

enable the intervening local authorities to grant way-leave to the Collie Power Company for 21 years, and up to 50 years with the approval of the Governor in Council. I move—

That the Bill be now read a second time.

On motion by Hon. Sir William Lathlain, debate adjourned.

*House adjourned at 6.17 p.m.*

## Legislative Assembly,

*Thursday, 19th November, 1931.*

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

### LEAVE OF ABSENCE.

On motion by Mr. Panton, leave of absence granted to Miss Holman (Forrest), Mr. Lutey (Brownhill-Ivanhoe), and Hon. T. Walker (Kanowna) for three weeks on account of ill-health.

### BILL—TENANTS, PURCHASERS, AND MORTGAGORS' RELIEF ACT AMENDMENT.

Introduced by the Attorney General, and read a first time.

### BILL—LICENSING ACT AMENDMENT (No. 6).

*Leave to introduce.*

MR. H. W. MANN (Perth) [4.37]: I move—

That leave be given to introduce a Bill for an Act to amend Section 62 of the Licensing Act, 1911.

MR. PANTON (Leederville) [4.38]: I oppose the motion. The time has arrived when this House should take a stand in the matter. The proposed Bill is to amend Section 62 of the Licensing Act, a short section reading—

(1) On the application of the holder of a provisional certificate, or any other fit and proper person, at any quarterly sitting of the Licensing Court made within the time specified in such certificate, and on proof of the performance of such conditions, if any, as are imposed by the certificate, the applicant shall be entitled to the license. (2) The application shall be made in the same manner as provided in the case of applications for new licenses, and the like procedure shall be observed.

Last Thursday night this Chamber in no uncertain manner decided against the principle of increasing the time for provisional certificates. In Committee, only the short Title of the Bill remained—a happening unique, I believe, in the history of this Chamber. Surely Parliament should not be asked to stultify itself after a lapse of three or four days by agreeing to a principle so emphatically disagreed to previously. The hon. member is no doubt within his constitutional rights in introducing practically the same Bill twice in one session. However, it is making a farce of the procedure to introduce this Bill empowering the Licenses Reduction Board to grant unlimited time in respect of provisional certificates, seeing that the House has already decisively rejected the principle. The time of the Chamber should not be wasted on this further Bill. I hope hon. members will stand to their guns.

Mr. J. MacCallum Smith: We do not yet know what this proposal is.

MR. PANTON: The nature of the proposal was well known at the time the previous Bill was dealt with. The language of the section now proposed to be amended deals with the same matter. I shall certainly divide the House on the question.

**MR. H. W. MANN** (Perth— in reply) [4.40]: The Bill which I am asking leave to introduce is not on all fours with the measure which was defeated here last week. The essential point of the former Bill, and the point to which objection was taken, was the giving of extended power to the Licenses Reduction Board. The present Bill will confer no power whatever on the board. It leaves the question to Parliament, and not to the board. Neither does the Bill propose a permanent amendment of the Licensing Act. It is merely an emergency Bill, like other emergency measures passed during this session. On the point raised by the member for Leederville (Mr. Panton), I can quote the case of the Bill authorising the construction of the Pemberton-Denmark railway. That Bill was defeated, and in the same session the Government introduced another Bill for the construction of two railways beginning at either end of the proposed Pemberton-Denmark line. This latter Bill was enacted. Constitutionally, therefore, the hon. member's objection is wrong. I suggest that I am quite in order in asking leave to introduce the present Bill.

Mr. Panton: I did not say that you were not.

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

Ayes	..	..	..	..	29
Noes	..	..	..	..	7
<hr/>					
Majority for	..	..	..	..	22
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## AYES.

Mr. Angelo	Mr. McLarty
Mr. Barnard	Mr. Millington
Mr. Brown	Sir James Mitchell
Mr. Collier	Mr. Munsie
Mr. Cunningham	Mr. Parker
Mr. Davy	Mr. Patrick
Mr. Doney	Mr. Piesse
Mr. Ferguson	Mr. Richardson
Mr. Griffiths	Mr. Scaddan
Mr. Keenan	Mr. J. H. Smith
Mr. Lamond	Mr. J. M. Smith
Mr. Latham	Mr. Wells
Mr. H. W. Mann	Mr. Willcock
Mr. J. I. Mann	Mr. North
Mr. McCallum	

(Teller.)

## NOES.

Mr. Coverley	Mr. Panton
Mr. Hegney	Mr. Sampson
Mr. Johnson	Mr. Wilson
Mr. Marshall	

(Teller.)

Question thus passed.

Bill introduced, and read a first time.

## BILL—INDUSTRIAL ARBITRATION ACT (1930) AMENDMENT.

Introduced by Hon. A. McCallum and read a first time.

## BILL—DIVIDEND DUTIES ACT AMENDMENT.

### Council's Amendments.

Schedule of two amendments made by the Council now considered.

### In Committee.

Mr. Richardson in the Chair: the Premier in charge of the Bill.

No. 1. Clause 2.—Insert a further proviso as follows:—"Provided further, that, in the case of a company engaged in agricultural and/or pastoral business, the Commissioner shall (for the purpose of calculating duty) deduct from the amount of the said assessment—(a) any net business losses incurred during the year in respect of which the return has been made or during both or either of the two years immediately preceding that year: and (b) any net losses arising over a like period from the loss of crops or live stock due to droughts or other circumstances over which the company had no control or which it was unable to prevent or insure against: but so that no losses which have previously been allowed to the company as deductions under this Act shall be so deducted by the Commissioner as aforesaid, and that nothing in this proviso shall be deemed to deprive any company of the right to be allowed any deduction which it might be allowed if this proviso were not in force, and that no losses in respect of fixed capital assets shall be allowed as deductions under this proviso."

The PREMIER: I move—

That the amendment be not agreed to.

If it were agreed to, a company conducting a pastoral lease would fare better than an individual in the same position, and so all individual holders would form themselves into companies. For that reason I do not think we should make this amendment. It would mean that leases held by individuals would have to pay very much higher taxation than if they were held by companies.

Hon. P. Collier: Yes, a company would pay less than an individual.

The PREMIER: That is so, and consequently every individual holder would set about forming himself into a company, although the lease would be the same, and the boundaries the same, and practically the ownership the same.

Hon. P. Collier: And if it were done here, it would have to be done with the income tax as well.

The PREMIER: Of course.

The Attorney General: It might be a very proper thing to do at the proper time.

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

No. 2. Clause 3.—Delete this clause and insert in lieu thereof the following:—3. As from and including the first day of January, one thousand nine hundred and thirty-two, subsection (3) of section eight of the principal Act is amended—(a) by inserting after the word "company," in line four, the words "or for any person, firm, or association"; (b) by excising the word "or," in line seven, and by inserting after the word "person," in line seven, the words "firm or association"; (c) by inserting after the word "Australia," in line ten, the words "or receives money for insurance premiums, or solicits or negotiates for contracts of insurance in Western Australia on behalf of any person, firm, association, or company carrying on insurance business outside of Western Australia."

The PREMIER: I move—

That the amendment be agreed to.

It has been found better to make this amendment in order that the intention might be perfectly clear, that dividends previously collected by the agents should be taxed.

Hon. P. Collier: Did not the Bill as it left this House provide for that?

The PREMIER: Yes, that was the object in bringing down the Bill.

Hon. P. Collier: Then why the amendment, since it does not go beyond what we agreed to?

The PREMIER: The amendment was framed by the Crown Law Department to make clear the intention of the Bill, and we had it inserted in another place. It was found that if the business already done by

the agents was done on commission, the agents would have to pay the premiums, and we thought it unfair to debit a man from the 1st July for something he could not himself recover. So it is proposed to collect the duty on the premium as from the 1st January. It would be unfair to declare that a man must pay on money that he could not recover.

Hon. J. C. Willecock: The money is earned under different conditions now.

The PREMIER: Yes, and the duty on the premiums is added to the commission.

Question put and passed: the Council's amendment agreed to.

Resolutions reported, the report adopted and a committee consisting of the Leader of the Opposition, the Attorney General and the Premier, appointed to draw up reasons for disagreeing to amendment No. 1.

Reasons adopted and a message accordingly returned to the Council.

## BILL—STAMP ACT AMENDMENT (No. 4).

### *Council's Amendments.*

Schedule of 20 amendments made by the Council now considered.

### *In Committee.*

Mr. Richardson in the Chair; the Attorney General in charge of the Bill.

No. 1. Clause 5.—Insert after "exchange," in line 20, the words "(other than and excepting a draft, order, cheque, and letter of credit)." Insert "a" after "or." in the same line.

The ATTORNEY GENERAL: This amendment confines the operation of the proposed new Section 49 to bills of exchange or promissory notes other than and excepting a draft, order, cheque and letter of credit. The incidence of the amendment would be extremely small, and from the point of view of the Treasury there is no objection to it. I move—

That the amendment be agreed to.

Question put and passed; the Council's amendment agreed to.

No. 2. Clause 5.—Consequential amendment in line 35.

This amendment was consequentially agreed to.

No. 3. Clause 5.—Delete “of” and insert “not exceeding,” in line 37.

The ATTORNEY GENERAL: I should not have thought the words necessary. The clause provides for a penalty of treble the amount and the Council wish to make it “not exceeding treble the amount.”

Hon. W. D. Johnson: Who would be the deciding factor, the Commissioner of Taxation?

The ATTORNEY GENERAL: That is another matter. As a rule the penalty stipulated is the maximum.

Hon. W. D. Johnson: Could you reduce a penalty stipulated as being treble the amount?

The ATTORNEY GENERAL: Yes. In other statutes penalties such as £50 are provided, but such penalties are the maximum.

Hon. P. Collier: Through all our Acts the penalty stipulated means not exceeding the amount.

The ATTORNEY GENERAL: Yes. I propose to recommend acceptance of all the amendments, and it would be a pity to send back this one alone. I move—

That the amendment be agreed to.

Hon. J. C. WILLCOCK: We should not agree to unnecessary amendments. It may be all very well for another place to improve a Bill, but when provision is made in the Interpretation Act that the penalty stipulated shall be the maximum, we should not alter Bills in a direction already provided for. Penalties are generally made adequate to the offence by the inflicting authority.

Mr. Sampson: The addition of the words would cause confusion in other Acts.

Hon. J. C. WILLCOCK: Yes.

Hon. P. Collier: It is finicky.

Hon. J. C. WILLCOCK: Yes, and we should not be asked to make it.

The Attorney General: Very well, we can oppose it.

Question put and negatived: the Council's amendment not agreed to.

No. 4. Clause 5, Subclause (2).—Delete all words after “Act,” in line 39, down to end of subclause, and insert in lieu thereof the words “as the Commissioner shall determine.”

The ATTORNEY GENERAL: I confess I do not understand this amendment. We have set forth what will happen to a person who receives from another person a bill of exchange not properly stamped. All that has been struck out by the Council. The Stamp Office is quite happy about it, but I cannot see what reason there was for striking out the words. It was quite a proper provision. We should have more information about the amendment, and I move—

That the amendment be not agreed to.

Hon. J. C. WILLCOCK: If a person presented any document to a court as evidence of a transaction and the proper stamp duty had not been paid, the court would refuse to recognise it as evidence.

The Attorney General: That is so.

Hon. J. C. WILLCOCK: Would the amendment mean that the court, of its own discretion, might accept documents that were insufficiently stamped?

The Attorney General: Apparently.

Hon. J. C. WILLCOCK: We should have more information about the amendment.

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

No. 5. Clause 9, Subclause (1).—Insert after “Merchandise,” in lines 6 and 7, the words “or stock or marketable securities or any ship or vessel, or part interest or share or property of or in any ship or vessel.”

The ATTORNEY GENERAL: We propose under the new section to impose ad valorem tax on the contract instead of on the conveyance. We have made certain exceptions, and the Council propose to extend the exceptions to the items mentioned in the amendment.

Hon. J. C. Willcock: That will mean additional revenue under the Stamp Act.

The ATTORNEY GENERAL: No. I do not understand the motive for the amendment except that the Council wish to be more or less generous in the matter of the exceptions already made. I move—

That the amendment be agreed to.

Question put and passed: the Council's amendment agreed to.

