Legislative Assembly.

Tuesday, 11th November, 1941.

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

QUESTION—SWAN AND CANNING RIVERS.

As to Pollution.

Mr. NORTH asked the Minister for Health: 1, Is any authority set up to deal with the protection of the Swan and Canning rivers from the discharge into them of noxious effluents? 2, If not, to whom should complaints that the river is being spoiled by the deposit therein of such effluents be addressed?

The MINISTER FOR HEALTH replied: 1, As regards Canning river, no. Action is, however, being taken to proclaim an area around the Canning river and its tributaries under Part III. of the Rights in Water and Irrigation Act by which the necessary authority to control will be vested in the Minister for Water Supplies. As regards the Swan river in respect to that part of it above the railway bridge at North Fremantle, and below the Causeway, Perth, it is competent for the Governor to make regulations to prevent pollution of the waters under the Harbours and Pilotage Ordinance, 37 Victoriae No. 14, and that part below the railway bridge, being part of the Fremantle Harbour, comes under the jurisdiction of the Fremantle Harbour Trust. 2, Answered by No. 1.

QUESTION—WATER SUPPLIES.

Albany Scheme.

Mr. HILL asked the Minister for Works: In view of the statement in the return laid on the Table on the 5th November that a town water supply for Albany was provided from public funds at a cost of £65,729, will he say 1, Whether an estimate for this work was prepared before its commencement? 2, What was the amount of the estimate?

The MINISTER FOR WORKS replied: 1, An estimate for the original main works was prepared before the commencement of the said works. 2, £51,410. The £65,729 includes the above works and capital expended up to the date the control of the undertaking was assumed by the Department in December last.

QUESTION—RAILWAYS.

Stock Trains, Delay.

Mr. SEWARD asked the Minister for Railways: 1, Is he aware that for weeks past stock have been arriving at the Midland fat stock sales so late that frequently sales have had to be stopped until further entries arrived even as late as 3 p.m.? 2, Are the delays caused by late arrivals of trains, or by defects in the marshalling yards? 3, Does he realise that such late arrivals cause serious financial losses to the producer? 4, Will he take immediate steps to see that all fat stock accepted by the railways for delivery to the fat stock sales arrive there not later than the commencement of the sales at 8 a.m.?

The MINISTER FOR RAILWAYS replied: 1, No; there have been isolated occasions, due to mechanical failures, when stock trains have arrived late, but only on one occasion, due to a derailment, has the arrival been as late as 3 p.m. 2, At this time of the year fat stock sales are at the peak and both railways and stock agents are taxed to maintain schedule. 3, Yes. 4, Everything possible is being done to ensure punctual arrival of stock trains at Midland Junction

QUESTION—GROWERS CHARGE ACT.

Mr. BERRY asked the Minister for Agriculture: 1, Would he kindly state whether

the Growers Charge Act operates in respect of the current harvest? 2, If so, has a farmer to make application to obtain the amount reserved for him under the Act? 3, If so, to whom should he make application?

The MINISTER FOR AGRICULTURE replied: 1, 2, and 3, The constitution of the Act so far as the operations of the Australian Wheat Board are concerned is still in doubt. In any case, the Australian Wheat Board (if the Act is constitutional) will require the certification of the grower and his creditors respecting—(a) costs representing charges for growing, harvesting, and carting; (b) acreage sown, for the purpose of assessing the grower's charge; and (c) an indemnity from the grower and his creditors to safeguard the Australian Wheat Board and its agents against incorrect payments under the Act. Advice received today is to the effect that the Commonwealth Solicitor General is further considering the matter, and we are awaiting advice on the point as to whether any obligation might be imposed on the Australian Wheat Board in respect to payments. In the meantime, the requirement under the Act of a central authority as a clearing house is being inquired into.

QUESTION—LINSEED CROP.

As to Hemphill & Sons.

Hon. W. D. JOHNSON asked the Minister for Agriculture: Will he inquire whether the firm of Hemphill & Sons, which lodged a claim with the Australian Wheat Board this year for £20,000 commission on sale to Japan of wheat and flour, produced in Australia, is the firm connected with the State Government's arrangements for the processing of linseed harvested as a result of the Government's distribution of seed to farmers?

The MINISTER FOR AGRICULTURE replied: Yes.

QUESTION—FRANCHISE BILL.

As to Amendment of Electoral Act.

Hon. C. G. LATHAM (without notice) asked the Premier: In view of the fact that the third reading of a Bill is regarded as formal business, does he propose to continue the proposal to amend the Electoral Act in the way provided by the Franchise Bill brought down this session?

The PREMIER replied: Yes. I think the item will be on the notice paper in a place where it can be dealt with tomorrow.

ASSENT TO BILLS.

Messages from the Lieut.-Governor received and read notifying assent to the following Bills:—

1, Income Tax.

2, Supply Bill (No. 2), £1,200,000.

3, Distress for Rent Abolition Act Amendment.

4, Government Stock Saleyards.

5, Traffic Act Amendment.

BILL—LAW REFORM (MISCELLANEOUS PROVISIONS).

Third Reading.

MR. McDONALD (West Perth) [4.39]: I move—

That the Bill be now read a third time.

MR. HUGHES (East Perth) [4.40]: There are one or two observations I wish to make on this measure. In the first place, it absolves a husband from liability for his wife's torts. In one particular phase we are doing a very grave injustice to many people by releasing a husband from the liability for his wife's wrong-doings; I particularly refer to the case where a man owns a motor car and allows his wife to drive it, and where the car is not insured and the wife has an accident while driving it. Hitherto in Western Australia, the husband has been liable for any damages sustained by the injured person, but now we are going to absolve the husband from liability in such a case.

This Bill has been brought down for the purpose of clearing up a difference of opinion between the Privy Council and the High Court of Australia, and in the main I suppose a husband ought not to be responsible for his wife's torts. On the other hand, a wife can do a great deal of injury under the influence of her husband, or at his suggestion, for which the injured party will have no redress because of the wife's lack of property. A glaring example is the one I have mentioned of the wife driving her husband's motor car. Anybody who has any experience of motor accidents knows that the law

offices of this State are full of unsatisfied judgments obtained by people suffering injuries from motor accidents because the person who drove the car was not insured, or was not of sufficient financial stability to pay. I have a judgment in my office for a boy who was returning home along Fremantle-road. Some people careered along in a car and severed his leg. It was hanging by a mere piece of skin. The boy received £650 damages but he has not had a penny, and apparently will never get a penny. He is only one of hundreds. Every legal office could produce numbers of similar files.

This measure seeks to take further away from people who are injured in motor accidents that redress, because once this Bill becomes law a wife can drive her husband's car, have an accident, and if not covered by insurance the injured person has no claim, except against the wife's property, which in nine cases out of ten does not exist. I suggest to the Government that before this Bill becomes law it might consider that aspect and perhaps be able in another place to have a proviso inserted in the Bill providing that insofar as the tort arises out of a motor accident the husband's liabilities should remain. I regret I was out of town during the time of the second reading debate. Had I been present I would have placed an amendment on the notice paper to the effect I have outlined.

MR. McDONALD (West Perth—in reply) [4.45]: I am indebted to the member for East Perth (Mr. Hughes) for his references to the Bill, and to the particular aspect he has dealt with in his remarks. What he says regarding motor car cases has some foundation of fact, but I do not agree with him that there are many instances where people sustain motor car injuries and are unable to recover compensation. The number of cases of people who are injured by motor cars, belonging to the husbands, when being driven by their wives, and unable to get compensation, would be very few. I do not personally know of any case in my experience. The matter raised by the member for East Perth is a matter for the amendment of the law relating to motor car insurance.

The Minister for Works: We are going to do that.

Mr. McDONALD: I had in mind the fact that this State for a certainty would follow in line with Great Britain, Canada, and the Eastern States of Australia and have compulsory insurance for motor cars introduced at a very early date. If all motor cars are compulsorily insured, the difficulty raised by the member for East Perth, and to which he rightly draws attention, will disappear. If by reason of compulsory insurance we eliminate any question of injury through a motor car accident by motor cars driven by wives, and it comes to the case of the liability of husbands for their wives' torts or wrongs, such as liability for defamation or slander by the wife, then the balance of advantage in favour of this amendment to the law will probably outweigh any disadvantages which may possibly arise.

Question put and passed.

Bill read a third time, and transmitted to the Council.

BILLS (2)—THIRD READING.

1, Land Drainage Act Amendment.

2, Rights in Water and Irrigation Act Amendment.

Transmitted to the Council.

BILL—BROOME TRAMWAY EXTENSION.

Message.

Message from the Lieut.-Governor received and read recommending appropriation for the purposes of the Bill.

Second Reading.

THE MINISTER FOR WORKS (Hon. H. Millington—Mount Hawthorn [4.48] in moving the second reading said: In 1902 Parliament authorised the construction of a tramway connecting the Broome jetty with the shell packing sheds in the northern portion of the town. This tramway is still in operation. The Bill now before the House provides for an extension of the line in a south-westerly direction from a point adjacent to the jetty to reserve No. 1646 in Scott-street, as indicated in the plan which, with your permission, Mr. Speaker, I will lay on the Table of the House. This reserve has been leased to Messrs. Farrell Brothers by the Lands Department for a term of 40 years as a freezing works

site. The works themselves have been in operation since May, and provide a long-felt want for the pastoral industry of the district. Following exhaustive investigations by the departmental experts, the industry is receiving Government support in the form of a bank guarantee. The works will eliminate the heavy losses that were previously sustained by the pastoralists in transporting stock on the hoof to metropolitan markets. It is estimated that 2,000 carcases will be dealt with annually. Provision is also made for the treatment of fish, and already markets have been found locally and in the Eastern States.

The tramway extension throughout its course of 42 chains traverses either streets or Crown lands. No private land is affected. Parliamentary authorisation for the permanent construction of this line is necessary under Section 96 of the Public Works Act, 1902-1933. The cost of the line is approximately £1,000. Additional rolling stock in the form of four small insulated trucks, that are necessary in order to operate the siding, is costing another £1,000. The maintenance costs will be negligible. It is expected that between 700 and 800 tons of inward and outward cargo will be handled by the meat works each year and carried on the siding. Shipping space in the State steamers is available without interference with cargo of the Wyndham Meat Works. The siding charges on all cargo will average 10s. per ton, including wharfage, haulage, handling, etc. Against this will be offset the operating costs of the Harbour and Light Department, which are estimated not to exceed £100 per annum. The net return to revenue through the operation of the siding will, therefore, be between £250 and £300 per annum.

The meat works have been working since May, and the construction of the siding was a matter of extreme urgency in order to meet this season's requirements. The line has been constructed by the North-West Department, under a temporary arrangement with the local authority in the matter of traversing streets, etc., pending the necessary statutory authority to construct. That is the necessity for the Bill. Under the Public Works Act special parliamentary authority for the construction of a railway is required. The tramway has been in operation all these years. Now that it has become a railway, this parliamentary authority is necessary. The construction of the line became so urgent that the work had to be undertaken at once, but authorisation for that work is now being sought. I move—

That the Bill be now read a second time.

On motion by Mr. Doney, debate adjourned.

BILL—FINANCIAL EMERGENCY ACT AMENDMENT.

Second Reading.

THE MINISTER FOR LANDS (Hon. F. J. S. Wise—Gascoyne) [4.55] in moving the second reading said: The Financial Emergency Act was first passed in 1931 and re-enacted in 1934. It provided originally for a general reduction of 22½ per cent. in salaries, retiring allowances, pensions and interest. Most of the Act, however, in the intervening period, has been repealed, and the only portion remaining in operation is that dealing with mortgagors' interest. That part of the Act has been renewed from year to year. It provides that interest on all mortgages executed before the 31st December, 1931, should have a reduction of interest payable under such mortgage by 22½ per cent., or that the current interest should not exceed 5 per cent., whichever was the greater. Under the provisions of the original Act the mortgagee has the right to go before a Commissioner appointed under the Act, and to make application that the original rate of interest provided under the mortgage shall apply.

The Act has continued in this particular, and it is the only remaining portion of it in operation. Members will recollect the circumstances and the reasons for the general reduction which applied at that time to salaries, to pensions, and to retiring allowances, etc. It is considered that it would be inadvisable at this stage to discontinue the operation of that portion of the original Act. There is no doubt that the economic and financial position at the moment suggests that the circumstances arising out of the drought and the war necessitate a continuance of this Act, and that it should be extended for another year. There is nothing new in the Bill. It is simply a continuance

measure based exactly on the lines of the previous continuance Bills dealing with this question, which have been introduced into this House for many years. I move—

That the Bill be now read a second time.

HON. C. G. LATHAM (York) [4.57]: I have looked through this Bill and find it is the same as those which have previously been introduced. The rate of interest is considerably lower than it was when the first Bill, which is now the parent Act, was introduced. I do not think there is a great need for such a measure, except that the mortgages that were in existence when the Act was first passed will still come under this legislation. I doubt whether anyone would impose a rate of interest in excess of the present rates. Most people have voluntarily reduced the rates of interest. In case, however, there may be some persons who would be anxious to exploit mortgagors I think it is advisable to leave this legislation on the statute-book a little longer. I believe some arrangement will be made with the banks and financial institutions to keep down the rate of interest. That will have to be much lower than it has been in the past. This legislation was considered to be of an extreme type when first introduced, but it has proved very beneficial. In the circumstances I propose to offer no objection to the passing of the Bill.

