small section of the people after all, and why should we go to the expense of taking a vote that will be of no value when taken, that will not assist the State, but will bring it into ridicule and will weaken our position from a Federal point of view. The Bill should not be passed, but if it is passed, the only way of getting a practical vote would be by providing for compulsory voting.

MR. WITHERS (Bunbury) [10.14]: I rise to make an explanation on the question involved in the Bill. It is not a question of whether we are in favour of secession or otherwise. The Bill has not been discussed from that angle. When the Premier was moving the second reading of the Bill, I made an interjection, and he said that I was a unificationist and he was a secessionist. The Premier had no authority for saying that I was a unificationist because I have never said I was. I have never said that I was an anti-secessionist or a secessionist, but I have said that I am not in favour of this Bill. My reasons for saying that were those outlined by the members of the Opposition who have spoken to the Bill. I want to know whether the Premier has any definite idea as to how he will achieve the objective if the referendum be carried. He merely stated that if it were carried, it would influence the Imperial Government to grant our request for separation. I hope and trust that before the Bill is passed the Premier will indicate to the people how the object will be attained. As a representative of the people, I do not want to see the country committed to the expenditure of money for a purpose which we fully realise will be absolutely futile. In the event of the Bill being carried, will the Premier arrange to take a referendum at an early date so that the minds of the people may be set at ease? Further if the referendum is in favour of secession, will he then hurry the matter on to prove whether it is possible to give effect to the desires he has expressed? If the referendum should be favourable to secession, I do not want the uncertainty to be held over the heads of the people for a considerable time. If the Bill be passed I should like to see the referendum taken as soon as possible, so that it can be shown to the people of Australia, and more particularly to those advocating secession, whether it is possible to bring secession about. Apart from the question of whether one may be a secessionist or an anti-secessionist, I hope the Bill will not be passed.

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

Ayes	..	..	23
Noes	..	..	19
Majority for	..	..	4

AYES.	
Mr. Angelo	Sir James Mitchell
Mr. Barnard	Mr. Patrick
Mr. Brown	Mr. Piesse
Mr. Doney	Mr. Richardson
Mr. Ferguson	Mr. Sampson
Mr. Griffiths	Mr. Scaddan
Mr. Keenan	Mr. J. H. Smith
Mr. Latham	Mr. J. M. Smith
Mr. Lindsay	Mr. Thorn
Mr. H. W. Mann	Mr. Wells
Mr. J. I. Mann	Mr. North
Mr. McLarty	*(Teller.)*

NOES.	
Mr. Collier	Mr. Munsie
Mr. Corboy	Mr. Fenton
Mr. Coverley	Mr. Raphael
Mr. Cunningham	Mr. Sleeman
Mr. Hegney	Mr. Troy
Mr. Johnson	Mr. Wansbrough
Mr. Lamond	Mr. Willcock
Mr. Marshall	Mr. Withers
Mr. McCallum	Mr. Wilson
Mr. Millington	*(Teller.)*

Question thus passed.

Bill read a second time.

House adjourned at 10.22 p.m.

Legislative Council,

Thursday, 26th November, 1931.

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Assent to Bill	5475
Bills: Land and Income Tax Assessment Act Amendment (No. 3), 3R., passed	5476
Electric Lighting Act Amendment, 2R. ...	5476
Land Act Amendment (No. 2), Com.	5480
Debt Conversion Agreement (No. 2), 1R., 2R. ...	5486
Companies Act Amendment, 2R., Com. ...	5488
Tenants, Purchasers and Mortgagors' Relief Act Amendment, 2R., Com., Report	5493
Loan (No. 2), £2,450,000, 2R., Com.	5496

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

ASSENT TO BILL.

Message from the Administrator received and read, notifying assent to the Stamp Act Amendment Bill (No. 4).

BILL—LAND AND INCOME TAX ASSESSMENT ACT AMENDMENT (No. 3).

Read a third time, and *passed.*

BILL—ELECTRIC LIGHTING ACT AMENDMENT.

Second Reading.

Debate resumed from the previous day.

HON. SIR WILLIAM LATHLAIN (Metropolitan-Suburban) [4.38]: Whilst I intend to support the Bill, I desire to sound a note of warning as regards the alienation of any of the powers which the Government may hold at Collie in connection with the electric lighting scheme. The question of future electric lighting has been debated here frequently. Probably there is no more important subject than that of the future supply of electricity throughout the State. Speaking on this matter a year or two ago, I mentioned that in the Mother Country endeavours are being made to solve this difficult problem by dismantling hundreds of small power stations and creating five or six big power stations to supply practically the whole of the electric power required in Great Britain. We know that at Collie various companies have started works of their own, and I regard that as a fine example. It is marvellous to observe the modern and up-to-date methods used for converting pulverised coal finally into electric power at Collie. However, it is the expressed opinion of many members that power should be generated at Collie for the future supply of electricity to the metropolitan area, and indeed to the principal portion of the State. The Government are now paying about £70,000 per annum for the transport of coal from Collie to the power station at East Perth. During the recent discussion of the Estimates in another place, serious criticism was levelled at the Perth City Council in respect of the contract for electricity supply entered into some years ago. I could reply effectively to that criticism, but do not propose to do so just now. My desire is to assist the Government in every possible way. The Bill proposes to grant power to various municipalities to erect poles in order to transmit electricity to some of the outlying districts. I presume this will be done in the case of Bunbury, Busselton, and other parts of the South-West. It is private enterprise, to which I do not object; but there are other proposals which might seriously affect the position later. Suppose, for the sake of argument, that there was a desire to extend towards the metropolitan area, eventually reaching Mundijong or even Kalamunda; what would then be the position regarding any Government supply which might be created at Collie? The State would have practically disposed of any rights it possessed in the matter. That is the note of warning I wish to sound, and sound earnestly, as regards giving away concessions in the manner proposed. If it is intended to give private companies the right to extend their lines citywards, what would be the position of the Government supply if, as eventually must be the case, the State decided to establish a power house at Collie? To me it seems a terrific waste of money to spend £70,000 annually on the transport of Collie coal to Perth, having regard to the ease with which the coal is pulverised. The whole of that amount might be saved by generating the power at Collie. The power which will eventually need to be transmitted from Collie will be on a huge scale. On a previous occasion we were told that it would cost £1,000,000 to £1,500,000 to establish a power house at Collie. Even such amounts, however, are not out of the way when we consider that £70,000 a year is being spent for the cartage of coal, which amount would be saved, and would go a long way towards payment of interest and sinking fund on the capital cost involved. I have gained a great deal of information regarding this matter from both Italy and Britain. As one travels through Italy one sees no place where power is generated but one does see wires laid over all the mountains and throughout the length and breadth of Italy. The work has been carried out by a big American firm, I understand. In discussing the subject with a prominent engineer in London, I suggested the advisableness of the Government getting the best expert adviser to report upon the generating of power at Collie. At present the position is that the Perth City Council are obtaining power at less than cost price. However, Mr. Crocker, the late general manager of the Perth Electricity and Gas Department, definitely stated on more than one occasion that he could produce power at the price being paid by the Council, or less. This has been ampli-

fied by statements of the present general manager. However I do not wish to discuss that phase of the subject. The point I wish to stress is whether the Government realise that in giving away rights to private companies they may seriously endanger their own powers when it comes, as I think eventually it will, to the establishment of a big power house at Collie.

Hon. G. Fraser: Do you want more State enterprise?

Hon. Sir WILLIAM LATHLAIN: This is something the Government are undertaking at the present time. Every two or three years the State spends an additional £250,000 for extensions required at the East Perth power station. Notwithstanding that fact, the State continues to spend £70,000 anually for the transport of Collie coal. Eventually it will be necessary in the interests of economy and efficiency for the Government to establish their own station at Collie. I am only sounding this warning note so that the Government shall not give away the rights they possess in that respect. From inquiries I have made I am certain that before very long it will be necessary for the Government to consider very seriously their future policy in respect to the generation of power. I will support the second reading.

HON. J. CORNELL (South) [4.46]: I join with Sir William Lathlain in issuing a note of warning. I am totally opposed to the Bill as it stands. It will apply only to the new power station at Collie, all other people interested being already provided for, as, for instance, those at Kalgoorlie. The purpose of the Bill is to allow a local authority to grant to a corporation or company or person generating electric current a license to carry that current through the local authority's area. Then the adjoining local authority will issue the same license and so, as Sir William has said, if the local authorities are willing, there is nothing to prevent the Collie power station from competing up here in the metropolitan area. All things considered, the new power station at Collie can put it well over the Government power supply whenever it likes, for the simple reason that it has the coal with which to generate the electricity. The Collie station has a monopoly of the coal of the State. We have seen adown the years what has happened with this monopoly. that it can lower or raise wages and pass on the burden to the community. I trust that when the Bill is in Committee members will delimit its scope and not allow any local authority to pass outside a given area.

Hon. G. W. Miles: What area do you suggest?

Hon. J. CORNELL: I say the Bill is ill-conceived and loosely drawn. To-day we have two big power stations, our own and that at Collie, and the control of the Collie station is to be handed over to the very people who control the coal supply. Now it is proposed to authorise the local authorities to issue a license to that company to erect poles. Who is going to blame, say, the Harvey local authority, situated about midway between Collie and Perth, if they allow the Collie company to erect poles and convey electric power to that area in competition with the Government supply? That position cannot be tolerated. A few years ago I happened to inspect one of the largest power stations in North America, that at Niagara River, the Ontario power station. At its inception it was a private concern, but in the interests of the province of Ontario the people converted it into an instrumentality of the province of Ontario, and so it remains to-day. I do not desire to say anything further, except to repeat the warning that in passing this Bill as it stands we shall be treading on dangerous ground.

HON. G. FRASER (West) [4.50]: I also want to emphasise the contention that in Committee it will be necessary to lay down some restrictions. I have the greatest admiration for the company at Collie which established the power scheme, a very progressive company; but we cannot get away from the fact that within a very few years they will be serious competitors with the Government for the supply of electricity in this portion of the State. Through dealing with certain local authorities who have a monopoly of the electricity supplies, one knows that unless certain restrictions are made, the people are not likely to get the full benefit of the service. I have it in mind that in my own district the Fremantle Tramway Board have a monopoly of the electricity supply. During the past 12 months or two years people in certain parts of the

district have been paying much more for the current than they would have to pay were it not for the monopoly the board have. Market gardeners at Spearwood and in the Coogee district, and certain other primary producers in the Melville district went into the question thoroughly a few months ago. It was found that in the Melville district, on one side of the road, those who were fortunate enough to live there obtained current at 1½d. per unit, whilst those on the other side of the road had to pay 4½d. The reason was that the Fremantle Tramway Board had a monopoly of the supply in that district on one side of the road, while on the other side the electricity was supplied by the Government. So it would be very dangerous to give any board a monopoly over the power supply without reservations being made as to the price to be charged. Primary producers in the district to which I refer have to compete in the Perth market against the primary producers of Osborne Park, who get electric current at something like 3d. per unit cheaper than do the people in the Melville and Spearwood districts. Efforts have been made to reduce the price of current to those people, but the board say it is impossible to supply current at a lesser rate. Still, it is peculiar that the Government can supply one portion of the State, quite as inaccessible as is the district referred to, at a much cheaper rate. Whilst having the greatest admiration for the manner in which the Collie Power Company have tackled this question, I realise the danger in giving a monopoly to them without safeguards, because immediately they get that monopoly they may have a tendency to increase the price of current to consumers. Even the Government with their monopoly are not free from blame in supplying current. Recently I was interested in one portion of the district where the local people were endeavouring to get one or two little redresses, one item being the minimum charge for current supplied by the Government. In most municipalities the suppliers have a minimum fee of 2s. 6d. per month, but the Government have had a minimum fee of 15s. per quarter, equal to 5s. per month. Endeavours were made to get the Electricity Department to reduce that amount to 7s. 6d. per quarter, and I understand the Government have now agreed to reduce it to 10s. If it is possible for municipalities to reduce it to 7s. 6d. per quarter, it should be possible for the Government to do the same. Whilst this may not appear to be a very important point, I remind members that in these stressful times 10s. or 15s. per quarter is a very serious item to many residents.

