ing's issue of "The West Australian." I do not propose to touch on that phase other than to say that there must be at least a little truth in what some of the writers say, but, as I view the matter, each writer seems to be a little biased in one direction or another. We all know that there are worse cases than those I have quoted, but no good purpose would be served by repeating further details.

I was sorry indeed to read the comments of the Minister in charge of native affairs on the work of an Anglican archdeaconess whom the Minister blamed for the department's failure to check immorality. In my view that was most unjust. I hold no brief for the archdeaconess or for anyone connected with the Department of Native Affairs. While I believe a certain amount of religious instruction is necessary for the natives, I am strongly of opinion that cleanliness should come first. I very much doubt whether religious instruction will cure either gambling or the sex problem. On the other hand, I think a well-managed settlement in some good district—not one in a God-forsaken hole like Moore River—fitted with modern appliances and made self-supporting by the efforts of the natives themselves, which would furnish them with an interest and an incentive to work, would be more likely to help to solve the appalling conditions under which the native population exists today. I believe that the provision of such a settlement under the conditions I mention would help the uplift of this very unfortunate race.

Before concluding my remarks, I suggest that the Chief Secretary might give the House some information about the proposed new settlement which I understand is to be opened in the Wandering district by church authorities. Whilst I have no objection whatever to raise to the proposal —as we all know, these institutions have done excellent work practically throughout the State—I would not like to think that the Government is shirking the responsibility that rests upon it to provide for the proper care of and adequate attention to natives, since I have in mind the possibility of uplifting a few of them. Accordingly I support the second reading of the Bill.

On motion by Hon. J. A. Dimmitt, debate adjourned.

House adjourned at 9.3 p.m.

Legislative Assembly.

Tuesday, 24th October, 1944.

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

QUESTIONS (3).

WATER RESTRICTIONS.

As to Application to Country Areas.

Mr. KELLY asked the Minister for Works:

(1) Do the restrictions to water consumers as set out in "The West Australian" of the 19th October apply to any extensions in farming areas?

(2) What is the position of farmers and other stock owners whose properties—

(a) adjoin the main pipe line and draw supplies direct from the main conduit?

(b) or those adjacent to towns and are drawing supplies for stock watering purposes from town mains?

(3) Does the specified term "Mechanical Device" include "Ball-taps" used in the automatic water of stock?

The MINISTER replied:

(1) Yes, but only in relation to the purposes specified in the by-law.

(2) and (3) The restrictions do not apply to water used for stock.

POST-WAR WORKS.

As to Western Australian Programme.

Mr. NORTH asked the Minister for Works:

(1) When did the Government invite local authorities to submit plans for the improvement of their districts as post-war works?

(2) What responses have been received from Nedlands, Claremont and Cottesloe?

(3) What is the chance of these works being carried out from the point of view of priorities as against National or State public works?

(4) To what extent is the Commonwealth Government implicated in these matters?

The MINISTER replied:

(1) On the 5th February, 1943, the State Government Post-War Works Committee invited preliminary suggestions from all local authorities. On the 4th November, 1943, after constitution of the National Works Council, the Government circularised all local authorities and provided official forms on which details of works proposed by the local authorities were to be filled in.

(2) Certain preliminary suggestions were received from the Nedlands Road Board, the Claremont Council and the Cottesloe Council, but the official forms which were sent out to all local authorities on the 4th November, 1943, were not returned by the abovementioned local authorities.

(3) and (4) Answered by 2.

KALGOORLIE ABATTOIRS.

As to Improving Conditions.

Mr. LEAHY asked the Minister for Agriculture:

(1) Is he aware of the conditions existing at the Kalgoorlie Abattoirs, particularly in relation to stock yards and shelters which are an absolute danger to the lives of men handling stock?

(2) Has the possibility of supplying electric power for chillers and all general purposes been fully investigated?

(3) Is it the intention of the Government to have new cement floors laid down as soon as possible, as the present ones are in a very bad condition?

The MINISTER replied:

(1) Renovations costing approximately £700 were effected last year at the Kalgoorlie Abattoirs to the cattle race, abattoir roofs and drainage systems.

(2) Yes.

(3) Chillers ultimately will be constructed on a portion of the existing cement floors. The permanent floors will be kept in repair.

BILLS (3)—THIRD READING.

1, Land Alienation Restriction.

2, Builders' Registration Act Amendment.

3, Mortgagees' Rights Restriction Act Amendment.

Transmitted to the Council.

BILL—HEALTH ACT AMENDMENT.

Report of Committee adopted.

BILL—RURAL AND INDUSTRIES BANK.

Second Reading.

Debate resumed from the 19th October.

MR. LESLIE (Mt. Marshall) [4.37]: When the Minister moved the second reading of the Bill I feel sure that from the rural people of the State at least a cry went up, "The King is dead; long live the King!" If ever the death of a king was desired, it was that of the king which has ruled, somewhat unsympathetically so far as the farmers are concerned, the Agricultural Bank. The establishment of a new bank with extended scope to assist the primary industries, as we believe it will, and also to assist the State in gaining some benefit from the extension of its operations, will be hailed by the agricultural industry with the same words. "Long live the King." Unfortunately, however, the tailor who cut the cloth for the suit of the old king has cut very nearly the same suit to fit the new king and, while we definitely support the Minister on the principles contained in the Bill, there is a considerable amount in the Bill that will call forth a lot of controversy and difference of opinion. I can only hope that when the Bill is in Committee, the Minister will give sympathetic consideration to the amendments that will be submitted.

There is one aspect of the Bill with which I am not in agreement, and that is the unifying of the agency section and the rural or trading bank section under one administration. Although the Agricultural Bank was created largely for the purpose of developing the resources of the State, the Bank reached a stage when, in its administration, it adopted to some extent the outlook of the orthodox banker; in other words, ability to get a return on the money invested was the main consideration with the Commissioners. If we are to have the same Commissioners

operating both departments of the new bank, we are likely to be faced with the position that in giving their decisions, they will be animated largely by the desire to make the rural bank and the agency department show a satisfactory or profitable financial statement to the Government at the end of each year. So I am afraid that when it comes to operating the agency section of the bank, the Commissioners will be imbued more with the outlook of bankers. I believe we have only touched the fringe of development in this State, both in our rural and other industries. There is definitely scope for a separate department, to be placed entirely under the control of the Treasurer if that is thought desirable, that will not have the outlook of bankers, but will take the broad view of the development of our national economy rather than look for an immediate return. As I say, I fear that when it comes to operating the agency section of the bank we shall find our commissioners, as in the past, desirous of making the bank a profitable institution.

Dealing with the rural section of the bank which it is desired shall be set up as an ordinary trading bank, for the life of me—seeing that it will be in competition with other financial institutions and not only with private banks—I cannot understand why it shall be given the exceptional privileges that are contained in the Bill. For instance, the bank is to be excluded from the interpretation, "holder of land as mortgagee." That has been one of the main difficulties in our rural areas. There the bank is literally in possession, although actually it may not be. Abandoned and forfeited properties have been allowed to remain as a menace to the properties of neighbouring farmers because there is no law to compel the bank, which is in effect the holder of that property, to take the action necessary for the carrying out of such work as will stop neighbouring properties from deteriorating through the effects of vermin and noxious weeds.

Then there is the question of the payment of road and water rates, which the ordinary mortgagee in possession is expected to provide for. If we are to have a rural bank which is to all intents and purposes a trading bank, it seems but reasonable that the injustices of the past should not be continued by special protection. Another clause in the Bill is most unusual; it is the one giving the bank power to charge a procuration fee for any loan which it might arrange for an applicant. Not only will the applicant be charged the ordinary stamp duty and search fees and registration fees, which is the normal banking practice, but a clause provides that an amount not exceeding two per cent. shall be charged for procuring a loan from the bank. I have ascertained that such a charge is not made in ordinary banking practice.

Mr. Seward: That was queried when it was put into the 1935 Bill.

Mr. LESLIE: It is definitely wrong in principle. If a borrower approaches an agent and secures through him a loan from a third party, then the agent may legally be entitled, indeed he is morally entitled, to charge for his services; but if the borrower applies direct to the lender surely it would be an injustice for the lender to charge a procuration fee in addition to interest and other charges. It appears to be an additional injustice for the practice to be introduced in a Government Bill.

Mr. Seward: It is part of the job.

Mr. LESLIE: I take it that it is intended so. So far as I can see, no provision is made in the Bill for writing off debts under the Rural Relief Fund Act. There is provision in the Bill dealing with the agency section of the bank which will permit a writing-off of those debts, but only on condition that the secured and unsecured creditors also write off a proportionate amount. I put it to the House in this way: the secured and unsecured creditors, as well as the bank, have already written off a proportion of their debts. I suggest to the Minister it is high time that all the debts under the Rural Relief Fund Act should be written off without any reference whatever to the secured, and particularly the unsecured, creditors, many of whom got much less in the original writing-down than did the bank. Numbers of the unsecured creditors got only 1s. in the pound. I can even cite instances of unsecured creditors who did not receive one penny, and the record of whose debts is still on the files.

Because the whole of the debtor's assets are secured under a statutory lien to the bank those creditors have written off their debts. The debtors may even have contracted further debts with these unsecured creditors—the storekeepers who stood by

them in bad times. To suggest that these creditors should again make a further writing-down of their debts is definitely an injustice. With regard to the financing of the bank, the member for Nedlands made some reference to this, but I am not concerned as to where the Government is to obtain the necessary money. What I would like the Minister to do is to assure us that the accumulated losses of the Agricultural Bank will be definitely written off. I know the Bill provides that they may be written off with the consent of the Treasurer; but my view is that the bank should start on a clean footing, without the millstone of £7,000,000 or £8,000,000 which is debited against the bank at the present time.