No. 6. Clause 9, Subclause (2).—Delete all words from beginning of subclause down to and inclusive of “From,” in line 21, and insert the following:—

(2.) Where a purchaser under a contract or agreement for sale, before having ob-

tained a conveyance or transfer of the property, enters into a contract or agreement with a sub-purchaser for the sale of the same property, such last-mentioned contract or agreement shall be charged with *ad valorem* duty in respect of the consideration moving from the purchaser to the original vendor, and also in respect of the consideration moving from the sub-purchaser to the purchaser, but so that in assessing such *ad valorem* duty credit shall be given for the amount of any *ad valorem* duty already paid on the first-mentioned contract or agreement between the purchaser and.

The ATTORNEY GENERAL: This amendment has been made at the suggestion of the Government. The subclause as it stood was not closely enough scrutinised in this House. It is proposed by the Legislative Council to strike out the original subclause, or most of it, and substitute the amendment. There is no alteration in the intention of the subclause, but it does make the whole thing much clearer. I move—

That the amendment be agreed to.

Question put and passed; the Council's amendment agreed to.

No. 7. Clause 9.—Insert a new subclause, to stand as Subclause (3), as follows:—

(3.) Notwithstanding any stipulation to the contrary, where any sub-purchaser under a contract or agreement for sale referred to in subsection (2) hereof is required to pay on such contract or agreement any *ad valorem* duty in respect of the consideration moving from the purchaser to the vendor under any preceding contract or agreement relating to the same property, such sub-purchaser shall be entitled to deduct from the consideration moving from him to his immediate vendor the amount of any such *ad valorem* duty which he is required to pay as aforesaid.

The ATTORNEY GENERAL: This provides for the insertion of a new subclause, which is intended to clarify the clause itself. I move—

That the amendment be agreed to.

Question put and passed; the Council's amendment agreed to.

No. 8. Clause 9, Page 5.—Insert "by him" after "declaration" in lines 11 and 12. Delete "by a competent valuer," line 13.

The ATTORNEY GENERAL: This is intended to be a check upon the habit some parties have of making the value of the chattels as high as possible, and the value of the land as low as possible. We required the purchaser to produce a statutory declaration by a competent valuer. It was pointed out in another place that this might involve unnecessary expense, in cases where the station or farm was a long way from civilisation. It is, therefore, proposed to strike out "by a competent valuer" and to insist upon a declaration by the purchaser. I move—

That the amendment be agreed to.

Question put and passed; the Council's amendment agreed to.

No. 9. Clause 9.—Delete "valuation" and insert "value" in line 17.

The ATTORNEY GENERAL: This is consequential upon the previous amendment. I move—

That the amendment be agreed to.

Question put and passed; the Council's amendment agreed to.

No. 10. Clause 9.—Delete "exceeds" and insert "is less than" in line 19.

The ATTORNEY GENERAL: This is an interesting amendment. The object of the proviso is to prevent the value of the goods being inflated at the expense of the value of the land. The object of the Commissioner is to have the land valued as high as possible and the chattels as low as possible.

Hon. J. C. Willecock: A fair value for each.

The ATTORNEY GENERAL: Yes. If he gets a check valuation, and that shows the chattels to be of a higher value than that submitted to him, it is the end of the matter. The word "exceeds," therefore, ought to be "is less than." I move—

That the amendment be agreed to.

Question put and passed; the Council's amendment agreed to.

No. 11. Clause 9.—Delete "person's valuator" and insert "person" in line 22.

No. 12. Clause 9.—Delete "exceed that" and insert "be less than the value" in line 27.

On motions by the Attorney General, the foregoing amendments were agreed to.

No. 13. Clause 9.—Insert after “umpire” in line 36 the words “and of the valuator of the person presenting the contract or agreement.”

The ATTORNEY GENERAL: I cannot see any use for this amendment in view of the amendments we have already agreed to. I move—

That the amendment be not agreed to.

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

No. 14. Clause 9.—Delete “does not exceed” and insert “exceeds” in line 39.

No. 15. Clause 9.—Delete “valuation” and insert “value” in line 39.

On motions by the Attorney General, the foregoing amendments were agreed to.

No. 16. Clause 9.—Add at the end of the clause the following new subclause:—

(5) This section shall apply only to contracts or agreements made after the commencement of this section, but as regards any contracts or agreements made before the commencement of this section, and still subsisting thereafter the provisions of this Act and of section seventy-two of this Act as the same was contained therein prior to the commencement of this section shall apply.

The ATTORNEY GENERAL: This amendment is to make it clear that the new section shall not apply to contracts which have already been made.

Hon. W. D. Johnson: Is it a Government amendment?

The ATTORNEY GENERAL: It was suggested by the Government. I move—

That the amendment be agreed to.

Question put and passed; the Council's amendment agreed to.

No. 17. Clause 10.—Delete all words after “by” in line 14 down to the end of the clause, and insert the following in lieu thereof:—“inserting after the word ‘requires,’ appearing in line 6 of the said section, the following words:—‘and if it shall appear that stamp duty computed at the rate provided in respect of a mortgage on the total amount of the payments to be made in respect of hire under any such agreement shall be greater than the amount of duty payable thereon, if stamped as an agreement or as a deed as aforesaid, then such agreement

shall be liable to and be charged with stamp duty as though the same were a mortgage for the amount of such total payments in lieu of stamp duty as an agreement or deed.”

The ATTORNEY GENERAL: As the law stands, a hire purchase agreement bears a half crown stamp, or if under seal a 10s. stamp. The amendment proposes that if the duty on a hire purchase agreement as a bill of sale would not exceed the agreement duty, it shall stand. If the duty on the document as a bill of sale would exceed the agreement duty, the bill of sale duty will apply. It is not desired to have it both ways. I move—

That the amendment be agreed to.

Question put and passed; the Council's amendment agreed to.

No. 18. Clause 12.—Insert “(1)” after the figure “12” at commencement of the clause.

No. 19. Clause 13.—Delete the figure “13” at commencement of clause, and insert “(2),” so that same will form a subclause of Clause 12.

On motions by the Attorney General, the foregoing amendments were agreed to.

No. 20. Insert a new subclause to stand as Subclause (3) as follows:—

(3.) The item “Policy of insurance,” in the said second schedule, is amended by inserting after paragraph (e) therein the following as a new paragraph:—

(f) Against damage to plate glass.	
Wherein the sum insured is stated	£ s. d.
For every £100, and for every fractional part of £100 so insured	0 0 3
Wherein the sum insured is not stated—	
Where the annual premium does not exceed 30s.	0 0 3
Where the annual premium exceeds 30s. for every 10s., and for every fractional part of 10s. of the annual premium	0 0 1

The ATTORNEY GENERAL: The object of the amendment is to make special provision regarding insurance premiums on plate glass. The proposal is recommended by the department as a measure of justice to taxpayers. I move—

That the amendment be agreed to.

Question put and passed; the Council's amendment agreed to.

Resolutions reported, the report adopted, and a Committee consisting of the Premier, Hon. J. C. Willcock, and the Attorney General appointed to draw up reasons for disagreeing to certain of the Council's amendments.

Reasons adopted, and a message accordingly transmitted to the Council.

## BILL—COMPANIES ACT AMENDMENT.

### *In Committee.*

Resumed from the previous day. Mr. Richardson in the Chair; the Attorney General in charge of the Bill.

The CHAIRMAN: Clause 2, which makes provision for the modification, alteration or abandonment of preferential or cumulative rights in relation to certain classes of shares, was partly considered.

Mr. SAMPSON: Clause 2 sets out that a section is to be inserted in the principal Act after Section 81A. Will the Attorney General say where Section 81A is to be found? I have looked through the Companies Act, and I cannot find it.

The ATTORNEY GENERAL: I understand there has been a consolidation of the Companies Act, but it has not been published. Section 81A appears in the consolidated Act.

Mr. PARKER: I move an amendment—

That in line 1 of Subclause 2, after "meetings," insert the words "of holders," and in line 9, after "three-fourths," insert the words "of the votes."

The clause will then read "'Special resolution' when applied to meetings of holders of a class of shares, . . ." The second is really the correction of a printer's error.

Amendment put and passed.

Mr. SAMPSON: The clause is really the Bill and I suppose any remarks relating to it will be in order.

The Attorney General: But you don't want to make a second reading speech now.

Mr. SAMPSON: Clause 2 is the Bill and is before the Committee. The Bill provides that ordinary shareholders benefit in times of depression by preference shares being varied or abandoned. Ordinarily, holders of preference shares would benefit in bad times. There is no speculation in connec-

tion with the purchase of preference shares, and I submit that the Bill will not confer any advantage on shareholders; rather will it discourage investment. The Bill will enable cumulative shares to be turned into ordinary shares. The court may make an order confirming modification, alteration or abandonment on such terms or subject to such conditions as the court may think fit. If that is done in good times, the preference shares will benefit at the expense of the ordinary shares.

Hon. J. C. Willcock: Do you think the provisions of the Bill will ever be availed of?

The Attorney General: The Bill might be of some value.

Mr. SAMPSON: Is the Bill to be of any service? Holders of 75 per cent. of the shares are to have some say subject to the court, but what about the holders of the 25 per cent. of the shares? Are they to be forced into complying with the wishes of the 75 per cent.? Alternatively, must they go to court and put up their reasons? If that is to be the position, goodbye to any stability of contract so far as the purchase of shares is concerned. It is a two-edged sword argument, the effect of which cannot be of any service to industry or to those interested in shares. Is it reasonable to expect that those who purchase preference shares to secure a definite return would meet and approve of a reduction? If they did so approve, very well, but the unfairness of the position in regard to the minority should receive consideration at the hands of this House. The proposal amounts to repudiation and we should seriously consider the Bill before passing it. I suggest that the Minister should withdraw it because its effect will be to discourage investment in preference shares.

Hon. J. C. Willcock: When the Attorney General introduced the Bill he very carefully explained its provisions, but what we want to know is whether there is any probability of the Bill being utilised and what effect it will have. I do not know that there has been any demand for legislation of this kind. It affects practically only two parties and they have the right to conserve their own interests. I do not know of anybody with definite interests being likely to surrender their particular rights for no apparent reason. I fail to see that a few

individuals in a company will be prepared to agree to give something to other individuals in the company, particularly if the former set of individuals have paid a higher price for their shares in order to conserve their value.

The Attorney General: Would you not be prepared to take such action in order to save the life of a company?

Hon. J. C. WILLCOCK: All that would be necessary in such a case is that the holders of preference shares should agree.

The Attorney General: But there would have to be 100 per cent. unanimity.

Hon. J. C. WILLCOCK: Probably.

The Attorney General: Such unanimity is practically impossible. Some of the shareholders would be minors, and some would be absent.

Hon. J. C. WILLCOCK: The position would be awkward. However, no dividend is declared on preference shares unless a sufficient profit has been made by the company. Preference dividends can be passed in the same way as ordinary dividends. I do not think a company would be likely to go into liquidation because of an accumulation of cumulative preference dividends. I fail to see that the Bill will be much availed of, or that it is necessary.

The ATTORNEY GENERAL: There has been a call for the Bill. Persons interested in companies with preference shares have approached the Government and discussed the question of some means of relief. In these times the load of preference dividends might weigh seriously on a company. I agree with the member for Swan that a man cannot have the smooth without taking the rough. A company has no right to complain, when times are hard, of still having to pay a high rate to preference shareholders. The preference shareholder gets first call, and that is often why he is prepared to put his money into those shares rather than into debentures. There has not been a public clamour, but there has been a definite call, for some means of relief. The application of the 22½ per cent. reduction of interest on preference shares seems to me entirely wrong. If a company happened to be doing well it would mean clipping off what went to the preference shareholders in the past, and adding it to the dividends of the ordinary shareholders. Obviously that would be unjust. I under-

stand that one or two big companies in Perth are absolutely groaning under the load of first preference shares. If the present position is to continue, the ordinary shareholders will not get a dividend for 10 or 15 years. They say, "We will not stand this; we will wind up the company, and then the first preference shareholders will be in the soup, too." At present it is necessary to get 100 per cent. unanimity in order to make an alteration, and that is impracticable. This Bill is brought forward for people who see it is to their own interest to take the action authorised by the measure. I am not suggesting that the power contained in the Bill should be exercised for the benefit of ordinary shareholders; it should be exercised for the benefit of preference shareholders. I do not pretend that the measure is one of great public importance, but it will give a power, which does not now exist, to a company properly to control its affairs, with due regard for the rights of the minority.

Mr. H. W. Mann: Do you think the operation of the measure should be limited?