Hon. C. B. Williams: It is much cheaper than buying candles or kerosene.

Hon. G. FRASER: The point I am endeavouring to make is that because the Government have a monopoly of the supply, they do not need to give to these questions the serious consideration they otherwise would give.

Hon. A. Thomson: Which clause in the Bill gives the Collie company a monopoly?

Hon. G. FRASER: It is provided in the Bill that the local authorities shall have power to grant licenses for the erection of poles.

Hon. A. Thomson: They have that power to-day.

Hon. G. FRASER: Then why the necessity for the Bill?

Hon. Sir Edward Wittenoom: Is not this monopoly surrounded by all sorts of regulations?

Hon. J. Nicholson: No.

Hon. Sir Edward Wittenoom: I say it is. Here are the regulations set forth.

Hon. G. FRASER: Yes, but there is nothing vital in those regulations.

Hon. Sir Edward Wittenoom: Would you like to throw out the Bill?

Hon. G. FRASER: No, I merely want to endorse the note of warning sounded by previous speakers. We do not want to set up another monopoly.

Hon. Sir Edward Wittenoom: There are in the Bill all sorts of conditions—A. B. C. D. E.

Hon. G. FRASER: You might have the whole alphabet there and still it might not afford the necessary safeguard. I trust members will give serious consideration to that phase of the question, because in the past advantage has been taken of monopolies. If possible, we require to prevent that in the future. I see a clause is inserted to permit the local authorities to extend their agreement from 21 years to 50 years. I am not favourably disposed towards that, because I know communities which to-day are labouring under bad

agreements made many years ago, and will have to suffer until 1939.

Hon. Sir Edward Wittenoom: Well, how are you going to expend £100,000 in such a way that it will be repaid in 21 years? Of course you have not had much experience of that sort of thing.

Hon. G. FRASER: No, I have not, but the companies, when they went into that scheme, knew that 21 years was the limit. I consider 21 years ample, and I am not in favour of 50 years, for it is altogether too long for us to legislate upon. I say 21 years is sufficient, for I know of communities suffering in consequence of 21 years being too long a period.

HON. A. THOMSON (South-East) [5.0]: I am somewhat surprised at the opposition that is offered to the passing of the Bill, although I find that the local authorities already have power to enter into any arrangement to acquire or purchase, etc., works defined in the Road Districts Act, and to sell or supply current or contract with other persons to do so.

Hon. J. Cornell: They can buy power and distribute it, but under the Bill they will not be able to do so.

Hon. A. THOMSON: They also have power to enter into a contract with any company to supply a town with electricity. Therefore, I can scarcely see the necessity for the Bill.

Hon. J. Cornell: But they have not the power to allow a company to erect poles in their territory.

Hon. A. THOMSON: Yes, they have.

Hon. J. Cornell: Then why the necessity for the Bill?

Hon. A. THOMSON: That is what I should like to know. What surprises me is the warning that is raised that it is possible for some up-to-date business firm in existence, or that may come into being, to compete against the Government. That is what we are suffering from in many of our departments to-day. We employ obsolete methods and carry on with obsolete systems. We have not brought ourselves up-to-date in many of our departments—I have in mind particularly the railways, and we have heard it expressed that they are objecting to competition. Mr. Fraser quoted an instance that on one side of the road in a particular locality current was sold at 1¼d. and on the opposite side at 4½d. Why debar people from obtaining cheaper current if it is possible for them to get it at the cheaper rate? Why debar this company from extending operations if they can supply current at a cheaper rate than that charged by the Government? In the interests of the consumers and the manufacturing industries we should encourage the production and distribution of cheaper power. Then we should be able to meet competition from other parts of the world.

Hon. J. Cornell: In other words scrap our system straight away.

Hon. A. THOMSON: We have heard a great deal about the contract entered into by the City Council with the Government under which contract the Government supply current to the council at a rate cheaper than that at which it can be produced. Yet we find Sir William Lathlain stating on the authority of the City Council engineers, that the council could produce current at a rate even cheaper than that at which it is being supplied by the Government. We should not be concerned about the possibility of competition with the Government by a private company; rather should we be concerned about cheapening the cost of production of current. If we are to compete in the overseas markets, we must bring ourselves up to date and the cost of production must be reduced to a minimum. We know that manufacturing firms do not hesitate to scrap any machinery if a plant of a newer kind can be introduced to reduce the cost. Why should we prevent the company referred to in the Bill from extending their operations if they can supply current at a cheaper rate than that at which it can be supplied by the Government?

Hon. J. Cornell: Do the Government squeeze out other people so as to prevent competition?

Hon. A. THOMSON: That interjection enables me to draw attention to what has actually occurred in connection with the competition which the suburban railways and tramways are experiencing from motor vehicles. A number of taxi drivers were licensed to convey passengers between Perth and Fremantle, but when it was found that the competition with the railways and tramways was more serious than at first it was thought it would be, the Government framed regulations to control the motor traffic. The motor vehicle owners took the matter to court and de-

feated the Government. The Government thereupon introduced an amendment to the Traffic Act to enable them to carry out their desire. There we had a number of men who had invested their capital in motor vehicles and were making a living by conveying passengers along the Perth-Fremantle route. The Government, however, endeavoured to ruin those men because they were competing with the railways and tramways.

The Chief Secretary: The intention of Parliament was defeated.

Hon. A. THOMSON: I do not think it was the intention of Parliament to ruin the taxi drivers who put their all into the purchase of vehicles which the Government licensed, and to whom the Government said at the outset, "Provided you comply with our conditions you may proceed to carry passengers." Soon afterwards regulations were framed which made it impossible for those drivers to carry on their business.

The Chief Secretary: No, no!

Hon. A. THOMSON: I can give the Minister a concrete case that came under my notice this week. There is just as much to fear from Government monopoly as there is from other monopolies. We want as far as possible to encourage the investment of capital in the development of new industries. Why throw a spanner into the wheels of industry to prevent development? If the Collie company can supply cheap current which will have the effect of improving conditions in the districts in which the company intend to operate, we should do everything in our power to assist that company. In New Zealand the whole country is supplied with current, and the bulk of the work on farms is done by the use of electrical appliances. I hope the same happy state of affairs will take place here in the not distant future.

On motion by Chief Secretary, debate adjourned.

BILL—LAND ACT AMENDMENT (No. 2).

In Committee.

Resumed from the previous day: Hon. J. Cornell in the Chair, the Chief Secretary in charge of the Bill.

Clause 2—Adjustment and appraisement of rentals of pastoral leases:

The CHAIRMAN: Progress was reported on Clause 2. The question before the Chair is that Clause 2 stand as amended.

The CHIEF SECRETARY: At the previous sitting the word "twenty" was struck out, but no other word was inserted, though it was the intention of an hon. member to insert the word "forty." I moved that progress be reported, because I knew that if the word "forty" were inserted, the Bill would have to be laid aside. I have no wish that that statement should be regarded as a threat; it is not a threat. The Government have gone to the utmost limit in agreeing with the recommendations made by the Commission that investigated conditions in the North, and if the suggested amendment be agreed to it will mean the loss of some thousands of pounds of revenue. The Government cannot afford to lose anything in the shape of revenue. I am sure that members representing the North of the State are just as anxious as the Government to do everything in their power to assist settlement in the North, but unfortunately the Government cannot accept the amendment it was proposed to move the other evening. It is my intention to recommit the Bill so as to reinstate the word "twenty" which was struck out.

Hon. Sir EDWARD WITTENOOM: Although I supported the amendment at the earlier sitting it is my intention now to support the Government's desire that the clause should be permitted to stand as it originally appeared.

Hon. G. W. MILES: After hearing the remarks of the Minister that the Bill would be laid aside if the amendment were insisted upon I shall offer no further opposition to the clause. At the same time I still think that West Kimberley should receive the same consideration as East Kimberley. If the southern boundary of East Kimberley, for the purposes of Clause 2, were taken as the 21st degree of south latitude, it would enable Sturt Creek and Billiluna stations to benefit. As the clause stands, they will not be covered. Those two stations are as far out as any of the others, and I think consideration should be given to them.

The CHIEF SECRETARY: It does seem harsh, particularly regarding Billiluna

Station, but it must be remembered that both stations will benefit by any reduction in the price of wool. In addition to that, £22,000 has been expended on the Canning Stock Route for the stations. I am informed that no other cattle than those from Sturt Creek and Billiluna will travel over that route. While I realise it is unfortunate, I am afraid I cannot accept the amendment.

Hon. G. W. MILES: I had intended to move an amendment to extend the boundary of East Kimberley for the purposes of the Act, to the 21st degree of south latitude, but I wanted to hear the Minister's explanation of the point I had raised. I am afraid his decision does not do justice to the station owners I have in mind. The price of wool may go up, and those station owners will have to pay increased rents. But at that time the price of cattle may be down. The history of the pastoral areas is that prices run in cycles, and when wool is up, cattle are down.

Hon. W. H. Kitson: Are these sheep stations?

Hon. G. W. MILES: No, cattle stations. If the Minister will not accept the amendment I intended to move, I shall not place it before hon. members.

Hon. J. J. HOLMES: The Minister's objection is that the price of wool may go down, in which event the station owners would benefit, and, in addition, that £22,000 has been spent on the Canning Stock Route. In the area affected there are a number of other cattle stations and their pastoral leases will be controlled by the price of wool.

Hon. G. Fraser: It seems to be most anomalous.

Hon. J. J. HOLMES: Yes, and it demonstrates that more care might have been exercised in drafting the Bill. While the price of wool may rise, and the rentals will be increased accordingly, it may easily be that cattle will have decreased in value. Despite that fact, the cattle men will have to pay more rent because the price of wool has increased. I suppose we shall have to accept the Bill with the anomaly, and hope for the best in the future.

Hon. G. W. Miles: I move an amendment—

That after "price" in line 10 of paragraph (b) the words "realised at Perth auction sales" be inserted.

If the amendment be agreed to, it will mean that the value of wool will be arrived at on the basis of Perth auction sales, and that will be more simple than waiting until a few thousand bales that may be exported and sold in London are disposed of, and particulars of prices realised are ascertained. I do not know whether the Government will accept the amendment, but it will provide an easy method of checking wool prices.

The CHIEF SECRETARY: I am afraid I cannot accept the amendment, because it is rather dangerous. It must be remembered that a considerable proportion of the wool shipped from the North is sent overseas, and it may be that the overseas prices may be below local prices. On the other hand, they may be higher. It will be seen, therefore, that the amendment is dangerous from the point of view of the pastoralists themselves. I think the scheme to take the average price is more reasonable, and we would then have the real value of wool instead of fluctuating values.

Amendment put and negatived.

Hon. G. W. MILES: I move an amendment—

That all the words after "avoirdupois" in line 22 of paragraph (b) be struck out.