The Premier: They pretty well all have been written off.

Mr. LESLIE: But they are still shown in the bank's statement. The point is that ever so often we get these tremendous losses of the Agricultural Bank dug up for our hearing, perhaps to influence us so that we might not make too great a call upon the bank, or perhaps to indicate the benefit the bank has been. However, I think it is time we buried those debts and the opportunity to do so is now. Anyhow, I see no provision in the Bill for them to be written off. I think, too, that the assets at present held by the Agricultural Bank—that is, assets in the nature of unoccupied, abandoned or forfeited land—should be handed over to the Government agency branch of the Bank, and the debt on those unoccupied or abandoned assets, if one may call them so, should immediately be written off and the property re-allocated, sold, or given out on a basis which will have no connection whatsoever with the debt that previously existed. Let us make a definite severance of the two organisations. This measure seeks to dovetail one into the other, and that is not going to work.

If these properties are to be saddled with the old debts and have to go through the rural branch and the agency branch to get these debts written down to within a reasonable measure of the property's real value and go through all the difficulties that we now know—and I might mention, too, the rather unsympathetic manner in which quite a lot of them have been treated because they are treated as business propositions—then we are not going to benefit to any extent from the creation of this new bank, and particularly are we not going to benefit from the division of the bank into two separate departments. The Government agency should take over these properties and deal with them by wiping out the debt, and so relieve the existing debtor of any obligation which remains on him to meet that debt some time in the future. The personal covenant liability still remains. The bank has not written off these debts. They stand as a perpetual menace to the debtor in the event of his endeavouring to take on another property, or branching out into any other means of livelihood which may bring him a measure of financial success. Those are broadly some of the things I would like to see done in connection with the bank.

I want now to deal with one of the most disappointing features in the Bill. I refer to the perpetuation of Section 51 by the new Clause 69. The Minister suggested that he had made some alterations here, but I submit that the alterations achieve nothing and relieve the debtor of nothing from the operation of the old section. In the first place, the Bill provides that the clause shall not take effect unless the debtor is 12 months in arrears with interest. Members will find that on an average most people who are indebted to any financial institution are already in arrear to the next lot of interest, which may not be immediately due, by the time they have paid their last lot. Where debt adjustments have taken place in the past, and where a writing-down has been effected, the bank and the bank officials have been very careful to see that some arrears of interest were left so that the sword held by the bank under Section 51 still remained operative. I see no difference whatsoever under Clause 69, except that the Governor may say that the clause is inoperative. In conjunction with that clause is another; I think it is Clause 102.

Mr. SPEAKER: Order! The hon. member is not in order in mentioning a clause on the second reading speech.

Mr. LESLIE: I am sorry. The Bill provides, in another clause, penalties if anyone shall knowingly accept from a farmer any goods which are secured to the bank. If the clause, which is similar to the old Section 51, becomes operative, it will mean

that, taken in conjunction with the one that imposes penalties for the debtor who disposes of his products secured to the bank, any such person is guilty of an offence. That may be all right, so far as the debtor is concerned, but it also provides that anyone who knowingly receives, or removes, which is the interpretation of it, any products from that property is guilty of an offence. The coverage afforded by this clause literally leaves the farmer only his wife and children that he can dispose of as he pleases, provided that he does not offend against the Criminal Code. The operation of this clause means, in effect, that if any one of those farmers came into a country town and decided to donate a fowl or a pound of butter, or some small portion of his farm produce, to a charitable institution, or to assist in raising money for the war effort, he would be guilty of an offence and, in addition, whoever viewed that article from the farm would be guilty of an offence also.

The Premier: That has never been done.

Mr. LESLIE: The Premier suggests that it has never been done. If that is so, I do not see any purpose for including it in the Bill. If the intention is not to impose it, why include it?

Mr. Berry: It is there for when they want to impose it.

Mr. LESLIE: It hangs there as a threat all the time.

The Minister for Lands: I will tell you why it is there.

Mr. LESLIE: I hope the Minister for Lands does. It is a definite injustice as it stands at present. If the meaning is boiled down far enough it amounts to this, that the mother on a farm who uses her own products to send comforts to her fighting son is robbing the place of something belonging to the bank, and is liable to prosecution, and so is her soldier son. That is the legal interpretation.

The Premier: That is not——

Mr. LESLIE: The Premier can say what he likes, but that is the legal interpretation.

The Premier: That is not the practice.

Mr. LESLIE: Perhaps that is so, but the clause includes everything. Another clause provides coverage for chattels. It probably is in the existing Act, but "chattels" includes everything. I do not know that the word does not include a man's wife, under some law or other, which would leave him then only his children. The law then would not leave a man even his soul, because there is a criminal law which prohibits him from committing suicide and thus sending his soul to the higher or the nether regions. If it is intended that this clause shall not operate, it should be removed. In any case, why give the bank privileges when it is an ordinary business undertaking? If it is intended to use that in connection with a Government agency loan, then I suggest that it is definitely an injustice, because I take it that many advances by the Government agency will be money advanced not on a purely business basis as far as the individual is concerned. It is to be advanced to him for developmental or for national economic purposes, by way of development of industry. If that is the case, I see no reason why the only clause required in any Bill to protect the Government and the bank, or the agency, should not be limited to one which will impose penalties should the borrower or the grantee misuse the money made available to him. It is not given to him for a purely business purpose, but for one that is very wide in its sphere.

Provision should be made in the Bill to meet the position regarding rates and taxes owed by the farmer or the debtor who has received assistance from the bank. One of the biggest problems confronting local governing authorities is the fact that so much land in their areas comprises abandoned farms, properties held by the Agricultural Bank, which institution does not pay rates in respect of such properties. In no case where a farmer has been unable to pay such rates has the bank made it possible for the road boards to receive money that they were so urgently in need of. Farmers could not pay the rates for the simple reason that the bank would not make available to them the necessary money to enable them to do so. All the bank would advance at any time was money to permit the farmer to carry on his agricultural operations, hence many local authorities have had to do without the rates that were due to them. That difficulty should be overcome, and the Bill should provide for rates being a definite charge on proceeds, the money for that purpose being provided by the bank. Advances in that respect should not be restricted, and certainly the interest and instalments due to

the bank should not be a first charge having priority over rates due to local governing authorities.

In dealing with the question of the first charge, I notice a suggestion is made for the provision of a reasonable living allowance for the debtor farmer. I agree that some such provision must be included in the Bill because I take it—I do not know if I am correct, but I am assuming that it is so—that it is intended that part of the machinery of the bank will be used to operate any scheme for soldier settlement that may be introduced. I think the Minister will agree with me——

The Minister for Lands: Not so far!

Mr. LESLIE: —— that in the agreement between the Commonwealth and the States provision is made that the soldier settler shall receive a reasonable labour return as part of an ordinary living allowance. Such a provision is certainly humane and should be applied not only to soldier settlers but generally. I consider that every man is entitled to a reward for his labour and provision should be made for a return to the individual of an amount equal to that which he could reasonably expect to receive if he were an industrialist, and that amount should be a first charge on proceeds before interest and instalments due to the bank were met. With reference to the question of interest, it is most unusual to find in a measure of this description provision for the charging of interest on interest that is overdue. That constitutes a grave injustice although, of course, the application of that principle is not confined to the Bill under discussion. We find it applies in many directions. To me, as to many people, the interest question is a sore point. To gain an appreciation of the intention behind the original imposition of interest, we must go back to the inception of the practice of borrowing and lending. In the early days when a person borrowed from another, his action was generally due to circumstances over which he had no control, such as some misfortune.

The borrower approached the lender to obtain assistance which was rendered on a partnership basis, no interest being charged. In other words, the lender agreed that if the borrower profited, he was to share in the profit; if the borrower suffered a loss, he would share in that loss. Eventually the idea was developed that should the borrower believe that by securing more money and extending his operations there was an opportunity to increase his financial returns, the risk in those circumstances was his own. He could obtain money from the lender by paying a certain amount which represented interest, and so the transaction was no longer one in which the two parties shared in the reward or loss. The Bill is an entire departure in that respect. The Government agency to be established under the Bill proposes to make advances to settlers and will have the right to fix the rate of interest charged. The agency will also have the right to waive the payment of interest if so desired. The loan made available will be purely for developmental purposes in order to improve the industry or in order to expand its operations.

The Government agency will have power to impose for this assistance interest, and also interest upon interest that may be in arrears. The same position will apply in connection with the rural bank but I agree that a reasonable rate of interest should be charged in that case. I believe that if the borrower finds himself so circumstanced that he is not able to meet his obligations, the interest charged against him should remain static until such time as the debtor can pay without that interest bearing penal interest. I believe that system should apply particularly in a Government-controlled banking institution. At the risk of intruding on the sphere of monetary reform and dilating upon currency problems, which subjects receive particular attention by the member for Murchison, I suggest that the interest on the money made available by the bank is in the nature of a payment for services rendered and should be nominal. The Bill also seeks to prohibit a borrower from entering into a second mortgage, subletting or otherwise disposing of his property in order to obtain further financial assistance from an outside organisation. While I would be prepared to agree to that with regard to Government agency loans, I think that it is wrong for restrictions to be imposed upon a borrower where the rural bank, operating as a trading bank, has advanced money up to only 70 per cent. of the value of the property. Such a restriction might very well work a hardship.

I am aware that in the past many of the difficulties experienced by primary producers, particularly during the depression

years and those immediately following, were due to the fact that second mortgages over their properties were held by some outside financial institution, in consequence of which it was generally impossible for the Agricultural Bank and the Associated Bank or whatever concern held the second mortgage, to reach an agreement regarding the further financing of the properties. It must be remembered, however, that the Agricultural Bank's advance was made available on a principle different from that indicated in the Bill. That money was advanced irrespective of the productive capacity of the property to repay the amount due. In consequence of that, the loans available through the Agricultural Bank were generally larger than would be available under the provisions of the Bill now under discussion. In the past that policy resulted in properties being overloaded with capitalisation.

