

est on duty, valuation of partnership interests, valuation of shares in public companies, payment of duty on life assurance policies, where there is a deficiency in an estate, and the valuation of interests of tenants in common. Machinery is provided whereby a check can be kept upon payments made by life assurance companies, deposits made with safe deposit companies, etc. Provision is also made for increased facilities for inspecting records, books and other documents for the purpose of valuing or inspecting an estate, and also for inspecting taxation returns, if necessary. The amendments proposed ensure that the death duties payable on the death of any person will be more equitable than heretofore, avoiding the position of some estates paying duty honestly while others take steps to evade payment. It is also considered that the amendments will bring the Act up to date and in line with the Acts of the other States and the Commonwealth. The Bill is a technical one requiring close study and is really one for the Committee stage.

Hon. G. W. Miles: I think it is a matter for inquiry by select committee.

The CHIEF SECRETARY: If a select committee be appointed, I hope that progress will not be delayed. There cannot be any objection to the principle of the Bill and the Government require the revenue.

Hon. G. W. Miles: Are you proposing any increase in the rate of probate?

The CHIEF SECRETARY: I do not think there will be any increase, but a taxing Bill will be introduced separately. This is an assessment Bill. The measure is not a party one, but it is urgently necessary from a Government standpoint, as continual evasions of the present Act are occurring and the Treasury is losing revenue to which it is rightly entitled. I move—

That the Bill be now read a second time.

On motion by Hon. J. Nicholson, debate adjourned.

House adjourned at 5.26 p.m.

Legislative Assembly,

Thursday, 20th September, 1934.

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

QUESTION—MOSQUITO PEST.

Mr. SAMPSON asked the Minister for Health: 1, In view of the mosquito scourge, the effect of which last year was so bad as to render life much more difficult, what steps, if any, does he propose to take to improve the position? 2, Is there any evidence of the presence of the malaria-carrier type of mosquito in the southern portion of Western Australia? 3, Does he propose to make any effort to control or, if possible, to eradicate this pest?

The MINISTER FOR HEALTH replied: 1, The Department of Public Health recently called a conference of local health authorities in the metropolitan area with a view to combined action being taken to attack the mosquito problem during the coming summer. This conference appointed a sub-committee which is considering ways and means and which is to report back within a few days. 2, There is little evidence of the presence of the malaria-carrying mosquito in the southern portion of Western Australia, but it is known to exist here in very small numbers. 3, Every effort will be made to assist those whose responsibility it is to control mosquito eradication, namely, the local health authorities.

QUESTION—NORTH-WEST FEVER OUTBREAK.

Mr. COVERLEY asked the Minister for Health: In view of the serious outbreak of fever in the Kimberley district this year, has the department taken any precautionary measures against a repetition after the ensuing wet season?

The MINISTER FOR HEALTH replied: The department has taken whatever precautionary measures are possible at the present moment and is giving consideration to necessary future action.

MOTION—AGRICULTURAL BANK.

Royal Commission's Report.

Debate resumed from the previous day on the following motion by the Minister for Lands:—

That the House take into consideration the report of the Royal Commission appointed to inquire into the operations of the Agricultural Bank.

MR. STUBBS (Wagin) [4.33]: Having had nearly 27 years' experience in the halls of the Legislature of this State, and having witnessed the appointment of a number of Royal Commissions and read their reports, I venture to say without fear of contradiction that a more damning indictment against the fair name of Western Australia and its management by the various Governments during that period was never published than the one of which we received news through the "West Australian" a few weeks ago. I enter an emphatic protest against the action of the Government in publishing the Royal Commission's report without first having given the trustees, who were indicted, and in no uncertain language were condemned, an opportunity to reply to the charges so that their answers could have been published simultaneously with the findings of the Commission. One of the officers mentioned in the indictment has an honourable record of 38 years in the service of the State. I do not hold any brief for him, but I ask any member, if he was a trustee of the Bank, what would he say if an indictment against him were published in the Press without his first having an opportunity to refute the charges? That officer has given 38 years of honourable service to the State, of which he is a native, and it ill-becomes a Royal Commission to slate him in such a manner. Before I have finished my speech I think I shall be able to give many reasons why the management of the Agricultural Bank was contributed to in a large degree by the Government that happened to be in power. We should, if possible, remove the stigma against the

Managing Trustee, as well as against Mr. Moran, who has given 12 years of capable service as a trustee, and I do not think Mr. Moran has been overburdened with salary considering the time he has devoted to his work and the talent he has brought to bear on it. I feel that I am echoing the sentiments of a large number of people when I say that a gross injustice has been done by the Commission to those officers. I have had 23 or 24 years experience of clients of the Agricultural Bank, acting in behalf of men of my constituency whom I thought worthy of being helped. To aid such men I interviewed the trustees of the Bank, but never did I attempt to use any political influence. I maintain that I, as a member of Parliament representing a large agricultural district, never exceeded my duty. If it is a crime for a member of Parliament to do a kindly act for a deserving constituent, without using political influence, then I might plead guilty. The Royal Commission, however, found that members of Parliament and Governments had influenced the trustees and deprecated the exercise of such influence. Let me refer to the early history of the development of agriculture in the Great Southern. To make my points clear I cannot avoid being a little parochial, but I wish to emphasise the transformation that has taken place since, 26 or 27 years ago, I first invested a considerable amount of capital in businesses in the agricultural districts. One of the members of the Royal Commission was an ex-manager of one of the trading banks. At the time of which I am speaking, Wagin, the centre of my electorate, was a small town. If my memory serves me aright, only two of the Associated Banks—the National Bank and the Western Australian Bank—were operating there. Owing to the decline in the gold yield of the State and to many of the mines becoming unpayable, men were being discharged from the gold mining industry in large numbers, and the aim of the then Government—of which I believe Sir James Mitchell was a member—was to embark upon a bold agricultural policy. In 1906 the Agricultural Bank had only a small amount of capital, and, to meet the needs of increased development, the Bank had to be provided with additional capital. The findings of the Commission would lead any-

one who did not understand the position to conclude that the Agricultural Bank was an ordinary trading bank, lending out money and receiving interest and repayments yearly. That idea, of course, is quite wrong. When I first went to Wagin the farms in the district were a mile or two apart and were only just starting development. Land could be purchased at 15s. to £1 per acre. I purchased eight or ten farms, so I know what I am talking about when I say that partially improved holdings, equipped with a small house, a small amount of fencing, a dam or two and 50 or 100 acres cleared on every 1,000 acre block, could be purchased in 1906 for about 15s. per acre. Three or four years later there were six banks operating in Wagin, and that was due entirely to the bold policy adopted by the Government of the day to bring idle land into use. Insufficient credit has been given by the Royal Commission to the management and policy of the Agricultural Bank. Is there a man in business who has not made mistakes in the initial ventures into which he entered? I have a vivid recollection of the year when I first became a member of this House. I inspected a 70,000 acre property on the western boundary of my district that the Lands Department officials had sub-divided into 1,000-acre blocks. This subdivision was the work of an extraordinary officer, for the land was sold to 30 or 40 families who had come from the Old Country knowing nothing of poison or of the value of land, and they were charged 18s. to £1 per acre for land that was not worth 1s. per acre. I believe that in those days the Agricultural Bank regulated its advances according to the value of the land fixed by the Lands Department, and experience showed that officials of the Lands Department were not capable of valuing any of the agricultural land of the State. Why do I say that? Because the greater part of the land consisted of ironstone gravel and of poison bushes round which one could not put one's arms. The cost of getting rid of the poison was 10s. per acre, and another £1 was needed to dispose of the whitegum and redgum and other stuff on the land. Men who are still there, after 20 years, cannot grow anything in the form of cereals, but are restricted to grazing. My next point is that another mistake was made by the Government in that the Agricultural Bank trus-

tees were asked to make advances to those settlers. They did so. Is it any wonder that the burden proved too much for men who did not know anything about agriculture? And that remark also applies to a large number of the settlers who came from the goldfields to settle east of Wagin a year or two later. I am warranted in criticising the want of cohesion and co-ordination between the Agricultural Bank, the Lands Department, and the Department of Agriculture. That is why I feel so keenly the accusations which have been levelled at the Bank trustees. Governments, including the present Government, made mistakes in their policies. Many of the south-western settlers left broken-hearted after putting in 10 or 15 years of hard work. The quality of the land was not what it was represented to be by the Government of the day. In 1911 things began to move in the eastern portion of my electorate. The Labour Government were responsible for that movement. They never hesitated to extend railways where agricultural districts warranted it. Their first work, after taking office, was to extend the railway to Kukerin, a distance of 25 miles. At Kukerin there were numerous men who had come from the goldfields. Some of them had been dusted in the mines, but others were hale and hearty, first-class settlers. They were charged 15s. per acre for very doubtful wheat land. The Government, upon finding some years later that a mistake had been made, reduced the price of the land to a fair figure, about 6s. or 7s. per acre. But where the Government of that period failed was in not giving a correct lead to those settlers—miners and business men from Kalgoorlie without any knowledge of farming. For years they were planting wheat of a late variety, whereas in that district the season ends early. The Agricultural Bank had made large advances to those settlers for clearing and for the purchase of machinery and horses. The settlers then found themselves in the position of getting only three or four bushels of wheat to the acre. Is that to be wondered at? I remember well securing from the Government of the day the services of Mr. Sutton to ascertain what was wrong with the land. He made exhaustive inquiries, and after looking round came to the conclusion that the local trouble, take-all, was due to certain conditions which could be overcome by proper methods of farming. Mr. Sutton recommended that the growing

of wheat should be suspended for two or three years, and also recommended fallowing and the adoption of earlier varieties of wheat. I fail to see even now that the money lent to settlers in that district has been lost altogether. Prior to coming to Western Australia, 40 years ago, I represented a large Melbourne firm, being charged with the duty of travelling through the agricultural districts of Victoria, New South Wales and Queensland to sell water supply requirements, windmills, and farming machinery. So I gained a fairly good knowledge of the values of agricultural land with soils of certain qualities, knowledge which stood me in good stead here. I ask all hon. members to agree with me that we should minimise the heavy losses shown on paper as incurred in this State through the operations of the Agricultural Bank. To-day I ran through the table showing the average amount loaned by the Agricultural Bank to farmers. That average amount is between £1,200 and £1,300. Taking the average acreage of Western Australian farms as 1,000, it appears that less than £2,000 has been advanced on a holding of 1,000 acres, with all improvements. If the same land were in Victoria or New South Wales, and within as safe a rainfall area as Western Australia enjoys, I venture to say its price would be £10 per acre. Yet at Wagin and elsewhere land which is equal to Wimmera and mallee qualities—and in the Wimmera district and in the mallee the rainfall is not anything like so assured or of so many inches as our rainfall—is obtainable at £3 or £4 per acre. In Victoria even now, with the low prices of wheat and wool, such land would bring £8 or £10 per acre. Therefore I enter my most emphatic protest against the running-down of the Agricultural Bank management. In my judgment the statement attributed to Senator Pearce, that millions of pounds have been lost by our Agricultural Bank, is a gross exaggeration. If Senator Pearce has been correctly reported, he recently stated in Queensland that owing to political influence about £10,000,000 had been lost through the Agricultural Bank of this State. I challenge that statement as wholly incorrect. If the Government regard it as incorrect, will they refute it and let the world know the facts? To my mind Senator Pearce's unfounded assertions have done Western Australia tremendous harm. Now let me revert to the Kukerin area. In 1914

there was a drought, and the Government came to the rescue of the man on the land. But for that Government assistance hundreds of families would have been compelled to walk off their holdings and join the ranks of the unemployed in the metropolitan area. The relief given stands to the everlasting credit of the Labour Government of 1914. Sufficient chaff not being available in Western Australia to keep the distressed settlers on the land, the Labour Government sent train-loads of water to settlers in the Great Southern districts who did not know where to get the next bucket-full. In addition the then Government imported, for the benefit of distressed settlers, a shipment of maize. They had to use the cables for that purpose, and I suppose they had to charter a vessel to bring the maize either from South Africa or from South America. It arrived early in May. There was unavoidable delay in finalising the establishment of the Industries Assistance Board, which was rendered necessary by the drought and by the wretched conditions in which Western Australian farmers found themselves. I do not criticise the establishment of the Industries Assistance Board, though that institution cost Western Australia a good deal of money. Indirectly, however, the board did not prove costly to the State. Let me mention that I once saw a truck of maize standing by the railway platform at Kukerin for several days. There was £40 worth of maize in the truck, and it was exposed to the weather. The farmer for whose assistance it was intended was located eight or nine miles away from the siding. In any case, even if he had had the money to pay for the maize, his yield in the following year would not have enabled him to meet his obligations. Is it any wonder, then, that a large amount of liabilities, including interest, was charged in the books of the Agricultural Bank to men who had suffered the experiences of the drought year? In 1916 some of those settlers began to turn the corner. Those of them who were left made good. There was further demand for land, and the Lake Grace area was surveyed, classified, and cut up into thousand-acre blocks. Numerous migrants from the Old Country were granted blocks in this area upon arrival here. Very few of those migrants had any capital; mostly they had not a penny. Let me add that at the present time some of them are