The effect of the amendment will be to avoid the necessity for pastoralists paying additional rental when the average price of greasy wool exceeds 1s. per lb. avoirdupois. I trust that the Committee will accept the amendment, unless the Minister can advance good reasons to show why that course should not be adopted. If the Government had provided for a price of 1s. 3d. per lb., it might have been rather different. When the original proposal was made, the price of wool was 1s. 3d. per lb., and there was a market for surplus sheep. To-day the latest proposal to fix the average price at 1s., with provision for a variation of 6 per cent. in rentals, according as the price rises or decreases, is advanced at a time when wool prices are down and there is no market for surplus sheep. My amendment will assist the wool growers.

The CHIEF SECRETARY: The amendment means that all the benefit is to accrue to the pastoralists, and none to the Government.

Hon. G. W. Miles: We are seeking relief for the pastoralists.

The CHIEF SECRETARY: That is so, but the amendment will mean that while the general taxpayers will have to shoulder the losses incurred during years when the price of wool is down, they will not be entitled to any benefit when wool prices rise. I hope the Committee will realise the position, and agree that the arrangement must work equitably.

Hon. H. J. YELLAND: I realise the force of the argument advanced by the Minister, and, to get over the difficulty, we might alter the 1s. to 1s. 3d.

Hon. G. W. Miles: But the Government would never agree to that. We have already been told that the Government have no money with which to make further concessions.

Hon. H. J. YELLAND: It could hardly be expected that the Government would agree to a reduction when wool prices were lower and not expect some benefit when prices increased.

Hon. G. W. Miles: I am fighting a rear-guard action, apparently.

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

Clause 3—Area of certain free homestead farms may be increased:

Hon. V. HAMERSLEY: I move an amendment—

That at the end of the clause a proviso be inserted as follows:—"Provided that no area so granted shall exceed 320 acres."

The clause as it stands is too wide and might enable thousands of applications to be made for free homestead farms of 1,000 acres or more. There should be some limit provided. If the Government desired to exceed the stipulated area, they could approach Parliament regarding specified proposals. I am not wedded to 320 acres, but some safeguard should be inserted.

The CHIEF SECRETARY: Many members are apparently under a misapprehension. The clause does not refer to all the land in Western Australia. It refers to land under Part V. of the Land Act, land in the group areas. Some of such land is poor, and greater areas are required in order to enable settlers to make a living. Of rich land, no Government would grant more than 160 acres as a free homestead farm. With the restrictions under Part V. of the Act, there is no danger. Some of the land is so poor that it would probably pay the State to give it to people, provided they carried out the improvement conditions.

Hon. J. J. HOLMES: A dangerous precedent would be created if we empowered any Minister to grant a free homestead farm of unlimited area.

The Chief Secretary: It has already been done.

Hon. J. J. HOLMES: Yes, I know what happened on the Peel estate. The people who established Western Australia provided Class A reserves to make available facilities for travelling stock, and those reserves will be retained forever. They did not give a Minister power to dispose of the land as he thought fit. They provided for the non-alienation of those reserves except with the sanction of Parliament. Now we are asked to empower the Minister to give away as much land as he likes. Surely group land would be surveyed and classified before the settlers were sent there! If the land is not good enough to enable settlers to make a living, we shall be making further trouble for ourselves by putting them on such land.

Hon. H. J. YELLAND: I know the difficulty confronting the Government. Much land surveyed for group settlement and special settlements in the South-West contains areas that are practically useless, and the suggestion is that such area should be granted in addition to the free homestead farm. The difficulty might be overcome if Mr. Hamersley altered his amendment to read, "Provided that no area so granted shall exceed 160 acres of cultivable land."

The CHAIRMAN: A definition of "cultivable land" would be necessary.

Hon. H. J. YELLAND: That is already provided in the Act.

Hon. J. J. Holmes: It is said that all land is good; it is only a question of handling it.

Hon. H. J. YELLAND: I should like to see the hon. member try to run a farm on some of the hills in the South-West without having good cultivable land intermixed.

Hon. G. W. MILES: I am inclined to support the amendment but I should like to know what the attitude of the Government to the Bill would be if we passed it.

The Chief Secretary: It will not result in the Bill being laid aside.

Hon. J. J. HOLMES: I am glad to have the Minister's assurance. If the passage of

the Bill will not be jeopardised I feel disposed to vote against the clause.

The CHIEF SECRETARY: The clause is required to enable the Government to settle unemployed married men on poor land in special settlements north of Albany and such like districts. If the clause be rejected, we shall be holding up settlement. Any limitation of area should be not less than 500 or 600 acres.

Hon. J. M. Drew: Would it not apply to all the group settlements?

The CHIEF SECRETARY: It would apply to some of the groups.

Hon. A. Thomson: I suppose some of them have already been granted more than 160 acres?

The CHIEF SECRETARY: Yes. There is power to grant it in group areas, but we want to be able to do it in other areas.

Hon. A. THOMSON: I hope Mr. Hamersley will agree to increase the area. In my district large areas are lying idle and people desirous of taking up such land rightly claim that the free homestead area on third-class land should be much larger than on first-class land. Those who have had experience know that some of the poor gravelly sandplain which we are anxious to see taken up and which at present is only a breeding place for vermin, would have to be worked in large areas. If such land were given to a settler, and he developed it, he would be a public benefactor.

The Chief Secretary: The settlers must fulfil certain conditions.

Hon. A. THOMSON: They should be regarded as public benefactors if they take up this sort of land. If in the case of first-class land a settler is entitled to a homestead block of 160 acres, he is entitled to 320 acres in the case of second-class land, and to still more in the case of third-class land. I am sure no Minister would give away 500 acres of first-class land. What I want to see is an increase in the area of homestead blocks in cases where the balance of the holding is of poor class. I move—

That the amendment be amended by striking out "320" and inserting "500."

Hon. J. M. DREW: The longer I live the more am I confused about the development of group settlement. About three years ago I stated in the House that the original scheme provided for the clearing of 25 acres, that the increased cost of the settlement was due to the fact that actually from 75 to 100 acres had to be cleared, but that this larger area would be ample to place the settlers on the path to prosperity. We now find that even 160 acres are of no use, and that an unlimited area should be given to the settler. Surely the Government should make no effort to settle people on poor land. Already we have had too many examples of the ill-success attending that sort of thing. Apparently this proposal is to extend settlement onto poor country. To that I am strongly opposed. The principle should certainly not apply to the group settlements.

The CHIEF SECRETARY: I am astonished at the remarks of Mr. Drew. Are we to understand we must do nothing to settle our poorer class of land? I would point out that in the case of the group settlements many blocks had to be joined together so that the family concerned might make a living. We ought to be glad that people are ready to go on the land. After all, these properties must be improved before any Crown grant is made to the occupier. In such areas as Bridgetown, Balingup and Manjimup an area of 160 acres is sufficient for a man, but that may not be so in any other areas. The Bill provides for the taking up of useless land which ultimately should become revenue-producing for the State as well as the owner.

Hon. J. J. HOLMES: The married unemployed man has enough troubles without his being associated with inferior land, especially when there is any amount of good land available. We are dealing with people who do not understand the difference between good and bad land. We have no right to put them on country from which they cannot hope to make a living. On the Peel Estate some of the settlers used to work seven days in the week. If they had known how unsuitable their blocks were, they would not have stayed a single day, but they remained until they were starved off. We do not want a repetition of that sort of thing. If we are going to put unemployed married men on the land, let us give them 160 acres of good country. The only people who could be induced to take up 500 acres of inferior land would be those who knew nothing about the business, and they would not last very long as settlers. I feel inclined to vote against the whole clause.

Hon. W. H. KITSON: There should be some limitation in respect to the area of first-class land included in every area that is granted. The clause could be so amended that in no case will a free homestead area contain more than 160 acres of first-class land.

Hon. V. Hamersley: Or its equivalent.

Hon. W. H. KITSON: Some areas of 400 acres may include 90 acres of first-class land, and the occupier might be able to make a living out of the total area. In other cases a 600-acre block may not contain more than 40 acres of first-class land. Provision should be made that there is a sufficient area of first-class land to make it possible for the settler to live.

Hon. Sir CHARLES NATHAN: There should be a definite limit as to the amount of land to be given. It is suggested that the unemployed should be put upon land of such poor quality that they will require 500 acres in order to make a living.

The Chief Secretary: It would have to be better than the Peel Estate.

Hon. Sir CHARLES NATHAN: An area of 1,000 acres would be of no use in such circumstances. The greater the area, the worse the proposition for the settler. This type of man would have no money and would soon be loaded up with debt on an impossible proposition. Already we know that in the group settlements men have been given land from which they were unable to make a living, and the areas are being extended without statutory authority. This proposal applies to land that still remains to be thrown open. I shall vote against the clause as it stands.

Hon. C. H. WITTENOOM: I am opposed to both amendments. The area of land to be given to these people should be left to the Minister's discretion. The applicants will not all be failures. Many of them the Minister might recognise as good farmers; on the other hand, some would be men incapable of utilising anything but small blocks. In the Great Southern districts there are, for example, scattered swamps surrounded by country which is fairly bad, and of which not much use can be made. I hope the clause will pass as printed.

Hon. V. HAMERSLEY: It appears that we are about to resume the system, abandoned 100 years ago, of giving away land. Many homestead farms have been worked successfully; in other cases the holders have not done a tap, but have merely waited for purchasers of the free grants. As is shown by the words "in respect of applications made after the commencement of this Act," the provision does not apply only to homestead farms already granted. The Land Act differentiates between first, second, and third class land; a man can take 1,000 acres of first class land, or equivalent areas of second class and third class. In the interests of the Minister himself, there should be a maximum fixed. If the Minister is put on the box seat as the clause proposes, he will find himself inundated with applications.

Hon. H. J. YELLAND: As the result of the discussion I have come to the conclusion that Mr. Thomson's suggestion, to limit the area to 500 acres, would safeguard the Minister. It would also bring up for consideration by the Minister the anomalies existing in the South-West. No Minister would give away 500 acres of first class land in the South-West. The homestead farm principle was introduced to enable men to have an area on which they could live and, as their operations extended, purchase additional land. In order to obtain 100 or 120 acres of good land, a man would have to take in a large area of poor land; otherwise he would not get a square survey. Surveyors have not surveyed along the circuitous route of good land, but have kept to the straight lines of the compass, thus taking in considerable areas of poor land which is of no use. The amount of cultivable land might be limited to 160 acres. I would suggest adding to Mr. Thomson's amendment the words "of which not more than 160 acres shall be cultivable."

Hon. W. H. KITSON: The difficulty might be overcome by adding a proviso to the clause without limiting the area which the Minister may grant. The proviso might read, "Provided that in no case shall the area of first class land included in the free homestead farm exceed 160 acres." From personal experience I know of the difficulty of working some of the land here. Portion of the country on which the unemployed are being placed is excellent, but the balance is poor. If those men are to make a success of their holdings, they must have larger areas than 160 acres in order to obtain 160 acres of cultivable land.

Hon. A. THOMSON: I ask leave to withdraw my amendment on the amendment.

Leave refused.

Hon. J. NICHOLSON: The views expressed by Mr. Holmes have impressed me. They show the need for the observance of some strict rule in dealing with these lands. It is always possible for any man who has secured a piece of land of mixed character to acquire any land outside by the ordinary method of purchase from the Crown. If we give the Minister power to grant up to any area, there is the material risk that on some of those lands there may be useful minerals.

The CHAIRMAN: There is nothing in the clause dealing with mineral rights.

Hon. J. NICHOLSON: No; but if rights are given over an unlimited area, the Minister may grant certain rights of ownership which are unnecessary in the circumstances. Mr. Yelland's suggestion might meet the case.