The Associated Banks, stock firms or other financial institutions, no doubt believing that they would reap some measure of profit, accepted bills of sale or second mortgages over properties as securities for loans advanced. With the advent of the depression, payments to those institutions could not be met; hence it was no uncommon event for farmers to walk off their properties because neither the Agricultural Bank nor the holder of the second mortgage would give way and permit additional finance to be forthcoming. Naturally the Agricultural Bank Commissioners said that if they were to carry the farmer further they would merely be enhancing the equity of the holder of the second mortgage and the latter said the same thing with respect to the Agricultural Bank. Like dogs in a manger, neither would agree to a proposition that would allow the farmer to proceed with his operations. I think the Minister mentioned that the Bill was largely one for consideration in Committee and I believe that is so. Other matters I intend to deal with can well be left to that stage. Many of the clauses are satisfactory but many are unsatisfactory.

When the Bill is in Committee I hope the Minister will give consideration to the views that have been placed before him, and will recognise the fact that repeatedly attention has been drawn to unsatisfactory features of the existing legislation which nevertheless find a place in the Bill. To perpetuate those obnoxious provisions will, I am afraid, mean that the Bill will not receive the sympathetic consideration that it would otherwise obtain. In consequence, many people who might be inclined to lend support to a Government bank as against a private financial institution may gain the impression that to do so would mean putting their heads into a noose that might result to their detriment. Some of the provisions of the Bill will mean that farmers will be deprived of flexibility in connection with their operations such as they would enjoy if their financial assistance had been obtained from a private concern. I support the second reading of the Bill and hope that when we deal with the measure in Committee the Minister will see eye to eye with us respecting many of the amendments that will be submitted.

MR. NORTH (Claremont): I desire to raise a few points quite distinct from those already mentioned. On an issue like banking, very few members are in a position to deal with the problem in a technical manner. On the other hand, we are entitled to present the people's point of view without making any pretence to the possession of specific knowledge of the subject of banking. It appears to me that the Bill may have very intriguing results over the years, because while under the Commonwealth Constitution provision is made for State banks to be excluded, they are possibly not excluded by the Commonwealth Constitution, from dealing in paper money. We are all aware that during the term of Commonwealth Governments before the Commonwealth Bank Act was actually implemented, the private banks had their own paper money. I am wondering whether the Minister in charge of the Bill, and the Government, have had that aspect looked into, as to whether this bank will be a State bank and quite clear of Commonwealth control, and will have the right to issue its own notes. The question is at least an interesting one, and its solution will have a great influence on the future of the bank here proposed.

We know that there are rival systems to ours in existence. One of these exists in Canada. The province of Alberta has made a highly interesting experiment in this connection. I should say this Bill would have been the answer to an Albertan's prayer had it been introduced there. Alberta for

years has been trying to get a bank of its own to be used in the making of Alberta's experiments. The Albertans have carried out experiments without having a bank. I am wondering whether this new bank for Western Australia will be able to issue notes. I ask the question because in the lifetime of this House we have all seen very sad experiences of other banks. Not only have we lost the Savings Bank of Western Australia, and the people of New South Wales lost their savings bank, but a private bank also has gone out of existence through various circumstances. The Primary Producers' Bank was taken over through financial stress or, might I even say according to some critics, owing to the fact that it was tempted to carry on its banking in a manner that was not satisfactory to the Associated Banks.

What would be the position of this proposed bank of ours in such a case? What would be the future of the bank, supposing it comes into a position such as that into which the Western Australian Savings Bank got? That will be the time when we shall be very anxious to know whether this suggested bank of ours can issue its own notes as is being done in Alberta under the name of Treasury notes or Treasury bills, paper money issued without the sanction of any Government bank at all, but purely under Government auspices. For years Alberta has financed its own roads without any expense whatever to the people. It has built a thousand miles of road without any cost to the public. It has also reduced taxation and the cost of living. However, while the Albertans claim to have done all that, I do not dogmatise that they are correct in all they have done and are doing. Our bank may have the opportunity to make quite a number of interesting ventures. I was glad when the Premier some time ago answered a question, saying that he was getting into touch with Alberta to find out what it is they have done that enables them to build a thousand miles of road without any cost whatever to the people, and at the same time to reduce taxation and the cost of living in the middle of a great war.

The other point I wish to raise is that there exists an interesting side of the question from the point of view of orthodoxy. I am glad to notice that many reformers throughout the world, and particularly in this country, including our friends the orthodox bankers, are themselves making a big effort to improve the system, and that Western Australia during the past three or four years has been doing something like the Albertans do. I was very pleased to see that Western Australia today, under our present system, which this proposed bank will be under, anyhow for a start, has reduced its oversea debt in London, has reduced its debt in Australia, and has reduced the interest payable as well as the debt per head, for the past four years to this extent: 1941 £204 per head, 1942 £202, 1943 £201, and 1944 £198 per head. So there is a good kick in the old orthodox dog yet, on those figures! But of course we have to admit to ourselves that in attaining that position we have been leaving undone a great many jobs that would have been done in peacetime. That shows, as far as I at least am concerned, that there is some attempt being made under the orthodox system, which we follow, to reduce Western Australia's debt per head and also the amount of Western Australia's debt. That is highly satisfactory as far as it goes.

In this Chamber we are supposed to know these things, and have the opportunity to tell the world as well as the people of Western Australia what is going to be done by way of comparison with the action taken by Alberta. I introduced this topic years ago and was classed as dangerous, and any amendment of mine now on the question in Committee would receive short shrift; but other members, feeling that the question has now come within the range of practical politics as suggested by the member for Williams-Narrogin, may bring forward suggestions to see whether we can do something on Albertan lines. My only fear is that if we did something outside the ordinary sphere of banking, we would receive the same treatment as other Australian banks received ten years ago. Still, the State bank may have more power behind it, though nobody can forget the fate of the Western Australian State Savings Bank and the New South Wales Savings Bank. I remember that at the time one bank was called a "notorious" bank, while ours was described as "unfortunate." One bank was notorious for having many millions of pounds' worth of assets and having very little cash, while we, in similar case, heard our State Savings Bank described

as merely unfortunate. If the bank proposed by the Bill is able to issue its own notes, the whole proposal will look quite different.

There is an objection to the making of these few remarks, namely, that this line of thought having been opened by me, the old gentlemen in another place may take fright and thus be worked on less readily by the sound and cautious observations of the member for Nedlands. The passage of the Bill may even be endangered. I hope that will not be the case. I hope the measure will pass in spite of these few remarks of mine. My final point is somewhat in favour of this country, as against Alberta, for the time being. I understand that our Federal Security provisions which are not yet in force, but will be in the future, will constitute better safeguards than those afforded by the national dividends in Alberta, as announced. The old orthodox system, I repeat, has a few kicks left in it, although it has not caught up with the new ideas.

HON. W. D. JOHNSON (Guildford-Midland): I am glad that the Bill is receiving support on both sides of the House. In my opinion, it would be a grave reflection on the agricultural reputation and potentialities of Western Australia if we were to allow the assets of the Agricultural Bank which has been carried on by the State for years to pass into liquidation. We have to bear in mind that in the Eastern States Parliaments there were very serious stock-takings made of banks and their assets, and here a special Commission was set up by special legislation in regard to the obligations of our Agricultural Bank. The Commission examined the stability and the general financial position of the bank. It recommended the writing-off which was ultimately effected by the State, and reviewed the debts and assets that had been created during a period of alleged agricultural prosperity. Having made this stock-taking and having written off doubtful liabilities, we would have been guilty of what to my mind would have been a grave reflection on the administrative capacity of Western Australia if we had then turned round and said, "Having created an assured asset, we are now going to leave it to the private banks, or some other such institutions, to take it over and reap the reward of what has been accomplished by the State, thus removing from the State any possibility of getting a return for losses incurred through writing-off."

We have to bear in mind that writing-off is a transfer of debt from the agricultural community to the general taxpayer. We cannot write off without transferring what is written off. Writing-off, in the case of the Agricultural Bank, means a transfer from that institution to the general taxpayers of the State; and therefore the taxpayers now are justified in looking to Parliament to ensure that they, having accepted liability for loans advanced on full security and with full personal covenants, shall have the asset if there is an asset. If the House is satisfied that an asset exists, that asset should be used for the general benefit of the community. We have to bear in mind also, that while a good deal has been written off, more has been written off than would have been justified if careful administration had obtained throughout the period of banking. During that period, however, the amount written off has produced some result in the shape of agricultural development, which would never have been as forward as it is today without the assistance and the enthusiasm of the Agricultural Bank previous to the establishment of the Agricultural Bank Commission.

Just as the railways have been used as a developmental activity, so the Agricultural Bank was used; and while the railways are carrying lines that have never been operated at a profit—and some day I anticipate we will have to write off a portion of the money owing on them—the Agricultural Bank has got beyond that and the writing off necessary because of the use of this bank in an attempt to develop country which should never have been made under the prevailing conditions. Those losses, which have helped in the development of Western Australia, have been carried by the State. While a real asset cannot be shown, nevertheless the indirect benefit has some value. I cannot understand what is in the minds of members concerning what will be done with the assets, if we do not pass the Bill. We cannot hand them over. It would be a frightful reflection on our administrative capacity and a frightfully bad advertisement for the State. Therefore the business has got to be carried on by the State and I commend the Government for having

made up its mind to do this in such a businesslike way.

