

ably rest upon a strict discharge of the obligations of the past; and in facing that fact there is no room in our counsels for proposals other than those devoid of partiality and in complete sympathy with the honesty, courage and faith of the people to pull together in the task before them. For those reasons I feel that the views expressed by the hon. member will not appeal to the House.

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

*House adjourned at 6.15 p.m.*

## Legislative Assembly,

*Wednesday, 1st July, 1931.*

	PAGE
Questions: Unemployment, clothing distribution ...	3646
Migrants, repatriation ...	3646
Select Committee, Wroth bankruptcy, extension of time ...	3646
Bills: Land and Income Tax Assessment Act Amendment (No. 2), 1R. ...	3646
Debt Conversion Agreement, 2R. ...	3646
Farmers' Debts Adjustment Act Amendment, Council's amendment ...	3667
Adjournment, special ...	3668

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

### QUESTION — UNEMPLOYMENT, CLOTHING DISTRIBUTION.

*Charge for Dyeing.*

Mr. PANTON asked the Premier: 1, Have the Government received from the Federal Government a quantity of clothing for distribution? 2, Is it a fact that the unemployed are being charged by the Premier's Department for the dyeing of the clothing? 3, Is so, can he inform the unemployed where they can obtain the money to pay such charges?

The PREMIER replied: 1, Yes. 2, No, but the local committees, of which there are 102, are being asked to bear a portion of

the cost, to which the Government is contributing £164 6s. 8d. The Government is also providing administration, handling and distribution. 3, Answered by No. 2.

### QUESTION—MIGRANTS, REPATRIATION.

Mr. SLEEMAN (without notice) asked the Premier: In view of the large number of names of migrants I have received from the country, is it his intention to take action in accordance with the motion agreed to by the House on the 23rd June, dealing with the repatriation of unemployed migrants?

The PREMIER replied: The hon. member will remember that the first step towards giving effect to the motion must be to consult the Federal Government, and the second step will be to get some money, which is impossible at present.

Mr. Sleeman: I want to know what to tell these people.

The PREMIER: Well, tell them that.

### WROTH BANKRUPTCY—SELECT COMMITTEE.

*Extension of Time.*

On motion by Mr. Marshall, the time for bringing up the report was extended for two weeks.

### BILL — LAND AND INCOME TAX ASSESSMENT ACT AMENDMENT (No. 2).

Introduced by Mr. Sampson and read a first time.

### BILL—DEBT CONVERSION AGREEMENT.

*Second Reading.*

Debate resumed from the previous day.

MR. MARSHALL (Murchison) [4.37]: I do not desire to cast a silent vote on the Bill. I confess I support the measure reluctantly, because it contains much that is of an extremely disagreeable description. Usually when dealing with bondholders, the Premier has been particularly concerned about the small bondholders.

The Premier: I am concerned about everyone.

Mr. MARSHALL: No; the Premier has always given his first consideration to the poor people who have invested their savings in bonds. He has not given his first consideration to the large bondholders. The Bill does not extend any more consideration to the small holder than to the large bondholder because the reduction of interest is to be on a flat rate. In those circumstances, the small bondholder is penalised to a greater extent than the large investor, because the latter will not feel the reduced return to the same extent as will the small holder. The Labour Party, of which I have the honour to be a member, has always advocated the taxation of interest under which, in times of stress when it is necessary for the Treasurer to secure additional revenue, the large investors would be called upon to bear their proper proportion of the sacrifice. The application of that method would be more equitable than that indicated in the Bill. The small bondholders represent the section of the community who have probably invested a considerable proportion of their life savings in Government bonds, and have secured but meagre returns in interest. That type of investor will be particularly hard hit under the proposal to reduce interest by  $22\frac{1}{2}$  per cent. The Bill is unfair in the sense that it attacks a certain section of investors only. It does not grapple comprehensively with the question of interest as a whole. Due to the fact that most of those who will be affected made their investment during the war period, it means that the Bill will particularly hit those who were regarded as intensely patriotic because they participated in war loans. Thus the Bill largely attacks those who were patriotic and gave their life savings to the country in its hour of need. Those who did not invest their money in the loans floated by the Government during the war period, will escape from the application of the Bill. I say in all seriousness that if there is one section of investors who should be exempt from the application of the Bill, it is those who were patriotic enough to invest their money in the time of stress. The information the public received, through the columns of the Press, regarding the discussions of the latest Premiers' conference was meagre indeed. The newspapers gave us little information, publishing merely brief accounts of the proceedings of that im-

portant gathering. The newspapers in the Eastern States provided fuller reports of the debates. I wish again to emphasise that the imposition of a flat rate on interest will hit the small investor much harder than the big investor. The Bill proposes to attack those people who were induced to invest in loans for patriotic reasons during times of crises. The maturity dates of loans are also to be altered, which will cause further hardship to the small investor. Hundreds of people have invested small sums in loans, believing that at maturity their capital would be available to them. Under the Bill that money will be locked up for 30 years. Some may have been expecting to get their money in the year after next, and others again in five or six years' time, but they will not be able to get it. This might not seriously affect investors who can live upon their interest returns, but the small investor who needs his capital, probably to meet obligations, will be penalised. In that respect the Bill creates a most objectionable anomaly; it does not treat all investors equitably. But the greatest objection is that, while all other parts of the plan are mandatory, the conversion provisions are not. It will be quite optional for any investor to accept the lower rate of interest, but if he does not desire to convert, there is nothing to compel him to do so. That is unfair in view of the fact that one section of workers are being deprived of 20 per cent. of their income. They may be casual workers, or rationed workers, and they must submit to the reduction whether they like it or not. They have no say whatever in the matter. The wealthy section of the community, however, may please themselves whether they convert at the lower rate. The Premier has told us that the alternative to conversion is taxation, but the Premiers' Conference did nothing to provide for taxation if a holder refused to convert. When a special tax on interest was proposed at the Premiers' Conference, the Premiers in the main objected to it, but they insisted upon other people submitting to a sacrifice of 20 per cent. of their salaries. A man might have refused to invest in war loans saying, "Let the Government raise their money elsewhere." They raised it elsewhere, and that man is now free from any attack as regards his interest returns. The Premiers did not attack private interest rates. During the last 12 months quite a lot of mortgages over real estate, mainly

homes in the city, have been extended or renewed. They were chiefly fixed mortgages for about £500. Some years ago the maximum rate of interest for this class of business was 7 per cent. When I was inquiring about the purchase of a home, I gained quite a good knowledge of terms and conditions. Many fixed mortgages have expired in the last 12 months and have been extended or renewed, but mortgagees have insisted on increasing the interest rates, in many cases, up to 12 per cent. Such a mortgagee will get off scot-free under this Bill. The rate of interest prevents many workers from purchasing homes. How those who have committed themselves to pay up to 12 per cent. on their mortgages of £400 or £500 will fare, goodness only knows. Their earnings have been reduced, and the Premier, by this Bill, will cause them still further loss. To make it optional for bondholders to convert is grossly unfair. I support the Bill merely because it attacks the interest problem, which my party considers is necessary. Interest rates, exchange rates and bank rates generally are far too high in comparison with the service rendered. This is a burden on industry that should be investigated. The time is opportune to investigate all forms of exploitation so that nothing more than reasonable payment will be made for services rendered. With the member for South Fremantle, I consider that the exchange rate is fixed for a certain purpose. It would be all right if we got the advantage of it, but we do not always get the advantage. A fair amount of the fluctuation of exchange is attributable to the stock exchange, and the sooner this matter is investigated to prevent what is really a form of exploitation, the better. The stock exchange could be wiped out without the country being detrimentally affected.

The Premier: Have you seen the stock exchange at work?

Mr. MARSHALL: No, but I have seen the effects of its work.

Mr. Sampson: What about the wheat pit?

Mr. MARSHALL: The hon. member knows how business is rigged through that organisation. Eighteen months ago a report was circulated here about the surplus of wheat, and farmers were told that they could not expect to receive anything like the price that ruled in the previous year. Immediately people bought up the surplus,

and as soon as they had cornered it, up went the price.

Mr. Sampson: That was speculation.

Mr. MARSHALL: I object to monied men prejudicing the country by their activities. I do not object to any individual gambling within his means, but when he gambles in a manner that adversely affects the well being of the country, Parliament should step in and prevent it. The Premier cited the small bondholder as an argument against taxing interest.

The Premier: Why do not you think of him?

Mr. MARSHALL: The Premier made a somersault at the conference.

The Premier: I did not.

Mr. Kenneally: Would it not be very difficult for him to do that?

Mr. MARSHALL: I understand that the Premiers' Conference met in a fairly large room, that there was any amount of space for acrobatic feats, and that the Premier did not fail to play his part. The Premier has led us to believe that he sincerely desires to protect the small bondholder. When he got to the conference he came out in his true colours. He did not make any suggestion to protect the small bondholder, but he went the whole hog in the other direction. He was strongly opposed to the particular Bill he is now fathering. He did not want any interference with the rates of interest. He strongly opposed it up to the death knock. Even now this is only a voluntary measure, but the Premier fought even that. He did not fight for the 20 per cent. reduction in wages, but agreed to it. He put up a really good fight for the large bondholders. Indeed, he fought nobly for them. Mr. Lang proved the opposite to the Premier.

Mr. Panton: Bad boy!

Mr. MARSHALL: He was the bad boy of the conference. There are many people in Australia who bless the day that Mr. Lang was at the conference. I have here the report of the conference taken from one of the newspapers.

The Premier: What is the date?

Mr. MARSHALL: It is dated June 4th. It contains a list of some of the people about whom the Premier was so deeply concerned. He was not concerned about the 20 per cent. cut for civil servants.

Mr. Sleeman: Or the invalid pensioners.

Mr. MARSHALL: Or the old-age pensioners or military pensioners. What a change has come over him. Imagine him advocating these cuts in 1919 or 1920.

The Premier: I do not think I ever advocated those cuts.