The CHIEF SECRETARY: Mr. Kitson's suggestion is good. Why restrict the matter to inferior land? There will be a certain area of good land in each block. A restriction to 160 acres of cultivable land would meet the situation. There would be little objection to the giving-away of inferior land.

Amendment on the amendment put and negatived.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. J. J. HOLMES: Once more I say this clause ought to go out altogether, for it means an extension of the group settlement scheme. Surely we have enough involved in that scheme, without extending it. We have been told by the Minister that unemployed married men with little money of their own will go on to these blocks. It means that the Government will first have to find the land for them, and will then have to find the money to waste in improving it. If the Government have the good land, which they must have, they ought to evolve a scheme under which certain areas could be taken up and cultivated, attention being devoted to those areas alone. Moreover, I think it is giving too much power to the Minister to allow him to allocate these homestead blocks. But, the worst feature is the proposal to put people on inferior land and then spoonfeed them with Government funds. I do not think the Committee ought to be a party to any such proposition.

The CHIEF SECRETARY: I am sorry Mr. Holmes does not grip the situation. There are many large areas where we could get useful pockets of good land and bracket up with those pockets larger areas of poorer class land. But the restriction of 160 acres does not meet that situation, and unless we can extend the area we are going to have these small pockets of good land, surrounded by second-class land, left unoccupied. The persons to be put on those areas will be men who are on sustenance to-day. So we shall be making good use of land which otherwise would be left unutilised. I hope the Committee will at least agree to Mr. Kitson's proposal for an area of 160 acres of good land comprised in a maximum area of 500 acres.

Hon. Sir CHARLES NATHAN: Will the Minister be prepared to consider favourably an amendment limiting the first-class land to 160 acres, the maximum holding to be 500 acres? If so, that will be a way out of the difficulty. However, if the idea is to place sustenance men on these lands, I do not see how those men are going to live on sustenance and develop 500 acres without some further financial assistance. If, on the other hand, this proposal is merely a land settlement one, the upset price of second-class and third-class land is not so heavy that if a man could make a living on it he could not pay the annual rental.

Hon. J. J. HOLMES: To give those people 500 acres will mean paying out a larger amount of money for improvements, for obviously the land unimproved will be of no use to anybody. I suggest that some definite scheme be formulated to deal with a definite area to be cut up into blocks of the size suggested, and then let us legislate for that particular area. We would then have a concrete proposal before us, but I do not want to see a repetition of the Peel Estate. One of the first areas dealt with on that estate was of 8,000 acres of indifferent land in the south-west corner. Forty dairy farmers were established in that area, which scarcely afforded room for one. So

astounded were the select committee on discovering this, that we put in a special report to the effect when when there was so much good land available elsewhere, nobody should be allowed to go on to an area like that, and that those 40 dairy farmers should be taken off. I think they were taken off some two years afterwards. Now we are going to put another lot of people on to inferior land—married men, with families, who cannot get work and who do not understand the job to be offered to them. To put inexperienced men on inferior land is only looking for trouble. Much more feasible would it be to negative this clause and let the Government get to work and define these areas of good land bracketed with inferior land, and cut them up in such a manner that the people can see what they are going on to. I will oppose the clause.

The CHIEF SECRETARY: Where are we to get a large area of good land that we can cut up for farming?

Hon. J. J. Holmes: Well, do not put them on to inferior land.

The CHIEF SECRETARY: It is not a question of that. There will be a pocket of good land and a surrounding area of land on which they can put their stock. The men who will go on to this land are men who have had life-long experience of the work. In normal times, probably, they would not take on this proposition, but today they are anxious to get it.

Amendment put and negatived.

Hon. G. FRASER: I move an amendment—

That the following proviso be added:—"Provided that in no case shall the area of first-class land included in any free homestead farm exceed 160 acres."

That is the amendment drafted by Mr. Kitson. It is a wise provision and will get over the difficulty raised by several members. Reference has been made to the Peel Estate. I can say that unless certain holdings down there had been amalgamated, the whole of the people would have had to be taken off. But by the consolidation of blocks those people have been provided with sufficient good land to allow them to carry on. The same difficulties are being experienced in other parts of the State. To protect the State and the settlers, therefore, it would be wise to add the proviso.

Hon. J. J. HOLMES: I should like to ask the Minister whether the statement made by Mr. Fraser regarding the Peel Estate is correct, and if so whether it has been done by statutory authority and whether this clause will legalise what has been done.

The Chief Secretary: I know of several cases where an additional block has been granted to a settler.

Hon. J. M. MACFARLANE: If the proviso is agreed to it will mean that we shall be giving the Government an open order to alienate second or third class land, just as they choose. I intend to oppose the amendment because it does not state what area of second or third class land should be alienated with the 160 acres of first-class land. I suggest the Minister report progress and draft an amendment himself. If the matter is proceeded with as it is now, I shall oppose it.

Progress reported.

BILL—DEBT CONVERSION AGREEMENT (No. 2).

First Reading.

Received from the Assembly and read a first time.

Second Reading.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East) [7.50], in moving the second reading, said: I am sure there is not one honourable member in this House who would welcome the task of introducing this Bill. I look upon it as a most disagreeable duty and trust that such an unpleasant task will never again fall to the lot of the representative of the Government, or, better still, that the House will not be required to legislate for such a position in the future. The Bill provides for the compulsory conversion of all Government securities held and not voluntarily converted, and the conversion to be on the same basis as that applying to those that were converted. Hon. members are fully aware of the momentous discussions of the great conversion proposals, and of the tremendous sacrifices by bondholders in that regard. It was a wonderful achievement, and

it showed clearly that the much-abused bondholders of Australia were not lacking in national spirit and sacrifice when Australia was rent with indecision and insobriety in many quarters. Therefore, it is unnecessary to trace the history of the financial developments that led to the voluntary conversion loan, and, finally, to this Bill.

That great effort—the voluntary conversion—was successful to the extent of 97 per cent. of the total holdings, or £550,000,000 of the total Government stocks. It was a magnificent result, and it once more demonstrated the unusual qualities of our people in the solution of their problems. Unfortunately, three per cent. of the holdings were not converted voluntarily, and it is now necessary to legislate for the compulsory conversion of that small percentage of outstanding stock, which represents a total of £16,500,000. Of that amount the Western Australian portion is £274,128, and it is held by 113 dissenting holders. 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.

In the past we have approached the market for further funds to cover the maturing liability, but that easy means of escape from our difficulties was not available to us on this occasion. As previously intimated this State is involved to the amount of £274,148, and that total is made up of securities maturing as follows:—

	£
1931	4,500
1932	186,015
1933	22,565
1934	16,748
1935	5,000
1936	300
1939	4,000
1943	25,000
1947	10,000

In the treatment of the dissenting holders of those State securities, two points must 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, and the other is that the genuine cases of hardship are not confined to the dissenters. Many of those who voluntarily converted are in just as bad a position as the dissenters, and that is an important aspect in the consideration of the present Bill. It is usual to think of the bondholders as rich people, but inquiry does not substantiate that assumption, as it has been found that a great number of them are in comparatively poor circumstances. Despite that fact, they voluntarily converted and in so doing rendered a great service to Australia. In dealing with the dissenters, it must not be forgotten that there is no money to meet the securities as they fall due; otherwise those who have small holdings would have been paid off when the stocks matured.

In the circumstances there is no alternative but to convert the outstanding stocks of the dissenters on the same basis as the stock which was voluntarily converted. However, to avoid hardship as much as possible the Federal Treasurer is arranging for the sum of £2,000,000 to be made available from the sinking fund to meet necessitous cases in the present year, and it is anticipated that that amount will suffice to relieve the immediate distress of those concerned. In some cases bondholders are relying on their bonds for sustenance and in recognition of their circumstances it is proposed to make weekly payments to them. They are people who have invested a small amount and live on the small interest which is due to them as a result. In such instances people will be allowed to draw a weekly sum through the Savings Bank. It is also intended that people who hold under £5,000 worth of securities shall receive similar treatment to that meted out to those who have invested a few hundred pounds only. That concession will not be confined to people who dissented but will apply to those who converted bonds voluntarily, and no one will deny that they are worthy of some consideration where it can be proved that hardship exists.

I am extremely sorry that it has been found necessary to introduce this Bill, and cannot but agree that it is a most regrettable one to put forward. Hon. members know that sheer necessity forced upon the country the sacrifice of voluntary conversion, and now it is essential that the matter shall be finalised by this compulsory measure. The Premiers' Conference explored every means of avoiding compulsory conversion but ultimately every member of the conference agreed that compulsion would have to be resorted to in order to meet the difficulty of Australia's inability to pay.

Similar measures have been passed in the other States, and the agreement has been signed by the Prime Minister and the Premiers of the various States, and the proposal now awaits the ratification of this Parliament. I hope this Bill is the final chapter of Australia's misdeeds in financial matters, and although it is not a happy ending, I trust the lesson conveyed in it that it is futile to live beyond our means, will not be forgotten in the future.

Hon. G. W. Miles: I hope the Government will follow that line.

The CHIEF SECRETARY: I move—

That the Bill be now read a second time.

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

BILL—COMPANIES ACT AMENDMENT.

Second Reading.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East [8.3] in moving the second reading said:—The issuing of preference shares is an important feature in the financing of companies, and members know that such shares have a preferential right to profits made by a company paying dividends. There is the ordinary preferential share without any cumulative rights; there is the cumulative preference share, and shares that are preferential but also have the right of participation in any surplus after the ordinary shareholders have received the same rate as the preference shares. In these times, and particularly in view of the legislation that has been passed, it seems desirable that some relief shall be granted to companies that pay preferential shareholders and are in difficulties. With respect to cumulative preference shares, it may be that the accumulation of indebtedness on preferential shares may debar in these hard times, the ordinary shareholders from being paid any dividends for many years. That has arisen from the fact that not only have the preferential shareholders the first right to any allocation of dividends, but also arrears of non-payment have to be made up before ordinary shareholders can participate in dividends, and the result might be that companies would have to go into liquidation because of the burden imposed upon them in that regard. Therefore, the object of this Bill is to give shareholders the power to vary the conditions under which preference shares are held.

It is generally accepted that, with proper safeguards, the shareholders should control their own affairs, but according to the present law they cannot alter the terms upon which preference shares are held other than by 100 per cent. unanimity. In some instances, as previously stated, the result is that companies may be unable to carry on and have to go into liquidation because of the burden of preference interest. It is thought, therefore, that, with proper safeguards, and subject to the approval of the court, it would be as well to provide machinery by which a variation could be made, on such terms as the court might think fit. As the law stands at present it can only be done with the unanimous consent of all preference shareholders. To remove that obstacle the Bill proposes that nothing shall be done in the modification, alteration, or abandonment of preferential or cumulative rights in relation to certain classes of shares without a 75 per cent. majority of the whole company approving, and also a 75 per cent. majority of the particular shareholders affected. To achieve that end, a special resolution will have to be carried by all the shareholders, and then the confirmation of each special group affected will have to be obtained. After that, the decision will have to be confirmed by the court, and even then, any particular person claiming to be affected can lodge a protest. Hon. members will see, therefore, that full protection is given at every stage of the proceedings. In submitting the Bill, the Government think that if a company has, say, 20,000 first preference 8 per cent. shares, held by 500 people, and three-fourths of those holding the share value in the company are prepared to agree to what really amounts to a modification of the conditions it would seem reasonable that they should be permitted to make the alteration. I move—

That the Bill be now read a second time.