fairly well-to-do. However, the Agricultural Bank loaned those migrants money for all improvements they effected, including the building of houses. In addition, the Agricultural Bank transported the settlers, their families, and their furniture to the land. During the war period another 30 or 40 miles of railway were constructed by the Labour Government in those areas. I well remember the Premier of the day standing on the platform at the terminus of the line and, tapping me on the head in a gentle manner, saying these words: "I am very doubtful about the advisability of constructing this line, but here stands the man who is responsible for the Government undertaking the work. We have come through a lot of poor country from Kukerin to this point, and my own belief is that the line will never pay for axle-grease; but my colleagues who have visited the district say that the Lake Grace area warrants the construction of this extra length of line from Kukerin." For my part I am able to say that that line has never looked back. Ever since its construction it has had three or four trains running on it every week. It is one of the paying spur lines of Western Australia. A few years later another area of land, equally good, was opened up between Lake Grace and Newdegate. Newdegate, I may mention, was named after the Governor of the day, Sir Francis Newdegate. The area was opened up at a time when a good deal of unemployment existed in the city and also in the country towns. I think the then Minister for Agriculture, Mr. Maley, was responsible for initiating the Newdegate settlement. He sent a large number of the unemployed from the metropolitan area to open up the country. Many of the men, so to speak, had never had an axe in their hands before. They cleared from 50 to 100 acres on each of the 60 blocks made available for selection. For a few years subsequently, during which period wheat prices were high, the settlers did very well. Now I come to a point I desire to emphasise and in respect of which I join issue with the Royal Commission, who say it was a tragedy that the areas at Lakes King, Varley and Carmody were ever settled. Who inaugurated the settlement of those areas? The present Minister for Lands was responsible for that undertaking, and I hope he will have something to say in de-

fence of his action when he discusses the Royal Commission's report, from the Government point of view. I admit that the demand for land at the time was so great that he was pressed on all sides to make blocks available, even though they were upwards of 40 to 60 miles from Newdegate. The land opened up was similar to that of the Newdegate and Lake Grace areas. It was lake country surrounded by forests and contained magnificent wheat land. I will give members a few figures relating to the production of this alleged tragedy. The details were not compiled by interested parties, but by a field officer of the Agricultural Bank. During the five years the settlement has been in existence, the settlers have cleared about 48,525 acres and partly cleared another 6,000 acres. During the last four years they have produced 207,768 bags of wheat and the number of bags of oats and tons of hay produced would astound members, if they have not seen the country and been able to appreciate the quality of the land themselves. Wheat production there has averaged 10.9 bushels per acre throughout the four-year period, and that yield could have been doubled had the settlers been able to work under favourable conditions. The teams and lorries which were used to cart the wheat to the railhead 60 miles distant, militated against good farming methods; settlers had to waste so much time in carting their produce over bad roads and under most trying conditions. In my judgment, there is no land in the Wimmera or mallee districts to compare with the magnificent wheat land in the lake areas of Western Australia. I will ask the Minister for Lands to carry out a promise he made two years ago to visit the areas and realise the position for himself. I shall stand condemned if I cannot prove all I have said to him. It made my blood boil when I read the statement by the Royal Commission that the opening up of country, such as I have described, was a tragedy. In conclusion, I would ask members to remember that in Western Australia we have a huge territory that is sparsely populated. We have a climate and soil that will bear comparison with those of any other State, and all we require is confidence and men with pluck, grit and enterprise, such as those who have already settled in the districts I have been discussing. There are many other areas between there and Southern Cross enjoying a perfectly safe rainfall, and those districts

could be opened up as well. I am satisfied that, instead of producing 35,000,000 to 40,000,000 bushels of wheat as we have during the past four years, our production in the next 10 years will be tremendously augmented, if only world conditions improve. Surely the time cannot be far distant when European countries that at present pay a bonus of 6s. or 7s. a bushel on wheat produced in their respective territories, will not be able to maintain such conditions. We have the class of country and every advantage necessary to enable Western Australia to grow sufficient wheat for the requirements of European nations, provided only that sanity returns to the powers-that-be at Canberra, and they are persuaded to reduce the high tariff duties that have caused a country like Italy to place a prohibitive duty on the import of wheat from Australia. Italy took that action because of the prohibitive tariff Australia imposed on goods manufactured in that country. It would pay Australia to pension off the few men who are employed making hats in this country, seeing that we could get our requirements supplied by Italy, where splendid hats are made and sold at reasonable prices. If the few Australian hat-makers were pensioned off and the tariff impost removed, Italy would then be able once more to take 11 or 12 shiploads of wheat per annum from Western Australia. At present those shipments are shut out from the Mediterranean. Australia is essentially a country of primary production. We have not the population to warrant a tariff wall being set up as in America. Notwithstanding the findings of the Royal Commission, this State possesses assets in the properties upon which Agricultural Bank funds have been loaned. In the course of a few years, should wheat reach 3s. or 4s. a bushel, instead of the Agricultural Bank losing millions, the loss will be reduced to a matter of thousands. I resent the unfair criticism levelled by the Royal Commission against the trustees of the Agricultural Bank. It will be agreed that the State has not had the services of more conscientious officers than the men who have been so strongly condemned by the Royal Commission.

MR. THORN (Toodyay) [5.8]: I do not intend to traverse the report of the Royal Commission in detail because the Leader of the Opposition dealt fully with it. On the other hand, I desire to express my personal

opinion regarding this very vindictive document. At the outset, if we consider the position in which all banks found themselves when the effects of the depression were first felt, members will realise that there could well have been an inquiry into the affairs of the Associated Banks as well as into those of the Agricultural Bank.

Mr. North: That inquiry has been promised.

Mr. THORN: As the member for Mt. Marshall (Mr. Warner) said last night, the Agricultural Bank has never been run on strictly banking lines. It has really been an agricultural development board, and I support the member for Mt. Marshall in his contention. Where would Western Australia have been to-day without the assistance of the Agricultural Bank? The actual value of the work of the trustees cannot be estimated at the present juncture. How could the State have been developed without the assistance of that institution? There would have been no chance whatever of its development. The Bank accepted clients who had only the clothes in which they stood up. The men were without a penny of their own in their pockets, and yet the Agricultural Bank started them off in life. When those settlers were well on the way to success, the Associated Banks took over their mortgages, and, to a large extent, reaped the benefit.

Mr. Stubbs: Hear, hear! They did, too.

Mr. THORN: I am sure I am voicing the opinion of the Government when I say that I believe their object in appointing the Royal Commission was to secure a helpful report, more along the lines of reorganisation. It has already been pointed out that the Royal Commission claim that the Bank should be reorganised. But that applies to all Government departments. We could well afford to reorganise Government departments in a time such as the present.

Mr. Raphael: And especially the Premier's Department.

Mr. THORN: Government departments have not the same volume of work to transact nowadays as they had during boom periods. With the continuance of the depression, reorganisation is called for.

Mr. Sleeman: Some departments have more work than formerly.

Mr. Raphael: Let us have a select committee on Shapecott.

Mr. THORN: At any rate, some departments could well be reorganised.

Members: Hear, hear!

Mr. THORN: There could have been no more inopportune time for the appointment of a Royal Commission to inquire into the affairs of the Agricultural Bank. The prices available for our primary products have everything to do with the success or failure not only of the Agricultural Bank but of private banking institutions as well.

Mr. Sleeman: It was handy for propaganda during the elections.

Mr. THORN: The value of land can be assessed only on the basis of its production. When farmers were receiving payable prices for their wheat, the vigneronns were at their lowest ebb, down and out, and utterly disheartened. To-day the vigneronns are able to meet their obligations because of the prices obtainable for their commodities, whereas the wheatgrowers find the value of their product has disappeared.

Mr. Hegney: They had protection.

Mr. THORN: The low price obtained for wheat and wool furnishes the explanation of the position of the Agricultural Bank. Had a similar inquiry been conducted into the affairs of the Associated Banks, they would have been found to be in the same position as those of the Agricultural Bank, with the difference that the Associated Banks have built up reserve funds, whereas the State institution has none. Consider the vindictive way in which the Commission examined their witnesses. They were absolutely rude to witnesses, and did everything they could to place them at a disadvantage before cross-examining them. It appears to me the Commissioners had an axe to grind, and I should not be surprised to learn that the chief object behind the report of the Commission is that the Commissioners themselves should step into the shoes of the trustees. I really think that is the motive.

The Minister for Lands: The trustees may regard that as another injustice.

Mr. THORN: Of course, if the Government should carry out the policy of retiring their officers at 65 years of age, probably that will put two of the Commissioners on the scrapheap straight away. Long before I entered the House I read a debate that had taken place here in which the Managing Trustee of the Agricultural Bank was highly eulogised for his efficiency and service to the State. Speaker after speaker stood up and praised him to the highest. The outcome was that the Government

raised that officer's salary. Surely that gentleman has not failed so pitifully since then as to be deserving, in the retiring stages of his long service to the State, of the vindictive and cruel criticism contained in this report. Both the other trustees have served in this House, and both have held ministerial office. They served as members of the Government of the day, and since then they have served the Agricultural Bank as trustees for a number of years. Where could we get two more capable men?

Mr. Raphael: That is not much of a recommendation, is it?

Mr. THORN: Never mind about you. What you know about the subject would not fill a cigarette holder. I am hopeful that the three trustees who have served the State so well and ably will not be let down by the Government; I hope the Minister and his colleagues will stick to those gentlemen and not take too much notice of the Commissioners who, in my opinion, have treated the trustees so cruelly. It was pointed out last evening that the average mortgage per farm of the Agricultural Bank is £1,248. Yet we find that the Associated Banks have thought the securities good enough for second mortgages, and their average is £2,600 per property.

The Minister for Lands: Which properties?

Mr. THORN: No doubt the Associated Banks picked the eyes out of the properties, although I dare say they got some rotten ones and that many of their business deals were as bad as, if not worse than, those of the Agricultural Bank. Of course, we hear nothing about that, because the Associated Banks are private concerns. However, I think it speaks very highly for the operations of the Agricultural Bank. The member for Wagin (Mr. Stubbs) pointed out that on various occasions when he thought clients worth while he had gone along and pleaded with the trustees of the Bank to give those clients a chance to make good. I have done the same thing more than once, and I considered it my duty to do it. One of my chief reasons was that it was far better to keep those men on the land and give them a chance to make good than to allow them and their wives and families to come to the city and be a burden on the Government in

another way, remaining idle in the city. I thought that was a wiser policy.

The Minister for Lands: But that is a question of charity, and is not for the Bank.

Mr. THORN: It was far wiser to give those men a chance to make good.

The Minister for Lands: But it has helped to destroy the Bank. It meant one man retained and financed, while another man got nothing. It has been demoralising the country.

Mr. THORN: I thought, and I still think, it was far better to keep the men on the land and let them maintain the securities for the Bank than to push them off, haphazard, and bring them into the city. That is all I have to say. The Minister is still muttering away, but we can never hear him. However, I feel confident that the Minister, with his knowledge of the farming industry, will treat the trustees of the Bank fairly. All that is left for us to do is to wait until the Minister brings down his legislation arising out of the findings of the Commission, when we shall further consider the matter.

MR. NULSEN (Kanowna) [5.22]: I had not intended to speak, but since so much has been said about the Esperance district perhaps I had better contribute a few remarks. I have read the report of the Commission and the replies of the trustees. I feel that the Commissioners have not been as just and impartial as they ought to have been. It seems to me they were slightly biased, as if some inimical influence had obtained before the taking of evidence. In my view, the Agricultural Bank has done a wonderful work for the agricultural districts. "Agricultural Bank" is a misnomer, for the institution, which was never meant to be a bank was really an agricultural development board.