Whether the Bill passes, becomes an Act and ultimately becomes law, will depend on the economic value that will be provided as the result of the provisions contained in it. If we are going to frame a measure on the lines suggested by members, largely of the Country Party, the measure cannot become law. Although I am an enthusiast and realise the frightfully bad advertisement it would be for the State not to pass this measure, I certainly could not vote on the third reading of a Bill that would be mutilated to the extent suggested by the proposed amendments. It would become an impossibility. We cannot continue perpetuating the system of helping the State to cover some of the losses incurred by writing off, and in regard to the amendments proposed I counsel great caution to ensure that that matter receives some consideration and that some little measure of gratitude is shown to the general taxpayers who have taken over so much from those limited taxpayers—very deserving, of course—who have obtained money from the Bank and lost it—possibly misused it in many cases—and are unable to meet their liabilities, which liabilities are now carried by the general community.

I hope members will see that a measure of this kind must be viewed from its economic value to the State. If we try to use it as a means of placating a section of the community, we will fail in our objective and will not be doing our dut yby the State. This is not a measure through which special consideration can be given to clients of the bank. Clients cannot dictate the policy. They must present their proposition in the shape of a personal reputation that would justify confidence by the bank; and, at the same time, that must be plussed by the security they will also be called upon to produce. I want members to realise that it is not possible to obtain a high standard of living for the producers by cheap money in the shape of loans, or by penalising the State by giving the producers conditions that are not financially sound. That is not the way to raise the standard of living. The raising of that standard must not be approached by affirming that it must start at bedrock, and that money must be borrowed under conditions that call upon the general taxpayer to share some of the risk.

Mr. Doney: Do you think it would be better if they raised money at a high rate of interest?

Hon. W. D. JOHNSON: I am not talking of interest. I hope the hon. member will try to follow me. I know he generally finds difficulty in doing so. The position is that we cannot have liberal provisions for loaning money to clients in the anticipation that their standard of living is thereby going to be assisted. If the standard of living is to be raised, it has got to be done through their production and the economic marketing of that production. The basic wage is a guarantee for the worker, but it is his industry that gives him his basic wage. He has to achieve a given result in order to earn a basic wage. The producer must provide a given production which must be of a given value before his standard of living can be raised. So I hope members on the other side will appreciate that we on this side are anxious—and a number of us have had sad experiences—to elevate the standard of living of the producers: but please do not try to do it through this Bill. If an attempt is made to insert provisions that will weaken the administrative strength of the measure, it will never pass with my assistance, because I am convinced we must realise our obligations to the State.

I do not want to repeat this over and over again; but we cannot placate one section of the community by putting loose provisions into a Bill of this kind by which one section of the community can borrow from another without a reasonable guarantee that the obligation for repayment will be honoured when it becomes due. We must be in a position, in regard to a Bill of this kind, to assist the honest trier. The Agricultural Bank would never have been introduced except for a desire to help the trier, to give a man who was struggling against a big liability an opportunity and to help him along; and thousands have been helped in that way. A Bill must be framed to enable us to do that to the maximum extent, but we cannot frame a Bill on the basis of the man who is a misfit and is liable to fail. There is an atmosphere, which has been created over the last eight or ten years, in which the agriculturist tries to organise on the basis of repudiation of liabilities. The declaring of farms black is part of that policy of trying to evade a

liability that was incurred in a straightforward way by obtaining advances from the Agricultural Bank. When that is done, one section of the community is penalised for the benefit of another section. That is not administration; it is not finance; it is nothing!

No State can flourish under those conditions and therefore it must be realised that this Bill must be framed on the basis of helping the genuine trier, even though he may fail. We must start off with a feeling that he is a genuine trier and that the assistance given to him protects the rest of the community in the event of disaster overtaking him, if that is at all possible. But I am afraid that the amendments suggested are on the basis of the failure of the misfit. In regard to every activity of life, it will be found that legislation is not made for the least competent. An attempt is made to elevate and help people, but there is provision that if they are not doing a fair thing under the obligations entered into means may be employed by which they are brought to heel. In the past, the Agricultural Bank has suffered. I have already explained that in the early stages it was used for developmental purposes. I administered the Agricultural Bank Act for some time—I forget for how long, but it was for a few years—and in those periods agriculture was attractive. People were entering the industry who had had no previous experience——

The Minister for Lands: And who had no money!

Hon. W. D. JOHNSON: Yes. Agriculture was attractive at that time. I could give many illustrations of where one Government failed and another Government succeeded and so on. There was competition at elections concerning advantages to be granted to a given section of the community by means of the Agricultural Bank, out of all proportion to what was fair and just. There were bids from the relative Parties. One side would say, "We will do this under the Agricultural Bank," and the other side would say, "We will do more." And so it went on. I will give one illustration.

Mr. Mann: I have heard those dissertations from both sides in years gone by.

Hon. W. D. JOHNSON: Yes. As most members know, years ago the Lake Brown area was open country. There was selection before survey. A great portion of Western Australia was secured under those conditions. A man had the right to pick the eyes out of a good type of country and make a rough selection by marking the plan. Then the Lands Department could be called upon to make a survey. When it was surveyed the man could take up the land under conditional purchase as land is taken up today. A strange thing happened in connection with the Lake Brown country. From the timber point of view, it is most attractive. Around Bulong on the Goldfields there is a beautiful belt of salmon gums, equal almost to the salmon gum in the Esperance district. I went out to Bulong to see salmon gums cut by a sawmill, and I used that timber as a carpenter on Government buildings in Kalgoorlie. The Lake Brown district was attractive in the sense that it grew good salmon gum, and there was a general feeling that because of that fact, the Lake Brown country, being able to produce good trees, could also produce something else.

We all know that it is not possible to produce much at Bulong on the Goldfields except the timber, and it is also known that there is no security of rainfall in the Lake Brown district. Unfortunately, quite a number of people from the Eastern States, and some from this State, took up a belt of country many miles from the existing railway in the Lake Brown district. These people were mostly theatricals. There was a group of them associated with one of the big theatrical companies, and the manager, the accountant, and some of the actors took up land. Mr. Harry Mann, who was a member of this House, also took up land out there. He became a kind of representative of the community. He tried to develop his own country with assistance, and he was also a kind of representative for the people in Sydney who were unloading money into the Lake Brown project, although that was hopeless from the economic point of view. The district was many miles from a railway and had no roads. Ultimately, the settlers began to get advances from the Agricultural Bank.

After a certain period, I took over the administration. One of the first things I noticed was the amount of money that had been granted for the development of Lake Brown. I could see that it was a waste and that the people should not be encour-

aged to put their cash into the project—people had to put up a certain amount of their own cash to justify the Bank in making advances to them—and I ultimately arranged to transfer those who were going to stick to the land to another locality where there was an abundance of land situated close to existing railways. Mr. Mann was brought in somewhere around Wyalkatchem. Others were also given land, some around Bruce Rock, one or two around Belka, and so on. We cut the loss at Lake Brown, and said, "We must not have any more of this." The years rolled on, and Lake Brown was resettled by another band of settlers, and a railway built to that district. It is not agricultural country.

Mr. Leslie: Of course it is; it has had some wonderful yields.

Hon. W. D. JOHNSON: One of the best hay crops I ever saw was taken off in the 'nineties at Menzies.

Mr. SPEAKER: I hope the hon. member will connect his remarks with the subject-matter before the Chair.

Hon. W. D. JOHNSON: The Agricultural Bank was involved in this.

Mr. SPEAKER: The hon. member is dealing with a hay crop at Menzies.

Hon. W. D. JOHNSON: Surely one can give illustrations! If it is possible to get a crop at Lake Brown as a result of advances by the Agricultural Bank, it cannot be said that the land itself is good for agriculture. It is possible to get an odd crop now and then, but to say that there is anything like an assured rainfall such as would bring reasonable returns in the way of production is nonsense This may become grazing country, but it is too far east for agriculture.

Mr. Leslie: Too far east?

Hon. W. D. JOHNSON: It is too far outside the established rainfall area to ensure sound and economic success.

Mr. Leslie: The trouble there is over-capitalisation.

Hon. W. D. JOHNSON: The settlers are over-capitalised because they are trying to farm an impossible proposition. If they were in a reasonable rainfall belt and enjoyed reasonable farming conditions, they would not be over-capitalised. They are not over-capitalised in proportion to the acreage held but are over-capitalised in proportion to their production. They cannot get production, and because there is no production they cannot pay interest on any capital. It is not a question of the burden of capital but of the capital being invested in something that is not productive, and cannot be made productive. One Government started to clean up the area, and the Minister who carried out the work was applauded. At that time Parliament endorsed the action taken and said the policy was a wise one. In a few years there was a change of Government, and when the new Government took office it began to re-settle Lake Brown, its action also being applauded.

The re-settlement was an economic waste. The Agricultural Bank had to carry the first loss that was written-off when the original settlers were brought in, and it also carried the big second loss, and is still carrying losses today. Members must appreciate that this was not banking. What happened was not due to any laxity or inexperience or inability on the part of the administration. It was purely the intrusion of politics and Government policy that caused a lot of these areas to be tried out, areas that proved to be *unsuitable* and would never have been touched had it not been that State funds were available for the purpose through the Agricultural Bank.

Mr. Watts: And every encouragement given to people to apply for such funds in those areas!