Mr. MARSHALL: The Premier did.

The Premier: Advocated this?

Mr. MARSHALL: I do not know that he advocated it.

The Premier: You ought to know.

Mr. MARSHALL: He silently condoned it, but he openly advocated protection for the interest monger.

The Premier: I did nothing of the sort.

Mr. MARSHALL: The Premier did. I have before me the language he used. Certain things he never forgets, but other things he finds it convenient to forget.

The Premier: Here is a copy of the report bearing my signature, and laid on the Table of the House.

Mr. MARSHALL: I have not seen it. At any rate the report I have is an unbiassed one. It gives the utterances of the Premier, and shows the attitude he adopted at the conference. He attempted to protect those who had invested large sums of money in war loans. Incidentally, of course, he was protecting the small investor as well. Whilst he was prepared to protect those who could afford to invest money, he said not a word in defence of the unfortunate wretches who were to be subjected to a 20 per cent. cut.

The Premier: I do not suppose you mean to be wrong, but you are.

Mr. MARSHALL: Anyone who opposes the Premier's opinion is always wrong. He may not do it consciously, but he has been so long in the Chamber that he believes he is the only person who is right.

The Premier: It is not difficult to know that you are wrong.

Mr. MARSHALL: It is always the Premier's opinion that he is right. I have his remarks here, and he has not contradicted them.

The Premier: I have not read them.

Mr. MARSHALL: Anyone who would advocate the protection of big investors, and suggest that the unfortunate wage and salary earner should be subjected to a further 20 per cent. cut, would not read such a report.

The Premier: It is an absolute mis-statement.

Mr. MARSHALL: This has never been contradicted. It is a verbatim report of the Premiers' Conference. It is taken from the "Age" newspaper.

Mr. Sampson: It was in the "Daily News" of the 4th June.

Mr. MARSHALL: The Premier denies he was endeavouring to protect the big investor. Mr. Lang was complaining very bitterly about the conference permitting the investor to get off scot free. He said that apart from the wealthy companies he had just referred to, there were other individuals who would escape. The conference would not let the companies go free as far as he was concerned. It was the companies that were sticking the conference up. That position was appalling. It was then the Premier interjected, "For them the situation is appalling." For the big companies and investors the situation was appalling, but it was not appalling for the worker in this State on the basic wage and rationed. The basic wage is £3 17s. a week, but rationed week on and week off the worker receives 33s. 6d. The Premier can say to that man, "You will pay me 20 per cent. of that 33s. 6d." When it comes to the big investor, it is appalling he should be asked to contribute a little towards the nation's sacrifice. Here is a list of the poor unfortunates who have invested in these loans. We have Sir Alexander MacCormack with his £176,500, poor suffering wretch. Imagine any Premier not wanting to protect that unfortunate fellow. We do not know what other investments this gentleman has made. The Premier could not succeed in getting what he desired, namely complete protection, but he said, "We will make this a voluntary conversion, and give him a loophole to get out of it." In all probability this long-suffering person will yet avoid the tax although he has invested £176,500. Then there is Thomas Buckland who has invested only £141,000. It must have been this individual the Premier had in mind. He was not as wealthy as the other man.

The Premier: You are making deliberate mis-statements.

Mr. MARSHALL: The conversion is quite voluntary, but the 20 per cent. cut is not voluntary for the wage earner.

The Minister for Lands: Are you quoting Mr. Lang?

Mr. MARSHALL: I am quoting from the proceedings at the conference, and from Mr. Lang's remarks.

The Minister for Lands: I thought so.

Mr. MARSHALL: For once in his life the Minister has thought.

The Minister for Lands: You do not originate anything yourself, but have to borrow from someone else.

Mr. MARSHALL: I could originate nothing from gazing at the Minister's countenance.

The Minister for Lands: You do very well when you borrow from someone else's speeches.

Mr. MARSHALL: Let us see what other long-suffering individuals there are. Sir Norman Kater has invested £42,000.

The Premier: He borrowed the money to lend to the Government.

The Minister for Lands: We are reducing the rate of interest and you are still not satisfied.

Mr. MARSHALL: It is proposed to reduce the income of the worker, but not in any voluntary way. Why the distinction between these wealthy individuals and our civil servants? Sir Norman Kater certainly invested a goodly sum. Then we have some friends of the Premier, the Cohens and the Levys, who invested £42,000. Then comes Mr. Ormond Charles Smith with £109,000.

The Premier: What about your Chinese friends?

Mr. MARSHALL: At least they are doing a day's work for their living. They do not bleed and suck like the Cohens and Levys. Then a lady comes in, Jessie Love, with £17,000. Then comes Bennett with £67,000, the Nialls and Halls with £180,000, Ralph Lester Smith with £129,000, F. C. Futter with £52,000, V. S. Futter with £45,000, David Edward Lewis with £198,000, G. B. Vickery with £169,000, and Amy Vickery with £63,000. Next there is Austin Howard Smith with £20,000. There are the McIlwraiths with £58,000, Sir Langdon Bonython with £332,285—

The Minister for Lands: They showed their patriotism in investing their money in that way.

Mr. MARSHALL: They are patriots indeed! The point is that as patriots they are to be taxed, while those who did not invest in war loans are to escape.

The Minister for Lands: Four Labour Premiers agreed to it.

Mr. MARSHALL: I am talking about the principle of the measure. It is the patriotic investors who are to be persecuted. Those who invested in other avenues are not to be touched. I do not care whether I speak here, or in the Federal House or in the Victorian Assembly—

The Premier: We can spare you for a week or two.

Mr. MARSHALL: I shall not leave until we have dealt with these Bills. The Hayes family had £115,000, and the Coneybeers £64,900. Then there are the Fairbanks with £28,900, and the Frasers, the Stephens, and the Knoxes with £340,631. All poor people in New South Wales! Further in the list we find Reberca Smith Hill with £39,000. She is a very poor woman! Then comes Laura Marie Hill with £43,326 10s. There is Saunders with £100,000, and McPhillamy with £50,000. Dryhurst and Parker have £55,000. I do not know that there is any relationship to the member for North-East Fremantle. A Mr. Watt has £91,991. Mr. Brown has £63,000, and the Falkiners £60,000. Next comes Rymill £54,000, the executors of Smalldeed £97,070, T. H. Payne £48,000, and another Payne with £50,000. It would give me a pain to have that amount. All these people have been tax-free investors. The discussion proceeds, further comments are made, and the Premier says that for these people the situation is certainly appalling; but he has no hesitation in taxing the wage-earners of this State.

Mr. SPEAKER: Stick to this Bill.

The Premier: The hon. member cannot stick to anything, Sir.

Mr. MARSHALL: The Premier has no hesitation in taxing the wage-earners of Western Australia 20 per cent. compulsorily. The present Bill is quite voluntary. I would like to know whether, as has been asserted, all those who refuse to reinvest under the Bill are to be specially taxed.

The Premier: Ask Mr. Scullin.

Mr. MARSHALL: I am not prepared to trust Mr. Scullin in this matter, any more than I am prepared to trust the Premier of this State. The Premier has made one side of the Plan absolutely compulsory. Why did he leave the other side voluntary? Let us not forget that the side which has been left voluntary represents the section which can best afford to pay. The hon. gentleman says, "We will tax them." Why was not such a tax proposed at the beginning?

I believe it was decided by the Premiers, after lengthy discussion, to impose the tax; but on the admission to the conference of other public men and politicians the compulsory proposal was dropped and the Plan was made voluntary. However, there is no voluntary aspect even for casual workers earning 33s. 6d. per week. They will be subject to the 20 per cent. cut. I have never yet known the term "patriot" to fail. It is a great thing to say that a man is patriotic because he invests money in war loans at a high rate of interest. Money invested in that way is the nation's property as much as the individual's. We well remember the period when the call for money and men was being made in Western Australia.

The Minister for Lands: Where were you then?

Mr. MARSHALL: I was where I shall always be, endeavouring to enlighten the people as to the rottenness of the aftermath of the war. Here it is. This is the new world after the war, the world fit for heroes to live in! They are walking about the streets starving.

Mr. SPEAKER: I am afraid the hon. member is a little outside the scope of the Bill.

Mr. MARSHALL: I agree with you, Mr. Speaker.

Mr. SPEAKER: The hon. member must keep within the four corners of the Bill.

Mr. MARSHALL: I shall endeavour to do so, Sir. I was led aside by the assertions of giggling individuals.

The Minister for Lands: You cannot be insulting enough, so you are going to try that avenue.

Mr. SPEAKER: The hon. member will get on much better if he addresses the Chair, and disregards interjections.

Mr. MARSHALL: It is galling to think that individuals are called patriotic simply because they invest money. That avenue of investment during the war period was gilt-edged, and such investors are no more patriotic than the people who produced the wealth. There is too much crime, vice, sorrow and misery coming under the heading of patriotism. I support the second reading of the Bill, but I consider the measure should have been made compulsory by the imposition of a graduated tax, thus relieving persons with small incomes. No doubt trouble will arise from the measure; the conference discussions indicate that. Mr.

Lang pointed out that it was the big companies who were holding up the conference by objecting to any interference with their investments. Plainly, those companies do not propose to come within the scope of the Bill. There will be no conversion on their part. The only alternative offered by the Premier is that Mr. Scullin will tax them. On the other hand, the Premier of this country will tax the wage earners of Western Australia. He will see to that part of the Plan. He will attack their wages within the next day or two. But he leaves it to Mr. Scullin to attack the big investors. I am well aware that many of these loans are tax-free as regards the States only. Surely that aspect is within our province. Surely it is within the province of this Parliament to tax incomes. But the Premier does not propose to interfere in that respect, though he loses no opportunity to attack others, no matter how small their incomes may be.

Mr. SPEAKER: That does not come within the scope of the Bill. I have given the hon. member a great deal of latitude. I cannot give him any more. He must keep within the four corners of the Bill.