The Minister for Lands: It was intended to finance development on sound lines. It is not a charitable institution. It is not there to be exploited.

Mr. NULSEN: On the other hand, the work the Bank has done has created a national asset, and even if the Bank were to lose £12,000,000—which is not possible—the asset created is left to the country. There is a wide difference between a State institution and a private individual. Private per-

sons are out to make a profit, whereas the agricultural development board, as I prefer to call it, was there simply to develop the State; and in developing the State it has rendered wonderful service, opening up millions of acres of land, gaining vast experience and making valuable experiments. The research work the Bank has done has been of immense benefit to the State. Not only that, but the money it has put into circulation has been very helpful to all industries. Also the Bank has assisted in increasing our population, which is essential in a young State. Then it has helped in the development of our railways and our ports, and by so doing has caused more money to be put into circulation. Quite a number of our people are, as it were, living in the past. We must get away from the old traditional forms and look rather to the future. If we do not develop this vast State of ours, what are we going to hand down to posterity?

Mr. Patrick: Do you think the opening up of the Esperance district was justified?

Mr. NULSEN: Certainly I do. I will say something about that presently. I do not suggest that the trustees have not made mistakes, for I am convinced that men who do anything must make mistakes. I have always held that if a person has not made mistakes, he has not done anything. The trustees, I am sure, do not wish us to hold them up as paragons, for they realise, as we all realise, that there has been mismanagement, both in the head office and in the district offices. But for the depression, probably the securities of the Agricultural Bank would have been quite satisfactory. It must be remembered that the price of wheat has dropped by more than 50 per cent. In any comparison of the Bank, or, as I call it, the agricultural development board, with other institutions, we must bear in mind that those other institutions are out to make a profit, whereas the Bank is not. According to the reply of the trustees, the Bank is not even permitted to make a profit. If we are to make a comparison at all, I say that the Agricultural Bank, with all the mismanagement, has done excellent work. I often wonder what would have happened to this vast State had its development been left to the Associated Banks.

Mr. Brockman: It would still have been merely the Swan River Settlement.

Mr. NULSEN: That is so. There has been a lot of criticism of the Agricultural

Bank, and various institutions, probably for propaganda purposes, have tried to draw comparisons, which seems to me ridiculous. We hear comparisons coming from the leaders of the Associated Banks, and other interested persons, such as Sir George Pearce, comparisons between the Agricultural Bank which, as I say, is only an agricultural development board, and other financial institutions, but I cannot see the value of such comparisons. A lot has been said about the Esperance district. The Commission have condemned the district outright. Probably, because of the lines on which it has been developed, there is some justification for the criticism. Is there any belt of country in any agricultural district in this State that does not contain land unsuitable for wheat growing? The agricultural belt has been taken up on a full face. Two-thirds of the land has been condemned, and one-third consists of first-class wheat land. A portion of the two-thirds will carry fairly good crops in decent seasons. The first-class land in the Esperance district is not equal to the first-class in other parts of the State, but it will grow reasonably good crops. The land has been condemned because the Commission did not stay long enough in the district to understand the different problems arising there.

Mr. Doney: Only about three days, I think.

Mr. NULSEN: Yes. The Esperance district has been settled since about 1922. The experts of the Agricultural Bank and other departments, who visited the district, have not really understood it. Ultimately Dr. Teakle was sent down to make soil analyses, and he is now solving the problems which present themselves there. From a mixed farming point of view, the Esperance district will in time be one of the best in Western Australia. When visiting Salmon Gums some seven years ago, the Lieut.-Governor, Sir James Mitchell, advocated mixed farming, and said that the country would grow big sheep and good wool. There is no question about his prediction coming true. Mr. McCallum, the sheep and wool expert of the Agricultural Department, told me he thought the Esperance district would compare favourably with any other in the State in time to come, from a mixed farming point of view. When the district was opened up,

it was done by surveyors who did not understand the country, with the result that the classification was all wrong. This led the settlers astray. They were trying to get results from third and fourth class land, as it has since been proved to be, under the impression that it was first-class land, and probably overlooked first-class land because it was classified as third class. The district has been labouring under a disadvantage from its inception owing to the lack of official knowledge regarding it. When we compare the Esperance mallee with the Victorian mallee, we may find some justification for the slow progress that has been made. It appears to me, from my reading, that all mallee country is difficult to develop. It took a long time before people understood the Wimmera soil, and made any real progress there. Mistakes have been made in the Esperance district. I am particularly sorry for those pioneers who have battled away so hard, and worked so earnestly, seeing that they have been proceeding on wrong lines. The blame cannot be attached to anyone in particular. In the beginning the Agricultural Bank made mistakes down there, and will not deny doing so. That was due to their lack of understanding of the problems there. Since Dr. Teakle has been in the district, a great deal of information has been obtained, and we shall probably know more about the classification of the Esperance mallee soils than will be known about any other district in the State. Dr. Teakle and Mr. Rogers have drawn up a rehabilitation and a reallocation scheme for the district. When the time comes to carry that into effect, to write down the over-capitalisation, and put the farmers on a business basis after spending a few more pounds, the settlers should then be allowed to stand on their own merits. This should apply not only to the Esperance mallee but to the whole of the agricultural areas. It is not just that the Government should write off over-capitalisation unless private firms also participate in the writing-off of debts. I feel sure that unsecured creditors would be satisfied to carry a little of the burden, so that the farmers might be put on a basis on which they could be dealt with. The same thing should apply to private firms in general. The sooner a rehabilitation scheme that will be conducive to the welfare of our farmers is brought

down, the better will it be for the State. I have no doubt the Minister has something along those lines to bring down. I suggest that the board at Esperance should co-operate with the new board that is to be created, consisting probably of one member from the new board, one from the creditors, and one from the farmers. That would be helpful to those in control, would please the farmers, and make for harmony and greater co-operation. The sooner such a scheme is established the better will it be for farmers in my district, and I suppose for those in other districts. I shall defer any further remarks I have to make to a future occasion.

MR. PIESSE (Katanning) [5.37]: The report of the Royal Commission covers a very wide field. It deals with the operations of an institution which has a very important bearing upon the State, and is very closely wrapped up in the successful development of our primary resources. It is also intimately connected with the future prosperity of the State. It is only natural that Parliament should have every opportunity to review from time to time the operations of such an institution. Such opportunity has been afforded from year to year, but I am afraid that Parliament has not been as thoughtful, and perhaps not as critical as it might have been in reviewing the operations of this important establishment. Many of us recognise the value of the Bank, and the enormous amount of work that has been carried out under great difficulties. I suppose it stands alone as a banking institution. Some people say it should not have been called a bank, but an experimental department, or some other arm of Government administration. For the time being, however, it is known as the Agricultural Bank. It is not founded upon orthodox banking rules; therefore, whoever was responsible for its administration necessarily took upon his shoulders a very grave responsibility. I will briefly review the reason for the inauguration of the Bank. There may not be many members in the House to-night who were in politics at the time, or took an interest in public affairs, when the Bank was established. It is well that members should visualise the state of this country then, and the undeveloped condition of its lands. When speaking on the Address-in-reply, I tried to point out that practically undeveloped agricultural lands had really no commercial value, or any

security value in the eyes of the Associated Banks. Practically 95 per cent. of the lands in the South-West lay dormant for a matter of 65 years after the foundation of the colony. Many efforts were made to develop them, not in a practical way, but rather in a speculative way. I know of a large area in the South-West that was locked up under poison lease conditions. It was taken up by speculators who gambled with the leases or securities they held, effected very few improvements, and tied up the land for many years in an undeveloped condition. Eventually the greater part of it reverted to the Crown. At that time these lands were disposed of on leases of 30 or 40 years at the rate of £1 per 1,000 acres per annum. One can understand that little or no value was placed on large undeveloped areas of this kind. The Agricultural Bank was founded in 1895, soon after the granting of Responsible Government to Western Australia. A great deal of doubt was expressed as to the wisdom of the step, but there seemed no other way in which it was possible to commence the work of development. The Associated Banks would not lend money on our lands, even for their development. Thanks to the establishment of the Agricultural Bank and the wise policy then initiated, a practical start was made with land settlement, though upon terms very different from those obtaining to-day. The maximum advance then was £400, and the lines upon which advances were granted were rather conservative. It was required that the land should be first-class—generally speaking, jam or yolk gum. Moreover, only 50 per cent. of the value of improvements was advanced. In addition, the Managing Trustee of the day had laid down a condition that the land must be fenced and at least some practical clearing done before the granting of further advances could be considered. That policy, and the close and careful management of the institution in its early days, enabled much progress to be made, and demonstrated the possibility of creating by Government assistance an asset out of undeveloped lands. Later the maximum advance was raised to £800; and eventually, in 1912 the limit was raised to £2,000. Moreover, the trustees were authorised to advance up to the full value of improvements. If any mistake was made in connection with the Bank, it was made at that time. Parliament, in adopting such

a policy, indicated that it was prepared to take a risk which no private financial institution would be prepared to accept, and a greater risk than the Agricultural Bank had been willing to take at its inception. As a result of the operations of the Bank, settlement became popular, and numerous inquiries for Western Australian land came from abroad. This was due to the splendid work put into undeveloped lands by the Agricultural Bank and its clients. Thus the Associated Banks were enabled to come along, after the security had been created, and offer assistance which they had previously refused to consider. These facts go to prove that the Agricultural Bank's policy, and the developments which followed it, were the means of creating land values out of areas previously regarded as worthless. That was a great achievement. Settlers were enabled to take advantage of the greater local market following upon the discovery of gold and the constant increase of population. Thus Western Australia has been enabled to come into prominence as a producer of wheat and wool, and other commodities such as butter, fruit and so forth. In fact, by this means Western Australia was enabled to establish her name upon the markets of the world. But for the foresight exhibited in the Bank's policy, joined with the willingness of Parliament to accept the risk, it would have taken many more years to bring Western Australia to its present stage of development. I repent, but for the Agricultural Bank our development would be far behind what it is to-day. The point I want to make is that Parliament was prepared to accept responsibility for any losses which might accrue as the result of the policy laid down by Parliament. That policy, I submit, has been carried on irrespective of parties. Now that a stage has been reached when it is necessary to review more closely the Bank's operations, we are unfortunately brought face to face with a position which is somewhat unsatisfactory financially. In spite of all that has been said on that aspect by the Royal Commission, in spite of all the losses suggested as likely to be made—and I hold those losses to be purely problematical and largely guesswork—if we lost even the maximum amount indicated, the State as a whole could not be considered to

have lost one penny. In starting out on such lines, a country must be prepared to accept a large element of risk. There is no doubt that the Agricultural Bank at its inauguration, even with a 50 per cent. margin, was looked upon by many public men and by many financiers as running an undue risk. I have no desire to follow the Commission's report through all the complaints made and through all the suggestions for the rehabilitation of the farming industry or the reconstruction of the Bank. No doubt the report is a highly valuable document, and contains information and data which must be of great assistance to Parliament and to the Government in framing further legislation dealing with the subject; but the report has been robbed of much of its value by the unjust and largely uncalled-for charges made against the Bank trustees, who, after all, have been merely implementing the policy laid down by Parliament. If blame is attachable to anyone, it is more attachable to Parliament and the various Governments than to the trustees. The present Managing Trustee has been associated with the institution from its inception; I think Mr. McLarty started in the Bank as a clerk. I know that the scope of the institution was extremely limited when he joined the service. During the early stages the Bank was most insistent upon the due collection of interest, and also upon the repayment of principal when the time for that had arrived. No one can charge Mr. McLarty and his co-trustees with having wilfully misled Parliament. We must look upon Mr. McLarty as a public servant of outstanding merit, one whose services have been of wonderful value to the Bank and to the State. True, he has not been infallible. Like his predecessor, the late Mr. William Paterson, he has had a most difficult position to fill. There have been Ministers highly optimistic in regard to land settlement, and Governments have done all they possibly could to induce people to come here and take up land. Our lands were advertised as available at low prices and upon easy terms, and prominence was given to the fact that Agricultural Bank loans were available as soon as land had been taken up. In view of the fact that Agricultural Bank policy has largely been co-ordinated with that of land settlement, it is most unfair to level such strongly phrased criticism at the trustees. It was