Question put and passed.

Bill read a second time.

In Committee.

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

Clause 1—agreed to.

Clause 2—Continuation of Act:

Mr. CROSS: It seems to me this affects two sections of the community. Five years ago certain people who were getting on in years had mortgages but were unable to get in their money.

Hon. C. G. Latham: This Bill does not deal with that question.

Clause put and passed.

Title—agreed to.

Bill reported without amendment and the report adopted.

BILL—MAIN ROADS ACT (FUNDS APPROPRIATION) (No. 1).

Order Discharged.

Order of the Day read for the resumption from the 6th November of the debate on the second reading.

THE MINISTER FOR WORKS (Hon. H. Millington—Mt. Hawthorn) [5.1]: As you, Mr. Speaker, have intimated to me that the measure in its present form does not comply with Standing Order 289, I move—

That the Order of the Day be discharged.

Question put and passed; Order discharged.

BILL—MORTGAGEES' RIGHTS RESTRICTION ACT CONTINUANCE.

Second Reading.

THE MINISTER FOR LANDS (Hon. F. J. S. Wise—Gascoyne) [5.2] in moving the second reading said: The principal Act is due to expire on the 31st December next. This Bill is one to extend further the operation of the Act to the 31st December, 1942. The original Act came into force in December of 1931, and it applies to mortgages and agreements for sale in existence at the date of its passing. The Bill, I think, is the one as to which the member for Canning (Mr. Cross) had an idea that there were two sides to the question.

Hon. C. G. Latham: There are two sides to every case.

The MINISTER FOR LANDS: Admitting that, and also remembering the point raised by the member for West Perth (Mr. McDonald) last session when a similar Bill was under discussion, I have caused considerable inquiry to be made as to the effect of the continuance, and the effect of the discontinuance, of the Act. Although under that measure a mortgagee cannot enforce his security without first obtaining leave from a judge of the Supreme Court, examination shows that there are many people whose savings are involved and who anticipate being given an opportunity within a certain period to use those savings for a specific purpose, or for maintenance in their old age. But as the ambit of the Act is unrestricted as regards mortages applying at that time, there are brought within its scope financial operations of great magnitude. In

the course of my inquiries during recent months I have learnt that an opinion is held by those qualified to express opinions on financial matters that chaotic conditions would follow the discontinuance of the Act, and that at this time the calling-up of moneys, or the necessity to find moneys available to counteract the effect of the discontinuance of the Act, could have a highly serious effect on war finance and on the essential needs of the moment.

Section 8 of the principal Act sets out that the court, in dealing with any application under the Act, should take into consideration all the prejudicial effects that might be suffered by those who are affected by the legislation, but that as regards the mortgagor the court should consider whether the granting of leave would inflict great hardship on him and whether his default is caused by economic conditions, and also whether a refusal of leave would enable him to meet his liability within a reasonable time. All of those factors are provided for in the original Act. In pursuit of my inquiries various financial institutions were consulted, and, as I have previously expressed, the majority opinion is that great dislocation would be caused if the Act were discontinued; but at the same time it is admitted that there is a distinct possibility of hardship being imposed upon those who have made some previous provision and are very loth to approach the court in order to have their cases heard. This Act, however, has been continued from year to year since 1931: and although it did appear a year or two ago that at this stage it would be possible and advisable to discontinue the operation of the statute, it does seem that in the economic circumstances now prevailing it would not be prudent to discontinue the Act on this occasion. Therefore I move—

That the Bill be now read a second time.

HON. C. G. LATHAM (York) [5.7]: I do not suppose this Bill will get as easy a passage as the previous one moved by the Minister. For my part, however, I fail to see that we can possibly do otherwise than continue the Act for another period. Whenever a similar Bill has been before the Chamber I have voiced the opinion just expressed by the Minister for Lands, that people who advanced against property moneys which they had provided for their old age are suffering very great inconvenience because of this legislation, which affects two different classes of people but affects them in different ways. The first point is that the Act does, of course, help those who probably would suffer great hardship if the mortgage was enforced and foreclosure took place. The second point is that many people sheltering behind this legislation ought to be able to meet their commitments. I expressed myself to this effect last year, and I think the opinion worth expressing once again. Many of the mortgagees affected have not the wherewithal to approach the court.

The Minister for Lands: It costs £30 or £40 to have one of these cases completed.

Hon. C. G. LATHAM: The case is heard, I understand, in Chambers; but the cost is far too great for many people to approach the court, and thus they are prevented from getting justice. Last session I asked the Minister to make available for those people, who really cannot afford to approach the court to have their cases dealt with, the services of an officer who would investigate the cases fairly and reasonably and decide whether the existing position caused greater hardship to the mortgagee than would result to the mortgagor if leave to enforce the mortgage were obtained from the court.

I hope the Minister for Lands will consult the Minister for Justice on this matter, and see whether it is not possible to appoint such an officer especially to inquire into cases where the mortgagee would be qualified for an old-age pension but for the fact that he holds security over property. This fact prevents him also from applying to the State for aid. Such mortgagees should have the opportunity to obtain a little more than the interest. In some cases the mortgagee does not even get that. As I have said, many of these mortgagees are afraid to approach the court, and therefore some officer should be appointed to assist them with advice.

MR. CROSS (Canning) [5.11]: I agree with the sentiments voiced by the Leader of the Opposition. There is within my knowledge one case where a man prior to reaching the pension age advanced £500 on the security of a property. He has now reached the pension age, but of course is debarred from applying for a pension. He is collecting £30 a year from his invest-

ment. That is to say, he is getting the interest paid, and that is all. In his case also the excuse is put up that because of war conditions no repairs could be carried out and the value of the property has deteriorated. Five years ago he said to me, "How long is this legislation to continue?" Last year I brought the matter before this Chamber, in association for the member for West Perth (Mr. McDonald). I said then, "Probably the Act will be further continued next session." Now we have the same old proposition again, that the principal Act is to remain in force until the end of December, 1942, and no longer. Next session doubtless it will be to the end of December, 1943, and no longer. And so on indefinitely! If a continuance Bill is passed next session, what will the position be?

It is unfair that a man who has invested £500 for his maintenance during old age should be unable to get the money back. The legislation has existed so long that in course of time the value of the property in question has deteriorated so much that if sold it would not bring more than £350. Some effort should be made in the interests of old people in such a position to induce the Commonwealth Government to take over such mortgages. As things are, the Pensions Department is saving money because some people are not receiving a fair deal. I acknowledge that the whole position is beset with difficulties, but I do certainly consider that honest investors who have only a few hundred pounds set aside, so that they shall not be compelled to go to the Commonwealth for pensions, should receive some special consideration. The man who wastes his substance and his capital rushes to the Pensions Department; but here is the type of man who has provided for his old age, but because of State legislation is debarred from benefiting by his foresight. A special effort should be made on behalf of such people.

MR. HUGHES (East Perth) [5.14]: One would think, to hear the last two speakers, that the mortgagor decided whether or not the mortgage was to remain. As a fact, a mortgagor has to put up an excellent case to prevent an order being made in favour of the mortgagee. The mortgagor has to satisfy the court that it is not just as easy for the mortgagor to remain in possession as one would gather from the last two speakers.

Hon. C. G. Latham: I said the approach to the court was the trouble.

Mr. HUGHES: Someone mentioned £30 or £40 as the cost of doing that. I should say the cost would be nearer 30s. or 40s.

The Minister for Lands: Not the total cost.

Mr. HUGHES: I would be very surprised to know that any application to the court under this Act cost anybody £10.

Hon. C. G. Latham: There are affidavits and quite a lot of things.

Mr. HUGHES: Not a lot of things! As a fact, all the mortgagee has to do is to prepare an affidavit and take out a summons which costs 2s.; and I venture to say that in ninety-nine cases out of a hundred the fee charged for doing that does not exceed £5 5s. and the usual fee for appearing for the mortgagor does not exceed £5 5s. either. Under this Act no costs are allowed against either party, so that if a mortgagee makes an application to the court to enforce his security and fails he is not allowed to have costs rendered against him. He pays only his own costs in any event. There is ample provision in the Act that, if the continuance of the security will inflict hardship on the mortgagee, the court can allow the security to be realised. I do not think any judge would preclude a mortgagee from realising his security if it meant that he was being penalised to the extent that he could not secure an old-age pension. I would like to see an application refused where the only means of livelihood of the mortgagee was the money invested.

The Minister for Lands: Section 8 of the principal Act provides ——

Mr. HUGHES: It provides that the whole circumstances of the properties must be examined. If hardship will be created on the mortgagee the order has to be given. Any amount of orders are given. They are given every day.

Hon. C. G. Latham: Every day? I guarantee there are not many in the course of a year.

Mr. HUGHES: I personally appeared for three mortgagors within the last six months, and in those cases the mortgagees were allowed to realise their security. I have never had the privilege, like the member for Canning (Mr. Cross), of being a spokesman for the moneylenders. I am surprised at his being a spokesman for moneylenders.

Mr. SPEAKER: Order!

Mr. HUGHES: I am sure they have a wrong impression of him in town.

Mr. Raphael: There is no doubt about that.

Mr. HUGHES: What hardship is there on the mortgagee who is getting his interest regularly? If he can show that the property is becoming dilapidated and his security is diminishing, that is one of the first reasons that will actuate a judge in giving an order. He will order the mortgagor to repair the property on pain of the mortgagee being given permission to exercise his rights. I do not believe the hardship spoken of exists. If a mortgagee has an investment of £500 in a mortgage and is receiving interest regularly on the money, he cannot do better anywhere else.

Mr. Cross: He might want to live on part of the capital.

Mr. HUGHES: If he wanted to live on the capital, if he wanted to absorb part of the capital for his livelihood, he would have no difficulty in getting an order. I do not know of any case in which a mortgagee was able to show that his sole means of livelihood was the capital invested in one of these mortgages, and was refused an order. When an order is made to allow a mortgagee to realise his security, there should be some automatic revision and the principal money should be reduced by 25 per cent. or 30 per cent. because these were pre-war loans. I know of instances in which mortgagees have had interest regularly for 16, 17 and 20 years. They have had their interest paid regularly and yet, because payment was a quarter or two in arrears, they have gone to the court with the object of enforcing their security. Of course they did not receive much consideration from the court; nor should they. Where the mortgagee has had interest for 15 or 16 years regularly and then seeks to realise the security, there should be some reduction in the mortgage debt to give the mortgagor some consideration for the pre-war values that were placed on the property.

I hope the Act will be renewed because there will be no hardship on anyone. Anyone who can show hardship can obtain an order today. Every time an application is made the mortgagor is obliged to go to the court and show that it will inflict less hardship on the mortgagee to allow a continuance. I cannot visualise any case in which the cost would be anything. It is hard to imagine, even if the mortgagee went to the additional trouble of getting a sworn valuer to make an affidavit and paid him a couple of guineas, that the cost would exceed £10. I hope the Bill will be agreed to.

HON. N. KEENAN (Nedlands) [5.21]: This Bill represents an extraordinary anomaly because it relates only to mortgages that were made before 1931. All the mortgages made during the last ten years are entirely free from the operation of this Act which relates only to old mortgages, that one would reasonably expect to have been paid off long ago. I am personally aware of mortgages that were made in 1924 for the purpose of providing a fund to be used for the future welfare of a man's children. Men lent the money for that purpose. It was almost like putting it into a savings bank. In one such instance money was invested in 1924 for five years and the man died. The widow was persuaded to renew it in 1929 for another five years, because the family in whose behalf it had been invested had not grown up. Then this Act came into force. It is not correct to say that the court will give relief to the mortgagee because of hardship. There must exist great hardship within the meaning of the words used in the Act.

Mr. J. Hegney: Was it not a Government of which you were a member that introduced this measure?

Hon. N. KEENAN: Yes, it was! Every Government in Australia introduced a similar measure. The circumstances of the time compelled Labour Governments and non-Labour Governments to bring in such legislation in accordance with the Premiers' Plan, which I think I have often told the House was drawn up by a Labour Prime Minister and submitted by him with the direct statement that if the States did not accept it, they would not be financed.

Mr. J. Hegney: It was Otto Niemeyer who drew it up.

Mr. Needham: Some of the matter in your Bill was not drawn up by a Labour man. It was different from that which appeared in the legislation of the other States.

Mr. SPEAKER: Order!

Hon. N. KEENAN: I am afraid I would not be in order in joining in these attempts to recall history, which are entirely wrong.

The Minister for Lands: And irrelevant.

Hon. N. KEENAN: Yes.

Mr. SPEAKER: I think we had better get back to the Bill.

Hon. N. KEENAN: I do not intend to pursue those matters, but with the leave of the member for Perth I repeat that this Bill is an anomaly and an extraordinarly anomaly, because if it is right and proper that mortgagees who lent money before 1931 should be still kept out of their money, surely it is equally right that those who lent money after 1931 should be prevented from realising. Those to whom a debt was due on mortgages entered into before 1931 are restrained and those who have debts on mortgages since 1931 suffer no distress, and it is perfectly true that this has led, in the case of small sums particularly, to grave injustice.