Hon. W. D. JOHNSON: They were encouraged. That is the sad side. When we closed down Lake Brown we were applauded, and when we put more money into that area than was put in originally we were again applauded. This shows that we never had a sound, sane agricultural policy in the State. A great many big estates remained unworked for years and many of them still remain unworked today, in most attractive parts of the State, with the result that would-be settlers were pushed out into parts where it was impossible for them to make a success. Where the good land is and where a land monopoly exists is where the private banks are operating. Where the proposition is impossible, away out in the remote parts of the State, such as Lake Brown, the Agricultural Bank is carrying the burden. That is the kind of thing that brought disaster to the Bank. At a given period Parliament decided to have a stock-taking. That has been done and done thoroughly, and we have today a State equity representing a very substantial amount of

capital that is secured by good properties scattered in the best parts of the agricultural districts. I appeal to members to realise the State point of view.

Unless we keep our heads and follow a sane course in framing this measure, it will not be any good, and the Bank will have to go into liquidation, with the result that the private banks will get the cream of what is left of a very huge concern that might have succeeded had not politics interfered with it unduly. I congratulate the Minister for Lands on the drafting of the Bill. It has been very capably drafted. I do not know who is responsible for the actual wording of the Bill, but it was the Minister who directed its compilation. It is above the average standard of the Bills that we usually get from the Crown Law Department. I also congratulate the Minister on having gone so far afield to obtain advice and assistance. The assurance he gave the House that this measure had been reviewed by the Commissioners of the New South Wales Rural Bank, and the fact that those commissioners are interested in the measure and are prepared to help this State to start on a sound financial basis, is a guarantee that wise selections will be made as to the type of men who will be appointed as commissioners to administer the new institution.

I believe the Minister has approached this matter in such a way that we can be sure that the provisions of the measure will be soundly and wisely administered, provided they are not framed on the basis of granting to one section of the community the opportunity to use a bank like this for their own advantage but to the disadvantage of the general taxpayers. That is not banking. We must realise that stability has to be the watchword in a measure of this kind. I hope, therefore, that when the Bill is in Committee members will approach it more from the State point of view than from the clients' point of view, such as has been evidenced in the second reading speeches I have heard up-to-date.

THE MINISTER FOR LANDS (in reply): I appreciate the reception given to this Bill, as well as the kindly references that have been made and those suggestions which have been helpful. There have been some comments and perhaps one or two speeches, or parts of those speeches, that have not been helpful, but have in fact been damaging. I will deal with these later. When introducing the Bill, I instanced that the Government was anxious that the State and the taxpayers of the State should have some opportunity of retrieving for the State the advantages in the existing assets of the Agricultural Bank. The Government was anxious that the process of liquidation should cease insofar as liquidation has now appeared to be the only function of that institution, that it was making good for other institutions the better accounts at the Bank and those accounts were gradually passing from it. We still have, as I mentioned in my introductory speech, over 8,000 accounts, or approximately that number of properties occupied. We have about 2,500 accounts of unoccupied property. Of the 8,000 representing properties occupied, there would be at least 5,500 comparable with and perhaps equal in soundness to the 1,800 accounts that have been paid off since 1935.

Those accounts represent a discharge of moneys owing to the institution of £587,000. It is surely very timely that the Government, acting for the people of this State—the taxpayers—on the one hand and the farming community—the clients of the banks—on the other hand should give a service that the institution on conversion into a trading institution can give. It is necessary, when we consider the rapidity with which the accounts are passing from the Bank, that by statute the new institution should have authority to give to its clients the service that other banking institutions are able to give to their clients, and instead of 330 accounts—the number paid off during the past financial year and approximately the number that will drift from us this year—leaving the bank, I am hoping that the service the new institution will be able to give will have the effect of retaining those clients and that the State will benefit from the change.

I have pointed out—and I intend to deal with this aspect later—that it is advisable to avoid making remarks like some that have been heard in this Chamber deprecating the existing institution and endeavouring to decry the new one even before it is launched. Statements to prejudice an institution founded as the proposed bank will be are damaging and unfair to the State at large, even when they fall from the lips of glibly, irresponsible people. I want

members to realise that the clauses in the Bill proposing to give the Crown an opportunity to protect the investments of the people are necessary clauses for the very reason that the bank will be acting under statute and not under charter. If it were possible that the institution could be founded under the Bank Act of 1837, which gave the Western Australian Bank the right and privilege to start the business of banking, very many of the clauses appearing in the Bill would not have been required. Alternatively, had the proposed bank an opportunity to start business as a foreign company, as some of our banks started operating, or had it the Royal prerogative to engage in the business of banking, there would be no need for many of the clauses. In the circumstances, however, those provisions are necessary if the Crown and the taxpayer are to be protected in the business of banking.

I remind members that if the irksome clauses, or the clauses that have been described as unsatisfactory and worse, could be exchanged for the rights and privileges in the terms of mortgages adopted by other institutions, we would not hear much against them. The alternative to scrapping the clauses to which exception is taken would be to give the new institution the right to adopt the type of mortgage under which other banks work. If that were done, I am sure that members would not be so critical of the operations of the Agricultural Bank or the probable operations of a like institution under this legislation. We have no conferring of rights; we have no open charter. Therefore, in all fairness, since the new institution is to operate under statute, it has not been a case of our borrowing from any existing law; it has not been a case of our having an Agricultural Bank complex; it is a case of endeavouring to protect the Crown and the public alike by fairly and honestly expressing precisely what the rights and demands of the new institution may be.

The speech made by the member for Nedlands provided a very interesting background of the earlier administration of the bank to the parts I traversed in my introductory remarks. The hon. member made a very kindly speech in support of the Bill and sought some further information. He suggested that if we deleted certain clauses and amended others, the Bill would be improved. Some of the points he raised cannot be agreed to by the Government, but when others are discussed in Committee, no obstinacy will be displayed on the part of the Government, provided they do not seek to take any unfair advantage of the Crown but permit of fair competitive dealing. I do not for one moment intend to give way on clauses that would be unfair to the Crown; nor do I wish to give to the Crown any unfair advantages.

I desire to clear up the position regarding the capital of the bank, which was something that caused the member for Nedlands much concern. It is true that in 1934 the bank did have outstanding capital exceeding £16,500,000. The member for Nedlands suggested that at that stage the bank had lost £16,500,000. That is not the position. Of the £16,500,000 outstanding in 1934, a sum of £7,500,000 has been written off, and of the remainder—a little under £10,000,000—there is at least £9,000,000 worth of good assets and valuable security; in other words, £9,000,000 of capital for the new institution. As I explained earlier, the intention is that there shall be further writings-down. When the new institution begins operations, the overburdens of debt will be further written off and the bank will be started on a sound basis with its capital well and securely invested. A large proportion of the 5,500 accounts, all of which pay their interest regularly and many of which reduce their mortgage accounts from time to time, are gilt-edged securities so far as banking practice is concerned.

It must not be imagined that anything like the 8,000 clients of the bank are impoverished people, people who are mendicants, people who are always seeking concessional advantages from the Crown. Nothing could be further from the truth. There are thousands of satisfied clients of the Agricultural Bank anxious to trade with the institution and to remain with it. With more than half of the present clients paying their interest regularly, at least 60 per cent. of the £9,000,000 that has been invested can be said to be well invested. The remainder of those accounts, I am hoping, will be nursed back to health under the conditions that will be given by the agency section. One member deplored the fact that the agency section is to be coupled with the rural bank section. He, of course,

just does not understand the principles underlying the foundation of this institution and the principles that have been adopted in New South Wales to give concessional advantages to clients who are less fortunate, to give them concessional rates of interest and nurse them to a stage where they can have at least some equity in their property and become clients of the rural section of the bank.

The member for Nedlands said that, unless a new loan was floated to enable the Treasurer to provide advances for the bank, he could not understand where funds would be obtained. The picture is that approximately £350,000 in cash is held in the bank's trust fund at the Treasury. This is not a fund held in trust for somebody else; it is the bank's own money. Then there is at least £6,000,000 of capital soundly invested. So, if we ignore entirely, for the purposes of calculating the soundness of the basis on which the new institution is to be built, the value of the assets of those who will come under the agency department, the bank will have nearly £6,500,000 soundly invested or in liquid cash. The indebtedness of present borrowers is £9,700,000. Whatever value there may be in the accounts that will be transferred to the agency department and dealt with therein, it will remain, so far as there is an asset, the asset of the Treasury.

Sitting suspended from 6.15 to 7.30 p.m.

The MINISTER FOR LANDS: I was dealing with the points raised by the member for Nedlands with regard to the funds of the proposed bank, and had outlined how the capital of the new institution would be made up; and, in addition to the sums represented by the assets against which money is lent, I mentioned an amount of approximately £350,000 for trading purposes held in the bank's trust account at the Treasury; and I further said that these trust funds are only trust funds inasmuch as they are funds held in trust for the bank at the Treasury. It is necessary to make the point clear, because the member for Nedlands could not quite appreciate how the trust funds could be used for the purposes mentioned. They are, in fact, the funds of the bank.

The position with regard to the values of the other securities which will be transferred to the agency section is that once such securities are in a satisfactory condition they will be taken over by the rural section of the bank, and any outstanding amount above 70 per cent. of the value of the property will, during the period such accounts are with the agency section, remain the responsibility of the Treasury. These will be nursed; they will be closely watched and given every help possible in the hope that they may be accounts as satisfactory as the majority of those that will be originally transferred. The member for Nedlands mentioned the time when the settler, who was also referred to by the member for Guildford-Midland—the moneyless settler—was assisted to the extent of 100 per cent. in the way of advances for improvements. I think it is necessary to point out that this Bill provides that 70 per cent. of the asset is to be the maximum sum lent from the rural section of the bank, so that the business that will be undertaken by this institution in its trading section will be on a sound basis.