felt by the Government who appointed the Commission and by members generally that the time had arrived when some further investigation into the Bank's affairs might be made. There have been complaints against the Bank. A stage has been reached when the Bank has little or no money available for further advances. The institution has control of the destinies of about 11,000 of our farmers, many of them in a sound financial position but requiring further assistance, and unable to proceed with the work of development because they are tied up with the Agricultural Bank. This has been a cause of further stagnation and additional unemployment. It was only to be expected that the Bank, after nearly 40 years of existence, should be due for an overhaul, or possibly due for reconstruction. Surely with its splendid record and its achievement in development, the Bank should not have been subjected to such criticism as that embodied in the Royal Commission's report. The trustees, in their official reply to the Royal Commission, remind Parliament that during a 10-year period alone our primary production resulted in the creation of £140,000,000 of national wealth. Much of that wealth would not have been produced within our lifetime but for the establishment of the Agricultural Bank. That is one only of many instances that could be quoted to demonstrate the value of the Agricultural Bank in the development of our primary industries. It was expected that the Royal Commission would submit recommendations, but I am sorry that in doing so they levelled against the trustees such serious charges as those of incompetence, incapacity, recklessness, want of discretionary power, grave breach of trust to Parliament, the non-submission of the true financial position to Parliament, and the carrying out of subordinate work to the exclusion of important matters of finance and organisation. If the trustees have been guilty of so much, how is it that over a period of years Ministers, who have had opportunities to gain a knowledge of the position and who were able to call upon the assistance of the Auditor General, the Treasury officials and other officers, have not taken action? I do not blame any particular Minister because all have had far greater opportunities to look into the affairs of the Bank than anyone else. Why did not they appreciate the fact that the Bank was being carried on in such a reckless manner? In view

of all the circumstances, it is indeed a great pity—I am sure the Minister must regard it as most unfortunate—that an institution like the Agricultural Bank, which is a creation of Parliament, should have been put up like an Aunt Sally to take the full brunt of the Royal Commission's criticism. Has Parliament been told by the Royal Commission anything that Ministers did not know? Decidedly Parliament and Ministers, if they did not know the position, ought to have known it. It was well known to everyone that the Agricultural Bank was not a financial institution in the sense that an ordinary bank is.

Mr. Griffiths: It was not a bank at all.

Mr. PIESSE: It was expected there would be losses, and that the position would have to be cleaned up sooner or later. It is suggested that the time has arrived for that cleaning up, but it would be impossible to realise on many of the securities of the bank in these times. To attempt to do so would be unfair and unjust to the bank's clients, even to those who are bordering on bankruptcy and cannot carry on without the assistance of creditors by means of compromise. Most decidedly it would be unjust to attempt any wholesale realisation of the Bank's assets to-day. Land values are at their lowest ebb and markets generally abroad are most disturbed. If an attempt were made at realisation, we could have no guarantee, for some time to come, that we would be likely to get payable prices for our products. It is not to be wondered at that there is little or no inquiry for improved properties, and extremely little for our undeveloped virgin country. It is unfortunate that the security in land has been so depreciated by low prices that rule for our primary products. This is no time to realise on our securities. There must be quite a large number of farmers regarding whom we must be doubtful as to the possibility of recovering their position. We need not dispute that contention of the Royal Commission, because we know it from practical experience. We have not yet been told whether it is the intention of the Minister radically to change the administrative control of the Agricultural Bank. We do not know whether he intends to appoint a board of control. Whoever may be placed in charge of the institution will be faced with a difficult task in essaying to do justice

to the clients who were able to take up their holdings and develop them through the agency of the institution. Surely those people should be given every opportunity to make good and have hope for ultimate recovery. In an able leading article in the "West Australian" yesterday, Parliament was reminded that the Bank's properties might be handed over to others who would be even more doubtful propositions than the present settlers. I know the Minister for Lands very well and I am sure he does not wish to see the settler, who is a trier and has some hope of success, pushed off his block. I understand the Minister hopes to conclude the discussion of the Royal Commission's report this evening. In my opinion, two days is altogether insufficient to devote to such a matter. If we were able to devote two months to the discussion, we would not be able to do justice to the whole matter and properly protect the interests of the clients of the Agricultural Bank. I do not know that the Minister himself can see a way out of the present difficulty, without giving grave consideration to the many and varied phases of the problem. He will have to give much consideration to the suggestion that the Bank should be reorganised, with the appointment of a new board. I am sorry that the Minister did not previously indicate to the House what the Government have in mind with regard to the Royal Commission's report. I am sorry he has not let us know how much the Government were prepared to believe and to what extent it was intended to act upon the Commission's recommendations. If the Minister had given us some information along those lines, he might have lessened some of the heat that has been displayed during the debate. It would have enabled us to make practical suggestions for the future working of the institution. I trust that in any scheme the Government have in mind regarding the reorganisation of the Agricultural Bank, they will not overlook the fact that the present trustees—I refer particularly to the Managing Trustee and the Assistant Managing Trustee—have had experience that has not been enjoyed by any other men in Australia. That experience should be of great value to Parliament generally and to the Minister in particular in assisting him regarding the reorganisation of the Bank. I trust the splendid services of those officers

will not be overlooked and that the Minister will be able to defend them when he deals with the report. People outside as well as inside Parliament claim that the responsibility for the present position must rest, in the first instance, not entirely with the Administration. The whole matter resolves itself largely into a question of Ministerial responsibility, while Parliament must be prepared to accept a share as well. When they framed their report, the Royal Commission failed to differentiate between the policy governing the Bank and the policy relating to administration. I trust the Minister will allay our misgivings regarding the Government's intentions respecting the present trustees. The Royal Commission have suggested those officers should be retired. If they are to be retired, we shall lose the benefit of the services of men who have given practically the whole of their lives to the work of the institution.

Sitting suspended from 6.15 to 7.30 p.m.

MR. GRIFFITHS (Avon) [7.30]: I approach this matter with a good deal of feeling for I think I can safely say no other member of the House, as a private member, has had more to do with the Agricultural Bank than I have had. My first acquaintance with the Bank was in 1914, and during the drought period of 1915, which really followed on the period of 1911 when there was a partial crop failure which brought into existence certain debts which were carried on by the Agricultural Bank and the Industries Assistance Board. The Board was controlled by a body of public servants who, whilst carrying out their duties as well as they knew how, were not fitted for the business, with the consequence that many serious blunders were made and the settlers had a pretty hard row to hoe. I have read the main portions of the Commissioners' report, which epitomise the whole of the report, and I followed up the examinations that were made when the Commission was sitting. I was very much struck by certain things that were done by the chairman of the Commission, for instance his treatment of Mr. Grogan who at that time was a very sick man, and the fact that no specific data was asked for of the witnesses who were to come before the Commission. No details were placed before them, and they were expected to have at their finger tips all sorts of information which they could not supply at first blush. Let me

in passing bear testimony to the manner and arrangement of the report, which shows that someone has put very fine work into it.

Mr. Doney: I think all the members of the Commission had a hand in it.

Mr. GRIFFITHS: I think a great deal of it devolved on the secretary. However that may be, whilst I admire the get-up of the report I do not admire a great deal of the matter contained therein. For instance, I deplore the attack made on men now in their graves. I am referring to Mr. W. Paterson, Mr. Frank Cook and Mr. A. R. Richardson. Mr. Richardson was at one time a Minister of the Crown. It was before my time, but I know he rendered great service to the State. Mr. Paterson was regarded as somewhat of a conservative turn of mind, but he also in his own capacity performed a fine service for the State. Mr. Frank Cook, perhaps in lesser degree, was also worthy of the best thanks of this community. So it ill becomes the Commissioners to besmire the names of those who are dead and gone. Also the manner in which they have dealt with Mr. McLarty, Mr. Grogan and others, is not a fit return for the services rendered by those men to the State. I shall make further reference to that before sitting down, but I hope that in the consideration of this matter and those men there shall be no sudden adoption of a policy of removal. They are men of vast experience, and I am safe in saying that we should find it very difficult indeed adequately to fill their positions. Since very full publicity has been given to the report of the Commission, I propose to read one or two extracts from the reply of the trustees, because I do not think sufficient has been made of what they have put up. One of the first charges formulated against the trustees is that they have failed to exercise the discretion reposed in them by Parliament. Before replying to that, the trustees express their regret that the Commission should have found it necessary to besmire the names of men dead and gone; and they add—

Particularly as it was during their incumbency that the policies of the Bank were formulated and the status of the Bank as a Government instrumentality was established.

It is only fitting that I should read here the following from the report of the trustees—

The Commission has found that these men misconceived the powers reposed in them by Parliament, became willing instruments of reckless Government policies, and lacked the business ability to administer the Bank. Yet in their own achievements they have left last-

ing monuments to their wisdom and foresight. They may not have had banking experience—they were not called upon to administer a bank—they were concerned with the laying of the foundations of the State's agricultural industry, and the knowledge they brought to the task was distilled from long and successful endeavour in the conquest of the land, and the unique experience in the problems of pioneer farming.

Having read that extract, I want to give my own personal experience with the trustees on various occasions. During 1914-15 I handled some 700 or 800 farmers' cases, so I think I can speak with authority regarding the manner in which the Agricultural Bank treated the cases I brought before them. However I should like to say that whilst the Bank has been termed a bank, I have previously emphasised—on the Address-in-reply—that this so-called Bank was not a bank at all, that it was a development board. The members of that board were expected to bring banking principles into operation without a bank's authority, without control over the outstanding borrowing from private mortgagees and so on, and the only authority they really had was the right to sell—a somewhat doubtful privilege. It is said by the Commissioners that they could not find out when the Agricultural Bank trustees abrogated their discretion in dealing with matters of policy. The reply of the trustees is this—

From the inception the operations of the Bank have been closely interwoven with considerations of Government policy. The duty of the trustees to assist the Government in the furtherance of its land settlement policies, within the provisions of their Act, developed out of the exercise of ministerial prerogative into an unwritten law of the Bank, but it was not until the retirement of the late Mr. Richardson in 1923 that the relationship was defined in writing.

I do not wish to weary the House with reading extracts from the trustees' reply, but it is important that what is put up in their defence should be made quite clear. The trustees continue—

The extent to which the operations of the Bank and board were becoming bound up with Government policy, and the question of responsibility were raised by Mr. Richardson in a letter to the Minister in September of that year. The Minister's reply was as follows:—

I have made it a point and, to the best of my knowledge, other Ministers have also, to leave the management entirely in the hands of the trustees and the board, and I do not think any single account can be instanced where the management has been in-

fluenced. The Government, acting through the Minister, must necessarily lay down the policy, with Parliamentary sanction, and then it becomes the policy of Parliament and the people.

The position thus defined really means that in matters of administration the Bank were supreme, but in regard to matters of policy the Bank had to fall in with whatever Parliament directed and follow out that policy and co-ordinate their efforts in that direction, which I presume is in accord with what the House desires. The trustees in their reply take up the historical side, following on the lines of what the Commission has had to say. They point out that—

In 1903 the gold mining industry had reached its peak. By 1907 the tide of immigration which had flowed so strongly during the gold period began to recede. Departures for that year exceeded arrivals, and the Government, faced with the problem of finding other avenues of employment for displaced miners who desired to become permanent citizens of the State, sought in a vigorous policy of State-aided land settlement a solution of the State's economic growth, and it is surely inconceivable that Parliament intended to place in the hands of two trustees, vested with the office tenure of ordinary directorship, power to override Governments in matters of the State's most vital concern. They would thus have had power on all matters to outvote the Managing Trustee, who as permanent head and servant of the Government would feel obliged within the limits of his Act to implement the Government's policies.

He would practically be representing the Government and it would be *infra dig* if two trustees were allowed to overrule in matters of policy. It is true that they had no experience of banking, but they were called up to administer an institution which was termed a bank, but which by no stretch of imagination could be considered to be a bank. It was a development board pure and simple. Another point made by the Commission referred to the 1912 legislation. This is one of their major misconceptions, and on it they have based much of their theorising and many of their charges. The Commission's report is really profuse in adjectives; "lack of control" crops up repeatedly, "reckless" is used in quite a reckless manner. The latter word is to be found all through the report. The Commission stated in their report—

We therefore find that on the completion of the 1912 legislation Parliament required the then trustees, Messrs. Paterson, Richardson, and Cooke, whose training had been either in the pastoral or farming industries and who,

therefore, had no experience in the business of banking, to conduct the operations of the Bank as a mortgage bank, and they allowed them the disposal of millions of money. Your Commissioners would have thought that the effect of this legislation would have been explained to the trustees by the Hon. the Minister for Lands, but the present Managing Trustee cannot say if the trustees were consulted, but they continued to conduct the affairs of the Bank as an improvement bank.