HON. H. SEDDON (North-East) [8.6]: The present crisis has been remarkable for the development of legislation in the direction of attacking the financial structure of this country. The Bill appears to me to represent a step in that direction. The history of joint stock enterprise has been the history of the devising of machinery to

meet the demands of every class of investor with regard to the safety and protection of his income. For that reason, we have the whole range of joint stock flotations from Government securities down through debentures to the ordinary no-liability type of mining shares. When a man, by buying shares, enters the market as an investor he knows from the class of share he goes in for, what type of return he may expect. The Bill deals more particularly with the privileges and rights enjoyed by preference shareholders, who can be divided into several classes, as was pointed out by the Minister. He omitted to mention, however, that the understanding that guides the buying of preference shares is that the person who purchases them limits his income to the extent of the specified rate of interest attached to his shares. On that understanding he receives certain rights in the company, which consist of the preference of dividends from profits, any preference of payment in cases of winding up. The Bill provides that the conditions under which money was obtained shall be varied by meetings of a company. First of all, it may be by meeetings of the whole of the shareholders, at which the decision of a certain proportion is to be regarded as effective, regardless of the rights of the minority. That decision has to be confirmed by a meeting of the shareholders especially concerned, and here is where I find a serious defect in the Bill. Although the Government evidently intended, according to the remarks of the Minister, that three-fourths of the shareholders concerned should have the right to determine the variation of conditions, I find that the last few lines of the applicable clause read as follows:—

> Such resolution is passed by a majority of not less than three-fourths of such members of the class for the time being as may be present in person or by proxy.

My reading of that is that it will be possible to call a meeting of shareholders according to the provisions laid down in the Bill, by giving seven days' notice, and for a minority of the preference shareholders present at the meeting, provided they can secure the support of three-fourths of those at the meeting, to commit the whole of the preference shareholders to the resolution. Although there is the additional safeguard provided that there shall be an appeal to the Supreme Court, the plea would probably be put to the court, as was suggested by the Minister in his remarks this evening, that the liquidation of the company might be involved. The point I am contending is that which I have stressed all through the session when dealing with financial matters —the violation of contracts and interference with financial obligations and conditions. In these circumstances, it would be wise to postpone this legislation and to insist upon the companies concerned carrying out the obligations entered into with the shareholders. I oppose the second reading of the Bill.

HON. J. NICHOLSON (Metropolitan) [8.11]: Mr. Seddon has properly drawn attention to the position occupied by shareholders in a company who may have taken up preferential shares, the rights of whom will be affected by the Bill. No one, I am sure, will disagree with his observations as to the need to uphold the sanctity of contracts. It will be admitted that, in view of the conditions that have arisen, a grave position confronts us, and no doubt necessitates a review in some directions of the high ideals we have entertained respecting such matters. The Bill, if agreed to, will effect a change in the rights granted to preference shareholders. In effect, what is proposed is a widening of Section 70 of the Companies Act, which definitely defines the limited powers a company has for modifying or varying its memorandum of association. As members are aware, a company, in its constitution, has two instruments. One is called the memorandum of association and the other, the articles of association. They differ in various respects. I may briefly explain the position. The memorandum of association is the charter that stipulates the scope of the powers of the company. It sets out that the company may acquire a business or carry on certain classes of business, and that it may exercise certain specific powers. It is necessary, however, for a company to provide the machinery for carrying out the definite powers stated in the memorandum. For that purpose, the articles of association set out in a number of machinery clauses how those particular powers may be exercised. There is a very great difference also between the memorandum and the articles, because the memorandum is fixed and unalter-

able except to the extent set out particularly in Section 70 of the Companies Act. Therefore the alterations permitted are of a very limited nature. But the articles of association can be altered at any time at the will of the shareholders by passing the necessary special resolution. I call attention to the fact of the special resolution because Mr. Seddon referred to certain words in Subclause 2 of Clause 2 of the Bill. He quoted the last three lines reading—

and at which such resolution is passed by a majority of not less than three-fourths of such members of the class for the time being as may be present in person or by proxy.

Those are practically the same words as appear in the definition clause of "special resolution" contained in the Companies Act. Let me quote the definition of "special resolution" in the Companies Act—

"Special resolution" means a resolution passed at a general meeting of a company of which notice has been duly given specifying the intention to propose such resolution, and at which such resolution is passed by a majority of not less than three-fourths of such members of the company for the time being entitled according to the articles of the company to vote as may be present in person or (in cases where the articles allow proxies) by proxy.

That is the position under the Companies Act at present. Articles of association as distinct from the memorandum of association may be varied at any time by a special resolution. This Bill seeks to give certain powers to alter the memorandum by special resolution. Usually the last clause in the memorandum of association of a company specifies what the capital is. It sets out the nominal capital, say £100,000 divided into 50,000 shares, called ordinary shares, of £1 each, and it may be that of the other 50,000 shares, 25,000 are called A preference shares and the other 25,000 B preference shares or deferred shares, having attached thereto certain specific rights. When those rights are set out in the memorandum, as they almost invariably are, it is impossible under our law as it stands to alter the memorandum, for the simple reason that no power is given by the Act to make an alteration. That is where a difficulty has confronted many companies who, like individuals, are facing the stringent times through which we are passing. I have made some inquiries and, so far as I can gather, the desire is to try to overcome the difficulties in the case of some well-established companies and to meet present-day conditions, so as to prevent the necessity of liquidation that inevitably would arise if the power were not conferred. As the Chief Secretary pointed out, if some such power as this is not conferred on companies, some of them whose memorandum specifies that the capital is divided into so many ordinary shares and so many preference shares, and also sets out that the preference shares have specified rights, will be unable to do anything except to wind up and have a voluntary liquidation. Then perhaps the shareholders would find that instead of saving the money they had invested in the concern, a great loss had been incurred. We have just had presented to us a Bill dealing with the debt conversion loan creating that which was originally intended to be a voluntary conversion into something very different. The Government acknowledge having been forced through prevailing circumstances to introduce compulsory conversion, and when the chief Government of the Commonwealth find such difficulty over three per cent. of their internal loans, one can easily appreciate how great must be the difficulty of private concerns having preference shareholders. I do not say one word against what Mr. Seddon remarked about the sanctity of contracts. I share his views. But circumstances are such as to demand a change in our legislation, and I am sorry that it should be necessary to introduce such a change even as this. I do not know whether up to the present time the scope of the Companies Act in the Old Country has been widened to meet such emergencies, but I have no doubt that if an alteration has not been found necessary some step of a similar nature may have to be taken for the preservation of business concerns there. Private concerns, for which capital has been subscribed on the basis of certain preferences being given to shareholders who subscribed for preference shares, may, by this Bill, have those rights altered by the passing by a three-fourths majority of a special resolution. A three-fourths majority is a fairly substantial one, and may consist of those shareholders who are present or who are represented by proxy. The provision for a special resolution has been in the Companies Act all these

years. The words have been copied from an English Act of 1862, and have been perpetuated from one enactment to another. Even at present, almost the same words are to be found in the later enactments that have been passed into law in the Mother country. The one safeguard in the Bill—and I could not see my way to support the Bill unless it contained a safeguard—is that it is essential for the company to make application to the court. Subclause 4 provides that no such resolution of the company shall come into operation or have effect until an order confirming the modification, alteration or abandonment sought to be effected shall have been made by the court and registered by the registrar. Subclause 5 provides that such order shall be applied for by the company on petition, in much the same manner as is necessary under Sections 70 and 72 of the Act. A petition must be presented in certain cases. If, for example, shareholders desire to reduce the capital of the company, which might affect the standing and credit of the company, it is necessary to present a petition to the court and for the court to investigate and consider the whole matter. In this case a petition would have to be presented to court and publication is provided for as set out in Subclause 5. Subclause 6 is important. It reads—

> On the hearing of the petition the court may make an order confirming the modification, alteration or abandonment on such terms and subject to such conditions as the court may think fit.

That would provide an opportunity for representations to be made to the court when the petition was presented, and those dissentient shareholders, who may have objected for some good reason, would be free to place their views before the court. Probably the court would make an order for their benefit in some way or other. The proposal, I quite admit, is a new one, but there is the position. I think safeguards have been provided by the Government in drawing the Bill, and if it be found later that sufficient safeguards have not been provided, it will be a simple matter for the Government to introduce another measure embodying additional safeguards.

Hon. E. H. Harris: What are the safeguards in the Victorian Act?

Hon. J. NICHOLSON: The Companies Act in Victoria differs very largely from ours. There they have proprietary and various other companies, and have provided for matters that are not covered by our Act. The foundation of our law is almost entirely that of the earlier English Act. There have been a great many departures and variations in the Victorian Act which we have never adopted. We have adhered rather strongly to the law previously existing in England. Within recent years the authorities have altered the English law to provide safeguards for meeting difficulties that arose in connection with the promotion of companies, etc. In a place like London there are necessarily many promotions of companies, and, because of the methods adopted by some types of promoters, shareholders were sometimes placed in an awkward position. In order to meet the difficulty, after a careful examination of the position by experts, the law was amended, and as amended is now in force. Not many of those amended sections have been embodied in our Act. Something should be done to meet the position in the manner indicated by this Bill. After considering the matter it is my intention to support the second reading.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East—in reply) [8.33]: I am indebted to Mr. Nicholson, who is one of the best authorities in the State on company law, for his exposition of the Bill. The necessity for such a measure must be patent to members. I am sure they will appreciate the advice Mr. Nicholson has given. He has left nothing for me to answer, but I feel now more secure about the measure going through. This is one of those measures which unfortunately we have had to pass, as we have had to pass many others during the last 18 months. There does not seem to be any end to this type of Bill. They have to be placed on the statute-book to protect certain sections of the people, and in this particular case the Bill is required for the protection of industry. The measure is designed to save companies from going into liquidation. After hearing Mr. Nicholson, I am sure we are all satisfied to pass the Bill and place it on the statute-book.

Question put and passed.

Bill read a second time.

In Committee.

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

Clause 1—agreed to.

Clause 2—Provision for modification, alteration or abandonment of preferential or cumulative rights in relation to certain classes of shares:

Hon. H. SEDDON: If we are going to pass this Bill, it would be wise to make provision whereby a special resolution must be carried by the vote of holders of three-fourths of the preferential shares. As the clause now stands, a resolution can be passed if three-fourths of those present vote in favour of it. I want to provide that three-fourths of the holders of the shares shall govern the situation. To that end I move an amendment—

That in Subclause 2 all the words after "class" in line 25 be struck out.

Hon. J. NICHOLSON: This amendment could render ineffective and useless the whole of the Bill. All that would be necessary would be for a certain number, less than three-fourths of the shareholders of the class in question, to attend the meeting, and unless three-fourths of that class did attend and pass the resolution, nothing could be done and the company would have to wind up. This would probably lead to more disastrous results for the preference shareholders than would be the case if the affairs of the company were carried on. There is nothing to compel the shareholders to attend a meeting. All that is necessary is for some big holders to stay away, and the whole business will be rendered inoperative. The present law has not been found unsatisfactory. In most cases the preference shares are fairly well distributed. It would not be wise to pass the amendment.

The CHAIRMAN: Mr. Seddon wants to strike out, amongst other words, the words "or by proxy." If he does that, the subclause will not be complete. I think his amendment should finish at the word "present."

Hon. H. SEDDON: I do not want to delete the words "as may be present," but to ensure that three-fourths of the holders of preference shares shall signify their approval or otherwise of the special resolution. The question should be decided by three-fourths of the total number of the shareholders. It is possible at present that three-fourths of those in attendance at the meeting may be the deciding factor.

