not too late in the session to introduce amending legislation to enable the bank to carry on its activities adequately. We must also recognise that a large number of the farmers are being carried on under the provisions of the Farmers' Debts Adjustment Act. Thus we have discrimination existing whereby certain farmers are carried on while others are protected by the Industries Assistance Board. Last year I suggested that instead of extending the operations of the board to March, 1932, we should extend them for three months only in order to give the Government an opportunity to analyse the operations or hand over the accounts to the Agricultural Bank. What I suggest in connection with the present Bill is that a similar attitude be adopted by this House and that the accounts be brought under the control of the Agricultural Bank, the operations of the Industries Assistance Board being thereby terminated. It may be argued that the Government are extending to too many of these people consideration that is not shown to other sections of the community suffering equally severely as the result of the depression, and the discrimination that is manifest will naturally tend to create much discontent and dissatisfaction. I regret I have had to bore the House by giving a mass of figures, but I considered it

necessary in order to effect the necessary comparison. Finally, I wish to indicate that I propose to oppose the second reading of the Bill rather than be a party to incurring additional losses from this source.

On motion by Hon. J. M. Macfarlane, debate adjourned.

### **BILLS (3)—FIRST READING.**

- 1, Electric Lighting Act Amendment.
- 2, Forests Act Amendment.
- 3, Appropriation (No. 2).

Received from the Assembly.

### **BILL—LAND AGENTS' ACT AMENDMENT.**

*Second Reading.*

**THE CHIEF SECRETARY** (Hon. C. F. Baxter—East) [7.46] in moving the second reading said: This is a short measure to put on a more satisfactory basis the provisions of the Land Agents Act of 1921 which requires land agents to enter into a bond with sureties to comply with the requirements of the Act. When the principal Act was passed some security or guarantee was provided for the first time that land agents would be honest in their dealings with their clients and the form of the security or guarantee was a bond in a prescribed form, supported by sureties, usually from assurance companies. The form of bond is that the guarantor binds himself in the sum of £200, and that bond remains unenforced as long as the land agent is of good behaviour and does not misappropriate any of the money of his clients.

For some time there has been a disagreement as to whether a victim of a land agent possessed any rights in respect to the bond. Seemingly the money is forfeitable to the Crown, but there is no doubt that the intention of Parliament was that the money should be some sort of guarantee of recoup to the victim of the land agent. Eventually a case arose and a dispute took place as to how much of the £200 should go to the victim and in what circumstances. The assurance company which had entered into the bond claimed that the money payable to the Crown was the actual amount proved to have been stolen from a person who was a client of the defaulting land agent. The Crown maintained that the whole of the

money was forfeited and the assurance company contested that contention with the result that the Court upheld the Crown's view. The assurance companies then took up the attitude that the result of the decision was to impose a much greater liability on them than they had anticipated and they declined to do any further business unless the matter was clarified by amending legislation, and they requested accordingly.

Since then careful consideration has been given to the request, and as it appeared to be in the interests of all parties that the points in dispute should be cleared up, the Government have had this Bill drafted with the object of avoiding misunderstandings in the future. It provides that the bond, when forfeited for default by the land agent in respect of whom it is issued, is forfeited to the Crown. The Crown is then directed to expend the money forfeited, at the expiration of six months, first on the payment of any expenses to which it may have been put; secondly on compensation to any victims of the defaulting land agent; and finally in restoring any balance left over to the surety. Provision is also made that the bond, which, incidentally, is increased from £200 to £500, will be a continuing bond so long as the license is renewed. As the Act stands at present a new bond has to be applied for and entered into in each year. That requirement involved unnecessary work and trouble and, following the New Zealand Act, it is provided in the Bill that the bond shall stand as long as the license of the land agent is renewed from year to year. I move—

That the Bill be now read a second time.

On motion by the Hon. W. H. Kitson, debate adjourned.

### **BILL—LAND ACT AMENDMENT (No. 2).**

Debate resumed from the previous day.