The trustees' reply was—

On these erroneous premises, much of the lavishly reiterated condemnation of the trustees is based. If the Commission's interpretation of the Act is correct, the trustees should in 1912 have discontinued making loans to develop virgin lands, or if they did so should have restricted advances to such percentage of the cost value of the improvements as would provide the necessary banking margin of security. Nothing could be further from the intentions of the Minister or of Parliament. The primary object of the 1912 legislation was to remove the limitation in respect of the amount which the Bank could advance for improvements on full values. It is true the trustees were given additional powers to take over liabilities. These powers were considered necessary to meet the circumstances of settlers who had raised small loans on mortgage from private lenders. These mortgages debarred them from applying to the Bank for improvement loans, and the Minister considered that if the security was good, the Bank might reasonably come to their assistance.

I have already mentioned the aftermath of unpaid accounts from the 1911 partial crop failure, from which settlers were seeking relief. Some of those accounts were taken over by the Bank under new legislation. The object was not to restrict the improvement operations, but to accelerate development by a further liberalisation of the powers conferred by the 1906 Act. Out of £9,038,338 loaned to borrowers for all purposes, £7,239,833 was advanced for development, and £391,622 to take over liabilities. Of the last named amount £64,028 was advanced previous to 1912. In discussing the actions of the trustees we have to bear in mind the additional burdens imposed upon them. They had the 1911 legacy to carry, had the big 1914-1915 I.A.B. debts to take over, and they also had to take over a lot of repurchased estates and over-capitalised properties. Further, the Soldier Settler Scheme and other schemes have been landed on to the unfortunate trustees. While they have had no say in the formulating of the policy, which has been dictated by various Gov-

ernments, they have had to fall in with the policy. I think there is indisputable proof that the trustees did not formulate the policy. It was formulated by the various Governments; and the trustees, as loyal servants of the State, had to conform to the policy and help to give effect to it. Under another heading the trustees are accused of having been reckless. When we consider what occurred in pre-depression times, what about the recklessness of the Associated Banks and of the commercial community? If the Agricultural Bank trustees erred in the matter of advances, what about the chartered banks who took second mortgages to the extent of hundreds of thousands of pounds? Where did the recklessness come in? Such people have been far more reckless than have the trustees.

Mr. Tonkin: The Associated Banks selected the properties over which they took second mortgages.

Mr. Latham: No, they did not,

Mr. GRIFFITHS: The chartered banks certainly took second mortgages, and if the Agricultural Bank trustees were reckless, what shall we say of the chartered banks and the commercial community? What shall we say of the merchants who advanced 3s. 9d. per bushel on wheat that they afterwards sold at 1s. 8d.? Would they be charged with recklessly squandering their shareholders' money? The farmer is often accused of extravagance, but on any Saturday night a few years back, one could see Murray Street, Perth, lined with motor cars belonging to people who lived not more than a mile or so from the picture shows. What about the extravagance of the city people? Undoubtedly extravagance has been a failing of the community generally. The farmers were urged by the Commonwealth to grow more wheat. Were the Commonwealth Government out to establish a record for wheat production?

Mr. Latham: They wanted money in London at that time.

Mr. GRIFFITHS: Of course. As I asked in the House at the time, if the farmers were to grow more wheat, who was going to stand the loss? To-day the farming community are in a very sad condition. They have grown wheat at a loss and many of them have given way to despair and

left their holdings. The trustees' reply states—

A forward policy of land settlement has been the political gospel of every Government and Parliament since responsible government. For Western Australia the peopling of its empty spaces was not merely a sound instinct of national preservation; since 1907 it has meant the difference between stagnation and progress. The Bank has actively assisted in that policy.

The Bank trustees, like other people, could not foresee the depression, and they say—

Had there been no disastrous fall in prices, little would have been heard of over-capitalisation or of the reckless use of the Bank's funds.

Recently a large gathering of farmers in Victoria decided that wheat could be profitably grown at 3s. 3½d. per bushel provided that their land values did not exceed a capitalisation of £12 per acre. In Western Australia have we a capitalisation of £4 per acre on the average? Someone might ask, why all the talk about the reduction of debts? We have had soil troubles and troubles arising from salinity. Experience has been necessary to find out those things, and that has led to some loss of capital and to putting certain men beyond the pale. If our land averages £4 per acre, and the farmers in Victoria say their capitalisation must be reduced to £12, what are our chances of recovery when something like normal times return? The other States will not be in it with Western Australia. One of the proposals of the Commission is to change over from wheat to wool. That is all very well, but such a change must be made gradually. Nothing of a sudden nature could be indulged in with good effect. There has been much talk about the miners' settlement. I have been through the country and am satisfied that four-fifths of those settlers could be enabled to carry on. It would be better to adopt some policy to ease the burden of debt for them and keep them on their blocks, than to bring them to Perth to go on the dole. I could mention two farms between Southern Cross and Bullfinch which I would back against any other two farms in the State. On the outer fringe of settlement plenty of farmers will make good. Lift the load of debt! Free them! Do something to give them hope, and we shall enable them to avoid the necessity of breaking up their homes and assist them to become useful and profitable citizens. There has been much talk of over-capitalisation and of the im-

possibility of the present position. I repeat that the Bank trustees could not foresee the depression; neither could the chartered banks, the merchants or the rest of the community. The calamitous fall of commodity prices has brought about the present difficult situation. But for that fall, we would not have heard so much talk about the over-capitalisation of holdings. A Royal Commission recently reported that capital values in the wheatgrowing States ranged from £3 to £20 per acre. The average advance by the Agricultural Bank to settlers, with accumulated interest, works out at £1,380 per farm, or £1 7s. 6d. per acre on a 1,000-acre holding. The wheat yield of Western Australia for the past six years is on a par with that of Victoria, and higher and better than that of South Australia. They talk of making the maximum value of wheatgrowing land in the Eastern States £12 an acre. Our land values are much lower, and our land is better wheatgrowing land than that of South Australia. Our averages for the last six years are also better. These factors support my arguments as to the future of Western Australia, and its quick recovery when we get back to anything like normal conditions. I wish to refer to the ever-recurring accusations of the Commission concerning lack of control of credit, and lack of control of wool and stock by the Agricultural Bank. We are told that accounts were put in that were not correct. I am not going to deal with that matter, as the Auditor General has done so most effectively. It is just as well I should read a short extract from the trustees' reply to the Commission's report on the question of lack of control. They say—

The charge of lax control is based largely on the fact that during a year of high prices, 1921 to 1929, the trustees allowed payment of interest and principal instalments to drift into arrear. The percentage of interest outstanding to principal indebtedness on the undermentioned dates was as follows:—

	30th June, 1922.
Ordinary borrowers ..	9.0 per cent.
Soldier settlers ..	5.6 „
	30th June, 1929.
Ordinary borrowers .	9.82 per cent.
Soldier settlers ..	8.43 „
	30th June, 1933.
Ordinary borrowers ..	17.9 per cent.
Soldier settlers ..	17.2 „

It has to be borne in mind that the period 1921 to 1929, say the trustees, was one of exceptional activity in land settlement. The

Commission have not taken that into consideration. The trustees continue—

New advances during that period amounted to £3,346,501, while the loan repayments totalled £1,945,505. If a period of five years be taken as the time required for capital investment in farm development to become reproductive, the effect of this constant substitution of developmental for interest-producing investments on the revenue position of the Bank will be apparent. Interest did not grow on trees, the borrower had to sow before he could reap. The weakness in the Bank from the outset was that it had no control over the income or other liquid assets of its borrowers, or power to regulate outside credit.

This was supposed to be a bank, operating on banking principles, but without the powers of a bank, or any control over outside assets, or over borrowing or mortgaging. The consequence was that the Bank could not be effective. It had power to sell, but that, too, was ineffective. Any powers that it had could not be brought into effect with anything like equity, justice or advantage to all concerned. A dastardly attack has been made upon the trustees. The Commission have not taken into consideration the various influences over it, such as the policy of the Government of the day, and the steps it was thought necessary to take to open up the country. The Bank has been treated as if it was a banking institution. But the trustees had no authority to act as a bank would act; rather had they to conform to whatever was desired by the Government of the day. When I came here early in 1915 we had just passed through the bad season of 1914. The war was on. I remember calling to see Mr. Grogan and other officers of the Bank, and talking over the position of various settlers. I often went to the Bank. The member for Mt. Marshall (Mr. Warner) to-day visits the Bank. He too has made appeals on behalf of certain settlers. I found that the officials had the milk of human kindness running through them. They admitted the position was not a business one, but stated that something might be done to help the settlers concerned. I have repeatedly stuck up for the Bank as well as for Ministers of the Crown, in respect to what has been said by certain organisations, that the Bank had dealt harshly with settlers. I have always maintained that the settlers have had a fair deal from the Bank, and as great a meed of

justice as possible. No doubt the report of the Royal Commission contains many suggestions that will make for the better administration of the Bank. If we are to have a development board and not a bank, let us give those in control a fair run. If it is to be a development board, let it be one in truth. If it is to be a bank, let it be a bank, operated on banking principles, but then I fear the city soup kitchens will soon be over-run with clients from the country. A great deal has been said about what the farmers have done and have neglected to do. Credit at one time was thrown at them, as at everyone else; that was when things were going well. At that time a man could get almost anything he wanted. It is like the individual who lent his umbrella to another. When rain began to fall he demanded it back. When things began to go awry people wanted their money. The farmers were practically pushed into development activities on their farms, and were encouraged to go on with them. I have seen travellers urging most strongly that farmers should buy certain implements. They were told that they would save the cost in 12 months. The inexperienced farmer would say: "Do you think it will help me at all?" and the traveller has said: "You have only to pay £10 a year and see what the machine will do for you." It seemed to be so easy to purchase machinery in those days, and so it was that the farmers bought extra machines. In that way they over-capitalised their farms and got into difficulties. Then came a drought, or rust, or some other trouble, and the farmer fell into difficulties. I have already voiced my protest with regard to this Royal Commission. I have done so in no uncertain terms. I hope the newspapers will note that this House is not in accord with the wholesale condemnation of those who have served their country well, men like Mr. McLarty, Mr. Grogan, Mr. Moran, and others, to say nothing of those who have passed away—Mr. Paterson, Mr. Richardson, and Mr. Frank Cook.

MR. J. H. SMITH (Nelson) [8.10]: Most members will want to say something about the findings of this Royal Commission. I agree that the report contains much valuable information, and that in its com-

pilation the Commissioners have gone to a great deal of trouble. They were appointed to inquire into the Agricultural Bank Act of 1906, the Industries Assistance Act of 1915, the Discharged Soldier Settlement Act of 1919, the Group Settlement Act of 1925, and the Finance and Development Board Act of 1930, with amendments and everything appertaining thereto. They have been at some pains to place the whole of the blame for the present position upon the trustees of the Bank, because of what they call "the deplorable condition of the finances." If members are true to their convictions they will admit that they have known for a long time that the finances of the Bank were in a bad condition, and yet things were allowed to go on as they were. The Royal Commission refer to political pull and political force exercised upon the trustees. They say certain things should not have been done. Everyone knows that if the trustees had not carried out the wishes of the Government others would soon have been appointed to do so. It is not necessary to go into the history of the establishment of the Bank. We owe a debt of gratitude to the Leader of the Opposition for the pains he took to dissect the Commission's report. We first started to drift during the drought year of 1914. At that time people on the wheat belt were starving. The cry was heard in the Press that they and their children were dressed in sackings and were living on boiled wheat and treacle. Parliament then established the Industries Assistance Board. That was the time when the Bank had to carry out the wishes of the Government, and it has done that ever since. The Industries Assistance Board was established in 1915, and was carried on down the years. After the war in 1919 the soldier settlement scheme was brought into operation. The prices of all primary products increased, and there was a wave of development throughout Western Australia. A network of railways was built. People were crying out for land, and were going further and further afield to settle. The holdings were developed through the Agricultural Bank resources. Now, because the prices of primary products have fallen to bedrock and even below, a Royal Commission has been appointed. The best the Commissioners can do is to blame the Agricultural Bank trustees, throw ing the whole responsibility for the present

position on their shoulders. In my opinion, the trustees have carried out a wonderful job, and this applies especially to the Managing Trustee. Instead of condemning the trustees, we have to justify the actions of past Parliaments and the action of the late Treasurer of this country. I have heard it said that the two last Treasurers of Western Australia should be shot. The publication of the Royal Commission's report in the "West Australian" came like a bomb-shell on the people. The people said, "This country has been loaded with a loss of £12,000,000: what were the last two Treasurers doing? They should have resigned their jobs." I consider that the last two Treasurers were forced by the opinion of Parliament to hold their jobs, and that they acted in the best interests of Western Australia. The ex-Treasurer, who is now out of politics, has been heard on every platform in the State advocating land settlement. He took civil servants who had lost their positions, and clerks and Fremantle wharf workers, and placed them on the land; and many of them achieved independence. Undoubtedly the Agricultural Bank carried out the policy of the various Governments. That policy proved a wonderful success because prices were right. Now that prices have fallen we are asked to condemn men who carried out their duties in the best interests of Western Australia.