Mr. MARSHALL: I recognise that I have trespassed, Sir, and I am sorry; but sometimes one is led aside by interjections and at other times by passion. I regret having diverged from the Bill. I support the measure simply because it is a step in the direction we have advocated for a long time. However, the Bill bristles with anomalies and inequalities.

MR. MILLINGTON (Mount Hawthorn) [5.27]: This measure represents the first instance known to me of an attempt to regulate interest on ordinary investments. It is quite true that there are legal restrictions with regard to usury; but as to general investments, although there has been pious declamation on the subject, the virtue of this measure consists in making an attempt, on a definite plan, to reduce the interest paid by Governments, Federal and State, on their various loans. In the past we have always held that rates of interest were excessive and represented an undue burden upon the community, whether State or Federal, and were reflected in the rates of interest paid by primary industry. The Government are not only money lenders, but they are borrowers of money which in turn they farm out to private industry. Side by

side with them, we have private investors doing the same thing. In consequence there has been a continuous increase in the rate of interest. During our prosperous times the rate was regulated not by the fair value of the use of money, but by what could be demanded for such use. In these times of desperate need, from the standpoint of Governments and individuals alike, it was possible to raise interest rates to the level now demanded. From a public aspect Australia has been faced for many years with an enormous interest burden. This meant that the money had to come, not from the Governments, but in the first place from the people. In addition to finding the enormous sums required to meet our interest obligations, our industries had to pay excessive rates for their private requirements. Thus a double burden has been placed on those industries. In the Plan we naturally welcome a definite attempt to reduce rates of interest. In the past we had to content ourselves with carrying the excessive burden, and I presume since the Premier has introduced this measure proposing a decreased rate of interest he must have been impressed with the desperate position with which we are faced. In times past he would never have countenanced any proposal to reduce interest rates. So it seems to me we have reached a stage where we have no choice.

The Premier: No choice at all.

Mr. MILLINGTON: And so the investors will have to take a lower rate of interest, or alternately have their securities seriously impaired. Although people are asked voluntarily to convert to the new loan, it will be seen that, apart altogether from patriotism, it will be good business on their part to preserve their securities, which after all is the main thing. It is far more important to preserve the security than to wrench an extra percentage for the use of the money. The great problem facing the investor to-day is not so much the rate of interest as the preservation of the value of his security.

The Premier: During the sittings of the conference investors wired to say they were willing to convert.

Mr. MILLINGTON: I should think so, for while you can appeal to their patriotism you can appeal also to their business instincts. This is one plan whereby Australia can meet its obligations, whereas if

Australia defaults the value of all investments in the Commonwealth will be very seriously depreciated. So this is a measure to protect the investor, to protect his investment, and as such it should be welcomed by the investor, who should accept the inevitable. It has for long been recognised that unless the amount we can pay is adjusted to the amount we are asked to pay, there is only one course open to us; either we have to come to terms, or else Australia has to default. Nor does it relate exclusively to public investments. For some time past private investors have had to make arrangements in order to be able to carry on. It is not the exception, for it has become the usual practice that investors have to accept terms other than those embodied in their contracts. In respect of primary industries throughout Australia, unless some arrangements had been made, default would have been the usual procedure. It is only by accepting the inevitable and endeavouring to arrive at a mutual method of carrying on, that industry generally has been preserved to the extent it has. There is this feature also with which the Bill does not deal, but which I think is allied: the measure deals with only a section of investments that are made throughout Australia; it deals only with public investors, those who have made their investments in public funds, when they are asked to take a lower rate of interest, they will want to know whether there is any scheme embracing the private investors in industry. It is true the Premier suggests the Bill will have an influence on all rates of interest, irrespective of whether the security is a Government one; but I should say those who are to be made an example of just because the Government control their funds, when they are asked to take a lower rate of interest they will be entitled to say that if they are to make these sacrifices, some scheme should be devised under which the private investors shall be asked to fall into line and bear their share of the burden.

The Premier: You will have opportunity to discuss that on the next Bill.

Mr. MILLINGTON: We are taking a responsibility not often accepted by Parliament. Not only do we say the rate of interest shall be adjusted, but we are acting as a court and fixing the amount. It is

true we do this to some extent in other directions. But we do not, for instance, fix rates of wages; we simply pass a measure authorising some court or board to do that. In this instance not only do we say the rate of interest shall be reduced, but we fix the actual amount and the term. So Parliament is taking upon itself something which usually it delegates to a court or board. This agreement, hurriedly drawn up, represents a rough and ready way of dealing with a highly technical question. That, to my mind, is one of its objectionable features, which already have been referred to by the member for South Fremantle. Certainly a measure of such drastic reform as this, hurriedly agreed to, will contain many anomalies and there will be great difficulty in making the required sacrifices equal. I presume that when in Committee the term of the loan set out in the Schedule can be discussed. It appears to me when that stage is reached some provision will have to be made for those who have invested on the understanding that the money would be at call on a given date. Therefore, dealing with this in such a general way in an Act of Parliament is an entirely different principle from delegating powers to a board or court where all the circumstances of the case can be considered. So when this measure becomes the law of the Commonwealth and the States, there will be very great difficulty, and many hardships will result. For there will be no appeal, no court or board to make the necessary adjustments, and something will certainly have to be done in that direction. A Bill of such a sweeping character, containing powers which we as a Parliament have assumed, is rendered necessary by the desperate needs of the hour. However, consideration will have to be given to that phase; otherwise something containing a good principle will prove to be a very great hardship on certain investors. As to the rate of interest, during a period of years, owing to the demand by people who desire to use other people's money—a demand not confined to State or Commonwealth Governments, but practically general throughout industry—there has been much over-borrowing. In earlier days our people invested their own capital, but in modern times private capital, aggregated by means of joint stock companies or placed in bonds, is utilised by

individuals in our primary industries. In bygone days it was unusual for a man to have a big mortgage on his property, but in modern times the practice is to borrow all that can be borrowed.

Hon. J. C. Willecock: And treat it as income.

Mr. MILLINGTON: When people complain that Governments have over-borrowed and failed signally in the manner in which they have invested the loans, the same holds good in respect of private industry. Just as Governments have failed in the handling of enormous sums of money, so too have individuals. To the people who claim that Governments are responsible for the present position, I say that private industry also has failed and broken down, and that consequently the Governments now find themselves actually bankrupt. So the Governments are following the general practice adopted in industry, not only here but throughout the world. Because of that general practice, and because of the demand by Governments and individuals alike, the rates of interest have been forced up until now, when we have come back from abnormal times we are suddenly in trouble. During recent years, especially in Australia with so many natural advantages, in addition to the abnormal prices that were received and which at the time were considered normal, people were disposed to make their calculations on the then existing prices. Even the cost of primary products was not based on the cost of production, but in many instances exceeded it, and people fondly imagined that was going to continue. Now, suddenly we are in trouble. It is not because of any failure to produce—as a matter of fact, we have had a record wheat harvest and so, too, I think, in wool and butter, and generally the value of our products is greater than ever before, yet it is at this time that we find ourselves faced with disastrous conditions. The manner in which interest is related to the conduct of industry is that, in the first place, when prices were abnormal land values were raised and, of course, with the increase in the value of our farm lands and pastoral areas, city values were also raised. I have nothing much to say against the policy of the banks at the present time. The banks' policy, however, has contributed largely to the present position because in the good times, when one would expect the



banks to give farmers and pastoralists, and others engaged in industry, good advice, they encouraged the primary producers to borrow right up to the limit. Then, immediately on striking a period of adversity, those same banks which encouraged the primary producers to borrow or to raise overdrafts, came down hard on those who acted on the advice given them. Peremptory demands were made that overdrafts should be reduced, and now we find the banks lecturing the people on economy. The trouble is that the advice has come too late.

Mr. SPEAKER: That has nothing to do with the Bill we are discussing.

Mr. MILLINGTON: Yes, Mr. Speaker, it has. We are dealing with the manner in which interest rates have been inflated, and if that subject is not related to the question of decreasing those rates, I do not know what is. It has become necessary to ignore all agreements and drastically reduce interest that we have been paying. When we are dealing with a proposal actually to break agreements in respect to interest rates solemnly entered into by the Commonwealth and the States, it is well for us to consider how it is those rates have been increased to such an extent that we now find it impossible to pay them. Also in respect to industry, we will find it impossible to carry on or to extend it so that we may compete with other countries of the world. If industry is to be revived, it must be relieved of a certain percentage of the burden of interest. I am not one of those who suggest that other people's money, which we may desire to use, has no value; but here is an attempt to say what that value is, and if it is right to apply it to those who have invested their money in good faith in our loans, if we wish to reconstruct our position and make it possible for industry to be revived and to be extended, the question must be faced all round. I agree with the Premier that the reducing of the rate of interest on Government bonds will have an influence on the rate of interest charged outside. If it does not, then ways and means will have to be found so that there may be brought about a uniformity in the sacrifice that is to be made. It is true that in respect of Government bonds there is more uniformity so far as security is concerned than is the case with money invested in industry, but because there would be a difficulty in regulat-

ing it, that does not absolve us from the responsibility of endeavouring to deal with that phase of the question. Western Australia is particularly interested in this matter because in the past it has been the policy of Governments to raise loans which, in turn, have been relented to individuals engaged in industry. I do not know that there is a State in the Commonwealth that has done more in this respect than has Western Australia, that is, in proportion to population. That means that where the price of money has been forced up, the Government have had to increase the rates of interest, and so in that way industry has been detrimentally affected. In times past it was possible for Western Australia to raise money at a reasonable rate of interest, and in turn that money was advanced to industries which, in other circumstances, would never have been assisted. But during the war, when the farmers particularly, and the pastoralists, were in urgent need of help, it was found impossible to raise money at the old rates, and special amendments of Acts had to be passed to authorise the Government to raise money at increased rates of interest, even as high as 6 per cent. I remember at the time that those who were responsible realised the seriousness of the position, but the needs were desperate and those who had money to lend were in a position to demand high rates, in that way taking advantage of the requirements of the people. It was the moneylenders who were responsible for the forcing up of the rates of interest. I think this State went as high as £6 10s. per cent. Imagine the Government borrowing at that rate, and remembering, too, that it takes 1 per cent. to administer. It meant that although money was made available for the industries of the State, it was not an economical proposition to borrow in that way and, consequently, the industries, instead of being assisted, were over-burdened. However, we are now getting back to the times when we realise, not only from the point of view of Governments, that the people of the State and the Commonwealth, too—as well as from the point of view of industry—this burden, which is responsible to a greater extent than anything I know for the position in which we find ourselves, will certainly have to be tackled. I have already mentioned that the high price we received from our products made it possible for us to pay the enormous impost demanded by investors. Now, how-