I would have liked to see the original measure amended by exempting from its operation mortgages up to a certain sum, as for instance mortgages not exceeding £500 or even £1,000. That would not in any way interfere with the large mortgages to which the Minister for Lands referred. It would give relief to cases that exist—and which the member for Boulder (Hon. P. Collier), whom I am glad to see present, will know exist—of men who saved money with the intention of providing for their families. These men made that provision in the form of mortgages, intending that the capital sum would be available, on the expiration of the mortgage, for the placing of their children in various positions in life. Now their hands are tied on account of this legislation.

It is useless for the member for East Perth (Mr. Hughes) to say that if the amounts were paid off the recipients should obtain less than the capital sum. If any argument on that point were admissible, they should obtain more because when they lent the money it had a higher purchasing value than the same amount would have today. When they lent one pound it was capable of purchasing more than would one pound today. All that they are entitled to, however, and all they should get, and all they would get if this Act did not stand in the way, is the currency of today.

I cannot oppose the Bill because it is idle to attempt to do so in this House as it is constituted, but I wish an amendment had been brought down to deal with those cases I have lightly touched on, to deal with cases of small mortgages, that were only savings banks which have been unfortunately caught in the net of this measure and today constitute a very grave and regrettable injustice.

Question put and passed.

Bill read a second time.

In Committee.

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

BILL—PUBLIC SERVICE APPEAL BOARD ACT AMENDMENT.

Returned from the Council without amendment.

BILL—INDUSTRIES ASSISTANCE ACT CONTINUANCE.

Message.

Message from the Lieut.-Governor received and read recommending appropriation for the purposes of the Bill.

Second Reading.

THE MINISTER FOR LANDS (Hon. F. J. S. Wise—Gascoyne) [5.31] in moving the second reading said: The object of the Bill is to continue the operations of the Industries Assistance Act, which was originally introduced in 1914 to enable assistance to be rendered to farmers and others who at that time were seriously affected by drought conditions. The 1914 Act provided that no advances should be made under the legislation after the 31st March, 1917. Section 15 of the amending Act of 1917 made provision, however, that it should continue to operate until the 31st March, 1918. Since that time continuing legislation has been passed year by year. When the Agricultural Bank Act was introduced, the Commissioners of that institution were constituted members of the Industries Assistance Board, which operates under the Industries Assistance Act. All advances made by the board under that Act are from moneys appropriated by Parliament and have as their objective the carrying on from year to year of the seasonal operations of those adversely affected in their farming activities.

In the parent Act, particularly in Sections 15 and 16, provision is made for the advancing of funds to meet seasonal or emergency needs and the repayment of such moneys to the Crown from the proceeds of crops. It was hoped a few years ago that the Act would be discontinued, and that the farmers would be in such a position as to obviate the need for seasonal advances under the legislation. As a matter of fact, a few years ago such advances were totally discontinued for a brief period. However, the depression, low prices, and drought conditions have necessitated the continuing of advances and of the operations of the Industries Assistance Board. The conditions under which advances have been made available to necessitous farmers have rendered it possible for many to continue in production where otherwise they would have been forced to leave their properties. Much has been said, and will continue to be stated, in criticism of the sentiment and spirit underlying the Industries Assistance Act, but it cannot be denied that tremendous advantage has accrued to those who have enjoyed the benefits of advances under that legislation. I assure the House that it has been a very costly matter for the Government in that, at the discretion of the Commissioners, very large sums have been written off the indebtedness of farmers, while equally large amounts of indebtedness have been suspended, indicating that the benefits of the Act have been extended to the utmost limit in the interests of those in need of help and requiring considerate treatment because of their circumstances.

Unless the provisions of the Act are continued, no arrangement will be possible for the carrying on of those who may this year, despite the good season, be unable to finance their own operations. Although year by year the Commissioners, acting as the Industries Assistance Board, have written off the whole of the advances made to clients who have suffered continuously for three years from the effects of drought conditions, involving a demand upon the Treasury for quite a large sum, the Government hopes that, with a good harvest this year and in view of assured prices, farmers will at last have an opportunity to get away from the necessity for advances under the Industries Assistance Act. The indications are that, with the prospects of a good harvest and should labour conditions and other difficulties be overcome, a majority of the farmers will be in a position to pay off much of their outstanding indebtedness which has been worrying them for so long, and which I feel sure most farmers are anxious to liquidate as quickly as they can. The rate of interest under the Act, with the exception of moneys advanced under it from Commonwealth funds last year, is 5 per cent., but money advanced last year will be, in most instances, free of interest this year, but, if such funds have to be re-advanced after the current year, the interest chargeable will be at the rate the State has to pay the Commonwealth for the money secured for that purpose.

The advances made for superphosphate supplies in recent years affords a clear indication of the demands made upon the Industries Assistance Board annually. The superphosphate advances for the 1936-37 season were for 2,320 tons. Last season the tonnage showed an increase to 5,545, while for the season, because of adverse circumstances, advances from the funds under the Industries Assistance Act represent a tonnage of 15,181. The payment for those supplies has been met by the board out of funds made available under the Act. As members know, a definite shrinkage of credits available to farmers last year was not only because of the drought conditions at that time, but because of continuing similar conditions in many districts, although fortunately in many instances that unsatisfactory state of affairs has ended this year when the prospects are brighter. For the financial year 1939-40 advances totalling over £12,000 were made by the Industries Assistance Board, and last year it became necessary to make advances to farmers to whom assistance had been refused by the first mortgagee. In many instances, where it was shown that the history of the farmer and his prospects seemed to warrant further assistance, the Industries Assistance Board has made the necessary advances on a bill of sale over crop proceeds—and this applied to many people who were clients of other institutions—to enable them to carry on.

In general, although with this and similar types of legislation there is much criticism and very little commendation respecting what has been done within the limits of the Act, the measure has conferred on farmers very considerable benefits in keeping them on their holdings. The board gives strict

attention to the position year by year, and many tens of thousands of pounds have been written off advances when it has been definitely determined that farmers have suffered continuously from adverse conditions, and had no prospect of paying their indebtedness. Were we to discontinue to enact the legislation, great disadvantages would accrue to those dependent upon such assistance in their seasonal operations. I move—

That the Bill be now read a second time.

On motion by Mr. Boyle, debate adjourned.

BILL—PLANT DISEASES (REGISTRATION FEES).

Second Reading.

THE MINISTER FOR AGRICULTURE (Hon. F. J. S. Wise—Gascoyne) [5.41] in moving the second reading said: The present Act lapses on the 31st December, 1942, and it is necessary in order to continue activities in connection with fruit fly destruction and so forth to make provision for the continuance after that date of applicable legislation. Year by year when similar legislation has been introduced, a good case has been made out and substantial support made available for maintaining the work of fruit fly inspectors and activities generally for the eradication of the fruit fly. When the Act was originally introduced on a flat rate basis, considerable dissension was manifest between the various sections of growers affected.

It must be borne in mind that the first principle governing this matter is the protection of the State's fruit-growing industry from further infestation by fruit fly. Not only does that affect our local market position, but it seriously hampers us in oversea markets where our fruit is sold. As a matter of fact, developments manifest a few years ago in connection with the total prohibition of our fruit in certain countries, because of the incidence of fruit fly in Western Australia, considerably threatened the output of the whole of our export fruit industry. At that time fruit fly was rife in the orchards and the pest was to be found in many parts of the State where fortunately it has since been cleaned up. That has been made possible by the application of the moneys collected under this legislation through the imposition of certain registration fees, which has built up a fund that has been expended in the best interests of the State and of the industry.

The value of the industry to Western Australia is about £1,000,000 annually and, if the operations made possible by the collection of fees were discontinued, we would find that not only would the good work done in past years be completely nullified but there would be a tendency to carelessness and inactivity in the protection of the State's interests. In past years we have had many instances of what care and attention have done in preventing new districts from being affected. We have the Donnybrook district which as members know, is on the edge of a very large apple-producing centre, but because of the earnestness of the people and the activities of the inspectors, there has not been, at least during the past year, one case in any type of fruit of infestation by fruit fly.

The organisations representing the fruitgrowers have met at their annual conferences both in Perth and other districts during recent months, and the opinion of those bodies is very definite that the Act should be continued. The Western Australian Fruitgrowers' Association, a body with its headquarters at Mt. Barker and representing in the main the largest apple producers of the State, following the annual conference held in Perth last August requested that a continuance measure should be introduced and a flat rate of 2s. per acre charged.

The position of the Mt. Barker people may be briefly summarised thus: They have absolute freedom in their district from the incidence of fruit fly. They are, however, growing crops that are susceptible to fruit fly and, to protect their crops and district from infestation, they are prepared to levy themselves at a flat rate based at 2s. per acre. The grape growers of Middle Swan and Upper Swan have a somewhat different case. The position of the wine grape growers, particularly those in the Toodyay electorate, is along these lines: They are in the midst of an infected district; surrounding them, in every type of fruit grown, there is a susceptibility to and an annual occurrence of fruit fly. But it has not been recorded that in the wine-growing grapes of this State any infestation has taken place. It cannot be said that a serious infestation would not or could not take place if the wine grapes were permitted to

hang on the vines as long as are table and export varieties, but the crop is harvested earlier and when it is harvested nothing is left, and so there is nothing to constitute a menace to this or to neighbouring areas. As the grape growers are in the midst of a district that is infected, they are prepared to pay a fee for the continuance of the work of controlling fruit fly.

Members will find in the Bill a differentiating rate applicable to the wine-grape grower. Although the Western Australian Fruitgrowers' Association has asked for a flat rate of 2s., our investigations show that 1s. 6d. per acre will and should go a long way towards providing and meeting all the demands upon the fund for a continuance of the existing inspectors and also the appointment of additional inspectors. There is a credit in the fund of £500 held by the Fruitfly Advisory Committee to meet emergencies, and in addition there is a sum of between £600 and £700 also in credit. Consequently, if a flat rate of 1s. 6d. per acre, unlimited as to the extent of acreage, is imposed on all excepting wine-grape growers, and in their case a maximum of 50s. is charged, we will get sufficient funds to meet our needs.

In addition, provision is made to exempt nurseries from an acreage rate. Year after year it has been represented to us as being unfair to impose an acreage rate on nurseries which have one or two-year old trees impossible of infestation because they would bear no fruit until they were a few years older. In the past, however, nurserymen have been levied on an acreage rate. The Bill proposes to exempt them from the acreage rate, but we are providing for a license fee as if the nursery were over one acre. Provision is made also for the exemption of orchards which have not reached the bearing stage. This also has been a contentious matter over the years. Thus an endeavour is made by the Bill to remove anomalies that have existed in the industry and in the application of the fee.

It will be observed that provision is made also for a continuance of the registration of backyard orchards. Considerable comment was occasioned in past years in this connection, but in the majority of cases the small householder with a fruit tree or two has been sufficiently educated to appreciate just what is involved in keeping the trees in the metropolitan area as free from fruit fly as careful attention will permit. Many people, however, have not realised the importance of it, and have not paid their current fees. Attention is to be drawn to their carelessness, and I hope there will be no necessity to launch a multitude of prosecutions.

Mr. Patrick: A lot of them never see an inspector.

The MINISTER FOR AGRICULTURE: I can say that the inspectors are very active. We have some very good men engaged in this work.

Mr. Thorn: The inspectors call upon all those who are registered.

Mr. Patrick: They have never visited my district.

Mr. Thorn: Then why do not you pay your registration fee?

Mr. SPEAKER: Order!

The MINISTER FOR AGRICULTURE: I think any inspector would realise that a visit to the Greenough electorate was not necessary. The same provision regarding the registration of back-yard orchards is retained, and I think it is an absolutely essential part of the Bill. Certain attention must be given to the trees, and every effort is made to get people to do the right thing, not merely in their own interests but also in the interests of the industry. If people insist upon growing fruit trees that are susceptible to fruit fly infestation—and some types are very susceptible—they should be obliged to take all necessary precautionary measures.

One good thing the Act has done has been to compel careless people to destroy neglected trees in suburban districts that were a menace to the whole fruit industry. There were fig and early apricot trees and other types very susceptible to fruit fly that were not looked after and were in a wholly neglected condition. Fruit was allowed to lie on the ground year in and year out without any regard to the underlying need of eradicating the fruit fly as far as possible both from commercial and from non-commercial trees. It is not the incidence of the shilling registration fee that matters so much as the attention that is demanded of people who have fruit trees and who should, in the interests of the State, give them the best attention. This is something that has been treated very lightly by various metropolitan residents.

but it represents a very important part in the adequate control of the export fruit industry of the State.

If we continue to make the progress that has been made in recent years, I think there will be a still further decrease in the infected districts. I have mentioned the Donnybrook district. We have had instances of infected orchards in districts far removed from Donnybrook, but with the care and attention now being bestowed on fruit trees, and with the activities that this legislation will require and the income that will be made available, we hope there will not be a recurrence of the pest outside the districts that are affected. Much could be said generally regarding the fruit industry and its importance, and of the necessity for continuing this work of combating the fruit fly, but I do not think there is any need for me to say more at this stage. I move—

That the Bill be now read a second time.

On motion by Mr. Thorn, debate adjourned.

BILL—ROAD DISTRICTS ACT AMENDMENT (No. 2).