Mr. Hawke: But you would not like to perpetuate that policy, would you?

Mr. J. H. SMITH: In the absence of such a policy, how are the affairs of a huge country like this, with vacant spaces still crying out for settlement and railway construction, to be carried on? Only recently two new agricultural railways were authorised. The hon. member interjecting has helped to perpetuate the policy of land settlement by voting for those railways. The country must be opened up. The Agricultural Bank has never been an institution like the Associated Banks. If it were possible to have money set aside purely for rural purposes, we would be all right. If the prices of wheat and other products came back to normal, there would be no necessity for a Royal Commission. In ordinary times this Royal Commission would never have been appointed.

Mr. Hawke: What do you regard as normal prices?

Mr. J. H. SMITH: A normal price for wheat would be 4s. to 4s. 6d. per bushel. A normal price for wool would be 1s. per pound all round. Gold has risen in price but gold does not open up agricultural lands, and what we are dealing with to-night is agriculture. The Commissioners were also appointed to go into the question of group settlement. Running right through the report, from one end of it to the other, there is blame for the Managing Trustee of the Agricultural Bank. It is asserted that he is not fit to hold his job, and that he should be dismissed immediately. It is asserted that he has been subject to Ministerial control—the control of the present Minister for Lands and of all the Ministers for Lands since 1915. I agree with that. However, one of the chief subjects of the inquiry was to have been group settlement, in respect of which £5,000,000 has been written off. The Commissioners should have endeavoured to enlighten us on that subject; but their report says that as the general manager of the Agricultural Bank and the Minister for Lands had recently made an extended tour through the South-West and the group settlement areas, it was not necessary for the Commissioners to visit those places. In view of that statement, the Commissioners had no right to condemn Mr. McLarty. In fact, they had no right to make any finding whatever in regard to group settlement. Still, they say that the whole scheme of group settlement was ill-conceived and ill-advised, and that a great deal of money has been lost in it. I contend that the money invested in group settlement has not been lost, but will come back in future years. The three Royal Commissioners, not even having visited the districts in question, should have refrained from expressing any opinion on the subject. It may be said that they left that aspect to political control. Without having visited the areas referred to, they have the impertinence to describe the scheme of group settlement as ill-conceived and ill-advised. They had only to ask in order to ascertain that the development of Crown lands in the South-West had the unanimous approval of all members of both Houses of Parliament. The scheme of group settlement was adopted by both Houses without a word of protest. The Mitchell Government inaugurated the scheme, and spent a certain amount on it. Then Mr. Angwin came in to control the scheme for three years,

and the expenditure continued. Thereupon the present Minister for Lands took charge, and during the six years of his administration Western Australia spent £6,000,000 on the scheme. Everybody realised that a halt must be called. A great amount of money had to be written off. For the next two or three years expenditure on the scheme was limited to a few hundred thousand pounds annually. For the time being the best possible is being done. Yet the Royal Commissioners condemn the trustees, saying they should be dismissed immediately and other men appointed in their places. To my mind there is something more than fairness behind that recommendation. There must be vindictiveness somewhere. I do not know the chairman of the Commission: I have never met him in my life. I do know Mr. Diamond, another Commissioner; he is a banker. On going into the affairs of the Bank, Mr. Diamond would be astounded. He would say, "What madness is this? Fancy carrying on a bank on such lines!" One can see the banker's handwriting right through the report. The third member of the Commission, Mr. Donovan, is a farmer. Mr. Donovan considers it his duty to submit a minority report disagreeing with his fellow-Commissioners. That is because Mr. Donovan knows something about work on the land. He knows how necessary it was to spend a vast amount of money in opening up and developing the huge areas of the South-West. All that money will come back when prosperous times return. When the cycle has completed its revolution, the security will be there. Then there will be no outcry about what the Agricultural Bank has done. I repeat, had things remained normal, there would have been no necessity whatever for the Royal Commission. Who was to lay down that a vast territory should be condemned because it had no railways? Within a few years the whole of that area will be opened up by railways. My hope is that before long the cheap money granted in the first place will make it possible for us to open up further Crown lands in the South-West for dairying purposes.

Mr. Hawke: Don't you think one of our problems will be to handle a lot of the country which has been opened up and is not of much use?

Mr. J. H. SMITH: When prices come right, there will be a strong demand for that land. The fall in prices is the origin of all

this trouble and criticism. If prices are right, a living can be made in the South-West. As soon as prices fall below cost of production, people are hard up against it and a hue-and-cry is raised throughout the country. To show the unfairness of the whole thing, let me point out that the Commission's report makes no reference whatever to the fact that every Australian Parliament has passed emergency legislation of all sorts to try to solve current problems. Throughout Australia there are workers on half-time or on sustenance, thousands of unemployed. And why? Because prices have fallen and therefore labour cannot be absorbed. There have been Farmers' Debts Adjustment Boards. Those boards perhaps have not met the requirements, but still they form part of the emergency legislation. The Commission's report makes no allowance whatever for all those things. The report simply condemns three men, saying that they have not done their job and that they should be sacked immediately. It also states that there has been political control of the Bank. Everybody agrees that there has been such control. That has been the policy of the various Governments. I suppose every other member representing a farming constituency in this House has, like myself, gone to the Agricultural Bank trustees to plead that a settler be given another chance. I have done it in dozens of cases.

Mr. Hawke: I could not get a hearing.

Mr. J. H. SMITH: During the last year or two it has not been possible for the trustees to extend so much consideration. I venture to say that every other agricultural member of this Chamber has, like myself, interviewed the trustees on behalf of a settler, has taken along a settler to Mr. McLarty. Let me say that I regard Mr. McLarty as one of the finest men I ever met in my life. I consider that he has been a wonderful servant to Western Australia. One could always go to him in perfect assurance of getting a sympathetic hearing. Mr. McLarty is a kind-hearted man. In the interests of Western Australia he has given numbers of settlers a further opportunity, with the result that many of them have made good. The member for Toodyay (Mr. Thorn) referred to the dried-fruit producers in the Swan Valley, who have an organised market for a great portion of their product. It is impossible for the producers of wheat

and wool to do anything in the way of organised marketing, because they have to depend on the world's market. Many of the buyers of wheat and wool are located outside the British Empire.

Mr. Coverley: What did you do about the Fruit Marketing Bill?

Mr. J. H. SMITH: That was discussed too long ago for me to remember.

Mr. Coverley: You opposed it.

Mr. J. H. SMITH: Then I suppose, if I turned it down, the Bill could not have been any good.

Mr. Coverley: It provided for orderly marketing.

Mr. J. H. SMITH: I cannot say now. With regard to wheat and wool, we cannot blame the State or the producers for the position that has arisen. We can blame the Federal Government to a considerable extent because of their tariff impositions that have deprived us of an outlet in the markets of the world. We find now that the Commonwealth Government propose to endeavour to bolster up our wheat industry by providing a bounty, but that will not get us out of the trouble. It will not restore to us the £12,000,000 that the Royal Commission referred to. The Government will have to do something to remedy the position. Presumably the Government will fund the debt and by doing so, will continue the practice that has been in operation throughout Australia for the last 30 years in dealing with deficits. When the Treasury bonds mature, then the amount is funded again. We could not provide that £12,000,000 in Australia so that we could liquidate what is owing, and, in fact, we could not cope with the position unless the new era dawned that the member for Claremont (Mr. North) has spoken about from time to time. If that new era were to dawn, the position would be all right. I do not know even if that would really be the position, because we cannot finance our credit in this State. We cannot dispose of our commodities. If our farmers cannot sell their products, our security cannot be good and our credit cannot stand high. That is our position with regard to the Royal Commission's report. That points to the fact that Parliament must go further. It is useless merely discussing the report and carrying the bald motion stand-

ing in the name of the Minister for Lands. Every member of the Assembly and the Legislative Council will agree that the trustees have been vilified by the Royal Commission. The Managing Trustee, Mr. McLarty, has rendered years of faithful service. Mr. Moran has not been so long in his position as a trustee of the Agricultural Bank, but I remember reading a speech of his in "Hansard," which demonstrated how long-headed he is. In 1895 or 1896 when the establishment of the bank was under discussion, he delivered a speech that was a masterpiece. He indicated what was necessary in order that the back country should be opened up and developed, and suggested the establishment of a rural bank as the best means of promoting that end. Mr. Leake and another member were the principal opponents to the establishment of such a bank. Mr. H. K. Maley was once Minister for Agriculture, and surely he, too, can be entrusted with the work he has to carry out as a trustee. He was born on a farm and has been on the land all his life. He is in a position to appreciate the hardships endured by, and the requirements of, the farmers. Surely a man of that description can be trusted. It will be recognised that these men have done their best in the interests of the State. Their work has resulted in opening up and developing the country areas, and that was done at the express wish of successive Governments, who told the trustees what policy they were to adopt. The Minister has always been the controlling influence in the affairs of the Agricultural Bank, and naturally the trustees would not carry out their duties contrary to the wishes of the Minister in charge for the time being. Obviously the trustees must be loyal to their Minister. If a member were to approach the Minister in charge of the Agricultural Bank for the time being, he would almost invariably be told: "I have nothing to do with it. Go and see the trustees." Nevertheless we know that the Government control the actions of the trustees. Holding that view, I feel that something more is required than the carrying of the motion under discussion. The motion will get us nowhere. In order that we may get somewhere, I move an amendment—

That the following words be added to the motion: "and expresses its confidence in the present trustees."

I think the amendment will enable us to carry out a duty we should fulfil, and it is merely reasonable. The Managing Trustee is a permanent officer under the Public Service Commissioner, but the other two trustees are appointed for a term of two years or so. If the trustees do not do their job properly, these two trustees at any rate can be dismissed by the Government. I feel confident that the Minister will accept the amendment as he must realise it is justified. By agreeing to the amendment, we shall do some good.

Mr. Thorn: I would like to hear farmers on the Government side of the House say something about the amendment.

Mr. J. H. SMITH: I believe the House is unanimous that we should do the right thing by the trustees.

Mr. F. C. L. Smith: How can an opinion be expressed unless we read all the evidence?

Mr. J. H. SMITH: Surely members have read the evidence! At any rate, the Commissioners have arrived at their decision, and have set out the position in their report.

Point of Order.

The Minister for Lands: I ask for your ruling, Mr. Speaker, as to whether the amendment is relevant to the motion, which does not raise the question of confidence in the trustees. It merely provides for a discussion on the report of the Royal Commission. I do not think the amendment is strictly relevant.

Mr. Speaker: The Royal Commission's report, to which the motion alludes, undoubtedly discusses the trustees and makes certain very drastic comments about them.

Mr. Latham: And suggests their dismissal.

Mr. Speaker: Order! I think there can be no doubt about the relevancy of the amendment, and I rule it in order.

Debate Resumed.

MR. PATRICK (Greenough) [8.40]: Mr. Speaker—

Mr. SPEAKER: I trust members realise that they will now have to confine their remarks to the amendment.

Mr. PATRICK: I presume that as the report of the Royal Commission deals with the conduct of the trustees, I can refer

generally to the statements that appear in the report.