The ATTORNEY GENERAL: No. I think the Bill should be placed permanently on the statute-book.

Mr. SAMPSON: A new principle is introduced here.

The Attorney General: No.

Mr. SAMPSON: Yes; a new principle giving the right to holders of certain parcels of shares to compel a dissenting minority to fall into line with them. The effect will be to discourage investment. Legislation of this kind has never previously been passed except in times of national crisis. I hope this innovation will not be introduced into the Companies Act. It is a two-edged sword. From the aspect of national crisis, it may easily be that to-day we are facing an improved situation generally. Wheat and wool are rising, and the whole outlook is better. Consequently there is no justification for this dangerous innovation.

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

Clause, as amended, put and passed.

Title—agreed to.

Bill reported with an amendment.



## BILL—DEBT CONVERSION AGREEMENT (No. 2).

### *Second Reading.*

**THE PREMIER** (Hon. Sir James Mitchell—Northam) [7.35] in moving the second reading said: The Bill provides for the compulsory conversion of all Government securities held and not voluntarily converted, and the conversion is to be on the same basis as that applying to those that were converted. I regret exceedingly that it has fallen to my lot to introduce a Bill of this description. It is unnecessary to trace the history of the financial developments that led up to the voluntary conversion loan, and, finally, to this Bill. The voluntary conversion was successful to the extent of 97 per cent. of the total amount, equal to £550,000,000, held in Government stocks. We all agree that that was a magnificent result. The problem remained to deal with the outstanding 3 per cent., which represented £16,500,000. There was no possible chance of meeting that amount as the various securities matured, and there was equally no chance of converting in the ordinary way. As a rule, when a loan falls due, we go on the market to secure funds to cover the maturing liability. The bonds are not necessarily renewed by the people who hold them, but new subscribers participate as well.

Hon. P. Collier: But the whole of the £16,500,000 does not fall due immediately.

The PREMIER: No; I referred to meeting the bonds as they matured. In Western Australia, there were 130 bondholders who dissented, representing a value in Government securities of £274,128.

Hon. P. Collier: Have you particulars showing the years in which the bonds will mature?

The PREMIER: No. Some of them have matured already. In facing this position, two points have to be borne in mind. One is that the dissenters, since their loans are to be renewed, are to be placed in the position of those who have converted. I realise, in the second place, there are many genuine cases of hardship amongst those who dissented, but it must be remembered that hardship was not confined to them. Many who converted suffered hardship as well.

Mr. Withers: But that was done voluntarily.

The PREMIER: Yes. They adopted that course as a patriotic duty. Many of them have small holdings and they are in just the same position as those who converted. It will readily be understood that there is no money available to meet the securities as they fall due, otherwise those who had small holdings would have been paid off. There is no alternative but to place those who did not convert in the same position as those who did.

Mr. Withers: Will necessitous cases receive consideration?

The PREMIER: Yes. All cases of hardship will, as far as possible, be met, and a sum will be made available from sinking fund contributions for their relief. When that phase was considered, it was thought that not more than £1,000,000 could be set aside by the Federal Treasurer, but he has since indicated that he is prepared to set aside £2,000,000 to meet cases of hardship and distress this year. That will go a long way towards relieving the position.

Hon. J. C. Willcock: That is not much, not as much as the annual contribution to the sinking fund during the past eight years.

The PREMIER: No, but it will go a long way towards relieving distress. People who hold under £5,000 worth of securities will have their claims considered equally with those who invested a few hundred pounds only. Some people rely upon the interest from their bonds for a living. Some of them have invested a limited amount and live on the small interest they receive in consequence. In such instances people will be allowed to draw a weekly sum through the Savings Bank.

Mr. Sampson: That is where personal difficulties are proved.

The PREMIER: Yes. This concession will not be confined to people who dissented but also to those who converted bonds voluntarily. I agree it is regrettable that such a Bill has to be introduced. Sheer necessity forced upon the country voluntary conversion and now this final compulsory measure. Those who attended the Premiers' Conference were unanimous that this was the only possible way out of the difficulty. No one could suggest any other course. I cannot propose any alternative. It will be remembered that in the past we raised tremendous sums in Australia at high rates of interest that the country could not afford to pay. As those loans were more or less

represented by goods, we got much less than we would have received had we borrowed the money abroad. It is my duty to submit the Bill to the House. Similar measures have been passed in other States, and the agreement was signed by the Prime Minister and the Premiers of the various States.

Hon. P. Collier: All Governments seem to have adopted part of the Lang plan.

The PREMIER: The Lang plan was repudiation.

Hon. P. Collier: There is a lot of repudiation in this proposal.

Hon. J. C. Willcock: Look at Clause 3 of the schedule!

The PREMIER: All repudiation is objectionable, whether by Lang or by other people.

Hon. P. Collier: This is really a Lang Bill.

The PREMIER: Does the hon. member suggest he would prefer it in the Lang way?

Hon. P. Collier: This is a first cousin to the Lang plan.

The PREMIER: It is forced upon us by sheer necessity.

Hon. P. Collier: Lang said that, too; he could not pay.

The PREMIER: Neither can he pay now. This includes all State and Federal debts, as well as his. The Bill is to ratify the agreement that is embodied in the Schedule. It has been passed by the other State Parliaments and by the Federal Parliament. I move—

That the Bill be now read a second time.

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

#### **BILL—SWANBOURNE RESERVE.**

Returned from the Council without amendment.

#### **BILL—SECESSION REFERENDUM.**

##### *Message.*

Message from the Administrator received and read recommending appropriation for the purposes of the Bill.

##### *Second Reading.*

**THE PREMIER** (Hon Sir James Mitchell—Northam) [7.45] in moving the second reading said: It will be remembered

that during my absence in Melbourne the House discussed a motion to ask the Government to bring down this Bill. That motion was agreed to, so I do not imagine there will be very much opposition to the Bill, since the House desires it.

Hon. P. Collier: A small majority of the House.

The PREMIER: Whether we be secessionists or federationists or unificationists, we can at least give each other credit for advocating that which we deem to be best for Western Australia, and indeed for Australia and the Empire. Members generally like to be broad-minded, and this question I am sure is sufficiently broad based to warrant its being raised above party and discussed as a national question.

Hon. J. C. Willcock: How are you going to meet the cost of this referendum?

The PREMIER: Let us face the question itself for a moment, disregarding the cost, thinking only of what is best for the State.

Hon. J. C. Willcock: But what will it cost?

The PREMIER: I am a secessionist. My friend may be a unificationist.

Hon. J. C. Willcock: No, I am not, but I am altogether against any waste of public money.

The PREMIER: Then you should not let another minute elapse without endeavouring to save money for the State, to save the State's share of the cost of Federation.

Mr. Millington: You will have to borrow the money for the holding of this poll, and you will have to ask the Loan Council to make it available.

Hon. P. Collier: Suppose the Loan Council will not let you have the money?

The PREMIER: The Federal Government to be asked for money with which to defeat themselves! Who the devil are the Federal Government? They do not own Australia, nor do they own us body and soul. This is not a question that affects them personally.

Hon. P. Collier: If the Loan Council will not give you the money with which to carry out this referendum, where will you be?

The PREMIER: We shall probably be in a very bad way.

Hon. P. Collier: Already you are £900,000 behind for four months.

The PREMIER: I am a secessionist, and not because I dislike the sentimental reasons

that sway most federationists; not because I do not believe in the one destiny, one flag and other similar ideals. But they are not enough. We have had a full trial of Federation for a number of years, and I think it can be said that Federation has proved a failure for us. We can no longer support the heavy burden imposed by Federation.

Hon. J. C. Willcock: Why three years ago it was generally admitted that Western Australia was the most prosperous State in the Commonwealth!

The PREMIER: It would have been far more prosperous had we never entered Federation. The Federation was based, not on reason, but on sentiment. Before we all federated the several States had their own Governments and were capable of meeting the needs of government. All might have been well under Federation had the statutory authority been content to administer the few affairs that we thought they were to take over when we federated. We thought they would have had the Customs, the post and telegraphs, and defence, and little else. As a matter of fact, they said those matters should be carried on at a cost of £750,000 per annum.

Hon. P. Collier: Who said that?

The PREMIER: It was said by the Federal leaders at the Federal Convention. Sir Edmund Barton, I think, said it. If they had been content with those few departments all might have been well. That is what the Federal leaders told the public before the vote was taken. How far their successors have strayed from that ideal is manifested by the many encroachments of the Commonwealth upon the main reserves of the States, and by the manifold increase in the cost of maintaining the system. In 1928-29, exclusive of the war costs for that year, amounting to about 30 millions in interest on war loans, the Federal expenditure was £32,000,000. The cost of Federation should have been very much below that. Hon. members know that this State's representation in a House of 75 members is restricted to five. So we have hardly any voice in the Federal Parliament.

Hon. P. Collier: But in the Senate we have an equal voice with a State like New South Wales.

The PREMIER: True, in the Senate we have six representatives in a House of 36.

Hon. P. Collier: New South Wales, with a population of two millions, has only six representatives in the Senate. So our voice there is equal to that of any other State.

The PREMIER: We are told the Senate ought to go; that it is merely an excrescence. It is the State's House, of course, and there the States have equal representation.

Hon. P. Collier: And have a final say in the legislation, too.

The PREMIER: That principle of sound Government is a feature in almost all countries under parliamentary Government. It will be realised by those who represent the North in this House that we give them very little representation.

Hon. P. Collier: Yes, they have only four voices here in a House of 50 members.

Mr. Angelo: And if you realised how we feel about it, you would vote for secession.

The PREMIER: We have in this State a Federal electorate covering about 94 per cent. of the whole of the State. I refer to the Kalgoorlie electorate.

Hon. P. Collier: That is, of the area of the State.

The PREMIER: Yes, and this State has an area equal to one-third of the Continent.

Hon. P. Collier: But a tremendous part of that Kalgoorlie electorate is absolutely empty.

The PREMIER: Still we must consider the few people spread about in it. When we have regard to the importance of the issues dealt with in the House of Representatives, such as the framing of the tariff or the imposing of taxation, we should not have to suffer so much by inequality of representation.

Hon. J. C. Willcock: We have equal representation in the House of review, the Senate.

The PREMIER: I have heard the hon. member argue that the House of review is not the important Chamber. As a matter of fact, in our own Parliament it is this House that supplies the Government. So, too, it is the House of Representatives that supplies the Federal Government. Then I do not consider that we have any effective say in the setting up of Commonwealth departments which, as members know, lead to overlapping and duplication and waste. And, apart from the disparity in the representation of the States, there is the isolation of this State. It is sometimes forgotten that Perth is farther from Canberra than is Canberra from Wellington. New Zealand, and

although we can go by train, there is still a tremendous vacant space between us and the Federal capital.

Hon. P. Collier: We are not farther from Canberra than is Kimberley from Perth.

The PREMIER: But Kimberley is still in Western Australia.

Hon. P. Collier: And we are still in Australia.

Mr. Millington: I think you had better let Watson supply the reasons.

The PREMIER: I know the hon. member is very uncomfortable at having to oppose the Bill. He believes in Federation. It has to be realised that we are at a disadvantage in being a consuming State instead of a manufacturing State. Some of us contribute to the cost of Federation far more per head of population than does the manufacturing State of Victoria. As a matter of fact, we are better Australians than we are given credit for, for the greater portion of our imported goods comes from the Eastern States.

Hon. P. Collier: How shall we stop that when we get secession; shall we put up a tariff?

The PREMIER: I do not think we shall have a tariff against the rest of Australia.

Hon. J. C. Willecock: That is the only way to get protection against them.

The PREMIER: Because we buy our goods from Eastern Australia we are imposed upon by the Navigation Act. We have tried to establish industries in this State; successive Governments for year-past have helped to establish secondary industries, but those industries have been annihilated by the dumping of goods from the Eastern States.

Hon. P. Collier: When we are separated we shall only be able to establish industries by setting up a high tariff against the Eastern States.

The PREMIER: We had a tariff before we federated, a very moderate tariff. The advantage would be that we should get the revenue from such a tariff.

Hon. P. Collier: But you would not get the industries if the tariff were only moderate.