Council's Amendments.

Schedule of three amendments made by the Council now considered.

In Committee.

Mr. Marshall in the chair, the Minister for Works in charge of the Bill.

No. 1 Clause 2, page 2: Insert after the word "thereof" in line 21, the words—"Before any local authority shall apply to the Minister for the determination of any of the questions aforesaid, the local authority shall give notice in writing of its intention to make such application to any ratepayer interested in such parcel of land."

The MINISTER FOR WORKS: The clause deals with holdings that are in two road districts, and makes provision for the transfer to one or other road district. In order to ensure that the people affected will be aware of what is taking place, the amendment provides for notice being given in writing. As this will be a further notification, it will be an improvement. I move—

That the amendment be agreed to.

Mr. DONEY: The amendment is desirable and will prevent any likelihood of disputes arising. I cannot understand why the word "ratepayer" is used instead of the word "owner." The word "ratepayer" might, in my opinion, properly be replaced by the word "owner."

The Minister for Works: The ratepayer is the person the local authority knows. He is the one who pays the rates.

Mr. DONEY: But others are interested. The ratepayer and the owner may be the same person, so that if the ratepayer is traced, the owner is found also.

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

No. 2. Clause 5, page 4: Delete all words after the word "election" in line 4, and insert "Every counterfoil shall bear a distinct number."

The MINISTER FOR WORKS: This amendment relates to postal voting papers. The Act provides that the ballot papers shall be numbered. The amendment proposes that only the counterfoils shall be numbered. The Council thinks that if the ballot paper is numbered it will be possible to identify the voter.

Mr. Doney: So it will!

The MINISTER FOR WORKS: An interesting debate took place on this provision in 1919. The present Premier then took exception to the numbering of ballot papers; but there must have been a solid majority on the Government side, because no notice was taken of his objection. Now, over 20 years afterwards, another place has discovered that the numbering of ballot papers is dangerous.

Mr. Doney: A pleasing vindication of the Premier's view!

The MINISTER FOR WORKS: There is considerable merit in numbering the counterfoils, because the Local Government Department has a record of the papers which it issues. The postal vote officer would be responsible for the papers. I am not insisting that the ballot papers shall be numbered and therefore do not propose to object to the Council's amendment. I move—

That the amendment be agreed to.

Mr. SAMPSON: I am pleased the Minister is in agreement with the amendment, and I hope he will give instructions for the old ballot papers held by the department to be destroyed.

The Minister for Works: They will be recalled, but not destroyed.

Mr. SAMPSON: I hope they will be destroyed, because they are printed incorrectly. A tremendous order must have been placed for the printing of those ballot papers. The ballot paper states that the returning officer must sign on the front of the form, whereas the Act provides that he must sign on the back. I have no doubt the officer in charge of the Local Government Department will take the opportunity to get rid of what is at present a great annoyance to the department.

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

No. 3:—Clause 8, page 5: Insert a further paragraph after paragraph (b), as follows:—(c) if in any year the net income and the proceeds of the loan rate imposed under paragraph (b) of this subsection are together insufficient to meet the commitments of the board in that year in respect of any such undertaking the board may pay the deficiency out of its general revenue, and in such case subsection (4) of this section shall apply.

The MINISTER FOR WORKS: This amendment has to do with undertakings of a reproductive nature. For instance, a hall may be built by a local authority, which raises a loan for the purpose. The proceeds of the loan rate, plus the income derived from the hall, should be sufficient to pay the interest; but should these prove to be insufficient, the Legislative Council has taken the precaution of providing for another method of paying the interest. The amendment proposes that any such deficiency shall be met from general revenue. I move—

That the amendment be agreed to.

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

Resolutions reported, the report adopted and a message accordingly returned to the Council.

BILL—COMPANIES.

In Committee.

Resumed from the 23rd September. Mr. Marshall in the Chair; the Minister for Justice in charge of the Bill.

Clause 10—Existing companies not being proprietary or private companies deemed to be public companies:

The CHAIRMAN: Progress was reported after Clause 9 had been agreed to.

Hon. N. KEENAN: I move an amendment—

That in lines 3, 4 and 5 the words "or a no liability company, and not being a company which has determined to be a proprietary company within six months from the date of the commencement of this Act" be struck out.

I have already drawn the Committee's attention to the fact that a well-known and well-defined meaning attaches to the words "public company." They are used in contradistinction to the words "private company." Every company the shares of which are offered to and taken up by the public is a public company. On the other hand, some companies are formed the shares of which are not offered to the public for subscription. We had an illustration of such a company the other evening when Boans, Ltd., was under discussion. A no-liability company is essentially a gold-mining company. It is my intention to deal with the matter of the proprietary companies later, when we reach the clauses relating to them. I shall then explain my reasons for including them in my amendment.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. N. KEENAN: This clause is in the nature of a definition clause although we have already passed one purporting to be a definition clause. It purports to define "public company" as a company limited by shares, not being a no-liability company, or a proprietary company. I was not in the Chamber at the time that definition was passed, or I would then have moved to strike out the words "not being a no-liability company or a proprietary company." Here the words are repeated and I now take the opportunity to strike them out. Some of the biggest companies in this State are no-liability companies. The Lake View and Star, Ltd., the biggest mining concern in Western Australia, is a no-liability company, and countless other mines are no-liability companies, and have all the incidence, obligations and duties of a public company.

Point of Order.

Hon. W. D. Johnson: Before we proceed further I desire to ask for a ruling as to whether this Bill is properly before the Committee as a result of a resolution of this Committee. I recognise that it is before the

Chamber, but I submit that the resolution was one that exceeded the privileges of Parliament. While part of the resolution was quite in order the other part assumed that this House had power to do things not authorised by general Parliamentary practice. I raised the question when the Bill was first introduced. I thought then that Parliament had exceeded its authority, and I suggested to the Government that it report progress for the purpose of looking into the matter. I have heard nothing further. The fact that the Government has allowed the Bill to proceed is an indication that, in its view, the procedure is in order. I do not believe it is, and it would be unwise for this Chamber to proceed with an important Bill of this description when subsequently the right of this House to proceed with and pass the Bill might be challenged and the whole work go for nought. It is a serious thing to proceed with legislation beyond the privileges of Parliament. I want you, Mr. Chairman, to give a ruling as to whether this Bill is properly before the Committee inasmuch as the Bill now before the Committee has never passed the second reading stage.

The Chairman: I give the same ruling as I gave on the 4th September, 1941, that the Bill is properly before the Committee by virtue of the resolution passed by the Assembly on Wednesday, the 20th August, 1941, which reads as follows:—

> That this House in accordance with the provisions of the standing orders relating to lapsed Bills, resume consideration of the Companies Bill and that the Bill as amended by the Royal Commission be re-printed and its consideration in Committee be made an order of the day for the next sitting of the House.

That resolution was carried, and the Bill came before the Committee in due course by virtue of it. I rule, therefore, that the Bill is properly before this Chamber.

Dissent from Chairman's Ruling.

Hon. W. D. Johnson: I believe the resolution, which I have read, exceeded the authority of Parliament. I must, therefore, dissent from your ruling.

[*The Speaker resumed the Chair.*]

The Chairman having stated the dissent,

Hon. W. D. Johnson: I submit that the Companies Bill, as now printed, has not passed the second reading stage and is therefore improperly before the Committee and should not be proceeded with under the standing order dealing with lapsed Bills. It is not the Companies Bill which passed the second reading stage. The fact that the Bill has not passed the second reading stage is an omission so serious that we are unable to proceed. It is true, as the Chairman of Committees has pointed out, that we are proceeding because of a resolution of the House. That resolution, which was moved by the Minister, provides that the House, in accordance with the provisions of the standing orders relating to lapsed Bills, resume consideration of the Companies Bill. Had he stopped there the procedure would have been totally different.

Mr. Speaker: Order! I must ask the hon. member to resume his seat. I find that on the 4th September the hon. member raised the same point and allowed the ruling of the Chairman of Committees to stand. The standing orders say that the ruling of the Chairman of Committees or Speaker must be taken up immediately. This point was raised on the 4th September. I must, therefore, rule out the hon. member.

Hon. W. D. Johnson: I did not take the point then because——

Mr. Speaker: I have given a ruling. It cannot be discussed. The hon. member should have taken the point at the time of the Chairman of Committee's ruling on that date.

Hon. W. D. Johnson: Do you say, Mr. Speaker, it is not within my province to question the matter further; that we have to proceed with a Bill even though you have not ruled on the matter I have raised?

Mr. Speaker: I say the hon. member is not in order in asking for the point of order to be dealt with now, seeing that a ruling was given on the 4th September by the Chairman of Committees and no objection was taken on that date.

[*Committee resumed.*]

The MINISTER FOR JUSTICE: I have listened to the member for Nedlands with interest, but I cannot agree with his contention. If the amendment is carried it will mean that the proprietary companies will be deleted, and that no liability companies shall be treated as public companies. A lot of consideration was given to these points. We looked into other Acts and we found that in South Australia no liability companies

are not public companies. The definition of "public company" in Clause 3 means a company limited by shares, and does not include a no-liability company or proprietary company. This would entail an amendment to Clause 3, if carried.

Hon. N. Keenan: Is that any objection?

The MINISTER FOR JUSTICE: No, but there is an objection so far as the proprietary companies are concerned. They are doing useful work.

Hon. N. KEENAN: The matter of including or not including proprietary companies within the scope of this Bill will be debated when we deal with a future clause. I deliberately kept off that subject; I merely skimmed it. I mentioned that it was necessary to strike those words out of the clause in order that when we reached the next clause we would not have to go back.

The MINISTER FOR JUSTICE: I do not agree with the hon. member. The clause is a useful one. Other States as well as New Zealand have provided for proprietary companies.

Hon. N. Keenan: What is the meaning of a public company?

The MINISTER FOR JUSTICE: A no-liability company has a liability equal only to the value of the shares, whereas a public company is either a limited or an unlimited company. A no-liability company is not deemed to be a public company under the Act. The clause will make for uniformity of legislation with the other States. I oppose the amendment.

Mr. ABBOTT: Three classes of companies are dealt with under this clause, public companies, no-liability companies and proprietary companies. I was surprised to hear the member for Nedlands ask what a public company was. The definition makes that clear. Every company will be a public company other than a no-liability and a proprietary company. He also suggested that proprietary and private companies should be discussed later. I point out that any amendment made to this clause will affect all three types of company. A Royal Commission sat for ten years in England, and Royal Commissions have also sat in the other States to deal with this very question. It would, therefore, be peculiar that we should be out of step, and that we should be right and other parts of the Empire wrong. Apparently, according to the member for Nedlands and the member for East Perth the whole army is out of step with them. We would be ill-advised if we did not adopt the ordinary British practice. Our object is to have trade brought to this country. We do not wish to be the only State that is at a disadvantage compared with the other States in the matter of attracting capital. Of course, we cannot keep companies out of this State if they are formed elsewhere in Australia. We could not prevent no-liability companies from conducting operations here. The member for Nedlands wants all companies made into public companies. A no-liability company has special privileges in connection with mining enterprises, which are generally of a speculative nature. Proprietary companies provide the means whereby a few people can get together and embark upon some enterprise.

Hon. C. G. Latham: Would you allow two people to form a proprietary company?

Mr. ABBOTT: I see nothing against it. This system has been found suitable elsewhere. The modern idea is that a number of people shall be permitted to get together and form an enterprise. Such companies can already be registered in Adelaide under better conditions than they can be here, and cannot be prevented from doing business in this State. Western Australia should not be at a disadvantage with other States in the matter of encouragement to commercial enterprises. I oppose any amendment which aims at sabotaging either private or proprietary companies. It would be foolish to place restrictions on people who desire to establish a business as a proprietary company and impose upon them conditions that do not appertain across the border.

Mr. RODOREDA: Members are wandering from the points at issue. I cannot see that the Bill will be greatly affected whether the amendment is accepted or rejected. The clause refers to "existing companies." If we delete the provision for proprietary companies that will not affect the manner in which future proprietary companies will be dealt with under this legislation. I suggest that the member for Nedlands is in error in classifying this as an interpretation clause. The interpretation clause itself already contains a definition of a limited company and a public company.

Hon. N. Keenan: See what the definitions are.

Mr. RODOREDA: It matters not much whether a company is called a public com-

pany or a second-class company or a fourth-class company, so long as the type of company is defined. The definitions are accurate enough to indicate the classes of companies with which the Bill subsequently deals. The definition of public company was inserted in the Bill, probably by accident, because private companies are also defined. I am not much concerned as to whether the amendment is carried or not. There are no private companies in Western Australia at present; the only companies coming under this particular definition would be no liability companies. If a no liability company wanted to become a public company it would have to wind up voluntarily and re-register as a public company.

Mr. TONKIN: A difficulty exists here. The previous speaker said this clause applied only to existing companies. That is true to a degree, but the hon. member declared that unless we had these two provisos every existing company would be deemed a public company. But if an existing company within six months decided to become a proprietary company, it would under this clause be declared a public company—which is not desired.

Mr. HUGHES: There should be an explanation from the sponsors of the Bill why some companies should be separated into public companies and some into private companies. Why do we require public companies at all? One of the basic requirements for the demand to amend the Companies Act is that under it, as it stands, fraudulent practices have gone on and people have lost their money in private companies which need not make certain disclosures.