Mr. SPEAKER: I admit it will be difficult to confine members to the amendment. It would be far better for the House to deal with the amendment at the outset and then proceed to discuss the motion.

MR. LATHAM (York—on amendment) [8.41]: I am glad that the member for Nelson (Mr. J. H. Smith) has given the House an opportunity to express an opinion regarding the trustees. There is no doubt in my mind that the acceptance or otherwise of the Royal Commission's report hangs almost entirely on whether we shall dismiss the trustees. It would be very unwise for us, after the years of service the Managing Trustee and also one at least of the other trustees have rendered to the State, to dispense with their services, merely because the Government appointed a Royal Commission to inquire into the operations of the Bank, and the Royal Commission recommended the dismissal of the trustees. After listening to the debate, I am convinced it would not be fair to the trustees if we did not express confidence in the work they have carried out on behalf of the State. I shall support the amendment because it would be absolutely wrong for us or for the Minister not to agree to it. The Minister has been associated with the trustees for 4½ years—for three years on a previous occasion, and for 1½ years since the present Ministry assumed office—and presumably he found their services were in the best interests of the State. He must have found that Mr. McLarty was a loyal officer to him, otherwise he would have taken the necessary steps to dispense with his services. As he has been closely allied with the trustees over a period of years, I feel sure the Minister will support the amendment so that the House may express confidence, particularly in Mr. McLarty, for the work done during the past 37 years.

MR. THORN (Toodyay—on amendment) [8.44]: I have pleasure in supporting the amendment. The member for Nelson (Mr. J. H. Smith) is to be commended for moving it. I thought we would have heard from a number of members on the Government side of the House. They have been silent during the debate, although they have always

been very energetic in their efforts to approach the trustees from time to time when they wanted anything done on behalf of their electors. I am surprised at their silence during this debate.

Mr. SPEAKER: Order! I do not think the attitude of members on that side has anything to do with the trustees, or with the subject before the House.

Mr. THORN: At all events, it gives me pleasure to support the amendment. It is only right that we should do so after the fine services the trustees have rendered to the State. The Commission's report is cruelly vindictive and does nothing but criticise from start to finish. So it is up to the House to stand by the trustees, seeing that it has directed them in the past. I will support the amendment.

MR. BROCKMAN (Sussex—on amendment) [8.46]: Undoubtedly Mr. McLarty, the Managing Trustee of the Bank, has rendered valuable services to the State in the development of our agricultural industry. This amendment will serve to assure him of the respect in which he is held. Also the other trustees have done their very best in the interests of the State. When we look at the condition of the State and recall what it was a few years ago, we find that our industries have advanced very greatly through the Agricultural Bank, and it has been largely due to the fine work carried out by the trustees. I have pleasure in supporting the amendment.

THE MINISTER FOR LANDS (Hon. M. F. Troy—Mt. Magnet—on amendment) [8.47]: I cannot conceive anything more unwise than to attempt to make the position of the trustees the subject of a decision of the House. No Government worth their salt would accept dictation from the other side of the House. Surely the Government can make up their own mind as to the value of services rendered by public officers. And who on this side of the House has said a word against the integrity or the loyalty of the trustees?

Mr. Latham: Nobody has.

The MINISTER FOR LANDS: Then why insist on the amendment, which dictates to the Government?

Mr. Latham: No, it is a reply to the Commission.

The MINISTER FOR LANDS: It is not, for the Commission's voice has not yet been heard. I say definitely that when the Commission's case is stated here in the House, as I shall state it, members will not want to carry the amendment. But no one on this side has said a word against either the Managing Trustee or the two other trustees, and I will not allow the Opposition to dictate through me what the Government shall do. The two trustees occupy only temporary positions, and their term of office has expired. No one shall compel the Government to reappoint those trustees if the Government do not wish to do so.

Mr. Latham: We do not ask you to do so.

The MINISTER FOR LANDS: But the hon. member wants the House to carry an amendment which will compel the Government to do something which they themselves should determine. The term of two of the trustees has expired and to-day those trustees hold their positions only by the grace of the Government. The Government are not going to permit members opposite to say that we should accept those gentlemen whether we want them or not. The supporters of this amendment are doing no good service to the trustees. The Opposition have put up an amendment to the effect that the Government must accept their point of view in regard to those officers. The Government will not do it and, in the interests of the trustees, the amendment is very ill-advised. The mover of the amendment and its supporters are not friends of the trustees.

Mr. J. H. Smith: You are taking a view quite different from ours.

The Minister for Mines: It is what your amendment means.

The MINISTER FOR LANDS: Members supporting the amendment are, not the friends, but the enemies of the trustees. The Government will appoint whom they like, just as the preceding Government appointed whom they liked. We have a perfect right to appoint any men to the positions when the term of the trustees expires—and it has expired. The amendment is dictating to the Government that they must have confidence in those trustees. I for one will not bow to any such dictation. I have never made the path of the trustees difficult. I am about the one Minister who has stood by them, even when sometimes I felt impelled to do otherwise. Months ago the

trustees took certain action at Denmark. I told Mr. McLarty I did not think it was a wise step in the circumstances, but I added that he had the power to do it, reminding him that the trustees were independent and that if he thought it was the proper course to take, I would not interfere. Actually, I went to Denmark and stood behind the trustees in their action. Had that action been of general application, I would not have dissented from their view but it was not so. I am the one Minister that has stood behind the trustees, expecting that they were doing their duty by the community. They do not deny that. Yet an ill-advised amendment is moved, declaring that the House has confidence in the trustees when the other aspect has not yet been considered. Despite what was said by the Leader of the Opposition, he did not touch the Commission's case. Members can please themselves, but I will not accept dictation from the other side as to whom the Government shall appoint. We will, I hope, always appoint the best men. When we appointed this Royal Commission, we knew only one man on it, Mr. Donovan, an honourable man and a successful man. We appointed Mr. Hale because he had been a member of the previous Royal Commission, and we regarded him also as an honourable man who had done good service. But I had not the acquaintance of Mr. Diamond. We choose our men, not because we want them to serve us, but because we feel they will do their duty by the State. When the time comes to appoint trustees there will be appointed men competent for the office, and who will do their duty by the State. We have not been discussing the Commission's criticisms although we have discussed their report, but we will not allow members opposite to dictate as to who shall be appointed.

Mr. Latham: The amendment does not say that.

The MINISTER FOR LANDS: Of course it does, and how could the Government refuse to accept it if it were carried? How could they fly in the face of Parliament? The Government are maintained by a majority in Parliament, and cannot flout the directions of Parliament. The hon. member knows that. By the amendment the Opposition are doing the trustees no service at all. They are dragging the trustees in here and asking the House to express a vote of confidence in them without having heard both sides. I sug-

gest that the member for Nelson would be wise to withdraw his amendment as it will do no good at all.

Mr. J. H. Smith: I propose to do so.

The MINISTER FOR LANDS: It will not do the trustees any good. I have never said a word against them, while on the other hand I have always stood behind them. Under the Agricultural Bank Act the trustees are supreme and the Minister has no power, except to appoint trustees when a term of office has expired. On this point I consulted the Crown Law Department and they advised me that I had no power at all, that the trustees had supreme power under the Agricultural Bank Act. So I have never dictated to them. But, sometimes against my own judgment, I have stood by them because they were in command and I did not see that I should attempt to criticise them. So I suggest to the hon. member that he will do no good by his amendment, because it can be of no service to the trustees.

MR. J. H. SMITH (Nelson) [8.56]: By way of explanation, may I say that I had no intention of doing what the Minister accuses me of doing. In the circumstances, on his assurance, and with the consent of my seconder, I will withdraw the amendment.

Amendment, by leave, withdrawn.

MR. PATRICK (Greenough) [8.57]: Now that this interlude has passed, presumably I can resume the discussion. I do not propose to speak at any length, preferring to wait and hear the policy of the Government, which I presume will be indicated later by a Bill. But having had a long experience of farming, I feel I ought to make a few remarks on the motion. Very few members of the House have had a longer experience of farming than I have had, for with the exception of a brief period spent on the goldfields I have been farming all my life. Some remarks were made last night about farmers working long hours. I plead guilty to having worked very long hours in my time. When I started farming I was often at work at 3 a.m., and when burning off had to work long into the night. Every man who wishes to get on, I do not care whether it be in farming or any other industry or profes-

sion, must be prepared to subscribe to those lines of Milton—

Fame is the spur that the clear spirit doth raise

(That last infirmity of noble mind)

To scorn delights and live laborious days.

That is the only way a man can get on and get out of the rut, I do not care what employment he may be in. Of course, if he wishes to remain an employee all his days, he is not going to bother his head, but if he wishes to climb out of the rut, he has to work hard and work long hours. In the days when I began farming, costs were very different from what they are to-day. I need quote only one or two instances. Cornsacks that held practically $4\frac{1}{2}$ bushels could be purchased for 3s. 9d. per dozen; a binder could be bought for £37 cash, and superphosphate for £3 2s. 6d. per ton, and that superphosphate came from the other side of the world. The tragedy of the present position is that no matter how hard a farmer works, on account of costs having doubled or trebled, and on account of commodity prices being much lower, he has no incentive to work because it is almost impossible to build up an asset that will stand to him later on. Plenty of men to-day are working hard, but with no incentive to work, and many who in years gone by have built up an asset have found, during the last three or four years, that they have been burning it in trying to maintain themselves on the land. In appointing the Royal Commission I believe that the Minister was actuated by a genuine desire to assist the settlers. Though bodies outside may have brought the matter under the notice of the Minister, I think he is the wrong man to be dictated to. I believe he appointed the Commission with a genuine desire to get results that would be of assistance to the industry. I know that an effort was made to secure the services of an able man in my electorate. He was not only an able business man, but is to-day one of the most successful farmers in the State. Unfortunately, through ill health, he was not prepared to act. The member of the Commission who possessed a little business and farming experience made the most commonsense report. The minority report certainly gives the most commonsense verdict on the Agricultural Bank. His remarks are much more to the point

and much more practical than are those of the other two members of the Commission. I am not acquainted with the chairman of the Commission, but I have been informed that he, like other business men who have conducted farming operations, has had a rather unfortunate experience and probably that has soured his whole outlook, though I should have thought it would have broadened his sympathy more than is revealed in the report. Judging by the cross-examination of witnesses, the Commission seem to have set out to find something wrong and to condemn the operations of the Bank and the trustees. In many instances the method of taking evidence was not exactly fair. A much fairer method was that adopted by the Federal Commission on the wheat industry, who issued a questionnaire in advance and gave witnesses time to prepare their case, instead of trying to catch them on the hop and get them to make admissions that they probably would not make if they had more time to consider the matter. The trustees have, to a large extent, been blamed for practically carrying out the policy of the Government. When I started farming, it was with the utmost difficulty that I obtained the large sum of £300 from the Agricultural Bank, the whole of which advance I spent on clearing. It was of great assistance to me, because that clearing helped me to develop further land later on and gave me a good start. But political parties in this State, in bidding for the support of the farmers, kept raising the amount of Bank loans and giving advances on the full value of improvements until the amount was finally raised to £2,000. In doing that Governments and Parliaments accepted a very grave responsibility, considering the condition of many of the securities to-day. Years ago one Minister issued a pamphlet advising men to go on the land. I think it was headed "How to go on the land with 9d." We had an able Director of Agriculture at the time in Professor Lowrie, who came into conflict with the Minister, largely on account of his having issued that pamphlet. Professor Lowrie contended that no man had a right to go on the land unless he was prepared to risk a certain amount of his own capital. There is no doubt that, after the decline of the gold mining industry, much unemployment prevailed in the State and farmers were urged to borrow money and carry out im-

provements, largely to ease the unemployment situation. Perhaps development at the time was too rapid; perhaps too much clearing was done in advance of conditions. In doing that clearing and other improvements, however, we achieved marvellous results. I suppose no other State in the Commonwealth made such rapid development. It must be remembered that during the land boom times everyone went mad. Not only the Agricultural Bank, but business men of the city were affected. Many of them took up farming properties and many were badly bitten. Even members of this House got the land bug, and I think many of them regret that they ever touched farming, because it was something they knew nothing about. That goes to show the situation created in the boom time. Representatives of the Associated Banks went around urging their clients to increase their overdrafts. I know that managers went around canvassing clients, urging them to increase their overdrafts, carry out additional improvements and take advantage of the high prices ruling. Business men pushed tractors and other machinery on to the farmers and now, not only the Agricultural Bank, but the Associated Banks and business firms have losses to carry. The disadvantage of the Agricultural Bank, like all State institutions, is that the general taxpayer has to carry the loss, while in the case of private firms and companies, the shareholders have perhaps lost some of their savings. The trustees have even been blamed for displaying lack of business ability, but as other speakers have asked, what about the Associated Banks with their second mortgages? It has been said that they picked out only the good securities, but I can assure members that that statement is not correct. I know that one of the Associated Banks did business in one district and was so good to many of what might be termed bad securities that that year it went by the name of Father Christmas. That bank literally poured out money, some of it on second mortgage, and I know that some of the properties will not realise the Agricultural Bank's first mortgage, much less the second mortgage. On page 81 the Commission make the following recommendation:—

Local branch managers should be trained to both outside and inside work of the branch; if not, officials should be appointed as branch managers, capable of carrying out the duties.