ever, it is realised that what has taken place must cease. In fact, it has ceased, and in respect of private investments they are simply asking for time, and interest rates are not being paid. I presume that unless the proposal we now have before us becomes law, the States and the Commonwealth would not be able to meet their liabilities. So that we are left without a choice. The only fair thing to do is what we would do individually. We must endeavour to make the best arrangements possible. I do not know what will happen if the proposed conversion loan does not prove popular, but I should say that those who are the investors and hold these securities will certainly be well advised to maintain in the first place what must improve, and that is the value of their security. As has been mentioned, the policy of those on this side of the House was that interest should be taxed. It appears to me that, by means of taxation, it would be possible uniformly to deal with all investors, whereas the difficulty with this measure is that it only deals with those holding Government bonds. There should be equal sacrifice. Although the Bill does not meet entirely with me views, in respect of how the obligation of investors generally should be met, the proposal is certainly the outcome of several conferences, and although in the past there has been a suggestion of economy in the Public Service, and privately also by way of reductions in wages and salaries, this is the first concrete proposal for definitely reducing the rate of interest and therefore it appeals to me as a measure that I can conscientiously support. I hope the difficulties that have been referred to will be considered by the Government and an endeavour made to avoid the anomalies that may creep in. Under a measure of such a far-reaching application, it is impossible that uniform conditions will be experienced by all who have invested. An attempt will have to be made to deal with special cases so that they may be equitably adjusted. If such matters were left to a court to determine, it would be all right, but when we arbitrarily say that the bondholders are to be dealt with in like manner, it is inevitable that endless difficulties will arise. Whatever may be said of investors, we are certainly under an obligation to carry out our contract as far as possible. But in the circumstances under which the Bill has had to be placed before Parliament, whereby we vary

the conditions of that contract, we should see to it that the adjustment is made with as little inconvenience as possible to those who have been patriotic enough to invest their money in Commonwealth and State bonds. With the reservations I have indicated, I support the second reading of the Bill and hope it will be successful in achieving its purpose.

**HON. S. W. MUNSIE** (Hannans) [6.4]:

I do not desire to cast a silent vote, but I shall not speak at length. The greatest drawback that I see in connection with the Bill is the method adopted for the purpose of converting Australia's indebtedness; the investor does not know where he is with regard to the conversion. I can speak feelingly on the subject because my life's savings have been invested in bonds. I invested my money in that form in the belief that when I reached a certain age the money would be available to me. Now I find that in all probability I will have to wait 30 years for it. In those circumstances, I shall not be here and the money will be of no use to me, although it may be useful to my children.

Hon. J. C. Willcock: You will have to depend on market prices for the bonds.

Hon. S. W. MUNSIE: That is the only alternative. I may be able to realise later on, but if I have to sacrifice £33 or £34 in every £100, it will mean that if I have to let go so much, I will have to sacrifice the lot. That is what I regard as the worst feature of the Bill. In my opinion, all bondholders should have been treated in the same way. I cannot see why the holders of tax-free bonds should be treated more liberally than the ordinary bondholder who has to pay his quota in taxation on the interest he receives from his bonds. Yet that is what the Bill does. The longest the tax-free bondholder will have to wait for his money is 13 years. Under the Bill, the Loan Council will be able to say whether the conversion period for tax-free bondholders will be 7, 10 or 13 years. Thus, that section of the bondholders is given special consideration, whereas the ordinary bondholders, who have to pay taxes on their investments, may have to wait for 30 years before they can get their money. I will not deal with other matters that will be covered by Bills that will be introduced at a later stage. There has been much controversy as to whether the method adopted under the Bill is volun-

tary or not. I believe that the voluntary system, if successful, is preferable to the compulsory system in the interests of Australia itself. I admit that candidly. I also believe that the Bill has reversed the provisions under which earlier loan conversions were conducted. While the present proposal is said to be voluntary, the question arises as to what will happen to those bondholders who do not convert.

Hon. J. C. Willecock: Did you read what was published in the Press?

Hon. S. W. MUNSIE: I am speaking of the Bill itself. There is nothing contained in the Bill to suggest what will happen to the bondholder who does not convert. In my opinion, the man who does not convert will be in a far worse position than the man who does convert. I believe the position in Australia has reached such a stage that people who will participate voluntarily in the present scheme of conversion will use the big stick, and use it heavily, on those who do not convert. Recently the Premier of Victoria made a statement dealing with the position. Mr. Hogan was one of those who fought hard at the Premiers' Conference for a compulsory conversion, but eventually he agreed to accept the voluntary principle. In his statement the Premier of Victoria clearly indicated what was likely to happen to the man who did not convert, and no contradiction appeared of his assertions when he said that the man who did not convert would suffer.

Mr. Patrick: The man who refuses to convert must state his objections in writing.

Hon. S. W. MUNSIE: When the last conversion loan was floated, the people were asked to subscribe to it and to go to their bankers or to the post office to signify their willingness to convert. On this occasion the Federal Government will not ask anyone to convert. On the other hand, if anyone refuses to convert he has to state that fact in writing. That means that if the bondholder does not communicate with the authorities, stating his reasons for not converting, the bonds he holds will be automatically converted. I appreciate the fact that that will mean a considerable saving both of time and money in effecting the conversion. For my part, I think it would have been fairer to the bondholders to have taxed them to the extent of the amount that will be saved by

the reduction in interest charges, but, at the same time, I realise that the expense involved would be considerably greater. If the tax were imposed instead of the method adopted, I, for instance, would know what money I would have to pay between now and the time when I could secure my capital. That is a big consideration. I appreciate the fact that the taxation proposal I suggest would not have so beneficial an effect on the State as is likely to accrue under the proposed conversion because, if the interest were taxed, a man would naturally, when lending money, charge a slightly higher interest rate so as to get some of the taxation back. As the member for South Fremantle (Hon. A. McCallum) said last night, there is not the slightest doubt that when the last conversion loan of £28,000,000 was floated in Australia, a large number of people in this State, particularly civil servants, drew their life's savings from the savings bank and came to the assistance of the country by taking up bonds of a short-dated currency. Many of them adopted that course because they knew their long service leave would be due in the near future and they invested in the belief that the money would be available for them then. Those people have not the slightest hope of securing their money now except through the generosity of those who will control the conversion and will have the responsibility of saying how and when the money will be forthcoming. I admit that if the present conversion is successful, it should help to reduce outside interest rates. If the Government rate of interest is reduced, that will have a bearing on outside interest rates. Action should be taken to bring outside interest into line, but I admit it cannot be done under the Bill now before us. If something along those lines is not done, I can foresee the time when no Government in Australia will be able to float another internal loan because of the more favourable interest rates available for outside investment. The people will not invest in securities or loans bearing 3½ or 4 per cent. if they can get 8 or 8½ per cent. outside.

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

Hon. S. W. MUNSIE: The member for South Fremantle, discussing this proposal last night, made reference to the depreci-

ation of the Australian currency. He said the exchange rate of £30 per cent. was not a fair criterion of the actual value of Australian money. With that I entirely agree. While I admit that the present exchange rate is to the very great advantage of the primary producer who is exporting his commodity—provided he gets the benefit of the exchange, which unfortunately many do not—the depreciation of Australian currency and the difficulties that Australia finds herself in have been brought about largely by irresponsible statements made by people in high places. I do not exempt any party or any body from the blame that rightly attaches to the making of such statements. A good deal of Australia's financial difficulty has been brought about by wild cables that have been sent from Australia to the English Press and credited to people said to be in high official positions, but who actually were not in any such position. Statements by the man in the street have been cabled Home as coming from some highly-placed person. I agree with the member for South Fremantle, too, that a good deal of the criticism that has been levelled by the Opposition in the Federal Parliament has had much to do with the adverse position in which Australia finds herself in relation to the English investor.

The Premier: I do not think they said anything that could have such an effect.

Hon. S. W. MUNSIE: I am sure they said a good deal more. When a very important Bill was being discussed in the Federal Parliament, it was said on the floor of the House that Australia would never get back to prosperity until the Scullin Government were defeated, because no man with money to lend would trust the Scullin Government. There is absolutely no evidence to back up that statement. Let me say a word or two on the records of the present Federal Government and their predecessors. A little over 18 months ago the economists of Australia and those in control of financial institutions, together with the Press generally, were saying that Australia could never right herself until she got rid of the adverse trade balance which for three years preceding the coming of the Scullin Government averaged 30 millions a year against Australia. In other words, we were importing £30,000,000 worth more per annum

than we were exporting, and of course we could not possibly go on at that rate. But the Scullin Government took necessary drastic action, with the result that for the first seven months of the financial year ended yesterday a big improvement was shown. Let us make a comparison between the years 1929-30 and 1930-31. In 1929-30 the imports for the first seven months totalled £87,080,000, while the exports for the same period totalled £55,950,000, the excess of imports over exports being £31,130,000. The Chief Secretary smiles when I say £30,000,000 per annum. As a matter of fact it is the Commonwealth Statistician's figures I am quoting, showing that for the first seven months of 1929-30 imports into Australia exceeded exports by £31,130,000. For the first seven months of 1930-31 imports totalled £43,422,000, and exports £50,035,000, or a balance in favour of Australia of £6,613,000. That was the result achieved in one year, from 1929-30 to 1930-31.