The Premier: How can one buy shares in a private company?

Mr. HUGHES: One can, though such transactions are not large. Hitherto all our companies have been public companies. We have not known either proprietary or private companies. Public companies have to make certain information available to the public for its protection. That is one of the fundamental principles of the Bill. The joint select committee on the Bill sought to compel companies to make such disclosures. Certain interested people then asked for legislation to establish proprietary companies. If we exempt from the provisions of the Bill all companies of less than 50 members, the effect will be to exempt more than half the companies operating in the State. It would enable proprietary companies to carry on in the old way. Five people in Western Australia can establish a company. The main cause for complaint during the last 50 years has been that any five persons could form themselves into a company and secure credit. If the venture went well they garnered the profits, but if it went wrong they left the creditors without redress. On that score there has been a complaint against a man who formed himself into a proprietary company. Now it is proposed to let two people, for instance a man and his wife, form a company. Surely the reason for the lack of secondary industries here is not the lack of opportunity to form such companies here. In South Australia it is much more difficult to float a mining company than it is in Western Australia. About three years ago the Companies Act in that State was tightened up to such an extent that many thought that no longer would any mining company be floated in South Australia, because of the obligations placed on the no liability companies and the disclosures they were forced to make. It did not, however, make any difference. There is very strong reason why a no liability company should be a public company. No liability companies are restricted to mining, and in the past no liability companies have been promoted and there has been no obligation on the promoters to disclose any information about them anywhere, with the consequence that there have been many fraudulent transactions connected with mining. It is common knowledge that as a result of manipulation of mining companies in Western Australia, an ex-Governor, Sir William Campion, and Claude de Bernales, a Portuguese gentleman, went to England and cleaned up English shareholders to the extent of 4½ million pounds.

The CHAIRMAN: I do not want to restrict the discussion, but I think the hon. member is drifting away from the amendment. I want to give him every possible opportunity. I realise the importance of the Bill and also of the discussion, but I hope the hon. member will endeavour to keep to the matter under consideration.

Mr. HUGHES: I am trying to explain why I think a no liability company should be a public company. If it is a public company, it has to comply with the obligations

imposed on other public companies to furnish financial information to the Registrar of Companies.

Mr. Abbott: It will have to do that now under this measure.

Mr. HUGHES: It will not have to do so if it is not a public company.

Mr. Abbott: It will.

Mr. HUGHES: If it has to furnish the same information, what is the difference between a public company and a non-public company?

Mr. Abbott: It is quite apparent. In a no liability company you do not have to pay calls if you do not want to.

The CHAIRMAN: I remind the member for North Perth that he is not in order in making utterances while sitting in his seat. The member for East Perth is addressing the Committee.

Mr. HUGHES: That voice from the back has a weird idea of company law. We all know that a no liability company does not carry any obligation to pay calls on shares. It is not a public company because the clause will be found to state that every existing company, not being a company incorporated by any special Act, charter or letters patent, or a no liability company, not being a company which has determined to be a proprietary company within six months from the date of commencement of this Act, shall be deemed to be a public company within the meaning of this Act. It says that every existing company not being a no liability company shall be a public company. If the English language means anything, I think that the clause specifically says that a no liability company is not a public company. It would be a curious thing if we could exclude it and then say, "Though we have excluded it from being a public company, it is still a public company."

The Minister for Justice: The no liability company must carry out the obligations of a public company.

Mr. HUGHES: If a no liability company must carry out all the obligations of a public company, why not call it a public company now?

The Premier: Because it has no liability for uncalled capital.

Mr. HUGHES: I cannot understand how the question of liability or no liability has any relationship to a public company or a non-public company.

The Premier: There are two different types. You accept liability if you take up shares in a public company, but in a no liability company you accept no liability.

Mr. HUGHES: That is a question of liability or no liability. In a no liability company a man can take up shares and if he does not pay calls his shares can be forfeited, but he cannot be made to pay for calls because he has no liability.

Mr. Abbott: Therefore it is not a public company.

Mr. HUGHES: In the limited liability company a man can be made to pay for his calls up to the limit agreed upon. Whether it is a public company or not is a different thing altogether. Hitherto a public company has not had to perform any obligations, but the Bill now provides that a public company has to perform a lot of obligations and supply much information that would be available to the public. I take it that the reason the Bill is excluding certain companies from being public companies is that they will not have to comply with those obligations. I suggest it is more important that a no liability company should have to comply with those obligations and make information available to the public, because it is in no liability companies that speculation occurs.

Mr. Rodoreda: What are the differences in obligation between the two?

Mr. HUGHES: At present——

Mr. Rodoreda: Not at present; under the Bill?

Mr. HUGHES: The easiest way is to explain that at present——

Mr. Rodoreda: We are not dealing with the present.

Mr. HUGHES: We are dealing with the present and the transition to the future. Let me first ask the hon. member this——

Mr. Rodoreda: I am asking you.

Mr. HUGHES: If there is no difference in obligation between a public company and a non-public company, why do we want to separate them?

Mr. Rodoreda: I am asking you what are the differences.

Mr. HUGHES: The differences are that in future, if the Bill becomes law, a public company will have to supply certain information to the Registrar of Companies about its financial position.

Mr. Abbott: So will the no liability company.

The Minister for Justice: Every company will have to do that.

Mr. Rodoreda: We want to know the differences.

Mr. HUGHES: One member says that every company will and another says every one except the proprietary company. If I may be permitted to answer the member for Roebourne, this is what I understand to be the difference between the public and the non-public company. If it is a public company it will have to render financial statements to the Companies Office which will be available for the inspection of all and sundry. It will need to have an audit of its accounts. That is the major disability that will be placed on a public company. The proprietary company will be absolved from supplying the information. What difference will it make whether we determine the principle in this clause or the next one? The reason we are endeavouring to eliminate the private companies from this clause is that if we make provision for proprietary companies here, and when we come to Clause 12 say that there is not going to be any such thing as a proprietary company, we shall have a reference in Clause 10 to something that does not exist. It is very important that a no liability company shall be a public company with all the obligations of a public company, mainly to protect investors oversea. Unfortunate people in England who put £8,000,000 capital into mining companies in this State in the last five years, lost at least 4½ million, and never had a chance of getting their money. If the provisions in the Bill had then referred to no liability companies, those people would have been in a position to send to someone in Australia for financial information concerning the ventures in which they proposed to invest. I take it that we want to protect the Western Australian mining industry against another debacle such as recently occurred in London, as a result of which 394 claimants and 64 defendants will appear before the High Court under one writ with a view to deciding whether there was any fraudulent misrepresentation in the flotation of these no liability companies.

The CHAIRMAN: I hope the hon. member will not drift any further along those lines.

Mr. HUGHES: I do not propose to labour the question. We should bring no liability companies under the most stringent control; even more so than limited liability companies. We ought not to make any provision at all for proprietary companies. Who asked for proprietary companies? In the evidence submitted to the Royal Commission there is no indication that anybody wanted proprietary companies. I have looked very carefully and have made inquiries, and so far as I could ascertain there was no demand. Certain people wanted companies to be compelled to make public disclosures, but when it came to their own companies, they wanted registration to apply to the other fellow and not to themselves. They did not want their balance sheets to be published for all and sundry to see. They wanted the protection of the Act, but desired to be free from this provision. I hope the amendment will be agreed to.

Mr. RODOREDA: This clause deals only with existing companies. If the whole section were eliminated from the Bill it would only mean that any existing company that wanted to form itself into a no liability company or a proprietary company would not be able to do so. That is all it deals with. It does not deal with the principle of proprietary companies or no liability companies.

Mr. Hughes: Read the 4th, 5th and 6th lines.

Mr. RODOREDA: It deals with every existing company.

Mr. Hughes: Except those that declare themselves out.

Mr. RODOREDA: If we delete this, it means that every company now in existence or in existence before the passing of the Bill shall continue to be the same type of company which it is at present.

Hon. C. G. Latham: Until the company takes itself out of one part and registers in another form.

Mr. RODOREDA: Unless we delete the clause, such companies will have no option. They could achieve that end by voluntarily winding up and becoming incorporated under whatever provision was desired. If we agree to the amendment and later on deal with the proprietary company provisions when we shall decide whether we shall allow them to continue in Western Australia, that position will not be affected. The provision deals only with companies now in existence. It is a transference clause

whereby existing companies will be able to incorporate themselves automatically under the provisions of the Bill.

Hon. N. KEENAN: I am sorry to have to disagree with some of my friends of the legal fraternity and also, unfortunately, with the member for Roebourne who is in a measure only just outside the legal fraternity. I tried to explain the reason for my amendment in two parts. One was to remove the absurdity of saying that a no liability company is not a public company. The member for Roebourne referred to companies under the existing law, but the provision under discussion relates to companies under the existing law. The difference between public companies and non-public companies is simple. A public company is one in connection with which shares are offered to the public for subscription. A proprietary company is one that does not offer its shares to public subscription. Every member appreciates the difference. The member for North Perth suggested that the object of the amendment was to sabotage the no liability companies. I do not appreciate how that suggestion arises. I merely want those companies to be what they are at present, and what they have been ever since they were first formed in this State in 1893. I want them to remain as companies that appeal to the public in order to obtain money with which to enable their operations to be carried on. I ask the Minister to tell the Committee what would be gained by excluding companies of the type indicated. Perhaps the Minister did not hear what I had to say.

The Minister for Justice: I could hear you quite plainly.

Hon. N. KEENAN: I want the Minister to tell the Committee what his ideas are regarding a public company.

Mr. Rodoreda: That is all mentioned in the Bill.

Hon. N. KEENAN: But the hon. member cannot say that Joseph is Joseph because he is not George! Is it a definition merely to state that a company is a company consisting of shares and not being a no liability company? Of course it is not! That is merely so much rubbish. The Minister will agree that I have not discussed the merits of proprietary companies because that phase is dealt with in another provision. I am asking that only portion of the clause be deleted because, if later on we deal with proprietary companies and arrive at a decision in that respect, the definition clause may lead to confusion.

The Premier: We can recommit the clause.

Hon. N. KEENAN: We ought not to do that except on matters of greater importance. I agree with the member for Roebourne who said that it would not make much difference to the Bill if we struck out the clause. That is the position regarding many of the provisions. I merely seek to delete portion that appears to be particularly objectionable.

Mr. ABBOTT: I agree with the member for Roebourne when he suggested that if the clause were struck out, it would leave no room for confusion. If we accept the amendment, a certain element of confusion may arise. I admit that the clause deals with existing companies, but I thought I had made the matter perfectly clear that when we discuss the different definitions we deal with those referred to in the Bill. There are four terms used throughout. In the first place there is the term "companies," which applies to all companies registered under the Bill. Then there are limited companies which refer to companies whose shares carry limited liability. Next there are proprietary companies which are limited companies in the accepted meaning of that term. They can be called private companies or anything else. Then we have public companies, a term we use when we deal with a certain class of companies. Further we have no liability companies. I cannot understand why there should be any confusion at all.

Mr. Needham: Why not call a spade a spade?

Mr. ABBOTT: The Bill does so except where the spade is a shovel, and then it describes it as a shovel.

Mr. TONKIN: What is the need for a declaration that certain companies are public companies unless certain definite obligations attach to such companies? If there are no such definite obligations, why worry about a declaration that certain companies are public companies? It would be better if the Minister agreed to the excision of the clause. If it is essential to retain it, he should explain to the Committee what special obligations attach to public companies and why it is necessary to make the declaration that certain companies shall be public

companies and others shall not be public companies. I see no reason for such a provision.

Mr. WATTS: I fail to understand the difficulty confronting the member for Nedlands. From my perusal of the Bill, which I admit was some time ago because of the delay that has taken place in connection with the Committee stage, I remember that definite restrictions were imposed upon public companies and additional restrictions upon no liability companies. These were with regard to the prospectuses to be issued in respect of no liability companies and so forth. I understood that the provisions of the clause, which appear to exempt no liability companies from being public companies, in reality has the opposite effect because a no liability company is not regarded, for the purposes of the Bill, as a public company, and the restrictions, if they can be described as such, respecting auditors, balance sheets and various other methods of control imposed by the Bill, may, if one examines the position closely, be applied to every company, and therefore include no liability companies. There are admittedly certain concessions offered to proprietary companies that are precisely stated. Every public company has these restrictions imposed upon it, but the no liability company, if classed as a public company, would not be subject to the additional restrictions set down for a no liability company. We are exempting no liability companies from the definition of "public company" because we want to ensure that the additional impositions applying to no liability companies will continue to be enforced. There has been a good deal of misunderstanding regarding the clause, and I see no reason for excluding the words as suggested by the member for Nedlands.

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

Ayes	..	..	..	13
Noes	..	..	..	27
Majority against	..	..	..	14

AYES.

Mrs. Cardell-Oliver	Mr. Mann
Mr. J. Hegney	Mr. Sampson
Mr. Hughes	Mr. F. C. L. Smith
Mr. Johnson	Mr. Thorn
Mr. Keenan	Mr. Triat
Mr. Kelly	Mr. Doney
Mr. Latham	*(Teller.)*

NOES.