**HON. C. H. WITTENOOM** (South-East) [7.50]: I commend the Government for having brought down the Bill, but I cannot see what advantage it is going to be to the pastoralists and the cattle men of the North. The Government have failed to recognise that for so many years little, if any, assistance has been asked for by the pastoralists

or the cattle men. It has been said that the prospectors are the forerunners of civilisation. Personally, I fail to see that anybody has done more to develop the interior of Western Australia than the pioneers of years ago who went out to look for sheep and cattle country. It is often said that after so many good years the pastoralists and cattle men should not now be in need of assistance. We must not forget, however, that there have been many serious droughts at various periods. I admit that there have been excellent prices for wool, and that up to a point the seasons have been fairly good. At the same time, the pastoralists have had to face terrific charges in the shape of high wages, high rates for shearing, and high costs in respect of the carrying out of improvements. A few days ago a man holding an important position in a financial house remarked to me that he had no sympathy whatever for those pastoralists who now found themselves in distress, because after so many good years they should have been able to face four or five lean years. He contended that the money that had been earned by the pastoralists should have been invested in gilt-edged securities. I replied that if the pastoralists had done what he suggested they would certainly be in a good position to-day, but he was the better citizen who bought up country that was new, cleaned it of poison, and carried out necessary improvements in the shape of sinking wells, constructing dams or erecting fences. It is not so long ago that one could have travelled for miles over the interior without coming across gates or fences. To-day we find that pastoralists have carried out these improvements in all directions. Going through the Gascoyne, Roebourne, and the Murchison, one cannot travel far without coming across improvements, and that is why the pastoralists are in the position in which they find themselves to-day. The Bill divides itself up into practically three parts—it deals with cattle leases, sheep holdings, and homestead farms. It is suggested in connection with the cattle people that the East Kimberley holders should be reduced 40 per cent. and those in the West Kimberley only 20 per cent. That seems to me most unfair. We might possibly have thought it reasonable if it had not been such a big division, but that the reduction in the East Kimberley should be twice as much as that of the West Kimberley appears to me to be wrong. Certainly East

Kimberley is cut off from any connection with the metropolitan area; it has disabilities that are not shared by West Kimberley, but it has the advantage that it is able to sell not only its first-grade stock but its second grade as well to the Wyndham Meat Works. That is what the West Kimberley pastoralists are not able to do. On the other hand, West Kimberley has the advantage of shipping facilities, and the pastoralists are able to send their cattle to Fremantle. There, however, the advantage ceases because cattle, on account of disease, can be disposed of only in the metropolitan area. West Kimberley also suffers a disadvantage that it is not able to send cattle to the meat works. It would be necessary to send the stock across the stony ranges which the cattle would be unable to cross without suffering severely. I am strongly opposed, as a result of the inquiries I have made, to the differentiation in the reduction. The difference is far too great. I consider that in both cases it should be 40 per cent. Personally, I should favour no rent at all; people should be encouraged to go to those parts provided they undertook to carry out the improvement conditions on their leases. Mr. Holmes told us last night it would take four or five years for a beast to be made fit for the market. We know, unfortunately, that many shipments have resulted in a complete loss to the grower, and we are also aware of the fact that beasts sold to the meat works have realised only £4 to £6, which is hardly a fair proposition.

Hon. J. J. Holmes: Nearer £3 this year.

Hon. C. H. WITTENOOM: That is even worse. How can anybody be expected to breed a beast if he can only get £3 for it. As regards pastoral leases, the Bill does not appeal to me in the slightest; it is practically of no use to the pastoralists. It would have been better and fairer if it had contained a proposal to effect reductions by 30 or even 40 per cent. The Minister calls this a rent reduction Bill, but I fail to see that it is. After the price of wool has reached the cost of production, there is an increase in rents—not a decrease. We have been told that on 50 stations it costs 12½d. per lb. to produce wool.

The Chief Secretary: Did not the Pastoralists' Association agree to this Bill?

Hon. C. H. WITTENOOM: I do not know, but I should think not.



Hon. J. J. Holmes: They agreed, presumably because they could not get anything else.