There is another aspect for which provision is made in this Bill. Provision is made for moneys to be raised by the issue of debentures; if money is available and can be borrowed at any time at a cheaper rate, debentures may be issued by the bank and the money so raised may be re-invested. The debentures will be guaranteed by the Crown. Members will find in several of the clauses of the Bill dealing with debentures, in the appropriate sections, that all funds are guaranteed by the State. In other words, this bank will have a higher guarantee than any private bank can give. I want to make that point as a contra to some of the derogatory remarks that have been made in this connection. It is necessary to realise that all funds employed in financing this bank and for the purpose of carrying, on the rural section the trading section and the agency section, are guaranteed by the Crown. The losses which will be sustained—not may be, but will be sustained—in the agency section in the attempts to rectify the accounts of the less fortunate will be guaranteed to the bank, so that customers need have no worry whatever in this respect.

While the State remains, while the Crown has authority, while money is worth anything at all in the State, the assets and accounts of the bank are guaranteed by the

Crown. That prompts me to suggest that many of the proposed amendments mentioned by members cannot possibly be accepted, because so many of them are drafted in such a way as certainly to impose a charge on the Crown. There are other aspects in the speech of the member for Nedlands to which I wish briefly to refer. The first is in regard to moneys as between the two separate departments. I want to make it quite clear that it is mandatory that money and assets shall not be used or applied for any purpose other than the purpose for which the particular account is opened in the department concerned. Members will find in very many clauses of the Bill that provision is made for separate accounts to be kept. Provision is made that country clients shall not necessarily have all their cash for all their accounts kept separate during each month, but there must and shall be an accounting and a clear settlement at the end of each month.

Members will notice, too, that there is to be a very careful audit, both by internal auditors and by the Auditor General, so that all the separate branches, or separate agencies, in the agency section, whether controlled by the institution in respect of its clients' accounts or not, and so that funds used in connection with any agency at the request of the Government, amounts at present owing by mortgagors under Section 24 of the Industries Assistance Act, and funds employed in the promotion of new settlement—this point was raised by the member for Nelson; provision is made for the Crown to assist new settlement in such a way that new settlers will not have an overburden of debt—will be the subject of the closest scrutiny. Special provisions are made in a particular clause of the Bill to cover new settlements and the losses that will be sustained in connection with them. It is in the agency section of the bank that the sum will be disbursed and spent in the interests of the Crown, but the bank is to be indemnified and guaranteed as an institution against loss when it acts as agent for the Crown.

One other point mentioned by the member for Nedlands was that he wished there could be provision made in the Bill to impose a penalty for political pressure, if it could be proved that political pressure were exerted by individuals. That would be, I think, a very important introduction if practices were today the same as they were before 1935; because there is not the shadow of a doubt, Mr. Speaker, that either the enthusiast or the public pressure behind certain members had much to do with the very many practices for which members criticised the Agricultural Bank Commissioners of those days. We have heard in this Chamber from the day when the 1934 Act was passed serious criticism of the Commissioners for their laxity prior to that date, for their generosity, for their lack of appreciation of how to manage public funds, but very many members were guilty of extreme pressure and political pull in an endeavour to get money expended in this or that district in the interests of particular clients of the bank.

The Leader of the Opposition and others who spoke from his side of the House approached the matter in a somewhat different manner from that of the speakers on the National benches. The Leader of the Opposition, and particularly the member for Williams-Narrogin, appeared to be not so concerned with the necessity for stability and solvency for this institution as for the Crown not to be able to avoid giving further concessions. The member for Williams-Narrogin, particularly, was anxious that every consideration that the Crown could give, even under and through its present instrumentality, should be the least to be expected of it in the future. I say definitely to the hon. member that in spite of all the strictures that he suggests the old Section 51 imposed, he has never yet stood up to any challenge to name a particular individual who has suffered because of its application.

Mr. Doney: When was such a challenge issued to me?

The MINISTER FOR LANDS: The challenge has been to all members on the other side of the House since the first introduction of amendments to that section by the ex-member for Greenough and, more particularly, by the ex-member for Avon. There is no doubt that many amendments suggested by members opposite cannot be agreed to for the very reason that they would make of this institution, if they could, a charitable organisation with very little responsibility in competition with other trading institutions. I think it is very necessary to admit at this stage that we cannot expect the Crown to continue to

give to an institution, such as this, concessional advantages in its trading section and at the same time be in fair competition with others whose interest in the bank is strictly a business one. But provision is made in the other section for every consideration to be given to those who need nurturing and some assistance.

In addition to that, there is the much maligned Section 51, which the member for Mt. Marshall tonight had the presumption to suggest has not been amended in its new form in this Bill. That was pure presumption on his part and such presumption will not stand one moment's examination. I will say to the hon. member, in all kindliness and with all good will, that the attitude he adopts in this House will neither get him very far as an advocate, nor will it assist his cause. In "The Merchant of Venice" Shakespeare makes one of his characters say, "I am Sir Oracle, and when I ope my lips, let no dog bark." That attitude does not get a member very far in this Chamber, so in all kindliness, I say that it would be wise for him to adopt a different attitude, particularly when on unsound ground. The Leader of the Opposition, in his opening remarks, referred to the persons associated with the drafting of this Bill as having an Agricultural Bank complex. There are many other persons who have an anti-Agricultural Bank complex. As a matter of fact, it almost becomes an obsession with them, but it is very important, when contemplating an earnest endeavour on the part of the Crown to preserve for the taxpayers, and the people of this State, the best results possible from an institution that has rendered service to the State, that one should approach the subject in a different frame of mind.

It is very important that the public goodwill be built up; that the public be not encouraged to fight shy of an institution designed to give it service, but that the public be encouraged to have faith in it and have faith in the State in which it operates, and not decry it because it may be said that certain sections of another Act, which have been much criticised, have been included in the measure. As I said earlier in my speech, if we had the Royal prerogative to enable us to start a bank and to indulge in all the banking practices, or if we had a foundation such as the Western Australian Bank had by its 1837 charter, there would be no necessity for the particular clauses which are printed in the Bill and which are, in fact, with more deliberate and definite restrictions included in the mortgages of private banking institutions. I am wondering whether the critics of this Bill, and those who have criticised the Agricultural Bank Act, have ever given scrutiny to a document known as a stock and station mortgage. I am wondering if they have ever compared Clause 4 of the mortgage of a well-known institution, with all its implications, with the much maligned Section 51.

I do not wish, in this position of authority, to criticise unfairly the actions of a trading institution in this State, but I would ask members to be fair in their criticisms of the Crown in such matters where the Crown is disadvantaged by the very reason that it has not the authority of such institutions in the formulating of policies to deal with the founding of a banking institution. It is not possible to take from legislation of this sort the prescribed requirements that must be involved and included today in mortgages. The mortgages under which the present Agricultural Bank operates are very old. They have no provisions such as the stock and station mortgage has. The reason, therefore, why these prescribed requirements are necessary in this Bill is that they cannot now be drawn into the mortgage itself. So I say to members opposite, who unfairly criticised Section 51 and what it means, and other sections also of the existing Agricultural Bank Act, that I would be quite prepared to remove from this Bill the clause which is the continuation of Section 51, greatly modified, and other clauses which they find difficult, if it were possible to issue fresh mortgages in the case of the 8,000 Agricultural Bank clients.

There would be no necessity to stipulate in a statute just what is the obligation of the settler and just how the administration can and shall operate if we could do that. So, I ask members to be fair in their analysis of requirements which, of necessity, must be in the statute if the Crown is to have protection for its money and, through the Crown, the taxpayer is to have his interest also protected. The Leader of the Opposition said that in his view the proposed institution would be unable to depart from the unsatisfactory conditions that have prevailed in some features of the Agricultural

Bank administration. I wish that members opposite would sometimes give some credit—some little credit—for the good works of that self-same institution.

Mr. Doney: I think you could find some if you searched those speeches.

The MINISTER FOR LANDS: It has helped very many lame dogs over very many bad stiles, but members find it very difficult to admit publicly anything to the credit of the institution.

Mr. Doney: I think you are wrong.

The MINISTER FOR LANDS: I would like the hon. member to show me some remarks to its credit. The unsatisfactory features referred to on this occasion by the Leader of the Opposition were not stated. I am wondering just what those unsatisfactory features are. Are they that the bank has been too generous in the past in respect to its spending and lending of public money?

Mr. Marshall: Thanks to the influence of members of Parliament.

The MINISTER FOR LANDS: Is the objection to the fact that the Treasurer has had to write off the sum of £7,500,000? Or, I am wondering, is it that it is necessary, under the charter that it gets by statute to have provisions to enable the bank to collect its just dues from ungrateful clients? There is a suggestion that the present Section 51 is applied to thousands of satisfactory clients. I daresay that in its application it has been applied also to many worthy people, but under the provisions of Section 52, whereby refunds are made, there is always the opportunity for settlers not only to get relief, even though they may be on lien basis, from the application of Section 51, but also, if they are in need, to have re-advanced to them payments of money collected under the provisions of this section. There may have been tens of thousands of pounds lost to the bank because it has been kindly or foolish enough to take up the liabilities of clients to whom other institutions would not advance a shilling. Some tens of thousands of pounds have been advanced to clients of other institutions seasonally, to help them into a better position; that is, Government money advanced to make good the accounts of others. I am wondering if that is one of the unsatisfactory features referred to by the Leader of the Opposition. I think one point in the contribution of the hon. member is necessary to be clarified. He said that he doubted whether at any time the Rural Bank in New South Wales had to deal with so many and such varied activities as this institution is to be asked to handle.