Hon. J. Nicholson: It is the duty of shareholders to attend, either in person or by proxy.

Hon. H. SEDDON: But some of them may live far away.

Hon. J. Nicholson: It could be provided that they get 21 days' notice.

Hon. H. SEDDON: In the case of an important resolution, three-fourths of all the shareholders should be represented in the vote that is taken.

Hon. J. J. HOLMES: Mr. Seddon is on the right track; 75 per cent. of the total number should decide the question, and not 75 per cent. of those present. As for extending the period of notice to 21 days, in accordance with Mr. Nicholson's suggestion, what about shareholders residing in, say, England? The rights of a 25 per cent. minority should not be disregarded.

The CHAIRMAN: I do not think Mr. Seddon's amendment will achieve what he desires.

Hon. H. SEDDON: I ask the Minister to report progress in order that an amendment to meet the case may be drafted.

The CHIEF SECRETARY: If Mr. Seddon's intention is carried into effect, the Bill will be all eyewash. My experience of company meetings has been that 75 per cent. of the shareholders were never present, either in person or by proxy, no matter how important the business. If the suggested amendment is carried, we shall not save the companies that we want to save.

Hon. J. M. MACFARLANE: As the Minister has said, by this Bill we are doing something that is not very creditable to us as Britishers. We are asked to deal with an investment share, asked to allow a narrow majority to consent to repudiation. Many holders of shares in our industrial companies are not resident in Western Australia, and have no representatives here. They may not know for some time that this legislation has been passed, and possibly they will not be able to come along even in 21 days to protect their interests.

The Chief Secretary: Where are they located? In Timbuctoo?

Hon. J. M. MACFARLANE: In the Eastern States. Moreover, they have not

always fixed addresses; they are Australians rather than residents of any particular Australian State. A narrow majority should not be empowered to restrict the interests of preference shareholders.

The CHIEF SECRETARY: In view of the dilemma in the minds of some hon. members, progress might be reported.

Progress reported.

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

Second Reading.

Debate resumed from the previous day.

HON. H. SEDDON (North-East) [8.53]: I have found myself in an awkward position lately, that of continually opposing the Government's legislative proposals. This particular Bill provides for an extension of the principal Act for another 12 months, and I must oppose it. Last session the principal measure was passed with the idea of providing relief for tenants, purchasers, and mortgagors, and was referred to a select committee. The reason for making the reference was that the House was not at all satisfied with the effect of the Bill as introduced. It was felt that the Bill constituted really a most serious attack upon a class of investors who require to be encouraged as constituting a highly deserving section of the community. The select committee in their report made some strong recommendations. I may quote the following passages:—

> It was pointed out by most witnesses that this Bill could only be described as a sectional tax, giving relief at the expense of one section of the public, and almost without exception the opinion was expressed that a fairer method would have been to distribute the burden through an unemployment tax that would provide funds whereby a man could be given employment that would enable him to meet his pressing expenses. Stress was laid by a number of witnesses on the adverse effect legislation of the type contained in the Bill would have on investment in dwellings, and on the provision of loan moneys for future investment in mortgages. The Committee was urged to safeguard the securities affected . . . . It is the Committee's considered opinion that this Bill is simply a measure of expedience. It recommends the adoption of the Bill with certain amendments by the House for a limited period only, to enable the Government to consider comprehensive measures to meet a situation which is steadily becoming more acute, and urgently demands attention.

That report was submitted on the 11th December, 1930. Now we are asked to continue this injustice upon investors who, as I say, comprise the most deserving section of the community, investors who many of them can ill-afford to lose the small remuneration they receive from the letting of their premises. I consider that this class of legislation is little short of communistic. It is just the type of legislation and of action adopted by the Russian Government when they achieved power. This State, along with other States, through the depression has advanced further towards communism than in any previous 10 years of legislation. That is why I take such a strong view of a Bill of this description. The Government have failed in their duty to deal with a deserving section of the community. In giving a miserable pittance of relief, the Government do so on a basis which again penalises another section, insofar as no man who has been careful to save a few pounds in order to provide for a rainy day is allowed to receive the relief until he has become practically penniless.

Hon. E. H. Harris: Discrimination against the thrifty!

Hon. H. SEDDON: Undoubtedly. In other words, if a man has "blewed up" every red cent he had, if he has been drawing first-class wages and living right up to the limit of his income, and then gets into trouble through unemployment, he is at once found a job without any further trouble; whereas another man, who has been saving and thrifty, has to use up the whole of his savings before he is allowed an opportunity to get employment.

Hon. G. Fraser: You did not give our party any assistance when they approached the Government on this phase of the question.

Hon. H. SEDDON: My reply to that interjection is that just before the close of last session I moved a special resolution, which was carried by this Chamber, proposing to deal with unemployment in such a way as would enable the Government to carry out their responsibilities instead of pushing them aside in the manner this legislation does. Whilst one section of the community is being penalised by the Government, so long will the progress towards re-

covery be retarded. As a matter of fact, what has been the result of this legislation? That no person will build houses or tenements for the purpose of letting them to tenants, that agents find themselves in a most difficult position because they have to be exceedingly careful in dealing with the class of people offering themselves as tenants. Those unfortunate tenants are placed in the position of not being able to pay their rents, because the Government have not made the whole community shoulder its responsibility of carrying the burden of unemployment, of making the men who are employed bear the expense of carrying the men who are not working. From that standpoint I say this legislation is class legislation of the worst type, insofar as it penalises the thrifty section of the community, and leaves those unfortunate persons who are receiving relief dependent on the generosity of their landlords. Therefore I must oppose the Bill. I consider that the Government still have the opportunity of so altering the basis of taxation as to enable them to find money to enable these people to draw at any rate sufficient wages to meet their food requirements and to keep a roof over their heads. I oppose the Bill because I consider that the Government are continuing to impose an undue burden on a section of the community who are most deserving, and of whom many, having made provision for their old age, now find themselves in difficulties.

HON. J. CORNELL (South) [9.0]: I am surprised at Mr. Seddon's attitude. Everybody will agree that Mr. Seddon, as chairman of the select committee which considered the Bill of last session, the parent Act, did admirable work. The fact remains that this House must either let the legislation lapse or extend it for a further term. While you, Sir, were away Mr. Holmes moved a motion discussing the financial position, and so too did Sir Edward Wittenoom. There has been nothing to stop Mr. Seddon from proceeding on similar lines long ago, and even asking for a select committee to make investigations with a view to bringing about an improved state of affairs. We are now between two stools. One, according to Mr. Seddon, is that if we pass the Bill we are going to inflict hardship on a very deserving section of the community who have built houses to let. Those people are subject to certain restrictions under the Act. But on the other hand there are perhaps three times as many persons just as deserving and thrifty, who are going to be injured if we do not pass the Bill. I know scores of men whose whole lives have been characterised by hard work and thrift, but probably because they have not risen beyond the rank of labourers, and secondly because they have married and brought up large families, they have never been able to get homes of their own over their heads. I think that in the final showdown those men are just as great an asset to the State and the Empire—particularly in war time—as are other men who have been fortunate enough to build houses. I am going to vote for the Bill, even if it does mean that certain inequalities are to be inflicted on a given section of the community. If we do not inflict hardship on those who build houses, we shall be inflicting greater hardship on very many more who, without the Bill, will be turned into the streets—which, by the way, will not secure tenants for the houses those unfortunate people have had to vacate. I understand that Parliament is to close down next week, so I suggest to Mr. Seddon that the best way out of the difficulty would be to pass the Bill and then bring down a motion of censure on the Government for not having made better provision for those in need of it.

HON. G. FRASER (West) [9.5]: I am surprised at Mr. Seddon's opposition. It would be a great mistake if the Chamber were to refuse to pass the Bill. Since the Act was brought into operation we have had many experiences which have proved to us that the measure is not all that could be desired; that it does not work as it was expected to do. But even allowing for our disappointment in that regard, the Chamber would make a very serious mistake if it were to throw out the Bill. We have found that when families are unable to pay their rent, certain protection is extended to them under the Act. In many instances that protection has been sufficient to permit those of us who are interested to find some other homes for the people who have been turned out. But for the Act, immediately action was taken by the landlord and eviction granted, the tenants would be thrown into the street. So, whilst we are not satisfied

with the Act as it stands, since it does not go far enough, we do know that the relief it actually does give has been of considerable assistance.

Hon. G. W. Miles: How far would you have it go?

Hon. G. FRASER: Much farther than the two months. Many of those unfortunate people through no fault of their own have been out of work for 12 or 18 months.

Hon. H. Seddon: Will the men on strike be able to pay their rent?

Hon. G. FRASER: We are not dealing with the wool strike just now. Mr. Seddon complained that if a distressed person happens to own a little property, he can get no assistance. We have endeavoured to get redress for such people, but so far unsuccessfully. Those people cannot get a job.

Hon. H. Seddon: They cannot get their pensions, either.

Hon. G. FRASER: But because we cannot get any assistance for them is not to say that we should penalise another section of the community.

Hon. H. Seddon: That is an argument for the Government doing their own job.

Hon. G. FRASER: I agree with you there, but I am not going to help throw out the Bill and so put a large number of people into an uncomfortable position. I admit some landlords are in a more unfortunate situation than are the unemployed. Because they have struggled and got together a little property, they are debarred sustenance and are not allowed any work. I am not prepared to support the Government in that, but just the same I believe the Bill is very necessary. It is well known in the metropolitan area that persons have been refused relief under the Act. I am prepared to leave it to the Commissioner to say which people are deserving of assistance. We know of many cases where assistance has been refused, and in most of them I have felt that the Commissioner was justified in his refusal. But even where people have endeavoured to impose on their landlords, we have been able to make certain adjustments. No matter what a man may be, we cannot see his wife and family thrown out on the street. So as I say, in many instances we have been able to make satisfactory arrangements.

Hon. H. Seddon: And the Government's job has been thrown on to your shoulders.

Hon. G. FRASER: Well, someone has to do the job. I believe the Bill is necessary even though the Act does not go so far as I should like it to go, and so I will support the second reading.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East—in reply) [9.10]: Mr. Seddon used the words "one section of the community is being penalised." Cannot the hon. member in his imagination consider those poor people who were being turned out of their homes before the Act came into existence?

Hon. H. Seddon: I do, but your Government do not. Why can't you make better provision for them?

The CHIEF SECRETARY: We get a lot of that sort of advice. The hon. member was on the select committee twelve months ago, and took care to read the report of that committee to-night. I ask him to compare the position now with that of twelve months ago. The Act has done much good. It was brought into being on account of harsh landlords. Unfortunately, there are anomalies in the Act, but all must admit that through the good judgment of the magistrates administering the Act it has protected hundreds of unfortunate women and children from being turned out into the street. The hon. member asked why do not the Government extend assistance to all people. Where is the money to come from?

Hon. G. W. Miles: He showed you where: by increased taxation.

The CHIEF SECRETARY: Yes, the old cry of increased taxation. But we cannot keep on increasing taxes; people are overtaxed now, and the Government are not going to increase taxation if it can possibly be avoided.

Hon. E. H. Harris: Who is being taxed to pay for the rent of those people?

The CHIEF SECRETARY: What is gained by a question like that? The rent is not there for the landlords to get, but the little sustenance we are able to find is for those who have nothing, who are up against starvation. No Government in Australia can find the money to provide for all the people who are out of work. Although they have money saved, they say they must still receive sustenance. I have met many who have got down to their last

penny before they would accept any sustenance at all. They have that spirit which is not possessed by the people about whom Mr. Seddon spoke. Many would not accept any assistance. If members are going to reject this measure what will happen? Will the position be improved? One would think that the Act had worked harshly and that it had dealt with one section of the community only, that the landlords only were suffering. The Act has in no way stopped building operations. What has stopped building operations is finance. Speculative builders have not been able to finance. I trust that members will support the Bill so that the Act may be extended for another twelve months. It is more than ever required to-day.