The Premier: What has that to do with the Government?

Hon. S. W. MUNSIE: It has nearly all to do with the Government, and the legislation they introduced in the Federal Parliament.

The Premier: The prohibition?

Hon. S. W. MUNSIE: Yes, that had a lot to do with it.

The Premier: Rotten!

Hon. S. W. MUNSIE: The Premier says "rotten," but he has repeatedly declared that we must get our exports to compare with our imports, or we could not go on. That is what Mr. Scullin did. To-day we never see a word in the Press about the adverse balance of trade.

The Premier: It is adverse.

Hon. S. W. MUNSIE: No, it is not adverse. Leaving gold out of it altogether, our imports for the financial year closed yesterday have been less than our exports.

The Premier: But not sufficiently so to cover the interest.

Hon. S. W. MUNSIE: That may be, but the position is far better than it was. Borrowing has had a great deal to do with our present position, and has increased considerably the amount of interest to be paid. Let us take a brief summary of what has happened in that respect. The Bruce-Page Government were elected with a majority a little over eight years before the advent of

the Scullin Government. Australia then had in London a credit of £24,200,000. The Bruce-Page Government were in office just over eight years, and when they left office there was a debit of £73,000,000.

The Premier: What sort of a debit; what against?

Hon. S. W. MUNSIE: I am not going into technical details. In 1927, 1928 and 1929 the Bruce-Page Government borrowed no less than £125,000,000.

The Premier: I think your brief is a bit wrong.

Hon. S. W. MUNSIE: No, it is absolutely correct in accordance with the figures supplied by the Commonwealth Statistician. They borrowed £125,000,000, of which only £36,000,000 was for conversion, £89,000,000 being new money. On the floor of the House a member of the Federal Opposition said they could never get confidence in Australia until the Scullin Government were defeated. By implication, of course, he meant until the Scullin Government were defeated and a Nationalist Government elected in their stead. According to him, Australia could never recover until confidence was restored, and it was necessary to have a Nationalist Government in order to restore confidence. But in point of stimulating confidence in Australia, history has proved just the reverse. Let me quote the last few loans raised by the Bruce-Page Government. And I would remind members that the times then were nothing like as bad as they were when the Scullin Government took office. Taking cash loans first, in March of 1928 the Bruce-Page Government asked for a loan of eight millions, issued at 98, at 5 per cent. The loan was raised, but 84 per cent. of it was left to the underwriters. In July of 1928 a cash loan of seven millions, issued at 98, at 5 per cent., was raised, but 87 per cent. of it was left to the underwriters. In January of 1929 a loan of eight millions, issued at 98, at 5 per cent., was raised, but 84 per cent. was left to the underwriters. In May of 1929 a conversion loan of £12,408,000 was raised, issued at 97, at 5 per cent., but 48 per cent. of it was left to the underwriters. Now let us see whether the people wanted a Nationalist Government in power before they would display confidence in Australia. All the loans I have quoted were raised by the Bruce-Page Government. Almost immediately on the Scullin Government com-

ing into office they had to raise a cash loan on behalf of the States and the Commonwealth. The first cash loan they put on the market was in November, 1929, for the Commonwealth and the States for £10,000,000 at  $5\frac{1}{4}$  per cent. issued at 98, and £10,003,000 was subscribed. In June, 1930, a cash loan for Commonwealth and States for £12,000,000 was put on the market, issued at par and carrying 6 per cent. interest, and £12,422,000 was subscribed. The two loans totalled £22,445,000. The Premier may laugh, but he will find the figures I am quoting in the Commonwealth records. In February, 1930, a conversion loan of £48,000,000 was put on the market and £48,219,000 was subscribed. In November, 1930, another conversion loan for £28,000,000 was put on the market, and £30,022,000 was subscribed. For conversions, the Scullin Government raised in Australia £78,241,000, each loan being over-subscribed, and of new money they raised £22,445,000, each being over-subscribed, a total of £100,686,000.

Mr. Angelo: Was not Mr. Lyons Treasurer then?

Hon. S. W. MUNSIE: No, only for the last conversion loan. Those figures are evidence that the people of Australia had considerably more confidence in the Scullin Government than in the previous Government. The best record the previous Government could show, either in new loans or conversions, left 42 per cent. to the underwriters. It has been stated that Australia would never be able to get out of its difficulties because the people who had money to invest would not invest it while the Scullin Government remained in office. Such a statement could be made only for party reasons. It is the kind of statement that proving detrimental to Australia. In fact, such statements are largely responsible for Australia's being in financial difficulties to-day. I do not wish to discuss the methods that could or should have been adopted to overcome our difficulties, but a good deal has been said by, and quoted from, economists. Professor Gustav Cassel, who is advisor to the League of Nations, is regarded as the leading expert on finance. In addressing the Institute of Bankers, according to a cable message in the "West Australian" of the 29th May, he said—

"The greatest effort should now be made to secure rational control of the purchasing power of money. No further time should be wasted listening to false prophets, whose re-

sistance to efforts to gain control of the monetary system has helped to cause, intensify and prolong the present most disastrous economic catastrophe. It is time the leading central banks agreed to combat the depression by declaring their intention from now on to supply the world so abundantly with the means for making payments that a further fall in prices will be impossible. So long as central banks refuse responsibility for the purchasing power of money, humanity is in the same situation as passengers on a liner of which the captain has lost control." The monetary policy of the United States was chiefly responsible for the crisis, Professor Cassel continued. The fall in American prices was reacting on all old gold-standard countries. If the present scarcity of gold was not counteracted, unlimited depression of commodity prices would result. If France and America, instead of disproportionately attracting gold, had co-operated in rational price stabilisation, conditions elsewhere would be more favourable to capital investment. The only possible remedy, he concluded, was systematic reduction of central banks' requirements for gold reserves.

Many suggestions and propositions have been made by prominent men in Australia as to how our difficulties might be overcome. Had that statement been published without having any name attached to it, it would have been credited to only one man, and that is E. G. Theodore. Professor Cassel absolutely backs the policy and principles advocated in the Federal Parliament by Mr. Theodore. From all the information I have been able to gather, this Bill will help us to a large extent to pay our interest, but it will never get us out of our financial difficulties. We shall not get out of those difficulties until the rest of the world recognises that what Mr. Theodore says is correct. That is my candid opinion, and I am not ashamed to express it.

The Premier: He is shipping all the gold.

Hon. S. W. MUNSIE: Only three or four weeks ago he sought authority to ship £5,000,000 worth of gold in order to have it available in London before the £5,000,000 worth of bills fell due on the 30th June. For so doing he was held up as a criminal by members of the Federal Opposition, and the Bill was thrown out by the Senate.

The Premier: That was for £15,000,000.

Hon. S. W. MUNSIE: It was nothing of the kind; it was £5,000,000.

The Minister for Works: No, he wanted to ship the lot.

Hon. S. W. MUNSIE: He asked for the right to ship £5,000,000 worth, and it was refused. Subsequently the Premiers sat in conference for three weeks, recognised the

absolute necessity for shipping the gold and approved of it. When one of the representatives of this State returned, not the Premier but his colleague, he told me candidly I was wrong when I said that the Senate had reversed its attitude. I pointed out that the gold was to be shipped, and he replied, "Nothing of the kind. Not one ounce of gold will go out of Australia. The guarantee will be there because the gold will be deposited in a private bank." The gold has been shipped. The Senate has somersaulted and has followed Mr. Theodore's advice to save Australia from defaulting. The time is not far distant when Australia will have to adopt some method of finance other than that in vogue to-day. In my opinion the chief cause of existing difficulties the world over is the stock exchange gambling in the stocks of various countries and in foodstuffs. If a conference of the nations could be summoned and something could be done to prevent such gambling, the world would recover quicker than by any other means. Much of the depression in Australia is due to gambling of this kind. Australia is not in an altogether bad position. Comparing its products and output with those of any other country, Australia's are the more favourable. Yet there are few countries whose stocks have fallen as low as ours. Why is it? Largely because of the gambling to squeeze the small men out so that the big men can make a profit. That has been done repeatedly. Another thing that has caused a good deal of depression is the gambling in wheat. There may be a surplus of wheat at present, but nobody can convince me that there is an over-supply of wheat in the world when there are millions of people on the verge of starvation. Every year in New York and London tens of millions of bushels of wheat are bought and sold without ever being seen or handled by the operators.

Hon. W. D. JOHNSON: And they may not even exist.

Hon. S. W. MUNSIE: That is so. Under such conditions we must experience depression, simply because men sufficiently highly placed to control the finance of the world control other things also. Professor Cassel's address to the bankers of England will yet have to be heeded. Only the other day, as the member for South Fremantle mentioned, there was a possibility of the Bank of Austria failing and having to default. That is

a country which fought against Great Britain in the war. Was it allowed to fail? Immediately the Bank of England came to the rescue to prevent default. Yet we in Australia are languishing for want of a little justice—that is all—and we cannot get it. The Bill will help us a little, but I hope the other Bill to deal with private interest rates will go as far and be as effective in securing a reduction. If that happens, we shall have a chance to pull through.

**MR. KENNEALLY** (East Perth) [7.59]: This Bill has to be considered for what it contains and dealt with on its merits. We have been informed of other Bills that are to follow, but at present we can take into account only the measure before us. This Bill makes provision for a reduction of interest rates, and is one that naturally appeals to the party on this side of the House.

Member: And all other sides of the House as well.

**Mr. KENNEALLY**: I hope that is so, but there must necessarily be a few converts compared with members' speeches on the Address-in-reply. Members on this side of the House when speaking on that occasion, advocated reduced interest charges and taxation of interest and we were told that this was absolute repudiation. The member who was foremost in making that statement was the Attorney General. We were not to touch interest because it was sacrosanct. If this is going to appeal to all sides of the House, I hope we shall be in agreement in the view that these interest charges are the principal cause of the country's troubles. This Bill deals mainly with bonds. Its operations are limited to the bonds held in Australia, and therein lies a weakness. We must not forget that by limiting its operations to bonds held in Australia, the reduced interest rates will be applicable to less than half of the total debt of Australia. The argument has been advanced that if we reduce the interest rates on bonds in Australia, this will automatically result in a reduction of interest on bonds beyond Australia. That remains to be seen.