The PREMIER: Yes, we would. Australia does not permit dumping from other countries to-day, and we would not permit dumping from the East. As a matter of fact we have not been able to establish a

jam factory in Western Australia because of dumping. To-day our bacon factories are suffering because of dumping. Taking the population of the Commonwealth at about 6,500,000 people and dividing it into the total revenue received by the Commonwealth, the cost is about £10 14s. 10d. per head of the population. That is roughly the cost of Federation to the more populous States such as Victoria and New South Wales.

Mr. Millington: And worth every penny of it.

The PREMIER: When we add the disadvantages on account of the added price of goods made in the Eastern States because of the tariff and the disadvantages imposed upon us, the cost of Federation to Western Australia is about £13 2s. 10d. per head of our population. We should need to impose against the Eastern States a tariff that would represent that amount of money to give our industries a chance. Then we have to remember that New South Wales and Victoria, together with Queensland, are the rich States of the Commonwealth, and are able to pay higher taxation than we could possibly bear. We know that the excessive cost of Federation was borne only with difficulty in prosperous times and in times of good prices when the national income was at its highest. We were able to struggle on then only with the aid of accumulated wealth. But the accumulated wealth of the people seems to have become almost exhausted.

Hon. J. C. Willecock: The accumulated wealth of the Eastern States came to our assistance the other day.

The PREMIER: That always will be so.

Hon. J. C. Willecock: And yet you now want to cut off from that.

The PREMIER: It is always available for our assistance, because we pay for the money we get.

Hon. P. Collier: The State Savings Bank would have closed a couple of months ago but for the Commonwealth.

The PREMIER: The New South Wales Saving Bank closed altogether.

Hon. P. Collier: So would ours have closed if the Commonwealth had not come to our assistance.

The PREMIER: It was the Commonwealth Bank that came to our assistance.

Hon. P. Collier: Yes.

Mr. Withers: We would have been in a pretty parlous position but for the Premiers' Conference.

Mr. Angelo: If we had not federated we would have had our own note issue.

Hon. P. Collier: Western Australia did not make very much progress before it federated. It was a pretty poor State before then.

The PREMIER: We had ten years of self-government immediately preceding Federation, and they were the ten most prosperous years ever known.

Hon. P. Collier: Because of the discovery of gold.

The PREMIER: But it was Western Australian gold. The people who came here did not bring it with them. It was dug out of the ground.

Hon. P. Collier: Take the first 60 years of Western Australia's existence.

The PREMIER: Well, we lived very comfortable lives. The people who came to this country came here to work, mainly on the goldfields.

Hon. P. Collier: They came and found your gold. They were the much-despised Eastern Staters who found your gold.

The Minister for Works: T'othersiders.

Hon. P. Collier: They opened up the Kimberley country, too.

The PREMIER: True, they came here and found gold. I am sorry that all the people who came here did not find gold, but they came to Western Australia because they knew it to be a better place than that which they had left. They would never have left the Eastern States had not they thought they could do better here.

The Minister for Works: Things were not too good in the Eastern States when they came here.

Several members interjected.

The PREMIER: I do not mind giving members half an hour if they will then allow me to proceed.

Mr. SPEAKER: I must ask members to be fair to the Premier.

The PREMIER: I am at a disadvantage because I did not come from the Eastern States.

Hon. P. Collier: Not at all.

The PREMIER: I quite understand that people from the Eastern States are vastly superior, because they happen to have come from across the border.

Hon. P. Collier: You are very lucky.

The PREMIER: I am aware of it, and if the hon. member had not thought he would be lucky, he would not be here.

Hon. P. Collier: Lucky at being born here?

The PREMIER: Members will agree that as costs are increased by the tariff and by taxation, the increase must be borne by charging higher prices to local consumers. I have not been able to understand why men working for wages can ever favour the tariff. When it comes to producing for export and competing on the markets of the world, the high cost of commodities represents a very great disadvantage. It might be possible to pass on the high costs to the people within the State, but the additional cost cannot be passed on to the people overseas. I repeat that I can never understand why the worker is a protectionist. I suppose no one in the community pays a greater percentage of his earnings to the revenue, by way of indirect taxation, than does the worker.

Hon. J. C. Willcock: No one wants high protection for all time.

The PREMIER: There is another disadvantage, and I think every member will agree with me in this. Under the Commonwealth Constitution the States must live by direct taxation, and we who have been in Parliament for some years know full well that that is an impossible task in a sparsely-populated and undeveloped country like ours. There is so little to tax.

Hon. J. C. Willcock: We have done our best in the way of taxation during the last twelve months.

The PREMIER: We have not imposed much additional taxation. We are getting less than ever as the proceeds of taxation.

Hon. J. C. Willcock: We have passed six or seven Bills: that is all.

The PREMIER: We have passed a number of small Bills, but even so, less and less money is being received into the Treasury month by month. It has to be remembered also, that direct taxation is very unpopular. When indirect taxation is proposed, there is a fight. Objections are raised and for a moment such taxation provokes great hostility, but it is proposed and imposed and soon forgotten. I have only to mention the sales tax by way of example. People resented it greatly when it was first imposed, but it is almost forgotten now. We go into

a shop and buy something; we pay for the article, and we pay the sales tax, and we hardly know that it has been imposed.

Mr. Withers: It is not hard to forget the sales tax when it is added to your account.

The PREMIER: When we pay unconsciously it leaves a much less painful impression than when we have to meet direct taxation, which is an everlasting source of annoyance. Then, too, the States, because their taxation is mainly direct taxation, come in for a far greater share of odium than do the Federal authorities with their indirect taxation. In addition to taxation there is the sugar agreement which imposes a tax of about £1 per head on the people, equal to £400,000 a year paid by this State. Federal expenditure in Western Australia, except such as we get by way of grants, plays no real part in the development of the State. To develop the State is an obligation of the State. The development of our primary industries, which means so much to us, is entirely the responsibility of the State. I have already said that high protection may suit Victoria and New South Wales admirably, but it certainly means death to this State. I mentioned a little while ago that Western Australia had only five representatives out of 75 in the House of Representatives. I omitted to say that New South Wales has 28 members and Victoria 20 members, so that the representatives of those two States number 48 in a House of 75. Thus there is a very large majority from those two States alone.

Hon. P. Collier: But that is all neutralised by our equal representation in the Senate.

Mr. Angelo: Is not there an unholy alliance between Victoria and New South Wales against us?

The PREMIER: I do not think the effect of the unequal representation in the House of Representatives is neutralised by the equal representation in the Senate. The Senate is supposed to be the States' House, but I have heard the hon. member say, as I have said, that the Senate forgets the States.

Hon. P. Collier: Members of that House follow the policy on which the people elect them. If they do not regard the Senate as the States' House, the electors are to blame.

Mr. Angelo: It is a question of the manufacturing States against the producing States.

The PREMIER: With more than one-half of the members of the House of Representa-

tives from Victoria and New South Wales, there is no chance of our getting any voice on questions of taxation or tariff. It would be better for the country if we had more voice, because high protection is very greatly adding to the cost of the work of development. The tariff affects all primary industries, goldmining, timber, agriculture, as well as any manufacturing industries that we have. If we separate development work from production, we must realise that we have a great deal to do in the shape of development, whereas Victoria and New South Wales have probably completed their development work, at any rate to a very large extent. Their work of development was carried out under much cheaper conditions.

The Minister for Railways: They had a start of half a century on us.

The PREMIER: They were wiser in that they found their gold earlier than we found ours. Gold increased the possibilities for other industries. In the fifties population flocked to Victoria in large numbers. People travelled in small sailing ships from the Old Country, and the work continued from that time onwards.

Mr. Withers: We would have been in a pretty bad mess if Kalgoorlie had seceded from Western Australia.

The PREMIER: That was one of the things that took us into Federation. The goldfields community said, "If you do not federate, we will have separation, and the goldfields will become a separate State." But the goldfields were as near Fremantle as they are to-day, and we would be doing the same trade with them as we are doing to-day.

Mr. Withers: They would have been a lot nearer to Esperance.

The PREMIER: I suppose so. All the same we federated, and so the goldfields were saved to us.

Mr. Withers: And we saved ourselves.

Hon. J. C. Willcock: We did the right thing.

The PREMIER: I am very glad to have that admission from the hon. member. The right thing was done when we federated, but the wrong thing has been done to us ever since.

Hon. J. C. Willcock: And is being repaired to the extent of the disabilities grant of £300,000 a year.

The PREMIER: The position is as I have stated it, and I agree with the hon.

member as far as he goes. If the Federal Government had done what we thought they would do and no more than that, when we federated, no doubt all would be well.

Hon. J. C. Willcock: We got £300,000 and there seems no reason why we should not have got more.

The PREMIER: Had the Federal Government done what we thought they were going to do we would have had the federation we believed we were entering upon.

Hon. J. C. Willcock: They rectified our disabilities to some extent, but what we want is more recognition of those disabilities. That is all that is wrong.

The PREMIER: I do not think we can ever get the other States fully to realise our disabilities.

Hon. J. C. Willcock: We got them to do so to the extent of £300,000.

The PREMIER: I have a note here which says that Sir Harrison Moore admits that the adoption of one policy for the whole of Australia does not work out to the benefit of the whole of the States. Very few people will gainsay that. Very few of us believe that the Commonwealth, over all the years, has made a real attempt to see that justice is done to the less populated States.

Hon. J. C. Willcock: That is our job to a great extent.

The PREMIER: Not if the Federal Government had stuck to the original idea at the back of federation. They would never have interfered with the States' development. We certainly have had the disabilities grant for five years amounting to £300,000 a year, and I hope that particular grant at least will be continued. This demand was the outcome of a Royal Commission, upon which there was no Western Australian representative. That Royal Commission, it will be remembered, recommended that we should receive a grant of £150,000 a year. One commissioner expressed the opinion that we should never have entered into federation, but that having done so the only complete and satisfactory remedy for our disabilities was secession.

Hon. J. C. Willcock: I think he said we would require an independent customs for 25 years.

The PREMIER: I think it was the chairman of the Royal Commission who said that, but it was never taken seriously. At all events, the report of the Royal Commission was not carried out in its entirety.

Hon. S. W. Munsie: The recommendation was carried out for one year instead of 25.

Hon. P. Collier: We got £450,000 for the first year, and then came the Federal elections, and we were cut down to £300,000.

Mr. Withers: And it has stuck there ever since.

The PREMIER: I am glad hon. members admit that we have not always had justice. The £450,000 was given to us for one year. Then came the elections and the amount was cut down to £300,000, where it has been ever since.

Hon. P. Collier: Senator Pearce gave us to understand, until after the Federal elections were over, that we would get it for 25 years.

The PREMIER: We need not trouble to make party capital out of this proposal.

Hon. J. C. Willcock: That shows it is the individuals we have to quarrel with, and not the system.

The PREMIER: I do not propose to quarrel, with Mr. Scullin or with any other people. We have to remember that although the people in this country determined to enter Federation they find they cannot make progress under it. A certain constitution was given to us by the Imperial Parliament.

Hon. J. C. Willcock: Now you are getting into deep water.

The PREMIER: No. The hon. member himself assisted in the protest against the Statute of Westminster, which would have deprived us of the right to appeal direct to the British Parliament. I should say that apart from the first two or three Federal Governments in the early days, neither in the spirit nor the letter of the Constitution, has Federation been observed by any of the Governments. I should like to admit that the Scullin Government have been no worse offenders in that respect than previous Governments.

Mr. Angelo: They promised us £1 an oz. bounty on our gold, but reduced it to 10s.

Hon. P. Collier: They are not the only Government who have made promises and failed to carry them out.

Hon. S. W. Munsie: Other Federal Governments refused to give us anything.

The Minister for Railways: Any Government would be unique if it did carry out all its promises.

Hon. S. W. Munsie: It was put up to previous Governments, but turned down by

them. The Scullin Government have been better than any other Government.

The SPEAKER: Order! Hon. members must observe the rules of debate.

The PREMIER: When members have had their say, I should like to point to the need for help under the financial agreement being greater now than it ever has been. Latterly we have needed a greater measure of financial assistance under the financial agreement, and through the Loan Council, than ever before. The Scullin Government have given us all the help that has been possible, and we have been specially assisted by the present Federal Treasurer. With some of the people in the Eastern States, and some of the Governments over there, I am afraid Western Australia does not count for very much. All Commonwealth Governments have imposed taxation to balance their ledger quite regardless of the necessities of the States. We all know that whilst we are limited to direct taxation, it is so much easier for the Commonwealth to impose the taxes, since the Commonwealth covers the whole range of taxation. They are so far away from us, in Canberra, that they seldom either meet or see the people, and they get away with these things without very much trouble. It does seem to me, however, that we can well apply Lord Fisher's attitude when he used the three Rs—Ruthless, Relentless and Remorseless.