Question put and passed.

Bill read a second time.

In Committee.

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

Clause 1—agreed to.

Clause 2—Amendment of Section 29:

Hon. H. SEDDON: I should like to be permitted to make a brief personal explanation. The Government, according to the Chief Secretary, have definitely stated they will not tax the people in the way I suggested so as to provide for employment. The Minister has also stated that we will allow poor persons to be evicted if we reject the Bill. The trend of my remarks was that employment should be offered to every section, and that those who were thrifty were entitled to employment just as those who were not. The Government have failed in their duty to provide employment to enable people to meet their expenses and to keep a roof over their heads. That can only be done by taxing every person at the wages sheet, because those who are in employment to-day are in an infinitely more fortunate position than are those living on sustenance.

The CHAIRMAN: I think the hon. member is going a little beyond a personal explanation.

Hon. H. SEDDON: I do not wish to say anything further.

Clause put and passed.

Title—agreed to.

Bill reported without amendment and the report adopted.

BILL—LOAN (No. 2), £2,450,000.

Second Reading.

Debate resumed from the previous day.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East—in reply) [9.20]: Despite his earnest inquiries, Mr. Seddon has made no headway in his attempt to acquaint himself in regard to public finance, but perhaps in the future he will be able, if he perseveres, to reward the rapt attention of hon. members with some material contributions on the subject on which he is evidently anxious to make himself heard. Taking the schedule, he referred to the item "Short term advances to meet expenditure pending the receipt of revenue—£1,250,000." That is the item to finance the deficit. It is a very necessary item, and it has been provided with the object of giving the Government authority to obtain temporary accommodation to finance the Consolidated Revenue Fund. Because of the financial depression extraordinary expenditure has to be incurred in the form of sustenance to people out of employment, and to provide for the cost of remitting money to London at a high rate of exchange to pay interest to bondholders, and consequently it is necessary for the Government to obtain temporary accommodation from the banks.

At the present time it is out of the question to think of raising money by way of public loans, either in Australia or London, for public works and services, and that obtains in a much less degree in regard to a loan required for the funding of deficits. Therefore, our only recourse is by depending upon the banks to provide accommodation to the extent of their available cash resources, to be secured by short-dated Treasury bills, etc. In his speech Mr. Seddon made the mistake of assuming that the item on the schedule represented a request for authority to fund the deficit. That is not so, but if it were so the Commonwealth Government would insist that the State should pay the usual 4 per cent. sinking fund, which is payable in respect

to all funded deficits in accordance with the Financial Agreement. Until authority has been applied for and obtained, for the funding of the deficit, there is no necessity to increase the burden on the Consolidated Revenue Fund by the provision of a sinking fund to redeem temporary advances obtained to finance the expenditure caused by the shortage of revenue.

The Government have honoured the Financial Agreement and will continue to do so, but the Agreement does not refer to temporary advances, and therefore no sinking fund contributions are necessary, and they will be unnecessary until Parliament has authorised a deficiency funding loan. All States' borrowings are transacted through the Loan Council in accordance with the Financial Agreement, and as far as this State is concerned there has been no departure from its provisions, and no matter how hard Mr. Seddon may seek or fossick, he will find that our borrowings are in accordance with the present law. He will also find that the State has paid sinking fund in respect to the funded deficit as stipulated in the Financial Agreement.

There is a very important provision in the Financial Agreement in regard to temporary advances which the hon. member has evidently overlooked. If he will carefully peruse the Agreement he will find this—

> Notwithstanding anything contained in this Agreement, any State may use for temporary purposes any public moneys of the State which are available under the laws of the State, or may, subject to maximum limits (if any) decided upon by the Loan Council from time to time for interest, brokerage, discount, and other charges, borrow money for temporary purposes by way of overdraft or fixed special or other deposit and the provisions of this Agreement other than this paragraph shall not apply to such moneys.

The hon. member will find that provision in Part 5 of the Agreement under the heading of "Borrowing by States." Now we come to the Loan assets of which the hon. member had much to say. The Loan assets return is one of the forms of publication decided upon by the Loan Council for the purposes of uniformity in the presentation of Commonwealth and State Accounts. It does not show the present value of the assets of the State as acquired out of loan funds, but it represents the loan liability under the respective heads of expenditure included in the public debt. In quoting from return No. 11—that is the return showing the Classification of Loan assets for 1929-30—Mr. Seddon made the grave omission of failing to tell hon. members that it was an "Approximate Statement, built up from Departmental Reports." That statement appears at the head of the return, and that fact should have been made known to hon. members. His subsequent remarks about the assets were not worthy of utterance, as the Treasury intimation that the return was only an "Approximate Statement, built up from Departmental Reports" completely shattered all he had to say.

However, in explanation of the publication of the return, I desire to say that it was included in the Budget papers as being useful information to Parliament before it could be checked with Treasury returns, and reconciled with the public debt. Since then the return has been checked and reconciled with the public debt, as hon. members will see, if they turn to Return No. 11 in the Budget papers for the year 1930-31. That return was prepared from figures included in the Public Accounts and those figures will be the basis for future years. The question of losses written off does not affect the loan assets return, as the amount shown under each heading represents the liability included in the public debt. Mr. Seddon is also under a misapprehension in regard to the increased loan liability being £4,000,000 for the year 1930-31. The position is: Of the amount of £5,710,176, credited to the General Loan Fund last year, £2,067,835 had been received in the previous year as advances on overdraft accommodation; and that amount could not be treated as loan proceeds. I have a return explaining the position and it is available for the perusal of hon. members if they wish to see it. The loan fund at the end of 1929-30 was £3,315,597 overdrawn, but the loan proceeds of that year, together with the advances of the previous year, credited to the General Loan Fund, when converted to Treasury Bills and debentures, placed the fund £635,315 in credit, after allowing for the year's expenditure. The loan fund, when overdrawn, was financed from trust and other public funds, and the additional loan proceeds were not all available for loan expenditure, but enabled the trust fund to be recouped.

In regard to Mr. Seddon's contention that the Government have already the right to

float a further loan of £2,800,000 to carry on necessary loan works during the coming year, I would point out that we are dealing with the items set forth in the schedule, and if he will tackle the task of checking the authorities in previous Loan Acts, for each of the particular items, and then ascertain the expenditure on each account, he will find that there is not sufficient authority to raise money for the majority of the items in the schedule, and that there is only a small margin remaining on the other one or two items. In the circumstances, it is necessary to obtain authority to raise the amounts against each item in the schedule before they can be expended.

Mr. Thomson and others have criticised the Government for having commenced the Collie River Irrigation and Drainage Scheme. At the outset, I desire to make it perfectly clear that the money involved in the scheme was suddenly made available by the Loan Council for expenditure only on works which would be, directly and indirectly, reproductive. None of it, for instance, was to be spent on public buildings, roads, or water supplies, for which rates could not be collected. Despite the remarks of Mr. Thomson, the Government claim that the Collie River scheme and other irrigation and drainage works now in hand, are reproductive.

Hon. H. Seddon: You claimed that regarding group settlement.

The CHIEF SECRETARY: That does not necessarily mean that the rates and charges levied will fully recoup the Treasury for interest and sinking fund.

Hon. A. Thomson: You admit there may be considerable loss.

The CHIEF SECRETARY: Closer settlement is not only desirable but provision should be made that it shall follow on wherever possible. In the matter of butter production, this State is not yet able to meet its own requirements. However, we are rapidly improving the position, but it will be a long time before the State is in a position to export dairy produce and its side lines in any quantities, unless we speed up that branch of industry by ridding the South-West lands of flood waters during the wet months of the year, and storing up water so that it can be applied to lands during the six dry months experienced in this State. It is true that considerable success has been met with by settlers under the dry method of farming, but the experience of other countries, and, in a minor degree, of the settlers at Harvey, makes it abundantly clear that the best quality of butter can be produced throughout the year only from mixed pasture land, which can be successfully built up only by the application of water during the dry months. The department concerned is satisfied that the work at the Collie River, including drainage, can be carried out for £331,000 spread over a period of three years. Mr. Thomson said that possibly the work may cost £500,000, and he expressed that opinion apparently because a country correspondent of a city newspaper mentioned that figure. Why should he quote such a figure as that on such flimsy evidence?

Hon. A. Thomson: I was judging by the previous experience of Government estimates.

The CHIEF SECRETARY: Perhaps the hon. member does not know that we have just completed a job that was under the estimate. That was at Waroona.

Hon. G. W. Miles: That was a remarkable thing.

Hon. A. Thomson: That must have been exceptional.

The CHIEF SECRETARY: The hon. member does not know that there has been a change.

Hon. G. W. Miles: Because of the Government?

The CHIEF SECRETARY: Why did not Mr. Thomson say the works would cost £1,000,000? He is usually careful in the evidence he uses, but I am afraid on this occasion he deserted that sound feature of his debating qualities. The money was made available by the Loan Council for works of a reproductive nature and every State, when being advised of its quota, was requested to put reproductive works in hand as quickly as possible so as to absorb men who were being paid money by the several States and who were not working for it. That is what members have been advocating. We have been doing it! In meeting that position, the department concerned is encouraging married men to take with them their wives and families, and it is estimated that £293,000 will be disbursed in wages. The cost of materials is estimated at £37,000, and that amount includes £32,000 for cement, and £4,400 for concrete pipes, all of which can be produced locally. That,

of course, means increased employment as well. As Mr. Thomson has said, interest at 4 per cent. would equal £13,240. The rate of 10s., plus revenue received for extra waterings, should ultimately bring in a revenue of £7,000. To that amount must be added the drainage rate estimated to realise £1,500, or a total revenue of £8,500 per year. Parliaments have frequently authorised expenditure of loan moneys on entirely unreproductive works, and they have approved of railways or works which could not be fully reproductive for many years and perhaps never.

Hon. G. W. Miles: Parliament does not propose to do that in future.

The CHIEF SECRETARY: The Collie and other irrigation schemes are revenue-producing from the day they are completed. Admittedly they will not return to the Treasury full interest and sinking fund, but it must not be forgotten that with greater production, closer settlement and employment of more labour, works such as the Collie scheme become more and more indirectly reproductive. Railways and roads are in existence for the Collie scheme, as well as other public facilities. Consider the railway section at Harvey where the dairying industry, during recent years, has largely superseded the citrus and mixed farming industries.

Hon. A. Thomson: How much has been spent out of loan funds?

The CHIEF SECRETARY: The railway figures are—

Passenger traffic—Revenue:		
1925-26	.. .. ..	£1,953
1930-31	.. .. ..	£3,991
Goods received—		
	Tonnage.	Producing
1925-26 ..	4,557	£3,344
1930-31 ..	6,705	£6,614
Goods outwards (exclusive of timber)—		
1925-26	.. .. ..	£2,661
1930-31	.. .. ..	£3,454

Mr. Thomson interjected just now as to the expenditure. Not a penny has been spent out of revenue; it has all come out of the Harvey irrigation scheme. Those figures show plainly that the returns have been doubled as the result of irrigation. Very few railway stations can show such results. Mr. Thomson referred to what he was pleased to describe as the "peculiar method" adopted to impose the Collie scheme upon the settlers. I accept full responsibility for all that has transpired in regard to the scheme. There are 187 land owners within the district. I became aware that two or three of the large owners who opposed the scheme throughout were actively engaged in interviewing other owners in an endeavour to secure a majority petition in opposition to the scheme. I was requested by some of the settlers to visit the district myself, so that the scheme could be fully explained. For many months, officers of the Department attended meetings at Waterloo, Brunswick and Dardanup and those who attended the meetings were made aware of the terms and conditions under which the scheme could be carried out, but many settlers were not present at the meetings. I was unable to accept the invitation, but instructed two of my officers to visit the district and interview as many of the settlers as they could get into touch with. The officers were instructed that they were to inform the settlers properly and not to coerce them. If any of them had been misinformed, the position was to be put clearly before them so that they would be in a better position to decide whether they were for or against the scheme.