In this Bill it will be found that the transferred activities to the bank will be: Discharged Soldier Settlement Act; Group Settlement Act; Industries Assistance Act; Wire and Wire Netting Act, and Rural Relief Fund Act. That is, five in all. The legislative enactments from which the Rural Bank of New South Wales derives its authority are as follows:—Government Savings Bank Act, 1906; Rural Bank of New South Wales Act, 1932; Commonwealth and State Banks Agreement Ratification Act, 1931; Wentworth Irrigation Act, 1890; Hay Irrigation Act, 1902; Irrigation Act, 1912; Irrigation Amendment Act, 1941; Crown Lands Act, 1913; Water Act, 1912; Farmers' Relief Act, 1932; Murrumbidgee Irrigation Areas Occupiers' Relief Act, 1934; Barooga District Water Supply Act, 1937; Western Land Act, 1901; Advances to Settlers (Government Guarantee) Act, 1929; Housing Act, 1912-1941. So that with the Rural Bank of New South Wales there are more transferred activities and in its agency section it includes also the Farmers' Debts Adjustment Act.

I notice the member for Pingelly is anxious that there shall be removed from the influence of the commissioners all the authorities that are at present delegated to the trustees under the Rural Relief Fund Act of this State. I shall point out to him several matters which I am prepared to discuss and deal with in Committee. It is intended in this Bill to transfer to the commissioners all the powers vested in the present controllers of the Farmers' Debts Adjustment Act. I remind him that the Crown has no opportunity for relief or release under that Act. That is the case with the Discharged Soldier Settlement Act and the Group Settlement Act, which are now being administered by the present Commissioners and which were handed over to them when their functions were petering out. So it is in this instance with very few collections, very few advances and little prospect of supplementing them to the farmers. The course proposed represents an endeavour to save expenses, and costs such as those associated with

rent, administration and so on which at present amount in the case of the Rural Relief Trustees to approximately £2,000 per annum.

I can give the hon. member the latest figures—later than those already tabled—of the activities of that institution which certainly do not warrant perpetuation. Whether it is intended that this matter be handed over to the new commissioners or whether they are to continue as at present, does not matter at all except in the interests of economy. Then again, where the farmer's account is concerned and should there be an agency section of the bank created, it is appropriate to give to the farmer any benefit that attaches thereto in the shape of added assistance. I have mentioned that far too much adverse criticism can easily be levelled at the bank administration, without substantial reason, in anticipation of what the administration may do. Any trading bank is dependent upon the confidence of the public and the goodwill of all sections of the community. Therefore I ask members to give that aspect more than passing thought. They have said in this House that they support the Bill, that they are anxious that such an institution be established and that if they were sitting on the Government side of the House they would introduce a somewhat similar measure. In those circumstances, I suggest to them that if they are imbued with a desire to assist those on the land through the medium of such an institution, they do not indulge in unfair criticism even before it is finally decided what activities the administration may pursue.

Mr. Doney: When is the time to criticise; before the Bill becomes an Act or afterwards?

The MINISTER FOR LANDS: There is such a thing as damaging criticism. I am afraid the hon. member in his speech gave no help whatever, and certainly no blessing whatever, to the proposed banking institution. The hon. member confined his speech to one portion of the Bill, and I suggest he had not read the particular clause to which he directed his attention when he made his speech. I say that for the reason that prior to the tea adjournment, perhaps because of an interjection by the Premier, the hon. member thought the clause was exactly similar to the present Section 51. "Hansard" gives us that evidence indicating that the hon. member was not quite sure of the alterations that are at present embodied in the Bill and their relation to Section 51.

Mr. Doney: As a matter of fact, I put them side by side and read the comparison.

The MINISTER FOR LANDS: There was not much evidence of that comparison.

Mr. Doney: It may have struck the Minister that way, but it is the fact.

The MINISTER FOR LANDS: It was due to the inability of the hon. member to discern what was well recognised by some of his predecessors in office. During the term of the Mitchell-Latham Government, Ministers had experience of the difficulty in collecting interest, and therefore that Government introduced an amending provision, known as Section 37 (a), to enable it to have some authority. Whatever merits or demerits there may be in Section 51 were derived through the introduction of Section 37 (a) by the Mitchell-Latham Government. Now, in order to have the point covered with regard to the obligation to pay, the original principle is introduced into the Bill with the modification that although the provision of the statutory lien has been satisfactorily administered in the past and would be if it were allowed to remain unaltered, we now have a provision that, instead of anticipating arrears of interest, the farmer or the creditor must be in arrears for 12 months. He must have had the wherewithal with which to pay and then, if that is the position, action can be taken against him under the new provision only with the consent of the Minister in every instance. That is the protection that is afforded by the Bill. It was under the old Section 51 that the lien list was made up and sent to all stock firms recognised by the Australia Wheat Board. The provision in the Bill is an entirely new conception. Now a farmer must be a year in arrears with the payment of his interest; he must have had the ability to pay; before action can be taken against him, the approval of the Governor-in-Council and the Minister in person must be sought. Surely it is not true, as the member for Mt. Marshall so glibly said, that there is no alteration there. Surely there is a drastic amendment.

Mr. Leslie: Not in effect.

The MINISTER FOR LANDS: Of course, obstinacy on such a point as that

supports not even the flimsiest of opinions! There must be a substantial argument, some substantial contradiction that, in effect but not in practice, there is no alleviation introduced under that scheme. The principle is that a person is expected to pay under that provision only if he is in a position to pay. It is quite idle for the hon. member to pursue his line of argument and say that it will not apply in effect.

Mr. Marshall: Under the Bill, a farmer must now deliberately default.

The MINISTER FOR LANDS: Under a Bill of this description, there is, first, the opportunity for the farmer to rehabilitate himself and, secondly, the Bill will enable him to enjoy the services that every section of the institution can give. I am quite sure that if the Bill becomes law, which I confidently expect it will, it will give the farming community of Western Australia added confidence in the State institution, the funds of which will be guaranteed by the Crown, and in the service to be given by its servant, while in the sections which will deal with all these matters is everything that may be desired to guarantee against loss to the institution. I feel quite confident that the experience of our sister State of New South Wales in founding an institution of this sort is an experience of which we might well be jealous in this State, and of which we may take advantage at this stage, when at least £6,000,000 of the bank's funds are well invested, to render further service to the farming industry.

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.

Clauses 1 to 6—agreed to.

Clause 7—Bank established:

Mr. WATTS: I move an amendment—

> That in lines 4 to 6 of Subclause (3) the words "or otherwise in the manner from time to time approved by the Governor on the recommendation of the Minister" be struck out.

The clause deals with the constitution of the bank and Subclause (3) sets out how the business and activities of the bank are to be distributed and carried on. It goes on to provide that they may be carried out "otherwise in the manner from time to time approved by the Governor on the recommendation of the Minister." If this Bill becomes an Act the methods specified in the legislation will receive the approval of Parliament except in respect of those matters that are usually dealt with by way of regulations. I do not think there should be any alteration in these fundamental matters at any time hereafter which are not approved by Parliament itself. Parliament decides the relationship which should exist between the two departments; but the Minister may at any time in the future change the relationship between, and the character of, the institutions.

The MINISTER FOR LANDS: On contemplation of what this amendment would mean the Leader of the Opposition, I believe, will not press it. The anticipation on which the subclause is founded is that the Government will from time to time delegate to the bank certain activities not specifically mentioned in the Bill at the moment. A much later clause provides for delegating to the bank certain powers in pursuance of the measure. Thus it may be necessary from time to time, even in the promotion of specific settlement or the advancement of industries not at present contemplated, to include, on the recommendation of the Governor, certain other activities. Therefore the clause should remain unamended, to enable other activities to be placed under the control of the bank.

Mr. DONEY: If the nature of the amendments which possibly may require to be made were specified, there might not be so much objection; but in the clause as printed too much altogether is left to chance. Changes are not likely to be required on the spur of the moment; there will generally be time for them to be submitted to Parliament for approval.

Hon. W. D. JOHNSON: If the Leader of the Opposition analyses the clause he will see that he has been inclined to read into the provision which he desires to have struck out, that it applies to the rural bank section, but in fact it applies to both sections.

Mr. Watts: I know that.

Hon. W. D. JOHNSON: The Minister has stated most definitely that there will have to be give and take as regards, for instance, arrears and liabilities. The passing of the clause will be all to the advantage of persons requiring some special consideration at the hands of the Minister. There will be many supposed assets or accounts

that will need special study and special arrangements; and the Minister, as distinct from the Commissioners, should have some little responsibility regarding such matters. If the Minister should be unduly hard in a case where we hold that some consideration should be extended, we can express our opinion.

Mr. Doney: Of what value is the opinion of the Chamber after the thing has been done?

Hon. W. D. JOHNSON: Mistakes are made. We must hold the commissioners absolutely responsible for the general administration of the rural department, but the agency department is a totally different proposition. The Minister should have the responsibility of issuing from time to time special directions where directions are necessary and are subject to criticism by members.

The MINISTER FOR LANDS: The clause refers to the business and activities of the bank, although it is very wide in its description of the business and activities. The amendment of the Leader of the Opposition is restricted entirely to what is prescribed at present in the Bill; but it is quite likely that there will be a desire on the part of a Government, this or any other, to accept the responsibility of a delegated authority through its agency section regarding certain other activities being handled by that section. It would be very wrong to upset the restriction imposed.

Mr. WATTS: The Minister cannot get away from the fact that it is the business of Parliament to deal with the functions of such an institution as this. If circumstances change and it becomes necessary to alter the policy or methods, the customary course is to bring legislation for that purpose before Parliament. In Section 46 the whole of the operations of the rural bank section of the institution are mentioned. In fact, everything that it can do is mentioned in Clause 46. Clause 71 I regard as the more important provision. If the provisions are analysed the delegated authority which the Governor is entitled to confer on the institution can be construed as something additional to that already passed to it. By a mere direction of the Minister, all the provisions made by Parliament in clauses such as Clause 46 and Clause 71 can be upset. It seems to me that it is inviting the abolition of the control by Parliament which ought to be maintained. It is simply saying that though Parliament has been asked to legislate in regard to this matter it can be altered next year without Parliament being asked.