Mr. Marshall: The same thing can be said of the State Government in the attention they paid to the north of this State.

The PREMIER: It seems to me that is the attitude of Federal Governments. No one would have thought of federating if we had not believed that the Constitution limited the activities of the central authority. The Constitution actually did so, but these activities were not defined. Because they were not defined, although we thought they were, they became unlimited, giving unlimited powers of taxation and unlimited powers in many other directions that were not anticipated. There has undoubtedly been a spread of Federal activities.

Hon. S. W. Munsie: What was the cause of the greatest spread of taxation under Federal control?

The PREMIER: The war!

Hon. S. W. Munsie: No one foresaw that when we federated.

The PREMIER: I have already explained about that, and about the thirty-two million pounds which was spent, otherwise than on the war, in 1929-30. We should not have federated had we not thought that the States would be left free to impose at all events sufficient taxation to enable them to carry on the free services of the country, without the taxation imposed by the Federal Government being too great a burden for the people to carry. For a time three-fourths of the Customs revenue came back to the States. Now, the Federal Government themselves find great difficulty in getting sufficient money with which to carry on their many free services. Then there is the increase in our responsibilities to our people, because of the manner in which we have developed. In the early days the goldfields development was carried out almost entirely by means of private capital, although we were called upon to build the railway and the pipe track. Our need for money then was less than it has been since we took on the development of the agricultural districts. When the goldfields were being developed we had the customs revenue. Since then there have been all sorts of increases in our own responsibilities, and the customs revenue has been entirely lost to us. For us, I believe that Federation has been a failure. We know that the three less populous States are very dissatisfied. South Australia is in just the same trouble as we are, and so is Tasmania. Queensland has been lavishly bonused and assisted, and this State alone has helped Queensland through the sugar agreement to the extent of £400,000 a year. Were it not for the bonuses Queensland is getting I am sure she would make one with the other three States. I believe all the people of the four States would with one voice have been asking for some relief from the Federal bond. All the States are asking for a measure of reform, some relaxation from Federal taxation. They want the Federal authorities to draw in their horns, and to have less to do with the work of Governments. There are many people in Australia, and many men in the present Federal Parliament, including the Scullin Government, who favour the abandonment of federation for some system of unification. No one in Australia is ap-



parently satisfied with federation. Those who want unification are obviously dissatisfied, and those who do not want it are still dissatisfied with federation.

Hon. P. Collier: We are living in a dissatisfied world.

The PREMIER: Everyone is convinced that some change is imperative.

Hon. P. Collier: I do not know who is satisfied with anything.

Hon. J. C. Willcock: It is said that out of discontent comes progress.

The PREMIER: There are some people who said there ought to be a convention to revise the constitution.

Mr. Millington: That would do good. It would give them all a chance to talk.

The PREMIER: We were promised a convention by Mr. Hughes, but heard no more about it.

Mr. Angelo: He went back upon it.

The PREMIER: I do not think a convention would do very much good.

Mr. Millington: It would be an outlet for the gas.

The PREMIER: I do not know that it would. Even if we had equal representation from each State, which is almost an impossibility, I doubt whether any reform in the Constitution would be in the direction we would like. The biggest States would still have the power, and they would take fine care to formulate the resolutions carried at that convention to suit themselves. They have the population, and they would see that the conditions attached to the reform of the Federal Parliament would be moulded to their desires. It is not to be wondered at if States like New South Wales and Victoria, which are settled up to the border, where the interests of the people are mutual and directly opposed to the interests of the people of the small States, see to it that their desires are given effect. I do not know that if there were a convention, anything would be done to make the Federal system operate more equitably. We are certainly undergoing a process of strangulation. Bit by bit we are being strangled. Even my friend Mr. Lang said to me at the conference, "I am not a secessionist like you are, and I want unification: but I want it by a vote of the people, and I want it to be put to them in a straight fashion. If that can not be done, then I will join you and become a secessionist."

Hon. P. Collier: By Jove, what a combination that would be!

Mr. Angelo: East and West!

Mr. Withers: "Never the twain shall meet."

The PREMIER: If it would bring about secession, I would risk it. Hon. members will recollect that Mr. Deakin said what would happen—that the smaller States would become financially embarrassed and would topple over from time to time. He said, "We fondly thought that we were free in respect of matters not reserved to the Federal authority." But he added, and rightly, that we would become financially embarrassed; and his words have come true. I do not quite know how any reform of the Federal control is to be brought about, and I do not think we should be expected to endure without entering some protest. Someone suggested that we ought to get more generous treatment at the hands of the Federal Government. I, too, think we should; but I do not think we ought to go cap in hand from time to time to the Federal Government saying, "The loss to us through Federation is so and so much, and therefore that amount ought to be given to us." The position of Western Australia ought to be recognised by the Commonwealth, and a proper sum set aside. The right thing to do would be to give us a share in the Customs revenue, but to-day that would be impossible. It can only come about if the Federal Government withdraw from doing many of the things that they now undertake. I realise that unification can only come about by the voice of the people. There is no provision in the Federal Constitution for changing over from Federation to unification. If unification is proposed, I should imagine that the States against unification would be free. I do not quite know whether even one State voting against unification would mean that the Commonwealth would have to remain Federal.

Hon. J. C. Willcock: No, it would not. A majority of the people and a majority of the States can alter the Constitution.

The PREMIER: That is so. They can alter the Federal Constitution, but they cannot change over from Federation to unification. The Federal Constitution cannot be altered to any other form of government, it seems to me, without the consent of each State.

Mr. Pantou: What about our changing over to secession?

The PREMIER: I have here a joint opinion given by Mr. A. P. Canaway, K.C., and Mr. R. Windeyer, K.C. They say—

We are of the opinion that the *prima facie* meaning of Section 128 is that it gives power to replace the present Constitution of the Australian Union by a Constitution which need no longer be strictly Federal, and which even need not be Federal at all. For greater caution we ought, however, to add that any alteration of the Commonwealth Constitution in either of the above senses could not, in our opinion, be effected under Section 128, unless upon the referendum a majority of the electors voting in each State approved of the alteration.

So the chances are that if there is an attempt to bring about unification, we may have an opportunity of getting out.

Hon. S. W. Munsie: Is that the only hope you have of succeeding?

The PREMIER. No. There is the second ballot. That may give us a chance. Hon. members opposite say that in trying to bring about secession we are committing a distinct breach of contract. Surely it is just as great a breach of contract to try to bring about unification. The Federation is a partnership between six States. Unification would be a totally different thing, in no sense like Federation. There would be a central government. There would be no partnership. We should be one. There is, notwithstanding all that hon. members opposite have said, a distinct wish on the part of our people to be given an opportunity to declare by their votes whether they favour continuing the Federation or not. This Bill merely proposes to afford them the opportunity of so declaring. They are free to say no or yes.

Hon. J. C. Willcock: What difference would it make whether they said no or yes?

The PREMIER: The voice of the people might be listened to. We got our Constitution from the Imperial Parliament; and if it could be shown by the people of Western Australia that it is a disadvantage for us to remain federated, and that we can no longer bear the burden of the cost of government under Federation, surely then we may expect to be relieved. I do not suppose the rest of Australia would suffer greatly if Western Australia were free. We should still be good customers of the other States, just as we have been. Certainly we made

much greater progress during the 10 years we were free to govern ourselves.

Mr. Withers: Those were the only 10 years we ever knew.

The PREMIER: Those were 10 years of freedom and great progress. We have had 30 years under Federation, and it cannot be contended that the rate of progress has been maintained. Those who favour unification should remember that we are a self-governing State, and that we are the possessors of Western Australia. The land of Western Australia belongs to the people of Western Australia, and not to the people of Australia.

Mr. Withers: You are a little Western Australian!

The PREMIER: Certainly our lands are a responsibility, but they are ours to do with as we please. The member for Bunbury (Mr. Withers), himself an intellectual giant, says I am a little Western Australian. If we do our duty by Western Australia, we shall be doing our duty by Australia and by the Empire. The people of this State have got to do the real development work of the State, even if it be in gold mining. It is true the Federal Government give a bonus of 10s. per ounce to encourage the production of gold; but, after all, the real work of government is done by the Government of the State. It is our responsibility and our privilege.

Hon. S. W. Munsie: The Government are not doing too much to encourage the extra production of gold now.

The PREMIER: Whatever is being done, is done with greater success than it was done by my friends opposite.

Hon. S. W. Munsie: Less is being done for gold mining now than ever before in the history of Western Australia.

The PREMIER: I have never accused my friends opposite of neglecting their duty to help the goldfields. We are the possessors of this country, and we have some responsibility for its development. It cannot be developed satisfactorily by a handful of people, and it cannot be developed whilst so much of the revenue contributed by the people finds its way to Canberra and is used throughout Australia. I repeat, I should have no objection at all to continuing in the federation if we could get back to the original idea, and if we could get back to something we can afford. But we have no right to ask the people of this generation, nor have we

any right to ask succeeding generations, to carry the burden of taxation that is upon us now. We all know that to-day about 40 per cent. of the national income, of the gross production of wealth, goes in taxation of one form or another. I do not suppose any other place in the world pays anything like as high taxation.

Hon. J. C. Willcock: Oh yes!

The PREMIER: I think that in 1920 the proportion was about 20 per cent. less. To-day, owing to the fall in values and the increase in the cost of Federation, it will be something like 40 per cent. The burden may become lighter with increasing export values, but that is the position at the moment. Can we wonder that progress is not being made? Taxation exceeds the aggregate profit made by the people just at this period. If that be so, the eventual result must surely be fatal. I do not know that I need detain the House much longer. Hon. members decided that this Bill should be submitted, and I have much pleasure in submitting it. Something has been said about the cost of the referendum. I have said something about the cost of Federation, and I believe it will be a continuing cost, and an increasing cost, and that the burden can be decreased only by a greatly increased population throughout Australia or by greatly increased production throughout Australia. We know that the Federation has been successful in building up cities, because that can be done by ever-increasing tariffs. I have no objection whatever to cities, but we ought to do more for ourselves in Australia than we are doing.

Hon. P. Collier: Although the tariff has not benefited this State, the proportion of people in the city here is just as great as in the case of the cities in any of the Eastern States.

The PREMIER: The proportion in Perth is as great as in any other capital city. But there are no big centres outside Perth as there are in Victoria and New South Wales.

Hon. P. Collier: Half our people are in the city just as are the people in the Eastern States, so that if tariffs build up big cities, that cannot apply here.

The PREMIER: No, but whereas we have 200,000 in Perth, Melbourne has over a million, and Sydney many more than that. Our

people are largely to be found in the cities, it is true, but our manufactories are comparatively small. Of course, it is realised that we must have a certain number of churches and archbishops, of lawyers and specialists in the medical profession, and hundreds of people in similar categories. Naturally, seeing there are so few people in Western Australia, individuals of that description must be found in the metropolis. It is in that way that we have built up our city population to its present proportions. It cannot be avoided. The centre of all activities is here. It is in Perth that we have our law courts, that the administrative offices of the railway system are located, and so on. Everything must centre somewhere, and naturally that encourages the concentration of a large proportion of our people within the metropolitan area. As the Leader of the Opposition has pointed out, the percentage is no more pronounced here than it is in Melbourne or Sydney. While that is regrettable, we must also appreciate that we are not manufacturing for ourselves as we should. Nevertheless, the fact has to be faced. I hope every member will seriously consider whether it is not his duty to give the country, and the people generally, a chance. I am perfectly satisfied they can have no reasonable chance so long as taxation is imposed upon them as it is to-day. We simply cannot afford the luxury of two Governments.

Mr. Withers: Let us have one, and cut this Government out.

The PREMIER: The member for Bunbury is a straight-out unificationist, and is not ashamed to admit it.

Mr. Withers: That is so.

The PREMIER: I respect the hon. member's honesty.

Mr. Withers: Then let us be honest with ourselves.

The PREMIER: I do not expect the hon. member to vote in support of my motion although he is just as dissatisfied with Federation as I am. He wants something different.

Mr. Withers: A different method.

The PREMIER: I want greater power of control within the boundaries of Western Australia; he desires the power of control to be taken altogether to Canberra.