Hon. C. H. WITTENOOM: The present rent is on the basis of wool at 1s. If the price of wool rises above 1s., the present rent will increase by 6d. for every penny rise in the price of wool. Similarly, if the price of wool falls below 1s., the present rent will decrease by 6d. for every penny of the drop. The pastoralists have never approved of the basis on which they now pay rent. It is a good many years since our leases were re-appraised, and that re-appraisement was most unsatisfactory. The work must have been rather rough, because in my district, the Murchison, practically all the pastoralists appealed against the re-appraisement, and nearly all the values were reduced. A feature of the re-appraisement of those days was that the nearer the leasehold, irrespective of quality, was to a railway station or a shipping port, the more rent the holder had to pay. As the leaseholder got further away from the railway or the port, he paid less, whether the land was good or not. The present rents, therefore, are not satisfactory, and should not be used as the basis of this Bill. Another feature with which I disagree is that the Bill, unlike many measures we have passed latterly, is not retrospective. The commencement date of the measure is the 1st January, whereas it should go back to July. I am quite in accord with the proposal relating to homestead farms. Let us improve as much land as we possibly can. In a way the Bill gives relief to the affluent man, the man who gets a better price for his wool. At any rate, it serves him better than the man who gets a lower price for his wool.

Hon. J. J. Holmes: No. The lower prices would bring the average price down.

Hon. C. H. WITTENOOM: Very well. I do not like the Bill, and I hope that the amendments which have been mentioned will be adopted in Committee. I support the second reading.

HON. J. M. DREW (Central) [8.6]: I support the Bill. Like other members who have spoken, I do not think it goes far enough. It seems to me that the measure should be retrospective, as suggested by Mr. Holmes, to the 1st January of this year. I recognise, however, that the Government

might offer strong objection to the Legislative Council dictating the Ministry's financial policy. They may agree to a compromise as suggested by Mr. Holmes, and make the Bill retrospective as from the 1st July of this year. I have great sympathy with the pastoralists. They have been the pioneers of civilisation, the advance guard of settlement, in this State. They preceded the farmers, paving the way for them and for the prospectors as well. Many of our agricultural areas would not now be settled were it not for the prior efforts of the pastoralists, which demonstrated the capabilities of the land. As regards the goldfields, it would have been impossible for the prospectors of the nineties to operate in what would have been a wilderness but for the pastoralists. And what have the pastoralists received in return? I have followed their careers from the very inception. When they had a few good seasons, they were loaded with taxation. Then came periods of drought, and no allowance was made for losses. The pastoralists were obliged to pay heavy income tax and land tax, and there was no complaint whatever from them. I came into close contact with the pastoralists during the two years I administered the Department of the North-West. While the pastoralist has never made any unjust demands on the Government, his Parliamentary representatives put up requests; and it was always a source of pleasure to me to meet those requests. Railways have been constructed in various parts of the State to assist agriculture and mining, but I cannot trace an instance in which a railway was built in order to facilitate the pastoral industry. One was mooted many years ago, to connect Geraldton with Mullewa, in order to overcome the difficulties occasioned by the Mullewa sandplain. The agitation continued, but it was only when the Murchison goldfields developed that the concession was granted. Even then it was not a concession granted to the pastoral industry, but to the mining industry. To my knowledge the pastoralists have received no State assistance except in the country surrounding the Wyndham Meat Works. The pastoralists there have had loans from the Government to enable them to carry on. For money they were raising privately, they had to pay about 10 per cent. They could not get loans from the banks, because they were too far off for supervision; so they had to approach

the private moneylender and pay him 10 per cent per annum interest. The Mitchell Government advanced money to the pastoralists of the North. During the time I was Minister for the North-West, I obtained the Treasurer's sanction to the setting-aside of a fairly large sum every year in order to furnish advances to those pastoralists; and there was not a single request from them for that concession. Not in one instance have the pastoralists, during my experience, made any but reasonable requests to the Government. We recognised that they were entitled to consideration. Their Parliamentary representatives got in touch with me, and I am pleased to say the result was that roads and bridges were liberally provided throughout the North-West and the North, as the representatives of those provinces will freely admit. Within my recollection, there was only one occasion on which an effort was made to meet drought conditions and ease the financial position of the pastoralists. That was exactly 40 years ago. Sir John Forrest, as he was then known, introduced a Bill for the remission of pastoral rents in the North-West and the North. Before the Bill had reached finality, there were great floods in both the North-West and the North, and through the influence of the pastoralists themselves the Bill was withdrawn. However, their position was very serious. In introducing that Bill Sir John Forrest stated that they had lost half their flocks and herds, and that their financial position in the previous year had been most precarious. I do not think that even then they made any request for assistance. Sir John Forrest's Bill proposed the reduction of rents by 33 1/3rd per cent, not for one year but for seven years at least. I believe that in some cases the reduction was to apply for more than seven years. That was something like real relief. And at that time the pastoralists were only suffering from the effects of drought. So far as I have been able to ascertain, prices then were good. During the last 12 months prices have been lower than for something like 50 years previously. I understand that some of the pastoralists are receiving what may be termed sustenance from the private banks to the extent of £3 a week. There may be scores of such instances. In the circumstances it seems to me that a more generous Bill than this should have been brought down in order to meet the position of a