The Premier: The interest in London is lower than it is in Australia.

**Mr. KENNEALLY**: On some bonds the interest is higher than it is in Australia.

The Premier: I think the average is about 4.2 per cent.

**Mr. KENNEALLY**: It is essential to make some move by which the interest on the indebtedness outside Australia is also attended to. The aim of the Bill is to reduce the average interest on bonds in Australia to four per cent. My meed of support is for the Bill, because if we can get money generally speaking at four per cent., it will go a long way towards solving the problems with which Australia is faced. Every person in the community is affected by this. The farmer who is endeavouring to grow and garner his crop is called upon to pay what is admittedly an inordinately high rate of interest on the capital represented in his undertaking. To the extent that he is called upon to pay that interest rate, it makes it more difficult for him to succeed in his occupation. Every means by which we can reduce interest charges will benefit the farmer just as it will other people in industry. If four per cent. money had been available during the last few years, numbers of establishments would be operating in this country quite successfully. They have not been established or have not been carried on because they were languishing for money at a reasonable rate of interest. Anything we can do to bring down interest charges will be beneficial to all members of the community. Latterly we have brought down the wages of the worker. We have done that independently of the fact that when wages were higher, the workers in many cases entered into commitments, such as the purchase of a home, a business or a block of land on which to build a home, on the time payment basis, and on the wages they were receiving had a reasonable hope of subsequently paying everything off. On account of the big decrease in wages, these people now find it difficult, if not impossible, to meet their commitments. A reduction in interest should be the natural corollary to reduced wages. We do need a few converts in the matter of reduced interest charges. I am glad to say that apparently we have a late convert in the Premier, as evidenced by the introduction of this Bill. He does not even now advocate that all bonds in Australia shall be subject to the Bill.

The Premier: You mean tax-free bonds?

**Mr. KENNEALLY**: Yes, and even excluding tax-free bonds. I am glad, however, that he is now going to alter his views.

The Premier: Not a bit of it.

**Mr. KENNEALLY**: Apparently he has not yet seen the light.

The Premier: You misconstrued what I said.

Mr. KENNEALLY: Does the Premier believe in the taxation of moneys placed in the bank on fixed deposit?

The Premier: Can you cross-examine me on a question that is foreign to this Bill?

Mr. KENNEALLY: The Premier says I am wrong.

The Premier: I am not wrong in saying you are wrong.

Mr. KENNEALLY: The Premier advocated the exemption from the proposed interest reduction rates of money on fixed deposit. Will he deny that he told the Premiers' Conference, when that question was being debated, that it would be better if we minded our own business.

The Premier: You have been badly briefed.

Mr. KENNEALLY: Will the Premier deny that?

The Premier: I will answer you when I get a chance.

Mr. KENNEALLY: It is all very well for the Premier to side step the question.

The Premier: Mr. Speaker, should the hon. member address you or me or whom?

Mr. KENNEALLY: I am addressing the Speaker. The Premier at the conference deliberately opposed a measure applying to reducing the interest on money on fixed deposits. I want to know whether he is now one of the late converts of the interest-reducing proposition being applied to fixed deposits. Not only has the Premier advocated that certain bonds in Australia should be free from the operation of this scheme, but he says that if we make the money on fixed deposit subject to this provision we shall not be minding our own business. Now he says, when we talk about interest on mortgages, "We are bringing down a Bill to deal with that."

The Premier: You know that the conference adopted a method for dealing with the interest paid by banks.

Mr. KENNEALLY: The conference discussed a reduction of interest on fixed deposits, and the Premier opposed it. He cannot deny that.

The Premier: I do not know who told you that.

Mr. KENNEALLY: Here is a document supporting my statement.

The Premier: What document?

Mr. KENNEALLY: It is a document which relates to what took place at the Premiers' Conference.

The Premier: I did not know you had a copy of it.

Mr. KENNEALLY: Otherwise the Premier would not have denied the statement.

The Premier: Yes I would. I will explain that.

Mr. KENNEALLY: It will take a lot of explaining.

The Premier: We were told not to give the thing out.

Mr. KENNEALLY: Perhaps that is why the Premier denies the statement.

The Premier: I do not know how you got it.

Mr. Panton: Copies are on sale at a price.

Mr. KENNEALLY: At the conference, when the question of fixed deposits was discussed, Mr. Lang said, "If you allow them, they will get away with it. If we allow them we will not be doing our duty. These people with fixed deposits in the banks should be made to contribute. Their cowardice should not be made an excuse." The Premier then said, "This would be going too far altogether."

Mr. Parker: What are you reading from?

Mr. KENNEALLY: Will the Premier deny he made that statement?

Mr. Parker: Can we have a copy of it?

The Premier: You are not supposed to, but you can have one now.

Mr. KENNEALLY: Possibly if members are given copies they will realise what the attitude of the Premier has been on this fixed deposit question. If we are not going to agree to a reduction of interest on fixed deposits, where will the relief to the community come in? If the banks are paying a given rate of interest to those who lend money to them, it is impossible to get them to charge a reduced rate of interest to those who want money to invest in industry.

The Premier: Governments often have to get money from the banks.

Mr. KENNEALLY: All the more reason why the plan should apply to a reduction in interest charges on fixed deposits so that the banks in turn may be able to lend money to Governments at a lower rate of interest than is charged at present.



The Premier: You will find that is so.

Mr. KENNEALLY: I will not deny that. The Premier opposed that proposition right through the piece. He said it was a pity we could not mind our own business.

The Premier: It was my suggestion, I think, that was adopted. A year ago I said I thought the rates on fixed deposits were too high.

Mr. KENNEALLY: Will the Premier deny, when it was proposed to make this applicable to the interest on private mortgages, he said at the conference it was a pity we did not mind our own business?

The Premier: I said what was the right thing to do.

Mr. KENNEALLY: Of course whatever the Premier said would, in his opinion, be right, but he cannot blame other people if they do not think as he does. We are entitled to our own beliefs.

The Premier: I will see that members on this side obtain copies of the document you have so that they may get the whole story and not a part of it.

Mr. SPEAKER: Is there anything in this Bill dealing with what the Premier said at the conference?

Mr. KENNEALLY: A fair amount.

Mr. SPEAKER: Tell me.

Mr. KENNEALLY: I will tell you, Mr. Speaker, what there is in the Bill. It contains a provision by which interest rates shall be reduced.

Mr. SPEAKER: To bondholders.

Mr. KENNEALLY: It goes further than that. You will find if you read it carefully it also provides that the interest rates shall be reduced to other than bondholders. This will necessitate further legislation, as stated by the Attorney General. But what I am interested in at the moment is that if, after all, we are to get the relief which the Bill proposes to give to the community, we must necessarily have a measure by which we shall be able to reduce interest all round. The reduction of interest is to be for the purpose of stimulating industry. We shall not do that by simply reducing interest rates on bonds held in Australia. We must also reduce interest charges on money held in Australia. The measure attempts to reduce interest. Let us assume that there is money deposited in a bank at a fixed rate of interest for four or five years. If we do not make a reasonably successful

effort either to tax or reduce fixed interest payments, how shall we relieve industry inside the four or five years? The same remark applies to money similarly deposited for longer periods. Therefore it is useless to confine our attention to Government bonds held in Australia. Those bonds do not account for more than half our total indebtedness. We shall have to await the measure which the Attorney General admits will have to be introduced to deal with interest rates on private mortgages. Possibly that Bill may go a long way towards solving the problem of small holders who are endeavouring to pay, from a considerably reduced wage, interest charges and commitments which they undertook when they had every right to believe that the higher wage they were then receiving would continue. They were told that the lower wage would be accompanied by a reduced cost of living, and therefore we must take into account commitments of the nature I have indicated. It is claimed that this Bill will save 6½ millions of money.

The Premier: That has been said once or twice.

Mr. KENNEALLY: The Premier has not taken so much notice of other things that have been said. The fact remains that if we can make the measure applicable in a wider scope, those 6½ millions would be a mere bagatelle compared with the saving then possible to the nation.

The Premier: But the interest rate would have something to do with the saving in interest itself.

Mr. KENNEALLY: It is because of the saving in interest that I support the Bill. We know that we can get out of the money coming in as interest a fair return by way of taxation; but if we simply aim at making interest pay its fair share of taxation, we shall not relieve the community. If a fixed rate of 8 per cent. is taxed 1½ per cent., the lender will endeavour to get the 8 per cent. plus the 1½ per cent. from the borrower.

The Premier: Just as tea is made dearer by a duty, so money is made dearer by a tax.

Mr. KENNEALLY: They are not in the same category.

The Premier: Yes.

Mr. KENNEALLY: I do not think so; but you, Mr. Speaker, would intervene if I entered on a discussion of that matter.

I support the measure because it will reduce the price of money to people who will be able to use money to give an impetus to industry; but if the measure is confined to Commonwealth bonds held in Australia, we shall only go a certain distance in that direction, and not as far as is desirable in the interests of the community generally. Holders of Commonwealth bonds at Home already pay certain taxation in respect of them, and we shall have to take that fact into consideration. I hope that with the initial effort represented by this measure means will be devised of making all holders of Commonwealth bonds contribute, though holders abroad should not be required to contribute in the same degree as holders in Australia. Then the saving would be between 12 and 14 millions, and the difference would be highly acceptable to Australia at the present time, and would go a long way towards solving Australia's problems. It would pretty well right the Budgets of which we hear so much. It would reduce the overtime which some Premiers have been working to balance their Budgets with more or less success—in some cases, very little success. It would mean smaller payments by Governments and larger revenues received by Governments, by virtue of the fact that money would be made available at lower rates to stimulate industry in Australia. In 1912 our average rate of interest on our then comparatively small commitments was £3 11s. 1d. At the end of 1929 the average rate had risen to £5 0s. 6d. on the enormous total of £1,100,000,000 of loan moneys. Not only had there been an enormous increase in the amount of our borrowings, but the interest rate had risen enormously, from an average of £3 11s. 1d. to an average of £5 0s. 6d. If by some means we could reduce interest charges on that amount, to say nothing of the money loaned privately in Australia, it would mean a tremendous difference to the people of the Commonwealth. Now just a word in regard to the plea which seems to pervade the atmosphere, for all parties to work together.