Mr. Withers: Not necessarily.

The PREMIER: That is the difference between a secessionist and a unificationist. I move—

That the Bill be now read a second time.

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

## MOTION—AGRICULTURAL BANK CLIENTS.

*To inquire by Royal Commission.*

Debate resumed from the 17th November, on the following motion by Mr. Barnard:—

That, in the opinion of this House, a Royal Commission should be appointed to inquire into the disabilities of the Agricultural Bank clients, particularly group settlers, in the South-West.

MR. McLARTY (Murray-Wellington) [8.54]: I support the motion. Previous speakers, who have addressed themselves to this question, represent group settlers in the far South-West. The groups with which I am more directly connected are those that are close to the metropolitan area, on the Peel and Bateman Estates. At the outset I desire to make it clear that the feeling existing among the settlers on those two estates towards the Agricultural Bank and the Group Settlement Department is satisfactory, and that the settlers there are doing quite a lot to help themselves. Regarding marketing matters, which are of vital importance to them, some of the settlers recently joined up with the Fremantle Business Men's Association and have been making efforts to determine what they can do respecting marketing operations. A Royal Commission to inquire into group settlement and matters affecting Agricultural Bank clients would not be able to undertake the task completely if the Peel and Bateman Estates were left out of the inquiry. Perhaps most of the criticism which, in a general way, has been levelled at group settlements, has been in respect of those on the Peel and Bateman Estates. That is so, because more people see them, those particular group settlements being close to the metropolitan area.

Hon. S. W. Munsie: There has been as much regarding Northcliffe as there has been regarding the two estates you mentioned.

Mr. McLARTY: I think many people judge the Peel Estate from what they can observe when proceeding along the Fre-

mantle-Mandurah road. Criticism on that basis is damaging and most unfair.

Hon. J. C. Willcock: You must admit that empty houses are most depressing.

Mr. McLARTY: Yes.

Hon. P. Collier: It is a pity that they were not built further back from the road, behind the hills.

Mr. McLARTY: If a number of people set out to criticise and condemn and keep at it continually, their efforts must have an adverse effect.

The Premier: It does not affect tariff matters.

Mr. McLARTY: The worst feature is that such efforts do not tend to give the settlers on the estates I have in mind, the heart to carry on. I have known people who have roundly condemned the Peel Estate, but I also know that they have never been over that estate. I have been able to get some of them to make an inspection and practical men have admitted that they have been much surprised at the results they saw.

Hon. P. Collier: If they had seen the balance sheets, they would have been more surprised.

Hon. J. C. Willcock: Yes, £1,500,000!

Mr. McLARTY: I am not dealing with that phase. Some of the best dairy herds to be seen in the South-West are on the Peel Estate. Settlers are milking shorthorn herds.

The Premier: I have the expenditure here year by year.

Hon. J. C. Willcock: It is tremendous.

Mr. McLARTY: Some of the settlers on the Peel Estate have been able to outstrip older settlers in regard to fodder conservation. On some of the farms can be seen meadow hay or subterranean clover stacks comprising 60 to 70 tons per stack. I desire particularly to stress the fact that the settlers on the Peel Estate are whole-milk producers. In that respect they differ from settlers on the groups in the far South-West. The great majority of the settlers on the Peel Estate—I think there are about 3,000 cows being milked there—are dependent almost solely upon whole milk. It is their living and they depend upon that commodity to pay their interest charges and provide for their own requirements. No doubt members have read the Press reports relating to this question. There has been much discussion amongst the settlers themselves and much concern manifested regard-

ing the price they receive for their milk. It is one of the most vital questions affecting these particular groups, and it represents one of the first matters the Royal Commission should investigate.

Hon. P. Collier: The P.P.A. will get that fixed up when they get them in.

Mr. Withers: They will manage the whole business.

Mr. McLARTY: Whole milk is a difficult proposition to deal with. When speaking on the Agricultural Department Estimates, I pointed out that the requirements of the metropolitan area are estimated at about 8,000 gallons of milk daily, and that about 16,000 gallons are available. The surplus gives the dealers in whole milk an opportunity to buy their requirements at absurdly low and unfair prices. I emphasise the fact that the settlers are dependent almost entirely upon the return they get from their whole-milk supplies, not only for their own living, but for the payment of their interest. For some time past the settlers have been urging the Government to take steps to prevent the whole-milk trade from lapsing into a state of absolute chaos, which would mean not only ruination to the settlers, but a tremendous loss to the State. The dairying industry generally, as affecting the whole of the groups, is of vital importance. The settlers in the far south are dependent upon their cows, and the Royal Commission should certainly inquire into the position of the industry. That brings me to the question of mixed farming. It is not right that farmers should be absolutely dependent upon one line of production only. The Royal Commission could investigate that phase and ascertain what could be done to encourage mixed farming throughout the group settlements. I sometimes wonder whether, in the early stages of group settlement, it would not have been a good idea at a time when we had about 300 farmers established, to provide an experimental farm in their midst. The majority of the settlers would have observed the farming methods employed, and by that means an experimental farm would have proved beneficial, not only to the settlers, but to the Government as well. If mixed farming is not adopted, it is natural that the value of a holding must decrease considerably. Some settlers claim that they require all the land they hold for dairying purposes, and that

they have not a sufficient area to enable them to embark upon side lines. One repeatedly hears that dairymen should go in for pig raising as a side line. That is a very difficult proposition for settlers who are whole milk producers. They do not always have surplus milk to separate, and therefore do not have the use of skimmed milk. The settlers on the Peel and Bate-man estates require all the whole milk they can get to meet the demand at certain periods of the year.

Hon. S. W. Munsie: What price do they average per gallon?

Mr. McLARTY: There are buyers going round offering them 9d. per gallon.

The Premier: You do not require a Royal Commission to find that out.

Mr. McLARTY: Another question which is of the utmost importance on the Peel Estate is that of drainage. A tremendous amount of money has already been spent on drainage on the Peel Estate, and I want to refer to that part of the estate which is known as Folly Flats, on which there is a large number of settlers. There can be no doubt about the quality of that country: it is good, and it grows good pasture. Unfortunately in winter it becomes waterlogged and very boggy, notwithstanding which some of the settlers are forced to use it, although it is no good for milking cows and it gets into such a state in winter that the pasture is destroyed. Some dry land should be found for those settlers, and without additional cost to them. Again, many of the settlers claim that their holdings should be increased. I think there is some justification for that request. The settlers should be given every possible encouragement to breed their own dairy herds, and they should also have sufficient country to enable them to carry surplus stock. This, some of them say, they are unable to do, owing to lack of dry country. After all, breeding their own stock is a most efficient way of getting together a good herd. It is well known that a number of the settlers complain about the valuations of their holdings. I agree that the only practical way to value a holding is to go over it and thoroughly inspect it.

The Premier: It was all thoroughly inspected by competent people.

Mr. McLARTY: Many of the settlers tell me that is not so; that the valuation

board would come along, have a look at a holding, and say, "This is all similar country," and value all adjacent holdings in that way. That is not fair. If any valuator did four or five of those holdings in a day, he would be doing a jolly good day's work. Recently these groups were handed over to the local authority. It is only right that a group settler should eventually become a ratepayer, but I am hopeful that the road boards will be reasonable in regard both to their valuations and to the rates they will impose. I agree with the member for Nelson (Mr. J. H. Smith) that a settler should have not less than 20 cows. He certainly cannot stand up to his obligations unless he has 15 in milk continuously. I honestly believe that, and I believe also they should be 20 good cows at that. I suggest that a Royal Commission inquiring into the Peel Estate should give consideration first of all to the whole milk producers with a view to seeing if something could not be done to stabilise the price. That is of the utmost importance. Also there is room for further inquiry in regard to valuations.

Hon. P. Collier: If a Royal Commission found that the valuations ought to be increased, would the settlers agree?

Mr. McLARTY: There is not much danger of a Royal Commission finding that the valuations should be increased, for everything the settler is producing has decreased in price.

Hon. S. W. Munsie: Perhaps to the middle man, but not always to the consumer.

Mr. McLARTY: Possibly not. As I have said, the main thing which the group settler there produces is whole milk. I would suggest that the Royal Commission might also be able to give advice as to how mixed farming could best be carried out on the Peel Estate groups. Then there is the question of increasing the holdings, and the question of drainage. It might be possible profitably to use some of those main drains on the Peel Estate with a view to irrigation. I think this could be done without very great cost, but such an irrigation could only be given to comparatively few of the settlers. I agree with the member for Sussex (Mr. Barnard) when he says he has always found on the part of the group settlement authorities a desire to deal fairly with the settlers. I agree, too, that in a scheme of such dimensions as the group settlement

scheme it is only natural that mistakes should be made. Nobody who attended those tremendous machinery sales which were held on the Peel and Bateman Estates could help being very much impressed with the enormous waste of machinery that has taken place there. I saw large numbers of ploughs and all sorts of machinery put up at auction there and sacrificed. Ploughs from the State Implement Works were sold at £5 each.

The Minister for Agriculture: What was wrong with them?

Mr. McLARTY: Nothing, so far as I could see. They were very heavy implements, and were not suitable for the group settler. Again, I saw so useful an implement as the Martin ditcher sold for £5. It is one of the most useful of implements, especially in wet districts. Yet I saw them sacrificed at that exceedingly low price. I am glad the motion includes Agricultural Bank settlers, because the troubles of the group settlers are very largely the troubles of the Agricultural Bank settlers. I repeat that those settlers are dependent to a very great extent upon dairying. I was hoping that before the session ended the House would have a chance to discuss the position of the dairying industry with a view to seeing if something could not be done to stabilise the prices. The Agricultural Bank settlers in the South-West also require encouragement to go in for mixed farming. This is most essential, not only for the market but for their own requirements. A great deal of the trouble has been caused through the settlers not having gone in properly for mixed farming, but having depended on one industry alone. If we could do anything by way of inquiry to assist the settlers to establish themselves as mixed farmers, which they should be able to do, I think it would go a very long way towards helping them out of their troubles.

**THE PREMIER** (Hon. Sir James Mitchell—Northam) [9.12]: Will the hon. member who has pleaded for a writing-down of the valuations be surprised when I tell him there has been on the group settlements an expenditure of £4,848,218, an amount which has been written down by £3,164,758? Surely there cannot be anything more wanted in that way. It has to be remembered that on each block the work has

always been done by the settler himself. Of course he may have employed his own son, but certainly he has not employed outside labour with the money that has gone to him from the department. So what he earns is the result of his labour and the result of the machinery which the hon. member mentioned, and then on top of that his obligations have been written down. We should keep it in mind that no less than two-thirds has been written off the debts of the 1,704 farmers on the groups. I think the proposed commission would be justified in inquiring into the question of whether we have been treating the settlers fairly. I am sure the commission would find that the department has treated the settlers fairly, and in the writing-down has been generous to the settlers. Some of the questions the commission might inquire into would be as to whether the settler works properly, whether he looks after his stock, whether he can profitably grow potatoes, and whether he is producing on his property as much food as possible for his own needs. Surely any commission of inquiry would merely cover the things I have mentioned. Already we have determined all those things on the report of the board which was presided over by Mr. Hewby, and on the reports of the inspectors who are engaged to-day by the management of the Agricultural Bank, the managing trustee himself. When the settlers waited on the Minister, they said they wanted to be placed under Mr. McLarty and would be quite happy if that were done. They have been placed under Mr. McLarty: he has controlled group settlement for nearly two years quite apart from the Minister, except that the Minister approves of certain expenditure. Mr. McLarty also controls all development in the wheat belt. He has controlled more or less all the development of the State for many years, having been associated with the work since its inception. No man could have a greater experience of the work than he has.

Hon. P. Collier: There are no complaints as to his treatment.

The PREMIER: No man could be more experienced in farm-making than Mr. McLarty. No man would treat the settlers more generously and no one would be more scrupulously fair.

Hon. P. Collier: Absolutely.

The PREMIER: Knowing that, we are asked to appoint a Royal Commission to in-

quire into the work of each farmer. We are asked that a commission shall inquire into the things I have mentioned, because they cover everything that a farmer does. There is no more work to be done on any of the groups, which are stocked. A Royal Commission might inquire into the quality of the cows, but a great many of the cows are very good. Mr. McLarty has seen a lot of them and has said they are of excellent quality. Some are indifferent, and they are being withdrawn. As a matter of fact, during the last four years 1,500 cows and 700 heifers have been withdrawn from the settlers.