Hon. G. W. Miles: Did a majority decide in favour of it?

The CHIEF SECRETARY: The hon. member must be patient. Those instructions were carried out. The Under Secretary (Mr. Munt) reported that many of the settlers were not fully informed. Some, in fact, did not at all realise what their position might be or what the Department was prepared to do for them. In due course, a petition was received by me asking that the work be not proceeded wtih. That petition was signed by 116 persons. Three of them had not the right to vote; five persons who were outside the district had voted; one other person who had voted had no irrigable land, and 36 persons who had signed the petition against, petitioned me to withdraw their names from that petition. After deducting 45 from the 116, 71 out of 187 were in opposition. Of those persons, five had land elsewhere, 16 were Italians or Yugo Slavs, four were absentees and 18 owned land in excess of 300 acres.

Hon. G. W. Miles: You did not get your 75 per cent. majority there.

The CHIEF SECRETARY: We got more than that percentage.

Hon. G. W. Miles: That is not so.

The PRESIDENT: Order!

The CHIEF SECRETARY: Surely Mr. Thomson did not intend to suggest that action such as that can be described as peculiar. I agree with the Brunswick Farmers' Association that the officers carried out their duties in a courteous and tactful way. It is wrong to suggest that the Collie scheme was authorised by the Government before the land had been inspected and reported upon.

Hon. A. Thomson: Who suggested that?

The CHIEF SECRETARY: I think the hon. member said there had been no proper investigation. Favourable reports have been received from the General Manager of the Agricultural Bank, the Director of Agriculture, the members of the Irrigation Commission, one of whom is Mr. Clifton, the Officer in Charge of Irrigation. Mr. Thomson quoted the remarks of Mr. A. E. Clifton, one of the settlers who has consistently and actively opposed the scheme, as saying that some of those who favoured it, did so only because they thought the price of land would increase and they would be able to sell and get out. If that be so, surely it is an argument in favour of the scheme. Indeed, it is a fact that improved land within the Harvey irrigation district has changed hands at from £40 to £60 an acre, whereas almost immediately outside of the area, land equally good but which cannot be irrigated, is being sold at from £3 to £6 per acre. The Government do not want any settler to get out. We want them to remain there and we want the big land owners to make profitable use of all the land they own, or to sell some of it to those who will do so. Mr. Thomson quoted from a letter from Mr. H. H. Evans who referred to the cost the settlers will be put to. I suggest to the hon. gentleman that he might advise Mr. Evans to spend two or three days in the Harvey district interviewing the settlers who are doing so well on comparatively small holdings. He would not then so readily talk of the great cost the settlers will be put to in preparing their land for the receipt of summer water. Wherever one goes one finds that where land is suitable and water can be stored for irrigation purposes, such works as the Collie scheme are put in hand.

There are in New South Wales and Victoria 42 irrigation districts. In New South Wales I find that for the year 1919 3,200 acres were under irrigation; in 1926, 31,102 acres, and in 1931, 42,672 acres. It is argued that the annual rainfall is so heavy in the South-West that irrigation is not required. Take the Harvey district. The average rainfall over a period of 34 years was 40.31 inches. Of that fall 35.18 inches fell in the six wet months and only 5.13 inches in the six dry months, the surplus giving trouble in the wet months which are followed by six lean months. I find that at Maffra, the centre of an irrigation district, the rainfall during the six so-called wet months was 11.87 inches and during the six so-called dry months 11.61 inches. As previously stated, the money was made available for immediate expenditure in order to provide profitable employment for men who were on the dole. That money, instead of being spent on sustenance, will be spent on that work, and so will certainly produce something, and in addition will produce interest and sinking fund on the capital cost of the work. Notwithstanding the criticism, I am still of opinion that the best possible use is being made of the money that is available. I know of no other work which can be carried out within the agricultural districts which can compare with the irrigation schemes when viewed in the light of productivity and reproductiveness.

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

Ayes	.. .. ..	10
Noes	.. .. ..	6
Majority for	..	4

AYES.

Hon. C. F. Baxter	Hon. V. Hamersley
Hon. J. Cornell	Hon. Sir W. Lathlain
Hon. J. Ewing	Hon. J. M. Macfarlane
Hon. J. T. Franklin	Hon. H. J. Yelland
Hon. G. Fraser	Hon. C. H. Wittenoom
	(Teller.)

NOES.

Hon. F. W. Allsop	Hon. H. Seddon
Hon. G. W. Miles	Hon. A. Thomson
Hon. J. Nicholson	Hon. E. H. Harris
	(Teller.)

Question thus passed.

Bill read a second time.

In Committee.

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

Clauses 1 to 4—agreed to.

Clause 5—Advances on account:

Hon. H. SEDDON: I move an amendment—

That the following proviso be added:—"Provided that with regard to money raised to finance deficits on account of consolidated revenue, there shall be provided a sinking fund of four pounds per centum per annum, in accordance with the provisions of the Financial Agreement."

I do this in order to test the feeling of the House. The Minister, when replying to the second reading debate, said this related to short-term advances and that the Financial Agreement did not apply to the raising of money by that means. But this is a Loan Bill. By passing this Bill we raise money, and so I contend the Financial Agreement demands that a sinking fund shall be provided.

The CHIEF SECRETARY: I ask your ruling, Sir, as to whether this amendment is in order.

The CHAIRMAN: This is a Loan Bill authorising the Government to raise a loan for the construction of public works and other purposes. One of the other purposes is set forth in Clause 5, which prescribes that the Governor may from time to time authorise the Treasurer to advance and apply to the purposes set forth in the Schedule any sums of money not exceeding the sum hereby authorised to be raised; and any sums of money so advanced and paid shall be retained by the Treasurer out of any moneys coming to his hands under the authority of this Act. Mr. Seddon's amendment provides that when any part of the loan to be raised is used for the purpose of making good any deficit in the revenue account, there shall be a sinking fund of 4 per cent. established in accordance with the Financial Agreement. The Financial Agreement provides that no State can raise a loan without the consent of the Loan Council. When, with the consent of the Loan Council, a State raises a loan and secures the money, then under the Financial Agreement a sinking fund has to be provided. But in that respect the Financial Agreement prescribes that if any money raised by the State is used for making good a deficiency in the revenue account, the State shall provide a sinking fund of 4 per cent. for its redemption, to which the Commonwealth shall not contribute. In my opinion, if this money be raised with the consent of the Loan Council it is subject to the Financial Agreement, which prescribes what shall be done by the State raising the loan. To my mind the amendment before the Committee is only painting the lily, for the law says what shall be done, and if it is not done it will be for the Parliament of the State to censure the Government. I will not rule the amendment out of order, but will leave it to the good sense of the Committee, reminding members that this is a Bill which we may not amend but to which we can only request amendments.

The CHIEF SECRETARY: When replying to the second reading debate I directed Mr. Seddon's attention to the Financial Agreement, but apparently he has not read it or he would not have moved the amendment. The Financial Agreement provides—

Notwithstanding anything contained in this agreement, any State may use for temporary purposes any public moneys of the State which are available under the laws of the State, or may, subject to maximum limits (if any) decided upon by the Loan Council from time to time for interest, brokerage, discount and other charges, borrow money for temporary purposes by way of overdraft or fixed, special, or other deposit, and the provisions of this agreement other than this paragraph shall not apply to such moneys.

The amendment does not and cannot apply.

The CHAIRMAN: I suggest that the hon. member has achieved his purpose by directing the attention of Parliament to the matter, and that he should allow it to rest there.

Hon. H. SEDDON: The Minister has based his argument on the ground that this is a loan for temporary purposes.

Hon. A. Thomson: It will be a permanent debt.

Hon. H. SEDDON: That is the point. I think we are simply evading the intention of the Financial Agreement. I have ventilated the matter, and it now remains for Parliament to take action if the intention of the Financial Agreement is not being observed. I ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause put and passed.

Schedule:

Hon. G. W. MILES: I wish to refer to the item, "Water supply in agricultural

districts, including drainage and irrigation, £200,000." Do the Government intend to submit a measure to authorise the Collie scheme or shall we, by voting for the schedule, be approving of the scheme? The Minister said he could point to a work that had been completed at less than the estimate. I should like to know which work it was. That is probably a record which no other Government has ever achieved.

The CHIEF SECRETARY: We have yet to deal with the Appropriation Bill, which embraces all such matters, and the fullest information will be given

Hon. A. THOMSON: The Minister devoted a considerable portion of his reply on the second reading to answering my criticism of the Collie scheme. On the showing of the Minister for Works the scheme will involve an expenditure of £330,000. I am not opposed to the scheme, but the Financial Agreement distinctly lays down that a sinking fund must be provided. Yet we are embarking on a scheme that will involve a loss. As a practical man, I say that the conditions under which the Government propose to construct the work will necessitate the estimate being increased. This is the only opportunity we shall have to voice our objection to the methods adopted. Is it any excuse to say that the money is available and that the Government have to spend it?

The Chief Secretary: I did not say that.

The CHAIRMAN: The hon. member appears to be replying to a second reading speech. He is not in order in doing so.

Hon. A. THOMSON: I do not want it to go forth that I am opposed to the Collie scheme or to the development of the surrounding area. In the past when I have offered criticism it has been said that I have been opposed to this or that scheme, whereas all I did was to point out the danger of the position into which we are drifting. By passing this Bill we are actually agreeing to the carrying out of this work.

The Chief Secretary: No, you are not. This is only authority to raise the money.

Hon. A. THOMSON: It is because of the remarks of the Minister for Works in another place that I have looked closely into this matter. He admitted that the Government were committed to the work, and men have been sent down there to carry it out. I feel confident that when the work is completed the cost will be nearer £500,000 than the figure estimated by the Government.

The CHIEF SECRETARY: Mr. Thomson seems not to understand the position. I am sorry he expressed the feeling he did concerning the statement made by me. The money was made available for labour only, and we had to find work that would provide for the full amount of labour. If we did not spend the money in works of this nature, we would be paying it out for sustenance. Where is the work upon which we can employ sustenance men, and be sure of getting some return? This is one of the directions in which we can spend the money and count upon a return at the end of three years. Now that we are employing a fair number of men in this way, criticism is offered against our action. Apparently Governments can do no right.

Hon. G. FRASER: I should like some explanation about the sewerage and drainage works that may shortly be started in Fremantle. Some uncertainty exists in my district as to the method that will be followed and as to how the men will be picked up. This Bill seems to offer the only opportunity to get information about this matter.

The CHIEF SECRETARY: When we come to deal with the Appropriation Bill next week, I shall be in a position to give the hon. member full information on that point.

Hon. G. Fraser: I am quite willing to wait until then.

Schedule put and passed.

Preamble, Title—agreed to.

Bill reported without amendment and the report adopted.

House adjourned at 10.23 p.m.