I do not know whether that is an Associated Bank recommendation, but there are mighty few managers of Associated Banks who have been trained to outside work in connection with the farming industry. Let me give an experience of my own. I once purchased a property in the hands of one of the Associated Banks whose books showed 150 acres cleared. That property never had more than 40 acres cleared, but I was assured that successive managers had inspected the land and reported that the improvements were there. Even the managers of Associated Banks have not such experience; in fact, they could not have it. On the other hand, most of the branch managers of the Agricultural Bank and the field officers have had considerable land experience. If the Agricultural Bank be reconstructed, one thing that should be done is to place the field officers on a much better footing than they occupy to-day. Those officers have to do valuable work for which they are poorly paid, and they have no permanent standing in the Civil Service. They can be sacked at a week's notice. If any officials should be put on a permanent Civil Service footing, they are the field officers of the Agricultural Bank. The trustees have been blamed for the selection of their clients and for the type of men put on the land. To place such blame on the trustees is hardly fair, seeing that during the boom times the settlers were mostly selected by special boards created by the Government. The Agricultural Bank had nothing to do with the type of men selected. Most of the blocks were over-applied for, and the Lands Department created a special board to select the men considered to be most suitable. When certain repurchased estates were to be allotted, the board were instructed to select only men possessed of sufficient capital to work the property. The land was thrown open on the assumption that men with capital could be obtained to work the blocks, and no one was supposed to require Government assistance. I think the Minister will admit that almost all the settlers on repurchased estates sold under those conditions are under the Agricultural Bank to-day. It is very difficult to tell what settler is likely to be successful. I do not think there is such a thing as experience in land settlement. The most successful farmer in my district is a man who had been on a mining

field all his life. He did not take up Crown land; he bought a property. During 1914 he had to come under the Industries Assistance Board, but he has long since paid off the amount of assistance received. He had had no previous farming experience; he had never been on a farm in his life, and yet he is one of the most successful farmers in the district. According to the Royal Commission's report that man should have been turned down because he had had no experience. Another successful farmer was a bank clerk who came out from London and took up Crown land. The trustees have been blamed for settling country like the Esperance land. It is said that they should have resisted Government policy. The trustees said the land was not suitable for farming, but Parliament decided that the railway should be built and that the land should be thrown open for settlement. Once that became the policy of the Government, it was impossible to send out settlers without assisting them. If there is to be a condemnation of the Esperance land, the Minister should seriously consider recommending to the Minister for Works to cease operations on the harbour at Esperance. If the report of the Commission proves to be correct, there will be practically nothing to ship out of the harbour. It is no use spending £100,000 on a harbour in order that a few bales of wool may be shipped from it, when such work would only be gone on with provided there was a considerable output of wheat through that channel. Caution should be urged with respect to the recommendation as to changing over from wheat to sheep. The Commissioners put forward a fine scheme in that regard. They went into the question of the cost of sheep, and showed how it should all work out on paper. They gave the returns from wool and carcasses, and estimated that these would pay interest on the 2½ millions the Government were to advance, and in addition would allow of a reserve being put aside for repayment of the principal. It looked all right on paper, but the Minister, as a practical man, will admit that it will not work out. It never does work out. To-day wheat is up a little in price, and wool has gone down, so that the situation has entirely altered. Prices in these matters are the important factors. That is shown by the Commissioners themselves. It may not be known that the Agricultural Bank has a certain

number of pastoral properties on its hands. Commenting upon this, the report says—

It will thus be seen in addition to payments for one year's interest a further sum of £3,601 had been paid to the credit of the various accounts. If the wool prices are maintained, soldier settlers on pastoral areas, and the bank's securities, must be regarded as in a sound position.

That was written when wool was selling at between 18d. and 20d. To-day the situation has changed. Perhaps what the Commissioners say on the other side of the picture may be more correct. It is as follows:—

The above figures demonstrate what a return of the values means to primary industries. If the conditions at present applying in the pastoral industry in the matter of prices are applied similarly to the wheat industry, the difficulties at present affecting this section of the Bank's securities would be considerably relieved.

As I have said, the position had greatly altered. Pastoral securities have gone down, and wheat securities have gone up. To show the difficulty of the price factor, I need only quote from a letter I received from the Yandanooka branch of the Returned Soldiers' League. Last year the settlers there delivered 70,000 bags of wheat to the siding, this being an average of 15 bushels to the acre. It took 63 per cent. of the value of that wheat to meet the interest and principal payments. This is a repurchased estate. It shows what a great consideration the price factor is in arriving at any conclusion of this sort. The minority report is the fairest and most practical part of the report. There must be some writing-down. Already the Agricultural Bank are writing-down property values to new settlers. The new man comes in and the old settler goes out. All the debts are lost to the outside creditors, who therefore get nothing. If the present settler is allowed to remain, there will also have to be a writing-down outside. The Bank's securities cannot be written-down for the benefit of the other creditors, who will themselves have to write-down in the same ratio. If possible, there should be a writing-down. If the Federal money comes to hand, it may be possible to do this. I do not approve, and I am sure the Minister does not approve, of taking this money from the Federal Government, paying interest upon it, and leaving the State to carry the whole burden. I should be prepared to allow the Federal authorities to carry any losses that

occur, and give them the job of collecting the interest. I hope the Minister will examine all the rehabilitation schemes that have been put up, and, as a practical man, select the best features to be found in all of them. They contain some good ideas. The industry must be restored to a sound basis if it is to regain its former prosperity. Much of the criticism of the Bank falls to the ground, because it is based on the point of view of the Associated Banks, whereas the institution is not a bank in the same sense. I am sorry the Minister for Railways is not present, because he rather resented some remarks made by the Leader of the Opposition. Some years ago I remember an instance concerning the administration of the railways in my district. The stationmaster at a certain town reported that the door of the goods shed was too stiff to move. The next day an engineer examined it. Presumably he made a report, because, a train or so later, a mechanic arrived, squirted his oil can over the runners, moved the door backwards and forwards, and returned whence he came. Anyone can pick out little things like that in any department to show the inefficiency of the administration. If a farmer going round with his harvester were to send for an engineer or a mechanic to report upon something that had gone wrong, he would find himself in a very bad position. A farmer has to be a business man, mechanic, and everything if he wishes to succeed. The Agricultural Bank is not a bank in a real sense. I remember years ago advocating that it should be turned into a rural bank with real capital. It has been the custom to vote so much money to the Bank. That was lent out, and returns were made to the Treasury. What I advocated was a bank with a capital of £1,000,000, conducted on sound lines, and, as repayments came in, further loans would be made to the farmers. There are many ways in which a real rural bank could do good work. At the time I was speaking of, superphosphate firms were charging 1s. per ton per month for accommodation, a monstrous rate of interest, and later on charged 1s. 6d. It would have been the policy of a genuine rural bank to purchase the super for cash and dispose of it to farmers at the ordinary bank rates of interest. I trust some good will come out of this report. No doubt many administrative faults exist that will require to be

remedied. It would be incredible if there were not some faults owing to the number of years during which the bank has been in existence. It was entirely wrong of the Commissioners to condemn the country in that wholesale manner, and to exaggerate the losses in the way they did. This was very foolish, and has considerably damaged the reputation of the State. The Commission estimated the losses at £6,000,000. Senator Pearce, when speaking in Brisbane, brought up the figure to £10,000,000. I am going to read a brief extract from the National Bank circular of this month to show how the snowball keeps on rolling. It is as follows:—

Considerable interest has been aroused by the report of the Royal Commissioners who inquired into the affairs of the Government-controlled Agricultural Bank. Its losses, incurred in the main in financing the State's Government land settlement operations, are computed at £12,304,600, which includes ascertained losses £5,646,700, estimated additional losses £6,121,700, and interest on losses £536,200. The Commissioners severely censure the management of the institution, referring, amongst other things, to unjustified land settlement and political interference.

The Minister for Mines: What is the date of that circular?

Mr. PATRICK: It is dated September, 1934.

The Minister for Mines: And it has been posted to people who never before received a copy.

Mr. Latham: It arrived only to-day.

The Minister for Mines: And was published in the Eastern States.

Mr. PATRICK: This shows the damaging effect of a report like this. Although the Commissioners themselves exaggerated the losses, these have grown from £6,000,000 to £12,000,000.

Mr. Coverley: You ought to contradict this on your own battleground, or dissociate yourself from it.

Mr. PATRICK: The condemnation of the trustees is no more justified than would be a condemnation of the Associated Banks themselves or of all businessmen. Everyone was caught by the fall in prices, and caught to a similar extent. I am content to allow the Minister, who is a practical man, to bring down legislation to deal with the situation, and then will have something further to say on the matter. With

all their faults, I consider the trustees have done wonderful work. I am referring more to the permanent trustees—to Mr. Paterson, although he considered that £300 was sufficient to lend to me, and to his successor, Mr. McLarty. Mr. Paterson did wonderful work, and Mr. McLarty has done likewise. I wish to pay this tribute of praise to them.

On motion by Mr. Brockman, debate adjourned.

BILL—SUPREME COURT CRIMINAL SITTINGS AMENDMENT.

Returned from the Council without amendment.

House adjourned at 9.28 p.m.

Legislative Council,

Tuesday, 25th September, 1934.

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

MOTION—ROYAL PREROGATIVE OF PARDON.

To inquire by Select Committee.

HON. H. SEDDON (North-East) [4.35]:
I move—

That a select committee consisting of the Hon. J. J. Holmes, Hon. H. S. W. Parker, and the mover be appointed to inquire into the rights and privileges of this House as affected by the exercise of the Royal prerogative, and

that the committee have power to call for persons, papers, and records; the committee to report on Tuesday, the 9th October.

A fortnight ago the House carried the following resolution:—

That, in the opinion of this House, the free pardon granted to the Hon. Edmund Harry Gray, insofar as it professes to remove the disqualification incurred by him under Section 184 of the Electoral Act, is of no force or effect, inasmuch as it is not a proper exercise of the Royal prerogative of pardon.

That resolution was fully debated here, but more in the direction of asserting the rights and privileges of this Chamber to deal with a matter which came within its own jurisdiction, and in that respect it stood on the same plane as the Privilege Bill which is introduced by the Leader of the House at the beginning of each session. The House having adopted that resolution, it is necessary to go a little further in order to carry out the wishes of the Chamber and to protect those rights and privileges which have undoubtedly been encroached upon by the action of the Executive. This House is a part of Parliament, and as such has certain rights reserved to it. A very important right, and one which I think will be recognised as a principle having a material bearing on the present position, existed in the Constitution Act of 1889, Section 30 of which reads—

Whenever any question arises respecting any vacancy in the Legislative Council the same shall be referred by the Governor to the said Council to be by the said Council heard and determined.

We know that that section has been repealed. It was, in fact, repealed when the Constitution of the State was altered to permit of the establishment of a House of Assembly to work in conjunction with the Legislative Council. Although the section has been repealed, it embodies a most important principle, one which I shall endeavour to show still exists; and that is the all-important principle that the House is directly concerned with, and is responsible for dealing with, matters pertaining to itself. We find that the Executive, through the issue of the pardon, have created the following position. A member has been restored to this House in the face of a portion of the Constitution Act, embodied in the Electoral Act, which prohibits him from sitting. By statute the Constitution Act lays down that a man may obtain a seat only by election. In this case