Mr. Withers: What has become of them?

The PREMIER: I am obliged to the hon. member for asking that question. That is the strange thing about it; the withdrawn cows, or many of them, have become good milking cows in private herds. One man in Tammin has 50 of them, first class cows. Some heifers that were not considered to be good on the groups were sold and repurchased. We have culled the herds very heavily. There is some culling still to be done. The cows withdrawn were not doing good work on the groups, but they are doing good work in other places. As a matter of fact one of them won a prize at a show. There were the shorthorns brought over by Mr. Hampshire. They were young, of course, and I suppose the men did not know how to handle young stock. However, 1,500 cows and 700 heifers have been withdrawn from the groups.

Member: They are two years older now than they were then.

Hon. S. W. Munsie: And they would have been two years older had they remained on the groups.

The PREMIER: They would have developed on the groups just the same. I admit that poor quality cattle ought to be withdrawn because we cannot expect settlers to be successful if they keep poor cows. Mr. McLarty realises this and is withdrawing the poor cows. We have spent an enormous sum of money in creating the groups and also a large sum to bring into the State carefully selected first-class bulls so that the herds might be improved. No people settled on the land have had so much done for them as have the group settlers.

Hon. P. Collier: At no time in Australia has so much been done for people, or in any other part of the world, either.

The PREMIER: The group settlers are not being neglected. We could not have a more experienced man in control or one who would be more generous in his treatment of the settlers. I am perfectly willing to do anything that would help the settlers to get into a position to pay their interest, but I do not believe that any commission of inquiry which would extend over months and months and have produced to it all the bad cows in the place and have them talked about would be of any benefit to the settlers. There is nothing I would not do to help them and give them an opportunity to make money. We want the settlers to do well and we want to get our money. But a Royal Commission of inquiry would not help in the slightest. Each group settler would have to be considered separately and each case would have to be dealt with on its merits. We have branches of the bank in the country—at Busselton, Bunbury, Manjimup, and Denmark—and we have inspectors throughout the group areas. The Leader of the Opposition will remember that we had three or four dairy inspectors paid for by the Imperial and Commonwealth Governments. We had them for some years, and from them we could surely learn whether the cattle are good, whether they are cared for or whether they are neglected, without going to the expense of a Royal Commission. What we set out to do has been done. The settlers have very large areas of land cleared, far too much for the number of cows they are likely to keep. We have bought the best cows that it was possible to buy, and brought them here from the Eastern States where dairying has reached a pretty high level, and where good cows are kept. Having done that we have culled heavily, as must be admitted when I remind the House that we have withdrawn 2,200 cows and heifers. There are 22,000 cows on the groups and 2,200 of them have been replaced. Does not that show that we have been interested all the time in bringing the herds up to standard? Do we want a Royal Commission to tell Mr. McLarty that he must cull the herds and give the settlers better cows? Of course not. Do we want a Royal Commission to tell him that the land must be fertilised? He knows full well that the land must be fertilised if it is going to be productive. I do not know of anything connected with the work on the groups that justifies the appointment of a Royal Commission. The groups are merely

a multiplicity of small farms, and yet we are asked to agree to a Royal Commission which will involve expense and will delay the work of the farms and of the department for months. The settlers are dissatisfied because people are going about telling them not to pay their interest. The settler who is paying is told that he is a fool to pay; the other fellow who is not paying is told that he will get his amount written down, but that payments will not be refunded to the man who has paid.

Mr. Withers: Who is telling them those things?

The PREMIER: A number of people about the groups: not only Mr. Huggett, who visited the groups, but other people. Here is a letter I received from a place called Barronhurst, where a special meeting passed the following motion:—

That the members of this branch suspend all interest payments as a protest until the Premier agrees to give an impartial inquiry—

Let members note that—an impartial inquiry—

—into the conditions and prospects of our industry. All other branches to be advised of our action and invited to do likewise and the Premier to be advised of the reasons for doing so.

I will not mention the name of the man who wrote that letter, but he had a debit against his block, including interest, of £2,810. He went there in 1923, and the indebtedness was written down to £1,150. He was supplied with 12 cows which cost £139 19s.; plant and horse, £89 12s 8d.; super, fees, etc., £40 9s. 1d.; so that the total advanced to him was £3,078 0s. 9d. That amount has been written down to £1,408 0s. 9d., which stands as his debt for the farm, house and stock. His interest was capitalised. The interest charged to him to the 30th June, 1931, was £113 9s. 4d. Up to the end of October last he had paid nothing, and there was an additional amount due for insurance £2 11s., the total due being £116 0s. 4d. He has not paid a farthing, though he has had the use of the farm, the home and the cows and has been in a position to pay his way. Of stock he has 12 cows, 10 of them in profit, two stocked; one yearling, stocked; 11 calves, one bull calf, two horses, two sows, one boar, eight slips.

Hon. P. Collier: He has not paid anything at all?



The PREMIER: No, and he has given notice that he is going to discontinue paying!

Hon. S. W. Munsie: Then he must intend to pay something in future.

The PREMIER: A number of the settlers are paying.

Hon. P. Collier: The next thing you will get from that man will be a request for a bonus for staying there.

The PREMIER: Would anyone suggest it is necessary to appoint a Royal Commission to inquire into that man's case?

Hon. S. W. Munsie: If a Royal Commission were wanted, it should be to inquire why he has not paid something or why he has not been put off the block long ago.

The PREMIER: Cannot we trust the managing trustee of the bank to look into the matter?

Hon. P. Collier: Some of those people are better hands at writing letters than at milking cows.

The PREMIER: A lot of the settlers are doing excellent work.

Hon. P. Collier: Yes, but a lot of them are not. I get tons of letters. They can write letters all right.

The PREMIER: There are many first class men on the groups, good workers, but they are being disturbed by the advice being given to them. Here is the case of another settler. He wrote not long ago stating that he was in a very bad way, was very short of food, and that everything was wrong with him. Such men forget that the office is so near to them. Mr. McLarty had some trouble with him. The man has 23 cows, which were to be in milk by September, so he has a fair number of stock. He has a Chevrolet-six car, and he is paying for the car at the rate of £8 a month, but he could not pay the bank anything. He came up to Perth in the car. He is a very decent man when he is left alone. He told us that he could pay £10 then and £10 a month off his account. Yet three or four weeks ago he could not pay anything.

Hon. P. Collier: Did you say he came up in his car?

The PREMIER: Yes. Since he went back he has met his obligations. If he is left alone he will pay. So will a good many others.

Mr. J. H. Smith: He has paid only the first £10.

The PREMIER: He has met his obligation from his butter fat cheques. He has a car. He has been able to buy that, but has not been able to pay his interest. I do not think it would be worth our while to appoint a Royal Commission to inquire into that case. There are all the facts and it is easy to understand them. It would be quite simple to give the facts concerning every settler, and much cheaper than to appoint a Royal Commission.

Mr. J. H. Smith: That would not get the settlers anywhere.

The PREMIER: If I thought a Royal Commission would get them anywhere, I would agree to it, but I am certain it would not. What good could a Royal Commission do? There is dissatisfaction which very largely is being engineered. There is a slight fall in the price of butter fat. Would a Royal Commission be able to increase the price of butter fat? We know it would not be able to do so.

Mr. J. H. Smith: You cannot expect them to pay the interest if they have not got the cows.

The PREMIER: The cow is a wonderful animal. In the first place, 10 cows per man were going to give each one a living. After that the settlers said if they got 15 cows they would be able not only to get a living but to pay their interest. Now the 15 cows have become 20 cows, and we understand that until every settler has at least 20 cows he will not be able to pay his interest. Interest has been paid very comfortably by some people keeping only 15 cows, and if a few can do this others can do it. Perhaps, when we reach the 20-cow stage all round we shall be asked to appoint a Royal Commission to show why there should not be 30 cows on each holding. A cow is a useful animal in many ways.

Hon. P. Collier: So is the State milch cow.

The PREMIER: It would be a good excuse for the appointment of a Royal Commission.

Mr. J. H. Smith: That is only supposition.

The PREMIER: I am convinced that a Royal Commission would do nothing but disturb the department and the settlers for the next twelve months.

Hon. P. Collier: Of course.

The PREMIER: If it was necessary that interest should be deferred for the next six or twelve months, we could do that without

appointing a Royal Commission. If it can be shown that Mr. McLarty is not a suitable man to handle the situation, we shall have to agree to an inquiry. But we know that he is a suitable man for the position, and that he will not treat anyone harshly. If he errs at all, it is on the side of consideration to the settlers and not on the side of harshness. There is nothing I would not do to see all the settlers succeed and to hear the last of these complaints. If it is a fact that milking 15 cows the settlers cannot meet all their obligations, I am sure Mr. McLarty will not expect them to do it. All he expects of them is that they shall do the best they can.

Hon. P. Collier: If they cannot pay all the interest, they can pay some of it. Some with 20 cows have not paid any interest.

Mr. J. H. Smith: Those people should be brought up to the mark.

The PREMIER: The settlers must have pigs and other things besides cows. Many of them are growing tobacco. I am told that in the South-West there are 500 acres of tobacco, which, if the crop turns out well, will be worth £50,000.

Mr. J. H. Smith: That is a doubtful experiment.

The PREMIER: The tobacco is growing there and it may give the settlers a return. Other things besides milking cows will have to be done. I have no intention of agreeing to the appointment of a Royal Commission, unless it can be shown that the Managing Trustee of the Agricultural Bank is not satisfactorily carrying on the settlements; and up to date that has not been proved.

MR. WITHERS (Bunbury) [9.35]: I support the motion. A good deal has already been said by the member for Sussex (Mr. Barnard) and the member for Nelson (Mr. J. H. Smith), who represent the greater number of group settlers. I have only two group settlements in my district.

The Premier: You are a representative of the people in the party.

Mr. WITHERS: On one occasion I remarked that I did not think the group settlers were established on the best of land. Possibly I can say that the settlers in my groups have occasioned me less concern than has been caused other members in whose electorates the settlers are more favourably situated in respect to the land.

Mr. Panton: Are you not, then, wasting time?

Mr. WITHERS: The others have a better class of land than is enjoyed by the settlers in the Russelton district. During the last two or three years deputations from group settlers generally have waited on the Premier, various Ministers and the General Manager of the Agricultural Bank. I find that even the settlers from Denmark, Manjimup and other areas, which I thought were more favourably situated than the Russelton area, have had complaints to make. The Premier says it is not necessary to appoint a Royal Commission to inquire into this matter, that one Royal Commission has already sat, and that we have had a revaluation board and a reclassification board inquiring into these questions. I would point out that all that took place prior to the Agricultural Bank taking over the responsibility of the settlers. By Act of Parliament the bank has a responsibility towards the State on behalf of the group settlers. It has to do a certain job. The settlers have been taken over at certain valuations, and the bank is responsible to the Government for the collection of the interest due. The officials of the bank are doing their job well. There are some good settlers and some who are not making a success. If a Royal Commission is appointed, the inquiry will perhaps vindicate the bank as well as many of the settlers. Mr. McLarty and his assistants are doing wonderful work. When cases are brought before them they deal sympathetically with them. It may be said, however, that they carry out their duties according to a certain routine or red tape. They are called upon to collect outstanding moneys. Some individuals have been assessed at a valuation of £900, plus £200 or £300 for plant. These people have been supplied with, say, 10 cows, but the cows have not been in profit. I have specific instances of that sort of thing, but I do not wish to read a number of extracts from letters and documents in order to prolong the debate. I have proof that these people are penalised in that they have received cows in June, and have been placed on the books of the bank as being 10-cow men, whereas the cows have not come into profit until the following November. What is to carry on the settlers from June to November? Several specific instances have been

given to me. Some settlers have had a return of £36 over a period of seven months, with their 10 cows, and for the same period they are liable to the Agricultural Bank for £30.

The Premier: The 10-cow man does not pay interest. He only pays interest on his stock.

Mr. WITHERS: But his interest is greater than his income.

The Premier: He does not pay interest on his property.

Mr. WITHERS: If ever there was justification for a Royal Commission, it is evidenced by the interjection of the Premier.

The Premier: They are sent an account but they do not meet it.

Mr. J. H. Smith: They are evicted.

The Premier: That is not so.

Mr. WITHERS: The interjection of the Premier certainly seems to justify the appointment of a Royal Commission.