highly deserving class of the community. Now as to the method of according the relief. I do not know whether that method gives satisfaction to the pastoralists, but it is not what I should like to see done. I should like to see a straight-out reduction for, say, three years, at the end of which time the matter could be reviewed. I am not offering this criticism with a view to embarrassing the Government. I do not think it will be said of me that I have attempted to do anything like that in this House. I have expressed my views on Bills, but the last thing I would do in such a time as this is to embarrass the Government in any way. I do trust, however, that if the Bill goes through as it is, before long a thoughtful measure will be introduced, and that that measure will be made retrospective in order to remove any injustice which may be caused if we confine ourselves simply to this piece of legislation.

**HON. E. H. H. HALL** (Central) [8.15]:

I wish to record my appreciation of this attempt on the part of the Government to give relief to the pastoral industry. Every thoughtful member will realise the very great disadvantages confronting the pastoralists who have been endeavouring to open up and develop the North-West. This is a problem which at a time like this is apt to be overlooked, but unless those who have control over the destinies of the State take up this matter more seriously than has been done in the past the time is not far distant when it will be brought home to us that we cannot for many more years maintain this dog-in-the-manger attitude. We in this State are continually deploring the fact that ever we entered into Federation, complaining that the seat of the National Government is so far removed from us that our requirements are frequently overlooked. In like manner the people of the North-West on many occasions have declared that they feel they are cut off from the southern portion of the State. Therefore I welcome this small attempt at relief, while I say we must not forget the difficulties confronting the Government. Until the people realise more fully than they do that we must encourage the pastoralists who have the courage to devote their energies and their capital to the opening up of the distant portions of the State, we cannot expect the State to be developed as it should be. A great deal of

assistance has been accorded in all sorts of ways to the primary industries, but I think the Government could do more if, instead of offering direct assistance, they were to grant indirect assistance through a reduction of taxation. It has frequently been said that the pastoralists constitute a wealthy section of the community. If that be so, then the Government might well tax the pastoralists' profits, but with equal fairness they might well reduce the taxation when the pastoralists are suffering losses. That is one reason why I have always been in favour of the equitable income tax. I hope the Bill is a forerunner of what is to come by way of relief to a primary industry upon which we rely so much for the production of wealth. Recognising as I do that the pastoralists should be granted as much relief as possible, I wish to register my appreciation of the difficulties with which the small grower, not on a pastoral lease, but situated in the South-West or on the Great Southern, is confronted to-day and has been confronted for some time past. I know in what direction he could be accorded some consideration. And I am referring now, not only to the small wool grower in the South-West or along the Great Southern, but to others in the Central Province who have gone out 50 miles from the railway to engage in wool production, not on a pastoral lease, but on a conditional purchase property. Such men are deserving of every consideration. No doubt the Government will ask in what way do I suggest those men should be given consideration. As I said this afternoon, I think the time is long past when the giving of consideration to the small wool growers should be in the direction of reduced railway freights. I will support the Bill, and I hope the Government will ever keep before them the necessity for encouraging in every way those people who are endeavouring to develop primary production.

On motion by Hon. V. Hamersley, debate adjourned.

## **BILL—SWANBOURNE RESERVE.**

### *Second Reading.*

Debate resumed from the previous day.