Mr. Abbott	Mr. Nulsen
Mr. Berry	Mr. Panton
Mr. Boyle	Mr. Raphael
Mr. Coverley	Mr. Rodoreda
Mr. Cross	Mr. Seward
Mr. Fox	Mr. Styants
Mr. Hawke	Mr. Tonkin
Mr. W. Hegney	Mr. Watts
Mr. Leahy	Mr. Willcock
Mr. McDonald	Mr. Willmott
Mr. McLarty	Mr. Wise
Mr. Millington	Mr. Withers
Mr. Needham	Mr. Wilson
Mr. North	*(Teller.)*

PAIRS.

AYES.	NOES.
Mr. Stubbs	Mr. Collier
Mr. J. H. Smith	Mr. Holman

Amendment thus negatived.

Clause put and declared passed.

Mr. Hughes: I call for a division.

The CHAIRMAN: The hon. member is too late.

Mr. Hughes: Members had not time to return to their places after the division when you put the clause, but I called for a division.

The CHAIRMAN: If you wished to call for a division, you should have done so immediately.

Mr. Hughes: I did so immediately.

The CHAIRMAN: I did not hear the hon. member.

Mr. Hughes: I called for a division immediately you put the clause.

The CHAIRMAN: That being so, I shall divide the Committee on the question that Clause 10 stand as printed.

Division resulted as follows:—

Ayes	..	..	..	28
Noes	..	..	..	11
Majority for	..	..	..	17

AYES.

Mr. Abbott	Mr. North
Mr. Berry	Mr. Nulsen
Mr. Boyle	Mr. Panton
Mr. Coverley	Mr. Raphael
Mr. Cross	Mr. Rodoreda
Mr. Fox	Mr. Seward
Mr. Hawke	Mr. Styants
Mr. W. Hegney	Mr. Tonkin
Mr. Kelly	Mr. Watts
Mr. Leahy	Mr. Willcock
Mr. McDonald	Mr. Willmott
Mr. McLarty	Mr. Wise
Mr. Millington	Mr. Withers
Mr. Needham	Mr. Wilson
	(Teller.)

NOES.

Mrs. Cardell-Oliver	Mr. Mann
Mr. J. Hegney	Mr. Sampson
Mr. Hughes	Mr. F. C. L. Smith
Mr. Johnson	Mr. Thorn
Mr. Keenan	Mr. Doney
Mr. Latham	*(Teller.)*

PAIRS.

AYES.	NOES.
Mr. Collier	Mr. Stubbs
Mr. Holman	Mr. J. H. Smith

Clause thus passed.

[*Mr. Withers took the Chair.*]

Clause 11—Prohibition of partnerships exceeding certain number:

Mr. HUGHES: I move an amendment—

That Subclause 1 be struck out.

The subclause provides that no company, association or partnership consisting of more than ten persons shall be formed to carry on the business of banking unless registered as a company under this Act, or formed in pursuance of some other Act or of letters patent. We have been told that one of the virtues of this legislation is that it will make for uniformity. If that is so, why differentiate between the number of persons who may carry on the business of banking and the number who may carry on some other enterprise? Subclause 2 provides that no company, association, or partnership consisting of more than 20 persons shall be formed for the purpose of carrying on any other business. Surely the prohibition should apply to the same number! Why these concessions to bankers who, after all, are only incorporated money lenders? There is no need for the subclause unless the desire is to make the measure more complicated. The "ten" is an archaic recognition that the banks are something apart from the people and are to be differentiated from other commercial enterprises.

Hon. C. G. LATHAM: I understand that partnerships are controlled by another statute. If so, why bring them into the Companies Bill?

The Minister for Justice: This refers to banking only.

Hon. C. G. LATHAM: Why not amend the law dealing with partnerships? I support the amendment.

Mr. TONKIN: I cannot follow the reasoning of the member for East Perth or that of the Leader of the Opposition. The subclause, so far from extending a privilege to bankers, will impose an obligation on them. If more than ten persons are carrying on banking, then, for the purpose of greater control, they must be registered under this measure. The subclause singles out banking for more restrictive treatment.

Hon. C. G. LATHAM: I think the clause is out of order. Section 51 of the Commonwealth Constitution provides—

> The Parliament shall, subject to this Constitution, have power to make laws for the peace, order and good government of the Commonwealth with respect to—
>
> (xiii) banking other than State banking; also State banking extending beyond the limits of the State concerned, the incorporation of banks and the issue of paper money.

We have no control over that matter, as we have delegated that authority to the Federal Government. In the circumstances, Mr. Chairman, I ask you to rule whether the clause is in order.

The CHAIRMAN: It is not within my province to decide whether or not the clause is in order. That is a point of law.

Hon. N. KEENAN: My opposition to this subclause is exactly defined by what the Leader of the Opposition has said. The subclause deals with a matter that is exclusively within the province of the Commonwealth. The point is that today we are not empowered to deal with that over which we have given the Commonwealth the exclusive authority.

Hon. C. G. LATHAM: The Minister has alongside him an official who drafted this Bill and who will be able to inform us on the matter. It is futile to put on our statute-book legislation to which we know effect cannot be given. A person may come to this State, and on perusing this legislation may come to the conclusion that he can start a banking business.

Mr. Abbott: Persons can form a company here to carry on banking.

Hon. C. G. LATHAM: Yes, under Federal law.

Mr. Abbott: No! There is no Federal law preventing it.

Hon. C. G. LATHAM: But persons could not carry on banking here.

The Premier: Yes. They could, unless the Commonwealth prohibited them. The Western Australian Bank had a charter.

Hon. C. G. LATHAM: Yes, but that was long before we had a Federal Government. I asked for your ruling, Mr. Chairman, but you said it was a question of law. We have four or five lawyers here arguing against each other. The officer who drafted the Bill is sitting beside the Minister and can, through him, tell us what the position is.

The MINISTER FOR JUSTICE: The provision concerns the formation of companies. From what I can learn it has nothing to do with banking. I am informed that the clause deals simply with the formation of a company for the purpose of banking. A similar provision appears in the Companies Acts of England, New South Wales,

South Australia, Queensland, Tasmania and New Zealand. The desire of the Royal Commission was that this Bill should be uniform with the company legislation throughout Australia and also with company legislation in England.

Mr. RODOREDA: The subclause appears to me to provide for something which is a remote possibility as far as this State is concerned. In my opinion, it would make no difference to the Bill if the subclause were struck out. The aim is to restrict the formation of banking companies, because I take it, the requirements of the Bill are more onerous than would be those under a charter which a banking company might obtain.

Mr. Hughes: Not at all, because persons could form a proprietary company to carry on banking.

Mr. RODOREDA: They could not.

Mr. Hughes: They could.

Mr. RODOREDA: Nine persons could carry on a banking business without registering; but 11 or more persons desiring to carry on banking business would have to register a company under this legislation. This provision is contained in our Companies Act of 1893. It does not matter much whether the subclause is struck out or retained.

Mr. TONKIN: I think it does matter, because a principle is involved. Generally speaking, large partnerships are undesirable. That is why it is proposed to limit ordinary partnerships to 20: if the number is greater, then the persons must form themselves into a company. The largest number of persons who may carry on a banking business in partnership is ten; if the number is greater than ten, then the persons must register themselves as a company and be subject to this legislation.

Amendment put and negatived.

Clause put and passed.

Clause 12—Mode of forming incorporated company:

Mr. HUGHES: I move an amendment—

That in line 1 the word "five" be struck out and the words "twenty-one" inserted in lieu.

The logical sequence of events is that if not more than twenty people can carry on a partnership without being incorporated into a company, then the starting point for a company is where a partnership ends. The minimum number of subscribers to a company should be 21. The Minister is in error when he relies on these marginal references. The reference to the United Kingdom Act, Section 1, is unreliable. Section 1 of that Act provides for seven members and not five.

Hon. C. G. Latham: You can get him now and again.

Mr. HUGHES: Members will be grossly misled if they assume these marginal references indicate that similar conditions are in operation in the various States.

The Minister for Justice: It is a general indication.

Mr. HUGHES: Yes, and pretty generally unreliable. We are not getting uniformity in bringing legislation into line with the United Kingdom and the other States. This shows one difference. A curious position will arise if we leave the number at five. The clause just passed states that not more than ten people shall carry on banking without forming themselves into a company. According to the dictum of the member for North-East Fremantle that is because banking needs greater care than do ordinary businesses. Under this clause, any five persons can form themselves into a company and carry on banking. Where is the argument relating to the greater care necessary if it is ten in one clause and five in another?

The MINISTER FOR JUSTICE: I cannot agree to this amendment. It is quite out of step. If we were to increase the minimum to 21, no company would be formed in Western Australia. People would go elsewhere. If they did not want to form a company in Western Australia, they could dummy 16 or 17 as easily as four or five. I think that is the point the member for East Perth has in mind. The idea is that with a big number there is more protection. I do not see that there would be any more protection. It would be out of line with company law anywhere else in the world. In England the number is seven, the same as in the other States of Australia. It will be of no benefit. This is not the opinion of the public. No one advocated that the minimum number for the purpose of forming a company should be more or less than is already provided.

Hon. C. G. Latham: Do you think it was dealt with at all?

The MINISTER FOR JUSTICE: Every witness, and the public generally, gave reasonable consideration to this measure. I do not know whether the Leader of the Op-

position took very much interest in it, but even if he did not he was well represented on the commission.

Mr. TONKIN: I appreciate the point of view of the member for East Perth and if circumstances in this State were different I would be inclined to agree with him. There is a greater opportunity for fraud if companies can be formed with small numbers than with large numbers. Today that principle would place this State at a very great disadvantage. This is a young State just developing and we are anxious to have companies formed here. By restricting the formation to 20 members or more, fewer companies will be formed than would be the case if a lesser number were provided. Facilities should not be given for people fraudulently to set up companies, but this measure aims at a drastic amendment to the company legislation of this State and, if passed, will impose far greater obligations than exist at present. I rely on these greater obligations to keep the companies under greater control in the future. Because of that, I agree to the formation of companies with as few as five members. Otherwise I would not do so, because my experience has been that there are many loopholes for fraud in the formation of companies, and one of the widest loopholes is provided by the fact that a very small number of people can form a company. I do not propose to support the amendment.

Amendment put and negatived.

Hon. N KEENAN: I move an amendment—

That in lines 1 to 4 the words "or, where the company to be formed will be a proprietary company within the meaning of section forty of this Act, any two or more persons" be struck out.

It is simply an amendment for the purpose of striking out these proprietary companies. Clause 40 defines "proprietary companies." I ask for these words to be struck out because there is no need for the creation of such companies in Western Australia. I have never heard of any demand for them, and I venture to say that not a single member of this House has. Any two persons can form one of these companies, and all they have to do is to comply with the provisions of Clause 40. No good will result from the creation of two-man companies in Western Australia. We have had unfortunate illustrations of other companies with the full number of five, and subject to all the provisions of the company laws not being exemplary. What will be the case of these two-man companies which are not subject to all the provisions of the company laws, and which are going to be allowed under the title of proprietary companies to enjoy all the immunities of company law? If there was any demand for the creation of companies of this sort I would be prepared to take the risk, but there is no demand. Not a soul has heard a demand for a two-man company in Western Australia, but the provision is to be pushed into the law probably because somebody has asked for it. The Minister must have been in a complacent mood when he agreed to it, which he is not in tonight. Not a single industry that I know of requires a proprietary company. Why should we make this venture? Until good reason is given showing that there would be some primary or industrial development if we allowed companies of this class to be formed, I shall offer the strongest opposition to the creation of the two-man company.

Mr. ABBOTT: I suggest that there has been a very great demand for this type of company; the only point is that there have been three dummies and two shareholders.

Hon. C. G. Latham: Why have they been formed into companies?

Mr. ABBOTT: For the sake of convenience.

Hon. C. G. Latham: No, to protect themselves.

Mr. ABBOTT: The aim was to keep the measure in conformity with the law in other States.

Hon. C. G. Latham: Then why did not you provide for seven members?

Mr. ABBOTT: Because some States have seven and some five. It makes no practical difference whether there are five or two members, but as a majority of the other States provide for two, I approved of two for this State. Later on the Commonwealth will probably pass a company law and that will follow the provisions in the other States.

Hon. C. G. LATHAM: Does the member for North Perth suggest that we should conform to the law of other States irrespective of whether it is good or bad? That is an extraordinary argument for a lawyer to use. Let us show a little originality, which may

be helpful when the Commonwealth authorities pass a company law. My knowledge of proprietary companies is this: Two men form a company and have three dummies, because they know they will not be responsible to the full extent of their assets. The whole object is to break down the financial responsibility. The individual can assume a measure of responsibility, but may exclude some of his assets and prevent creditors from getting the benefit of them.

The Minister for Justice: That applies to all companies.

Mr. Abbott: Do you object?

Hon. C. G. LATHAM: Of course I do.

Mr. Abbott: Then you must object to limited liability companies.

[*Mr. Marshall resumed the Chair.*]

Hon. C. G. LATHAM: The individual who deals with a company knows the extent of its liability and the extent of his security. I am not a lawyer, but I have a little commonsense and can tell when members are trying to put something over us. I want to encourage people to form genuine companies; I want to stop the go-getters, of whom we have had experience. The company law has enabled people to be robbed, not only by the two companies whose affairs were inquired into by select committees, but also by dozens of others. This provision will not prevent that sort of thing. I do not object to public companies when everybody knows the extent of the liability. This is merely a copy of the existing provision.