The Premier: I am telling you the truth, and you are making a mis-statement.

Mr. WITHERS: The officers of the bank have a difficult task to perform. Perhaps they would be assisted by an inquiry. If a Royal Commission were appointed, some of the group settlers might be shown up in a bad light. The member for Nelson said the Commission should have authority to act. The Leader of the Opposition wanted to know what he meant by that. I have not discussed the matter with the hon. member, but I understand he meant that if a Commission were appointed and arrived at certain conclusions, the Government would act upon the recommendations.

The Premier: It is the Agricultural Bank that is in control of these settlements, not the Government.

Mr. WITHERS: Last night for three hours we were told by members of the Country Party that the Government should give effect to the finding of the Farmers' Disabilities Commission. On this occasion we are appealing for the appointment of a Royal Commission, which may bring in recommendations of a similar nature to those that were discussed last night.

The Premier: Why do you want this Commission? Tell us definitely why it is wanted. Are the cows bad cows?

Mr. WITHERS: The settlers say they are not good cows, whereas the General Manager of the bank says they are. There are cows that pay and cows that do not pay. We have reached a stage when we cannot

decide. The Premier knows that many deputations of South-Western members have waited upon him and appealed to him to do something for the group settlers. Can it be said that the settlers are satisfied, in view of all those deputations? The Royal Commissioners would be arbitrators.

The Premier: I have given you one suggestion to talk about. The Royal Commissioners are not going to sit on me.

Mr. WITHERS: To-day we want somebody to act as an arbitrator, and that is why I support the suggested Royal Commission. What will be the cost of a Royal Commission? I am not advocating a Royal Commission of members of Parliament, possibly without practical knowledge. Let us have a Royal Commission similar in quality to the Royal Commission that inquired into the disabilities of the farmers.

Hon. P. Collier: Would you be satisfied with the same results from your Royal Commission as followed from that one?

Mr. WITHERS: Surely the settlers and the Government are prepared to be bound by the findings of the Royal Commission. Settlers come under the Agricultural Bank not because the Agricultural Bank wants them. Some of the settlers are paying as much as £60 and £70 in interest.

Mr. Panton: Owing it, not paying it.

Mr. WITHERS: Some of them are paying it; others cannot pay it. The circumstances of some of these settlers are such that it is not possible for them to meet their obligations. I do not suggest that all the interest should be waived in order that the settler may make good, but my experience of the settler generally in the South-West is that the matter of interest stands between him and success. Mr. McLarty treats, and has treated, individual cases on their merits; but how far can Mr. McLarty, as controlling the Agricultural Bank, go in his generosity? The responsibility has been foisted upon the Agricultural Bank without any wish for it on the part of the officers of that institution. The trouble is that the initial basis of settlement was a failure. After a try-out over a number of years, group settlement has proved a failure and the scheme has been handed over to the Agricultural Bank. I know South-Western settlers who have to pay £60 or £70 per annum interest.

Mr. J. I. Mann: On how many cows?

Mr. WITHERS: On ten cows.

The Premier: No.

Mr WITHERS: I have here the figures and I can quote instances. I have a table, covering the four years from 1930 to 1934, showing that the man who starts off as a 10-cow profit man is assessed at a value of £112, plus £36 for two brood sows; a total of £148. His income for the first year is £148.

Mr. J. I. Mann: Is not that Hampshire's estimate?

Mr. WITHERS: No. These are the figures of an actual group settler. By increase of progeny, he has in 1934 fourteen cows. That is the estimate. His income in that year would be £255.

The Attorney General: How do you arrive at that?

Mr. WITHERS: Does the Attorney General want all the details?

The Attorney General: Did you say the settler's income would be £255 in cash?

Mr. WITHERS: That sum would represent his assets.

The Attorney General: A mixed farmer's income cannot be estimated in cash only.

Mr. WITHERS: In his first year this settler has £148 income, and he must pay £68 to the Agricultural Bank.

The Attorney General: You are treating the man as if he were running a shop.

Mr. WITHERS: Is not farming a business?

The Attorney General: No.

Mr. WITHERS: Then we had better give up farming.

The Attorney General: No, you had better not. That is the crux of what is wrong with Western Australia; people want to treat running a farm like running a shop.

Mr. WITHERS: After a period of four years the man is in the soup to the extent of £270 to the Agricultural Bank.

Hon. P. Collier: But prices might change.

Mr. WITHERS: They are 25 per cent. lower than previously.

Hon. P. Collier: Are they going to remain at that level until 1934?

Mr. WITHERS: If they do not remain at that level, the Agricultural Bank will be worse off. However, the bank will still make their full claim.

The Attorney General: Why not?

Mr. WITHERS: Agricultural Bank rates do not either rise or fall. At the end of four years the man is to the bad to the extent of £270. He cannot possibly meet his obligations. These figures have been tabulated by a man in actual practice.

Hon. P. Collier: In actual practice at drawing up tables!

Mr. WITHERS: Practical farmers tell us that the average cow is worth £6 per annum. Now, £6 per annum for ten cows means £60. But the interest alone is £60. What is the farmer going to live on? I am not here to disparage the conditions under which people can make a living in the South-West, and I believe that not one-tenth of the settlers there would fail to succeed if they did not have to meet interest obligations. There is the difficulty. If hon. members wish, I will give details of a private matter. I know a good sheep and cattle man whose mother financed him to the extent of £1,000 to take on a property at Boyup Brook. The £1,000 was not sufficient to complete the purchase. Eventually that man had to walk off the property and forfeit his mother's £1,000 because the interest on the remainder of the purchase price strangled him. He could not make a living on the place.

Hon. P. Collier: Apparently he was over-capitalised.

Mr. WITHERS: Possibly; but had that man possessed the full amount of cash to pay for the property and thus avoid loading himself up with interest, he would have been there to-day.

The Attorney General: If somebody would give me £20,000 I could live very happily on the interest.

Mr. WITHERS: The Agricultural Bank have a job to do. The Government say that the Agricultural Bank must collect certain moneys. I am not blaming the Agricultural Bank, but the very fact of their having to collect that money holds the settlers back. How can we help the settlers? Can we, who are not farmers, afford to forego the interest owing by the settlers? The Agricultural Bank say no. The settlers say, "You must forego the interest." The Royal Commission would be able to report how the position could be alleviated.

The Minister for Agriculture: The bank trustees are practical men.

Mr. WITHERS: Undoubtedly they are, but they have to work in accordance with an Act of Parliament. They are most generous in their actions, but they cannot help the position any more than any employee can. They are employees of the State, and have a certain job to do. They cannot possibly say to the settler, "We will forego your interest." They would not be allowed to do that.

The Attorney General: Do you mean forego it altogether?

Mr. WITHERS: Yes. If a Royal Commission of practical men were to inquire into the matter and make suggestions, the difficulty might be overcome. One Royal Commission has dealt with a certain aspect. Last night it took about four hours to impress upon the Government the need for carrying into effect the Royal Commission's findings. To-night we are not dealing with the findings of a Royal Commission, but are asking for the appointment of a Royal Commission to inquire into the needs of group settlers and Agricultural Bank clients. In the electorates that adjoin mine, including Sussex, Nelson and Collie, as well as Murray-Wellington, there are group settlement areas. From all of them I have been inundated with letters regarding the appointment of a Royal Commission. I have a group and a half in my own electorate, and the settlers there are making efforts to succeed. Even there are to be heard complaints. I do not say that the Agricultural Bank is to blame in any respect for the present-day position. The trustees have their work to do, and they are doing it well. They have been most generous in their treatment of many settlers. On the other hand, the trustees are hamstrung by legislation. A Royal Commission is necessary to ascertain whether they have acted along right lines, and whether it is possible for the settlers to make good. There are many hard-working genuine settlers who have put up a hard fight over a period of seven or eight years. Notwithstanding that I am afraid a great majority will never make good during their lifetime, but will have to abandon their holdings, evicted by the Agricultural Bank trustees because they have not been able to pay their interest.

Mr. J. I. Mann: And the capital on the blocks will be written down heavily.

Mr. WITHERS: Then strangers will take up their blocks and will become successful farmers. There is a great possibility that within the next decade many of the settlers will become prosperous, but they will not be the present-day settlers.

The Premier: Who told you that?

Mr. WITHERS: I know it.

The Premier: How many of them have motor cars?

Mr. WITHERS: Very few.

Mr. J. H. Smith: Not five per cent. have cars.

The Premier: More like 33 per cent.

Mr. WITHERS: Why is not some attempt made to retrieve the position? At Busselton it is possible to see almost everywhere, machinery that has never been used.

Hon. P. Collier: That has been written down. Where has the £3,000,000 gone that was written down?

Mr. WITHERS: What effort is being made by the present Government, or was made by past Governments, to retrieve any of that lost money? Are we to buy machinery, leave it in the paddock and not make any effort to retrieve money on that plant in order to give the settlers relief even to that extent? We can see spring carts, ploughs, cultivators, harrows and other implements that have been lying idle for five years, and have never been shifted away.

Mr. McLarty: Some were bought for £1 on the Peel Estate.

The Premier: And a Royal Commission is required to go into that matter!

Mr. WITHERS: If the Government secured some return from that plant, they could relieve the settlers to that extent. It is all very well to ask: Where has the written-off total of £3,000,000 gone?

Mr. J. H. Smith: That went in overhead expenses.

Mr. WITHERS: The present settlers would not benefit if the whole of the principal were written off to-morrow. On the other hand, settlers who take over the work later on will secure partly cleared holdings, with little responsibility attaching to them. They will become prosperous settlers and be an asset to the State. That is all we have to look forward to. There is no prospect of the present settlers becoming prosperous. They are in a bad way to-day. I hope the House will seriously consider the advisability of appointing a Royal Commission of practical men who will be able to furnish practical recommendations and point to the cause of the trouble. When we ascertain the cause, we shall benefit from the effect. The Royal Commission would be able to determine whether the settler, the land, the Government or the Agricultural Bank trus-

tees have been at fault. With a Royal Commission we can get down to tin tacks and find out the true position of affairs.

On motion by Mr. Sleeman, debate adjourned.

*House adjourned at 10.6 p.m.*

## Legislative Council,

*Tuesday, 24th November, 1931.*

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

## QUESTION—TRAFFIC ACT.

### *Farmers' Requirements.*

Hon. A. THOMSON asked the Chief Secretary: 1, Are the Government aware that, under the administration of the Traffic Act, a farmer is debarred from carting from Perth in his own truck bags required for containing his wheat or wool? 2, Will the Government consider amending the Act to enable farmers to cart any requirements for the carrying-on of their business?

The CHIEF SECRETARY replied: 1, Yes, if the extra prescribed fee has not been paid, although in exceptional cases permits have been issued. 2, No. The Act permits a farmer to carry requisites for production or use from the siding or town nearest to his farm without paying the extra fee.

## QUESTION—WORKERS' HOMES.

### *Reduction of Interest Rates.*

Hon. W. H. KITSON asked the Chief Secretary: What reduction of interest has been granted to clients of the Workers' Homes Board, and from what date does the reduction operate?

The CHIEF SECRETARY replied: One half per cent. to those clients paying interest at the rate of 7 per cent., less one half per cent. for prompt payment. To date from the 1st December, 1931.

## MOTION—STATE FORESTS REVOCATION.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East) [4.36]: I move—

That the proposal for the partial revocation of State Forests Nos. 5, 14, 15, 20, 22, 24, 25, 27, 30, 32, 34, 36, 37, 38, and 39, laid on the Table of the Legislative Council by the command of His Excellency the Administrator on the 19th November, 1931, be carried out. At the last sitting of the House I stated that I would lay on the Table full particulars of each of the revocations, thus affording hon. members ample information. This has been done.

Question put and passed.

## BILL—STAMP ACT AMENDMENT (No. 4).

### *Assembly's Message.*

Message from the Assembly notifying that it had agreed to amendments Nos. 1 and 2, 5 to 12 inclusive, and 14 to 20 inclusive made by the Council, and disagreed to Nos. 3, 4 and 13, and giving reasons, now considered.

### *In Committee.*

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

No. 3. Clause 5.—Delete "of" and insert "not exceeding," in line 37.

Assembly's reason for not agreeing to the amendment:—"Do not see how amendment alters the meaning."

The CHIEF SECRETARY: I move—

That the amendment be not insisted on.