**HON. SIR CHARLES NATHAN** (Metropolitan-Suburban) [8.22]: There is very little to be said in supporting the second

reading, for the Minister dwelt at length on the subject, and there is nothing now requiring further explanation. But I should like members to refer to the plan so that they might appreciate what it is the Claremont Road Board desire. There are four bodies interested in this reservation; that is to say, although the Claremont Road Board is the one primarily interested, there are three other boards more or less interested, because closely adjacent to the proposed reservation are some sanitary sites, in which all four bodies are concerned. Consequently, there have been certain objections raised by the Peppermint Grove Road Board because the board were afraid that when this land was thrown open to settlement there might be pressure brought to bear on the boards to close those sanitary sites. As a matter of fact, the whole question should be considered, not from that viewpoint, but in regard merely to the reservation itself. If members will look at the plan they will see that the sanitary sites are no nearer to settlement than they were to land that was already thrown open for settlement, but which has since been resumed as portion of this area. That was really the only point at issue. As to the wisdom of the proposed exchange of land, there can be no question. The reservation provides a splendid amphitheatre, which in the years to come will be a very fine asset, and the educational endowment authorities have better land than they had before, while blocks proposed to be thrown open for sale to private individuals are in a very much better position than those blocks that were resumed by the Claremont Road Board for a reservation. As I say, the only point at issue was the question of those sanitary sites, and since the Bill was brought down that point has been settled. I have before me the following letter signed by the secretary of the Peppermint Grove Road Board, and addressed to the secretary of the Claremont Road Board.

I am instructed to inform you that this board, in consideration of an assurance from the Claremont Road Board (to be confirmed by letter) that, in the event of the present sanitary sites being removed, no objection in the future will be urged by the Claremont Road Board against the use of the present site as a rubbish tip, provided the rubbish is dealt with in accordance with the regulations of the Department of Public Health, hereby agrees to withdraw its objection to the Swanbourne Reserve Bill now before Parliament.

Now that the Peppermint Grove Road Board have withdrawn their objection, I see no reason why I cannot recommend the Bill to the House.

Question put and passed.

Bill read a second time.

### *In Committee.*

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

*House adjourned at 8.28 p.m.*

## Legislative Assembly,

*Wednesday, 18th November, 1931.*

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

### QUESTION—WYNDHAM MEAT WORKS.

#### *Accountant's Dismissal.*

Mr. COVERLEY asked the Minister for Lands: 1, Is it a fact that arrangements have been made for an inquiry into the dismissal of H. F. Sanders, accountant at the Wyndham Meat Works? 2, If so, can he state when this inquiry will commence?

The MINISTER FOR LANDS replied: 1, No. 2, Answered by No. 1.

### QUESTION—BUTTER EXPORT.

#### *Initial London Shipment.*

Hon. W. D. JOHNSON asked the Premier: 1, In regard to his eulogistic references to the initial shipment of butter to London, can he make public the name of the firm or company which sent this initial export? 2, What factory or factories is or are permitted to use the brand "Sunny West"? 3, Was there any special reason for suppressing these data when announcing the success of the shipment?

The PREMIER replied: 1, William Haughton & Co. I understand the butter was supplied by the South-West Co-operative Dairy Farmers. 2, All factories controlled by the South-West Co-operative Dairy Farmers. 3, No.

### QUESTION—FIRE BRIGADES, VOLUNTEERS.

Hon. W. D. JOHNSON asked the Premier: 1, Is he aware that at Northam and other centres of the State the efforts being made to extend the use of volunteer firemen for fire-fighting purposes are causing division and controversy in local government administration? 2, Are the Fire Brigades Board (a) favouring or encouraging the appeal for increased volunteer labour, or (b) making any effort to draw attention to the greater efficiency of thoroughly trained and disciplined, permanently employed firemen? 3, If the board favour the use of increased numbers of volunteers, what saving do the board anticipate? 4, If he agrees that fire brigade administration is causing differences to arise in municipalities, will he take an early opportunity to amend the Act with a view to promoting harmony?

The PREMIER replied: 1, No. 2, (a) No. (b) No. 3, Answered by No. 2 (a). 4, Answered by 1.

### QUESTION—KURRAWANG FIREWOOD COMPANY.

Mr. WANSBROUGH asked the Minister for Railways: 1, What is the date of expiration of the concession granted to the Kurrawang Firewood Company for the purpose of hauling firewood across the Government railway? 2, What premium, if any, is being paid by the company for crossings