The Minister for Justice: It is in every Act.

Hon. C. G. LATHAM: I think most of the other States provide for seven members, not five. The higher the number, the less chance there is of conspiracy and fraud.

Mr. WATTS: For years, as a means of forming public companies that are really intended to be proprietary companies, we have had such cases as those mentioned by the Leader of the Opposition, where two persons formed the company and three dummies, with one share each, made up the required number of five shareholders.

The Premier: Sometimes there has been one shareholder holding a majority of the shares.

Mr. WATTS: That is so. If there is going to be a proprietary company, we would be well advised to let it have two members; then it would be saved from the need for having any number of dummies. To rail against a couple of men who form such a company with a view to avoiding a certain amount of liability is all very well, but there are numbers who carry on this class of business honestly and perform a service without harming anyone. I see no reason why such people should not be allowed to carry on. I know of a company in a country town formed of two men, and this company was obliged to have three dummies. It has carried on a legitimate business for many years, and even the three dummies have received their dividends annually. A desire to limit liability does not necessarily connote dishonesty. A number of witnesses testified before the joint select committee that this type of company represented an advantage in such businesses as stations. One witness called attention to station properties being run with proprietary companies that had dummies. Under the Bill proprietary companies are not to be allowed to canvass or to sell shares to the public. This meant that the public would be invited to place its money with the private company on safe deposit—which would not be safe. The members of the joint select committee agreed, as a compromise, to have the two types mentioned in the Bill.

Hon. C. G. LATHAM: Would it be possible under this clause for two men to form themselves into a private company and then start an investment company, as happened in this State some little time ago? If it is possible, we should fight the provision as hard as we can. Such a private company could become very wealthy at the expense of the gullible public.

The Minister for Justice: Two men could not do that. There is provision in the Bill for private companies.

Hon. C. G. LATHAM: An investment company, in effect, could be formed without being called an investment company.

Mr. HUGHES: What is to stop a proprietary company from selling unlimited debentures to anyone who will buy?

Mr. Rodoreda: The Bill does not permit such companies to do so.

Mr. HUGHES: What clause provides for that?

Mr. Rodoreda: Look for yourself. You know the whole thing.

Mr. HUGHES: After this clause has been disposed of I propose to have nothing more to say on the Bill, because the Min-

ister for Justice seems to derive much amusement from members on this side of the Chamber running their heads against a brick wall. The Minister has no desire to yield one iota of the measure. As far as the Committee is concerned, its right to discuss the Bill has been abrogated. The Royal Commission has spoken! We are only wasting time.

The Minister for Justice: I have not said that.

Mr. HUGHES: Not in words, but the Minister has said so more eloquently by his silence than if he had proclaimed it from the housetops. The Bill is designed to make companies in this State disclose information concerning their financial affairs to the general public, so that it may be protected. Immediately that is done, the Bill says, "We will now establish a position that will exempt from the provisions of the Act more than 50 per cent. of the existing companies."

The Minister for Justice: Only by their own resolution.

Mr. HUGHES: Of course! Once the formation of proprietary companies is permitted, all the loopholes will be there that have been left open in the past. Once a two-man company is allowed to be formed the Bill will not prevent what has been done in the past. Proprietary companies will be absolved from the provisions of the Bill. How many of the existing companies in Western Australia will retain their present form once they are permitted to declare themselves proprietary companies? A few of the reputable companies will be left. The object of forming proprietary companies is to evade payment of debts.

The Minister for Justice: Not necessarily.

Mr. HUGHES: Yes.

The Minister for Justice: No.

Mr. HUGHES: There are no proprietary companies in England.

The Minister for Justice: But there are private companies.

Mr. HUGHES: Yes. I quote from Halsbury (Hailsham Edition), Vol. 5, paragraph 240:—

> The principal advantage of a private company, as compared with a limited partnership, is that share-holding directors can have in their hands the management of the business without incurring the risk of being under unlimited liability for the debts incurred.

The Premier: That is not limited to proprietary companies.

Mr. HUGHES: No. The basic principle of companies is that a number of people can get together, pool their resources and so establish a communal fund to carry on an enterprise. There was no idea of evading payment of debts. The idea of limited liability developed later; because, in the case of a genuine company, no one person has control of the company; each member has only his voice as a shareholder, and it was rightly thought to be unfair that he should be personally liable for all the debts of the company, as though it were a partnership. But as in the case of most good things, an abuse crept in. It was discovered that a private trader who desired to carry on a speculative business could, by forming himself into a company, have the sole management of the company. It could be to all intents and purposes his own private business; he could draw from the company director's fees and a salary; he could even draw on the capital of the company, and he would have no personal liability for the debts of the company. That is why we got the one-man company. Why should a man running a business desire to turn it into a company, with memorandum and articles of association and a secretary, if he had not some object in view? We know of one gentleman who ran a business in Murray-street and took moneys out of it by way of salary and director's fees.

The Minister for Justice: Under this Bill he could not do so.

Mr. HUGHES: He could.

The Minister for Justice: A director could not borrow from the company.

Mr. HUGHES: This man did not borrow anything from the company; he paid himself salary and director's fees.

Hon. C. G. Latham: That is so.

Mr. HUGHES: He was too honest to borrow money which he did not intend to pay back. When the company of which he had control went into liquidation the creditors got nothing, and they had no redress whatever. That has been the case where five people were required to form a company. Now we are going to say that two people may form themselves into a company.

Mr. North: And sack the dummies!

Mr. HUGHES: Yes, sack the dummies, as the member for Claremont says. In effect, Parliament is saying, "We, as a Parliament, believe that people should trade with the object of evading payment of their debts."

We put it up as a definite principle endorsed by this Parliament. If a man is running a business why does he want to turn it into a company? Why cannot he continue running it, taking the profits as he is entitled to and paying his creditors out of the proceeds of the business? Why declare, "I am not going to trade in my own name, but am going to put 'limited' after it?" Only because he could go on trading and, if an evil day came, leave his creditors unpaid without redress!

The Minister for Justice: You do not believe in the formation of any companies?

Mr. HUGHES: I believe in the formation of a legitimate company; that is where a number of people subscribe certain capital to a communal fund and the company is managed by its shareholders at large. That is a proper company. But when a man has a business and writes three or four names of employees with one share each and gives them £1, and they have no say in the management at all, he being in sole control, does the Minister suggest that that is a genuine company?

The Minister for Justice: I do not know how to avoid it.

Mr. HUGHES: One way to avoid it would be not to give the privilege of being an association to less than a certain number of people. Another way is by saying that no company shall exist as a company when more than 25 per cent. of the capital is owned by one individual.

Mr. Rodoreda: Could not that be dummied?

Mr. HUGHES: How could that be done?

Mr. Rodoreda: Tell us how that could not be done!

Mr. HUGHES: The hon. member could not dummy it any more than the old squatters dummied their lands because when they put their land in the name of a dummy, later on the dummy said, "I do not know you. It is my land." That happened pretty often. They put the land in the name of a dummy and the dummy kept the land.

The CHAIRMAN: I think we had better get back to the amendment.

Mr. HUGHES: Suppose a man in order to split up capital distributed it among 20 shareholders. Each one of those would have the same voting strength as he, and we could put something in the Act to prevent the operation of any secret deed of trust. We could do a lot to prevent bogus companies but we are not doing anything to prevent such companies in this case. We are providing additional facilities for them and are so defeating the very object of the Bill. So long as a company is to be formed at present, even if it is a one-man company, it will be obliged to render financial statements year by year for everybody to see. The reason we are permitting private companies is to absolve them from supplying financial information. That is the only advantage they will get. They will not have to disclose their financial position to the Registrar. I would like to see a clause compelling proprietary companies to make financial returns each year to the Registrar. By introducing this system we are defeating the whole structure of the Bill, and once this goes in there is nothing that a reasonably astute lawyer could not get round. There is nothing to stop everything that has gone on in the past from being operated by proprietary companies.

Mr. RODOREDA: I am not wedded to the findings of the Royal Commission if a good case can be put up against them. The Commission does not claim to have all the brains of this Parliament; nor, judging from the debate, does it appear to have secured all the evidence it should have got. I would not object a great deal to the number of members being limited to five. If a person wants to evade any law, evasion is possible with the help of an astute solicitor. We have reached a stage where we must decide whether we are going to have companies or not. It is quite easy for any Legislature to frame a Companies Act to prevent practically any abuse that could be imagined; but in doing so, it might prevent the formation of companies. The onerous responsibilities and burdens imposed would be so great that no one would form a company. The member for East Perth suggested that if we had five or two in a company the rest of the shares could easily be dummied. I suggest the same thing holds good in the case of a limited liability company. If a man interested desired to dodge the law he could give shares to his wife and family to the extent required and have all the voting power. The reason the commission paid great attention to the arguments put up on behalf of proprietary companies was roughly this: Under the present Act most companies who, under this Bill would be in-

corporated as private companies, have to comply with the Act which does not impose very onerous obligations.

Mr. Hughes: Have a look at Clause 139, and you will see what they have to do if they are not proprietary companies.

Mr. RODOREDA: I am coming to that. That is why we allowed proprietary companies to be included. The member for East Perth asks, could not proprietary companies sell debentures to the public? Paragraph (b) of Clause 40 prohibits any invitation to the public to subscribe for any shares, debentures, stock or bonds of the company. That answers his objection. Under this Bill proprietary companies, if they are to be limited companies, would have to comply with very onerous obligations which would cost them a great deal of expense annually. Under the present Act that is not necessary. Small companies such as pastoral companies and what I might term private companies, which banded together for mutual protection, are genuine, despite the member for East Perth, and not out to rob the public. Even if they are, I doubt whether this House could pass legislation to stop them entirely. This measure makes provision for small proprietary companies which at present are limited companies. If they have to continue being limited companies they will, under this Bill, have a great deal of expense imposed on them, and in most cases will have to go out of existence because they will not be able to comply with the responsibilities thrust upon them. If we delete any reference to proprietary companies, I have no doubt that those companies will go to South Australia or some other State to be incorporated, and return here to do business.

Hon. N. Keenan: To what companies are you referring?

Mr. RODOREDA: Mostly to small pastoral companies which are now limited companies. They could return here and be registered as foreign companies.

Mr. Hughes: Do not give any foreign company a lease, either mining or pastoral.

Mr. RODOREDA: It does not only apply to mining or pastoral companies. What the member for East Perth wants is that we should not allow any company which is incorporated elsewhere to do business in this State. I do not hold with that argument. Even if we do not allow these companies to be incorporated here, they will nevertheless come here. If all these abuses have taken place, as quoted by the member for East Perth—and we know some of them have—why have the other States continued this legislation? There must be either some benefit to the State or the individuals who wish to do business in this form. I support the clause as it stands.

The MINISTER FOR JUSTICE: The purpose of this measure is to bring our company law more up to date and give greater facilities and protection to the general public. Under the old Act we had no provision for proprietary companies; only for public companies. From the speeches made tonight it seems that most of the faults must have been perpetrated under the old Act. We do not know what effect the provisions of this Bill will have. It has been stated that no requests were made for proprietary companies. Not only were they made to the Royal Commission but I have even received requests from the goldfields.

Hon. N. Keenan: How long since?

The MINISTER FOR JUSTICE: Within the last month or two.

Hon. N. Keenan: After you suggested it?

The MINISTER FOR JUSTICE: It might or might not have been so. They are necessary. It is unreasonable to expect people in the back country who are working hard and producing the real wealth of this State to comply with the strict rules and laws relating to public companies. They would need an accountant to do their work.

Hon. C. G. Latham: They do now for taxation purposes!

The MINISTER FOR JUSTICE: No!

Hon. C. G. Latham: We have to submit an audited report.

The MINISTER FOR JUSTICE: I have been in business for a long time in this State and I am not an accountant. I have always sent in my own taxation returns and they have not been queried. I have seldom had an audit.

Mr. Hughes: How could you carry on without forming yourself into a company if it is so necessary for these other people?

The MINISTER FOR JUSTICE: Why are any companies formed?

Mr. Hughes: It is because you had no desire to evade your debts, but were prepared to stand up to your obligations.

The MINISTER FOR JUSTICE: Perhaps that applies to everybody. Not every-

one is dishonest; only a small percentage of people! This measure is well worth while for the convenience of the public.

Hon. C. G. Latham: I cannot see any convenience.

The MINISTER FOR JUSTICE: It is necessary to comply strictly with the requirements of the Act dealing with public companies.

Hon. C. G. Latham: If you are a private individual you can do exactly the same.

The MINISTER FOR JUSTICE: Small companies can have protection.

Mr. Hughes: There are genuine companies.

The MINISTER FOR JUSTICE: They can be just as genuine with only two members as with five, because there may be three or four dummies. If proprietary companies and private companies are so detrimental to the welfare of the people, why are they to be found in all the other States.

Hon. N. Keenan: Is that so?

The MINISTER FOR JUSTICE: That is so. There are private companies or proprietary companies in every State in Australia, as well as in New Zealand.

Hon. N. Keenan: How many States have proprietary companies?