Mr. SPEAKER: That is not in the Bill.

Mr. KENNEALLY: No, Mr. Speaker; but it has been referred to by several members, and I suppose I would not be out of order in replying.

The Attorney General: Do you agree with that?

Mr. KENNEALLY: Yes. It is because I agree that we should work together for the preservation of Australia that I take exception to the statement of Mr. Latham, the ex-Leader of the Federal Opposition, in to-day's newspaper, that Australia is in her present position because the Lang and Scullin Governments are in office.

The Attorney General: If you are going to complain about him, we may complain about you.

Mr. KENNEALLY: Me?

The Attorney General: Yes. You made some frightfully nasty remarks.

Mr. KENNEALLY: I am not one of those who went to the conference and got round the table and asked that all should get together—

The Attorney General: You do not believe in getting together?

Mr. KENNEALLY: If we are to advance the best interests of Australia, we cannot do it by supporting the Nationalist parties.

The Attorney General: That is a get-together sentiment!

Mr. KENNEALLY: If the provisions of the Bill allowed one to enlarge on that aspect, one could deal with it.

The Premier: I am sure you would be listened to with great interest if you had a loud speaker.

Mr. KENNEALLY: Such persons, while they ask the people to get together in a brotherly spirit, are the first to act in exactly the opposite direction; and the Premier is not exempt from that remark. I shall vote for the second reading of the Bill as an interest-reducing instrument, but I hope this will not be the only measure that will be introduced here to deal with interest. I hold that if we can make the provisions of this measure applicable to the money loaned, whether in Western Australia or in the Commonwealth generally, so as to bring about a general reduction in interest charges, we shall go a long way towards solving the problems with which Australia finds itself confronted at the present time.

**THE PREMIER** (Hon. Sir James Mitchell—Northam—in reply) [8.26]: I should like to offer a few remarks in reply to hon. members who have spoken. I am indeed glad that the Bill is supported, and I have very little to complain of regarding the manner in which it has been received. Discussion has wandered away from the ques-

tion of reduced interest on Australian loans, and the method by which we propose to reduce it.

Hon. J. C. Willcock: You invited that in your speech.

The PREMIER: Yes. I understood that the "Hansard" report of part of the conference proceedings, from which the member for East Perth (Mr. Kenneally) read, was a confidential document. Otherwise I would have put in on the Table of the House. These reports of Premiers' Conferences have always been regarded as in the nature of confidential documents. Otherwise hon. members would have seen the report from which the member for East Perth quoted. It is easy to read a few words here and there from a report of conference proceedings that extended over three weeks and at which, it must be remembered, four of the seven Premiers were representatives of Labour, the other three being Nationalists. Again, the report is not a full report, because the "Hansard" staff were not present all the time. Occasionally the conference went into committee, and reports were not taken.

Mr. Kenneally: In addition, provision was made by which each member of the conference could censor his own speeches. That is mentioned in the document.

The PREMIER: Of course that was so. I just wish to explain to the House that I have not been able to submit the report to hon. members, because I thought it was confidential. The member for East Perth has come back full of knowledge, bringing back with him a report which, I presume, he will lay on the Table of the House. Since he has read from it, I take it he must lay the report on the Table.

Hon. J. C. Willcock: He can lose it.

The PREMIER: We have heard a good deal from that hon. member about reduction of interest. He said the result of passing the Bill would be a reduction of 6½ millions. It is round about that sum. He said that if the reduction amounted to 12 millions, it would be still better and would help much further. He is right again. I remember a story of an old Scottish professor who was asked what would happen under certain circumstances in regard to a deal he proposed to enter upon. His reply was, "If you buy a horse for £40 and sell him for £50, you will make £10. If you buy him for £30 and sell him for £50, you will make £20." So he went down the scale,

finally saying, "If you steal a horse and sell him for £50, you will make £50." I do not think we would have the bondholders believe we would adopt such an attitude, or that we would urge that if we paid no interest we would save the lot. I am convinced that in the opinion of most, if not all, hon. members we should be prepared to pay a fair rate of interest on the money we have borrowed. It is true that the interest rate is too high at present, and the interest bill cannot be met. For that reason we have asked that it should be reduced. That is only right. A few months ago we renewed loans totalling £28,000,000, and we offered the public 6 per cent. interest. No one appreciates having to ask those people who, comparatively a few months ago were invited to invest their money in a loan, to accept a much lower rate of interest now under the proposed conversion. Yet we heard the member for Murchison (Mr. Marshall) abusing people who invested their money in that loan. He read out a list of the names of some who had lent their money to Australia, and endeavoured to hold them up to ridicule. Mr. Lang, the Premier of New South Wales, also mentioned them at the Premiers' Conference. Those people should not be held up to ridicule. We asked those people to lend us the money, and they did so. I think it is a monstrous thing that people who have lent money under those conditions should have their names mentioned in this House, and certainly they should not be held up to ridicule. While the speech of the member for Murchison was in bad taste, I am glad that the tone of the remarks of most other hon. members was decidedly different. Regarding money held on fixed deposit, it must be remembered that the banking facilities of Australia are partly in the hands of private concerns and partly in the hands of Governments. Half the money earning interest in Australia is in the hands of Government banks and rather less than half is lodged with the private banks.

Hon. A. McCallum: Are you including the savings banks?

The PREMIER: Yes. As a matter of fact, I was rather including the Commonwealth Bank with the other banks. In those circumstances, we are ourselves masters of the situation. It was arranged that rates of interest on money held by the banks on fixed deposit should be reduced. It seems to me that is the proper way of doing the job. I think it was the member for Mt. Hawthorn

(Mr. Millington) who said that the interest rates paid by the Governments were responsible for the higher rates of interest charged by the private banks. That assertion is entirely right. When Governments pay 6 per cent. on what are regarded as gilt-edged securities, people who invest in other avenues will expect at least the same rate.

Hon. J. C. Willecock: The gilt has worn off some of those securities now.

The PREMIER: Steps have been taken to secure a reduction of interest paid by banks on fixed deposits, and that includes all banks. A tax on the interest on money in banks would not mean reduced payments to those who put their money into the banks. By the course adopted, hon. members will realise that the rates will be reduced from, say,  $5\frac{1}{2}$  and 5 per cent. to  $4\frac{1}{2}$  and 4 per cent.

Mr. Kenneally: Of course, taxation would have a tendency to increase the rates.

The PREMIER: Yes, just as the tariff does. I believe this phase of the problem was undertaken satisfactorily and in the proper way. At any rate all the Premiers attending the conference agreed to that method, and the majority of them were Labour Premiers. During the discussion something has been said about the exchange rates. For my part I hope, for the good of Western Australia, that the exchange rates will continue. It is ridiculous, of course, that those rates should obtain as between the Motherland and Australia, but for once it is to the benefit of Western Australia. Our exports are largely overseas, particularly to London, and our imports are largely from the Eastern States. That being so, we have money to sell to the people in the Eastern States, and as a matter of fact we do sell money in London to people in the Eastern States. The result is that the producers here will get—I do not know that they do—£30 5s. per cent. added to the export value of their goods.

Hon. J. Cunningham: Does that apply to the sale of wheat overseas?

The Premier: Yes.

Hon. J. Cunningham: But who gets the advantage of that increased price?

The PREMIER: If the farmer sells his wheat for £100, that £100 is sold to the bank in London for £130.

Hon. J. Cunningham: But who will get that advantage, the grower?

The PREMIER: I am afraid it sometimes depends on the smartness of the grower. I do not believe he has been getting the whole of that advantage.

Hon. S. W. Munsie: If the farmer sold his wheat to the pool, he would have a good chance of getting that advantage; but if he sold his wheat at the siding, he probably would not get the full advantage.

The PREMIER: When the farmer sold, he probably got some advantage in the figure at which he disposed of his wheat, but, at any rate, we must recognise that the advantage in connection with the exchange rate is with Western Australia, because of our transactions with the Eastern States people. If the exchange rate remains at £30 per cent., it will mean an advantage of between £1,500,000 and £2,000,000 this year. The exporter will get the exchange and, of course, so far as we are buyers overseas we shall pay that exchange. Since we are exporters overseas, we shall benefit by the exchange compared with the Eastern States people to the extent I have indicated. With regard to the taxation of interest on loans, I have never been in favour of that proposal. I believe it would have been better had the loans been issued tax free, but at a lower rate of interest. I am absolutely certain that would have been a better arrangement for the States under the Financial Agreement. What happens is this: The States pay the tax because of the higher rate, and the Federal Government benefit by the imposition of the tax on interest.

Hon. J. C. Willecock: The States pay the interest, and the Federal Government levy the tax.

The PREMIER: The States have no power to tax loans, but all are taxed by the Federal Government. That represents a decided loss to us. No State representative could urge a tax on interest on loans under the present system.

Hon. J. C. Willecock: It acts just the same as the Customs duties. It means paying taxation to augment Commonwealth revenue.