The MINISTER FOR JUSTICE: I could not tell the hon. member, but they all have proprietary companies or private companies. South Australia has both. Prior to this Bill we did not have either proprietary companies or private companies in this State. I cannot see any real objection to it. The integrity of the people of Western Australia must be inferior to other States. It is implied that people here are rogues if they want to form themselves into a company.

Mr. Hughes: A lot of people in London are saying that over the mining swindles!

The MINISTER FOR JUSTICE: There have been swindles in regard to mining in South Africa as well as here. They have tightened up very considerably compared with the old Act. Looking at the matter quite impartially, I cannot see any objection to treating our people on the same standard of honesty as is the case in the Eastern States or other parts of the British Empire. There are probably people in this Chamber who are members of public companies controlled by two or three individuals. What is the difference between that and a proprietary company of two? Were provision made for 20 members, dummying would still occur. If we find that proprietary companies are not satisfactory, the measure can be amended a year or two hence.

Mr. TONKIN: A proprietary company is essentially a private company—an incorporated partnership with limited liability. As the member for East Perth said, it makes provision for certain individuals, while enjoying the benefit of limited liability, to retain complete control of the company to the disability of certain persons who may be associated with them and members of the general public. True, private companies in Great Britain and in New Zealand have been a great success; I have read of such companies with a capital of £1,500,000 and £2,000,000. But I have yet to learn that there is a genuine reason for the establishment of a proprietary company. I have looked through the evidence tendered to the Royal Commission and I find that the member for North Perth was anxious to ascertain the reason. On page 5 of the evidence, Kenneth Watts Hatfield, Solicitor, Perth, was questioned and replied as follows:—

> Is it necessary to have both private and proprietary companies?—That is one of the points which is being investigated at the moment.

Some years ago we had an inquiry into the business activities of Investment Managers, Pty., Ltd., a company formed in Victoria and later registered as a foreign company in Western Australia. When I asked the prime mover of the business why, although in Sydney, he formed the company in Melbourne, the answer was that Melbourne was the centre of the greatest business activity. I suggested as the reason that Victoria was the State which gave facilities for the formation of a proprietary company, and that no obligation was imposed on such a company to draw up balance sheets, have them audited and exhibit them, whereas ordinary limited companies were under such an obligation. Let me read a few questions and answers bearing on the point—

> I understand you took steps to have Investment Managers Pty., Ltd., registered in Melbourne whilst you yourself were in Sydney?—Yes. We did that before we left Sydney.
>
> Why did you have to register the new company in Victoria?—We certainly thought Melbourne was the best centre for a company of that sort. Melbourne is the financial centre of Australia so far as stocks and shares are concerned, and it always has been.
>
> Why did you select a proprietary company rather than an ordinary limited liability com-

pany?—Because we were not appealing to the public for share capital. This was purely a management concern. It only concerned the people who were actually shareholders.

You were not anxious to get very much share capital?—No. The asset of a company like that is in the ideas and knowledge and the statistical information compiled.

Is that the only advantage which a proprietary company has over an ordinary company?—No.

I direct particular attention to the remainder of the answer—

There are very distinct advantages in a proprietary company, which is not under the same obligations as a public company to disclose its business to all and sundry. It is desirable for a company of that sort not to have to publish its information to all and sundry.

There is a provision in the Victorian Companies Act for a compulsory audit, is there not?—Yes, I think so.

Does that apply to a proprietary company?—I do not think it does.

It is fairly plain why that company was formed under the provisions of an Act which permitted private companies. It was to evade the obligation of having its accounts audited, balance sheets properly drawn up and exhibited for public information. If the State is to give to any individuals the protection of limited liability, then in the interests of the public steps should be taken to ensure that full information of the activities of such company is disclosed. Otherwise, how can we justify imposing on an ordinary public company an obligation to have properly audited accounts and balance sheets, and not placing a proprietary company under a similar obligation, although it enjoys almost similar conditions?

Mr. Rodoreda: It would not be dealing with the public.

Mr. TONKIN: Not in the same direct manner. But Investment Managers Pty., Ltd., was able to use, for the benefit of one or two individuals, a very large sum of money that had been obtained from the public. I have not heard any justification for reaching out to grant special facilities for the formation of private companies, and if individuals are to enjoy the benefits of limited liability, they should be prepared to live up to the same obligations as an ordinary public company. If they do not want to do that, let them continue in business as partnerships with unlimited liability. Should they wish to retain the management of a concern in their own hands—and this is the only reason for wanting to form a proprietary company rather than a public company—let them accept the responsibility for the debts incurred. But if they want to enjoy the benefits of limited liability conferred upon members of a public company, let them assume the same obligations. I do not think the deletion of the words proposed to be struck out would prevent the formation of successful businesses here. Previously it was not possible to form a proprietary company in Western Australia, and not much evidence has been adduced to show that we have lost the establishment of businesses because of that. Partnerships are still possible; and they have a special method of doing their business, the partners retaining the management in their own hands. I have had experience of men turning themselves into public companies to avoid high taxation. I greatly regret that the Minister has taken the view he has expressed, for I see no merit in proprietary companies.

Mr. RODOREDA: The trend of the debate as to the merits or demerits of proprietary companies is not strictly to the point. If we were now discussing Clause 40, we should need far more information than we possess as to the difference between the obligations imposed on proprietary companies and those imposed on limited liability companies. The member for North-East Fremantle mentioned investment companies. Under the Bill no proprietary company can possibly be an investment company. The hon. member said no hardship was suffered by this State because of the absence of provision for proprietary companies, and I grant that; but the duties and responsibilities imposed by the Bill on limited companies are so much greater than those under the existing Act, that probably limited liability companies would not have been formed here had those duties and responsibilities existed previously. Witnesses representing companies have stated that so many obligations were placed on companies by the Bill that special experts would be required to fulfil them. A proprietary company is not a public company. Proprietary companies do not go to the public for funds, and the public is not interested in them. People dealing with those companies know the kind of company they are dealing with, and take precautions. How many shareholders take the slightest interest in the business of an ord-

inary company? How many attend a meeting of shareholders? Let us defer the present discussion to its proper place.

Hon. N. KEENAN: The amendment I moved would not in any way have affected the formation of companies in this State. Here is the right clause on which to debate the formation of a proprietary company. The clause provides that any two or more persons may form themselves into a proprietary company. Contrary to what the member for Roebourne appears to suppose, Clause 40 does not deal with the matter. When moving the amendment I asked for information as to any industry in Western Australia which could be benefited by the formation of proprietary companies. It is suggested by the member for Roebourne that the pastoral industry is one. I am sorry to contradict him, because I know a great deal about the pastoral industry. A pastoralist in a small way would not desire to form his business into a company; if he were associated with his brother or some other person they would enter into partnership. If the holding were a large one then proper accounts would have to be kept and balance sheets prepared for taxation purposes, as well as for distribution of profits among the people entitled to them. I know of no industry in this State of which it can be said that to allow the formation of proprietary companies would be of benefit. Only two States of the Commonwealth have proprietary companies, but, notwithstanding what the member for North-East Fremantle said, that is no argument for us to adopt this law.

Hon. C. G. LATHAM: The member for Roebourne stated that companies could not receive deposits. They can do so under the existing law and would not be prevented by this Bill. I know of one case where the people concerned purchased a piece of land and then sold interests in it. Will the hon. member say that that cannot be done?

Mr. Rodoreda: A limited company could do that.

Hon. C. G. LATHAM: Yes, but a limited company must publish a balance sheet. As I say, the people I mentioned bought this land for a certain sum and sold one-quarter of it for three times its value. They are setting out deliberately to rob the public. I want to obviate what I know has occurred in this State for the last 20 years.

The Minister for Justice: There have been no proprietary companies here.

Hon. C. G. LATHAM: I want to ensure that what has happened here for the last 20 years is not allowed to continue.

The Minister for Justice: How can you stop it?

Hon. C. G. LATHAM: We must have sufficient time to frame the necessary legislation. It would not matter if this Bill were held over for 12 months. In some of the other States a similar Bill was under consideration as long as three years.

The CHAIRMAN: The Leader of the Opposition must keep to the amendment.

Hon. C. G. LATHAM: These proprietary companies are sheltered. It would be better if we made provision in the Bill for public companies only, so that we could exercise control over them.

The Minister for Justice: But proprietary companies could be formed in the Eastern States and trade here as foreign companies.

Hon. C. G. LATHAM: We must try to prevent that. We must stop these people from robbing our citizens.

Mr. Abbott: You could put them in jail, which would be the proper thing to do.

Hon. C. G. LATHAM: Yes.

Mr. Hughes: Not if you give them legal cover.

Hon. C. G. LATHAM: That is so.

Mr. Abbott: Would it make any difference if that class of person was not registered?

Hon. C. G. LATHAM: It might. I do not know whether the hon. member is sophisticated, but I know of a company that had a high-falutin name and was heard over the air on Sunday mornings. What it said was to some people like a pot of honey to a swarm of bees.

Mr. Rodoreda: Private persons can do that also.

Hon. C. G. LATHAM: Yes, but inquiries could be made about them. This company, with its high-sounding name, was a wonderful concern. Very highly respected citizens were associated with it; they were led astray and were bled of their money. Although it has been stopped more or less on two occasions by this House during the last few years, it is not the function of Parliament to do that. It is a disagreeable job for members of Parliament but for the protection of our citizens it must be done. Surely the Minister does not desire us to pass legislation that will protect people who

seek to defraud the public. Some people say, "Let the foolish public look after themselves," but there is no justification for that. The member for North-East Fremantle has clearly pointed out what has been done in the past. Now we are taking away the privilege from the public companies and extending it to proprietary companies, one-man companies. We should give this Bill a trial, removing this provision.

The Minister for Justice: Give it a trial as it is.

Hon. C. G. LATHAM: No. We know what is happening. Why should not these proprietary companies have to publish balance sheets?

The Minister for Justice: We are not giving them any more than is the case in the other States.

Hon. C. G. LATHAM: I am not concerned about the other States. If they have bad laws why should we have them? Let us profit from their experience.

The Minister for Justice: Proprietary companies must keep accounts and submit them to the Registrar.

Hon. C. G. LATHAM: A proprietary company does not have to publish a balance sheet or send it to the Registrar.

The Minister for Justice: The Registrar can inspect the accounts.

Hon. C. G. LATHAM: That is a different matter. A provision was made in the existing company law but to do it was difficult. I do not suppose it was ever done because it was almost impossible. I hope the Committee will agree to the amendment. I am not concerned about the ordinary honest man. As a farmer I could form myself into a proprietary company and say, "I am going to limit my liability"; for that is what I would be doing. But I am prepared to say, "I am in this business for what I can get out of it and the whole of the assets are available to my creditors." That is the honest thing to do.

Mr. RODOREDA: If I understand the matter correctly, should the amendment be carried it will not have the effect of debarring a debate on proprietary companies when we come to Clause 40 but will limit us to a minimum number of five members.

Hon. N. Keenan: Yes, it will.

The CHAIRMAN: I remind the Committee that dialogues must cease. The member for Roebourne will address the Chair.

Mr. RODOREDA: I am looking for correct information. I think I should be allowed a little latitude. Enough has been allowed before now.

The CHAIRMAN: I ask the hon. member to address the Chair and make his contribution in his own way.

Mr. RODOREDA: I am doing so, but——

The CHAIRMAN: Will the hon. member obey the Chair and address the Chair?

Mr. RODOREDA: I take it that the clause as amended would read that "any five or more persons may by subscribing their names to a memorandum of association form an incorporated company," etc.

Hon. N. Keenan: Associated for any lawful purpose.

Mr. RODOREDA: If we say later on that a certain number of persons under certain conditions can form a proprietary company, all the amendment does is to make a minimum of five in that proprietary company. I take it that that is the interpretation the Committee must place upon it. I would like to hear the Minister's interpretation of the amendment. If it means what I suggest and makes five the minimum number that can form a company, I shall be prepared to vote for it. If, as the member for Nedlands suggests, it deletes any further reference in the Bill to proprietary companies, I am not prepared to support it.

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

Ayes	15
Noes	22
Majority against	7

AYES.			
Mrs. Cardell-Oliver		Mr. Needham	
Mr. Fox		Mr. North	
Mr. W. Hegney		Mr. Rodoreda	
Mr. Hughes		Mr. Sampson	
Mr. Keenan		Mr. F. C. L. Smith	
Mr. Kelly		Mr. Tonkin	
Mr. Latham		Mr. Doney	
Mr. Mann			(*Teller.*)

NOES.			
Mr. Abbott		Mr. Nulsen	
Mr. Berry		Mr. Panton	
Mr. Boyle		Mr. Seward	
Mr. Coverley		Mr. Triat	
Mr. Cross		Mr. Watts	
Mr. Hawke		Mr. Willcock	
Mr. J. Hegney		Mr. Willmott	
Mr. Leahy		Mr. Wilson	
Mr. McDonald		Mr. Wise	
Mr. McLarty		Mr. Withers	
Mr. Millington		Mr. Styants	
			(*Teller.*)

PAIRS.	
AYES.	NOES.
Mr. Stubbs	Mr. Collier
Mr. J. H. Smith	Mr. Holman

Amendment thus negatived.

Clause put and passed.

Progress reported.

House adjourned at 11.2 p.m.