The PREMIER: Yes, to the detriment of the States. We borrow money and import goods from abroad. So far as the tariff applies to those goods, it means more revenue going into the coffers of the Federal Government. For instance, we buy rails rolled in the Eastern States. The

tariff, or its equivalent, would go into the pockets of the manufacturers in the Eastern States. That tariff has added at least £600 per mile to the cost of our railway construction. I believe that on 60lb. rails the tariff works out at £350 a mile. Then again there are tariff imposts on other lines that have to be purchased, on top of which we have to pay higher wages because of the effect of the tariff. Thus it will be seen that a good deal of our borrowed money has gone into the coffers of the Federal Treasury. During the discussion there has been some abuse of the Nationalist Opposition in the Federal Parliament. Particular reference has been made to the Deputy Leader (Mr. Latham) and others. I do not know why we should worry about the Federal Parliament, but if I were to bother about that phase, I should cast my mind back to remarks made by some gentlemen who are not Nationalists. They never have been and never will be Nationalists. They are not even supporters of Mr. Scullin. Although they were when elected, they have left him or are, at any rate, doubtful supporters of his now. Many remarks have been passed by supporters of Mr. Scullin with which I know the Deputy Leader of the Opposition and others sitting behind him in this House do not agree. I do not think members were sent to Parliament to abuse each other. The people do not expect us to do so, but that we shall do the work they elected us to perform.

Hon. J. C. Willcock: Then are you going to turn over a new leaf?

The PREMIER: I am not in the habit of dealing in personalities. I wish it were my habit, for I would have some hard things to say to-night.

Mr. Kenneally: You would be pretty bad if it were your habit.

The PREMIER: The member for East Perth is so tender! It cannot be expected that we shall say that the member for Geraldton (Hon. J. C. Willcock) is a splendid fellow, and that there never before was anybody like him. Nor could it be expected that we should declare that the member for East Perth (Mr. Kenneally) should never be opposed.

Mr. SPEAKER: Order! I think the discussion is rather a reflection on the Chair.

The PREMIER: We are not expected to indulge in that sort of talk, but it certainly can be expected that I shall reply to some of the statements that have been made. I am quite certain that the member for South Fremantle (Hon. A. McCallum) should not have said that Mr. Latham, the Deputy Leader of the Opposition in the House of Representatives, had anything to do with the Savings Bank trouble in New South Wales. I am certain that hon. gentleman had nothing whatever to do with it. I know Mr. Scullin and Mr. Latham. I know the leaders of the various parties in the Federal Houses, and I know they are all concerned for the good of Western Australia. I sat with many of those gentlemen for many weeks last year, and particularly during the three weeks the latest conference was in session. I should like to say publicly that in our work at that conference there was no thought of anything apart from the good of Australia. I believe that thought was uppermost in the minds of all men like Mr. Latham, who is really a first-class man both in his private and public capacities.

Hon. J. C. Willcock: The trouble is they shed their mantle of non-partisanship when they leave the conference room.

The PREMIER: I do not think they do, nor do I regard it is fair to say that they do.

Hon. J. C. Willcock: Did you read the report of Mr. Latham's speech appearing in the paper this morning?

The PREMIER: No.

Hon. J. C. Willcock: Then you should do so, and then telegraph your protest.

The PREMIER: I heard the speech delivered by the member for East Perth. Was it was worse than that?

Hon. J. C. Willcock: Much worse than that.

The Minister for Lands: Did you read the statement by the member for East Perth when he returned from the conference?

Mr. Kenneally: That statement was true.

The PREMIER: Some reference was made to tax-free loans. The issue of those loans under tax-free conditions was done by the States. I think Mr. Theodore, as Premier and Treasurer, issued the last tax-free loan in Queensland for which a very high rate of interest was fixed. It was decided that we should invite the people who hold these tax-free bonds to convert. We cannot tax them. As members know, we have

agreed not to tax them. The Federal Government may tax them, but I am not quite certain that the State Government would not have to pay the tax. We could, I think, be sued for the tax. It is sometimes forgotten that these bondholders have rights. They can sue for their interest. Where Mr. Lang has failed to pay, individuals could sue him, probably would have sued him had not the Federal Government guaranteed the payment. That is the position in regard to tax-free loans. It is very objectionable to me, and to all of us, to suggest that the contract should not be carried out. We do not rejoice in having to go to the public and say, "Convert your 6 per cent. loan into something like a 4 per cent. loan." I am sure no one here would willingly infringe a contract made between the tax-free lender and the State. No one would wish to break such a contract, but unfortunately it has to be done. I should like to remind the member for East Perth that no law passed here can be applied to a citizen in London. We cannot do that. But may I say to him that the interest paid in London on Western Australian loans is £4 2s. per cent. That is the average for all our loans raised in London, whereas the interest we pay in Australia is £5 8s. 6d. per cent. on a Western Australian loan. It is a strange thing that we should have to pay £5 8s. 6d. on a Western Australian loan raised in Australia, and only £4 2s. on a loan raised in Britain. That is the average rate.

Hon. J. C. Willecock: We have not borrowed much in Britain lately.

The PREMIER: But that is the average rate. Fortunately for us, we have borrowed nearly two-thirds of our total indebtedness in London.

Mr. Kenneally: In that average for the British loans, do you include the migration money, that £34,000,000?

The PREMIER: Yes, but that would not make very much difference in calculating the amount.

Mr. Kenneally: It would bring down the average.

The PREMIER: Very little. Australian loans to all Governments have been at an average of £5 4s., whereas the British money loaned to all Australian Governments has cost £4 15s.

Hon. J. C. Willecock: That was because it was raised locally.

The PREMIER: No.

Hon. J. C. Willecock: We could not get on the local market at 6 per cent. now.

The PREMIER: That is the rate for all Australian Governments, and the others have been borrowing just as long in London as Western Australia has. The average is precisely the same, calculated on the same basis. Whilst we pay £4 2s. per cent. for money in London, Australia as a whole has to pay £4 15s. per cent. That is a correct comparison. Of course money was cheaper years ago than it has been lately, but we have always borrowed about one-half per cent. better than the next best State. Our sinking fund, I think, was responsible for that. We had a very substantial sinking fund and, by its aid, we were able to keep our limit pretty steady on the market, and so we got a lower rate than did any other Australian State. However, I do not wish to detain the House any longer on this question. I think I ought to tell the House that to-day, just before I came up here, I received from Mr. Scullin a telegram notifying me that probably there would be amendments to the Bill. Therefore I cannot go into Committee on the Bill until I get those amendments.

Hon. J. Cunningham: Will you wire Mr. Scullin the amendments we may make here?

The PREMIER: There will not be any need to wire him. We shall spend no money on wires. But I am bound to respect his wishes, and so I do not propose to go into Committee on the Bill to-night. Moreover, I propose to adjourn the House until Tuesday next, when we will go into Committee on the Bill, if by then Mr. Scullin can supply me with the final amendments. He is in consultation with another Government now, and it may be as a development of that consultation that he will need further amendments made in the Bill.

Question put and passed.

Bill read a second time.

## **BILL—FARMERS' DEBTS ADJUSTMENT ACT AMENDMENT.**

### *Council's Amendment.*

Amendment made by the Council now considered.

### *In Committee.*

Mr. Panton in the Chair; the Minister for Lands in charge of the Bill.

### Council's amendment:

Add the following new clause:—"Clause 15. Section 19 of the principal Act is hereby amended by striking out "thirty-two" and inserting "thirty-three" in lieu thereof.

The MINISTER FOR LANDS: The object of the amendment is to extend the operations of the Bill for another year. It has been found necessary to carry on this legislation after February next, when the existing Act expires, and so this amendment has been inserted in the Council. I move—

That the amendment be agreed to.

Question put and passed; the Council's amendment agreed to and a message accordingly returned to the Council.

### ADJOURNMENT—SPECIAL.

The PREMIER: I move—

That the House at its rising adjourn until Tuesday, the 7th July.

Question put and passed.

*House adjourned at 8.56 p.m.*

## Legislative Council,

*Thursday, 2nd July, 1931.*

	PAGE
Question: Administration costs ... ..	3668
Bills: Firearms and Guns, 3R. ... ..	3668
Workers' Compensation, personal explanation, 2R.	3668
State Manufactures Description, recom. ...	3677

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

### QUESTION—ADMINISTRATION COSTS.

#### *To Safeguard Employees.*

Hon. H. SEDDON asked the Minister for Country Water Supplies: 1, What was the cost of administration during the year ended 30th June, 1930, for (a) public

health, (b) medical, (c) Factories and Shops Act, (d) Mines Regulation Act? 2, What proportion of this expenditure is estimated to be the cost of safeguarding employees against accident and injury to health in each case? 3, What other Government expenditure can justly be charged to the same purpose?

The MINISTER FOR COUNTRY WATER SUPPLIES replied: 1, (a) Public Health, £24,778; (b) Medical, £182,534; (c) Factories and Shops, £5,911 12s. 10d.; (d) Mines Regulation Act, £6,326 3s. 2d. 2, (a) Public Health, nil; (b) Medical, nil; (c) Factories and Shops, nil; (d) Mines Regulation Act, £4,078 3s. 11d. 3, This would mean the preparation of a return and the amount involved would be small.

### BILL—FIREARMS AND GUNS.

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

### BILL—WORKERS' COMPENSATION.

#### *Personal Explanation.*

HON. SIR WILLIAM LATHLAIN (Metropolitan-Suburban) [4.35]: I desire to make a personal explanation. In the course of my remarks yesterday I inadvertently stated that I understood the insurance companies had withdrawn their offer to make a reduction of 30 per cent. in premiums owing to the fact that another place had increased the limit of remuneration to qualify a worker for benefits under the measure from £400 to £500. I find that I was in error in making the statement, and that the offer of the insurance companies still stands.

Hon. J. Nicholson: Provided the measure is the same.

Hon. Sir WILLIAM LATHLAIN: Yes. I should like to quote the following letter:—

The offer, which was published in the Press recently, is as follows, and still holds good:—"The Associated Insurance Companies state that if the Bill is amended to enable them to undertake, in competition with the fund, the business they have accepted under the existing Act, and the Bill (insofar as it relates to the compensation payable to the worker) as originally presented to the Legislative Assembly, is enacted, they are prepared to reduce the rates at present charged for indemnity under the existing Act by the equivalent of an all-round 30 per cent."