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

Ayes	13
Noes	25
Majority against	12

AYES.

Mrs. Cardell-Oliver	Mr. Seward
Mr. Hill	Mr. Shearn
Mr. Leslie	Mr. Thorn
Mr. Mann	Mr. Watts
Mr. McLarty	Mr. Willmott
Mr. North	Mr. Doney
Mr. Perkins	*(Teller.)*

NOES.

Mr. Berry	Mr. Needham
Mr. Coverley	Mr. Nulsen
Mr. Cross	Mr. Owen
Mr. Fox	Mr. Panton
Mr. Hawke	Mr. Rodoreda
Mr. J. Hegney	Mr. Smith
Mr. W. Hegney	Mr. Telfer
Mr. Hoar	Mr. Tonkin
Mr. Holman	Mr. Triat
Mr. Johnson	Mr. Willcock
Mr. Kelly	Mr. Wise
Mr. Leahy	Mr. Wilson
Mr. Millington	*(Teller.)*

Amendment thus negatived.

Clause put and passed.

Clause 8—agreed to.

Clause 9—Commissioners to be appointed by Governor and to be a body corporate:

Mr. DONEY: I move an amendment—

> That Subclause (3) be struck out and the following inserted in lieu:—
>
> (3) Each Commissioner shall devote the whole of his time to the duties of his office, and shall not absent himself from such duties otherwise than upon leave due to him in accordance with this Act unless by leave granted by the Governor.

Under the Bill, three Commissioners are to be appointed: one chairman, one full-time commissioner, and one part-time commissioner. The idea of having one part-time commissioner is on the finicky side when the job to be undertaken is one like this. The aim is to choose three outstanding men, one of whom will be given a part-time job as a sort of temporary hand. That is a cheap way to deal with a relatively big situation. There is a possible objection that government by three men may easily resolve itself into government by the strongest of the three: but I think that will not apply if we obtain the three outstanding men we should

try to get. The only reason I can see for appointing a part-time man is the saving of his salary. It cannot be said there would not be enough work for three men. The institution is to be divided into quite a number of branches. It may quite easily be the idea to allot separate and responsible spheres of activity to each man, when the three are not sitting as a board. As to the part-time man, I presume he would have occupations other than that connected with the bank. He could not apportion set hours for those outside activities, because I find on reading the relevant clause that he will be at the beck and call of the other commissioners on any occasion they care to send for him. In one sense his would be a minor sort of appointment, and I cannot help thinking he would feel his inferiority. The third commissioner would be really of very little practical use in those circumstances, and I cannot see a good man putting up with treatment of that kind. A man who would tolerate that sort of treatment would not be worth engaging. Essentially he must be on a level with the other two men; otherwise I do not see that he would carry any weight.

The MINISTER FOR LANDS: The last remarks of the hon. member do not at all conform with the present practice in banking institutions, insurance companies and other organisations that have managerial control of permanent employees and many directors who occasionally meet with the management. It is quite futile to argue that a person would be finicky about becoming a part-time director or commissioner, either in that case or in the case under review. The amendment means that three commissioners would have to devote their full time to the work of the institution. It is not necessary, with the construction of the management, to have three full-time commissioners and, as it follows more or less the practice of outside organisations, I submit that a small board—a group of three commissioners, two of them full-time—is sufficient. A part-time commissioner is necessary as a direct representative to watch particularly the interests of the Government. The term of the part-time commissioner will be a short one.

Mr. Doney: That is not wise.

The MINISTER FOR LANDS: It is both wise and necessary, because a responsible officer of the Government will be the part-time commissioner.

Mr. DONEY: Had the Minister previously indicated that the third commissioner would be a Government official some of the strictures I have passed would have been unnecessary. Of course, if he is a Government servant, he will have other duties to attend to. I think the fact that the third commissioner is to be a Government official should be stated in the Bill.

The Minister for Lands: I have no objection to that. You can make the amendment in Clause 10.

Mr. DONEY: Then I ask leave to withdraw my amendment with a view to making provision in Clause 10.

Amendment, by leave, withdrawn.

Clause put and passed.

Clause 10—Tenure of office of commissioners:

Mr. WATTS: What has been the position at the Agricultural Bank? I believe two commissioners were appointed by the Governor and the third was the Under Treasurer or his nominee.

The Premier: That is so.

Mr. WATTS: I would have preferred to have three full-time commissioners, but in the absence of provision to that effect, I am prepared to agree to the Minister's suggestion. I move an amendment—

That in line 1 of Subclause (2) after the word "commissioner" the words "who shall be the Under Treasurer of the State or his Deputy" be inserted.

Hon. W. D. JOHNSON: What is the meaning of the words "or his Deputy"? Is Parliament going to give the Under Treasurer the right to delegate his authority to someone else? This is very loose wording for Parliament to adopt.

Mr. Doney: It is in the Agricultural Bank Act.

Hon. W. D. JOHNSON: I would rather provide definitely for a member of the Public Service and let the Government accept responsibility for the person who acts. The amendment would limit the choice to the Treasury.

Mr. WATTS: There is nothing like sticking to a good thing. Similar words appear in the relevant section in the Agricultural Bank Act of 1934 and that provision has given satisfaction.

The PREMIER: The Under Treasurer often has to go to the Eastern States. In the next few weeks he will be engaged with the Grants Commission, and later again will have to go to Canberra. He might be absent for four or five weeks, and we do not want to hang up the business of the bank for that period. We want uniformity of policy, and the Under Treasurer is able to indicate to his Deputy the business to be transacted and the attitude he would adopt. The arrangement has worked satisfactorily for 10 years.

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

Clause 11—Remuneration:

Mr. DONEY: Some information should be given of the remuneration to be paid to the commissioners. In New South Wales the remuneration is set out in the Act. What is the objection to stating it in this measure?

The MINISTER FOR LANDS: The Government has not fixed the remuneration to be paid. This is a matter that will receive full consideration in the light of the responsibility and the practice in Australia, and the possibility of obtaining the best persons to make the bank a success.

Clause put and passed.

Clauses 12 to 16—agreed to.

Clause 17—Office of Commissioner how vacated:

Mr. DONEY: I move an amendment——

> That a new paragraph be inserted as follows:—"(h) is convicted of any crime or misdemeanour."

The need for the amendment is obvious. The terms which I use embrace all the major punishable offences. On looking through the related clauses, I cannot find a similar provision. The nearest approach to anything covering crimes or offences is Clause 15, which deals with misbehaviour. That word is not strong enough to cover what is intended by my amendment.

The MINISTER FOR LANDS: While I think the member for Williams-Narrogin is of exemplary character and a pattern as a citizen, he possibly has been guilty of a misdemeanour.

Mr. Doney: Many a time!

Mr. Watts: Not on your life!

The MINISTER FOR LANDS: I am wondering whether there is a legal member of the House who can enlighten us on the subject. I think a parking offence would be a misdemeanour. The position which the member for Williams-Narrogin wishes to cover is amply covered by Clause 15.

Mr. Doney: What about crime?

The MINISTER FOR LANDS: Surely misbehaviour includes crime or misdemeanour.

Mr. Doney: Do you think so? Misbehaviour does not include crime.

The MINISTER FOR LANDS: I should say that the hon. member might have misbehaved himself frequently, but he has not committed a crime! I would like to be satisfied as to the meaning of the word "misdemeanour."

Mr. WATTS: I shall have to convince the Minister; I am sure he is open to conviction. Section 3 of the Criminal Code defines three kinds of offences, namely, crimes, misdemeanours and simple offences. The section provides that crimes and misdemeanours are indictable offences; that is to say, the offenders cannot, unless otherwise expressly stated, be prosecuted or convicted except upon indictment. If a commissioner of the rural and industries bank, when it is constituted, is convicted of an offence upon indictment, I should say he would be at once dismissed by any Government. Clause 15 gives the Governor power to dismiss a commissioner on the ground of misbehaviour or incompetence; but such misbehaviour or incompetence refers to misbehaviour or incompetence in the course of carrying out his duties. If the amendment of the member for Williams-Narrogin is accepted, we shall have solved the problem once and for all.

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

Clause 18—agreed to.

Clause 19—Powers and authorities:

Mr. SEWARD: I move an amendment—

> That in lines 23 and 24 of paragraph (d) the words "and the Rural Relief Fund Act, 1935," be struck out.

Despite the assurance of the Minister that this was done as much for reasons of economy as for anything else, I remind the Committee that, two or three years ago, we on this side of the House endeavoured to impress on the Government that the operations of the Rural Relief trustees had diminished to such an extent that there was reason for the continuation of only one officer as trustee. However, we were not successful in our representations. Without doubt, the duties of the trustees have

been reduced, and it is only necessary now to continue with the services of the director who has been associated with the matter for so long, has an intimate grip of the proceedings, and is the best one to carry out these functions. There is another important reason why I do not want to see this matter handed to the Agricultural Bank Commissioners; that is, that it will give them the right to inquire into the whole details of the financial operations of anybody applying for rural relief. A man's transactions may have been with another bank, and there might be reasons why he would not wish to disclose information required of him by the Agricultural Bank Commissioners. This function should be exercised by an impartial man altogether unconnected with any bank or institution. This presupposes that we are going to carry on this Rural Relief Fund as a kind of revolving fund, and the business should be continued as the function of a director.

The MINISTER FOR LANDS: It was considered appropriate that a fund which has diminished in size and the operations of which have become fewer, and a fund which would ultimately have to be wound up, could be handled in less costly fashion if this were a transferred activity. The agency department from which work for the Commonwealth and State is to be carried out is the appropriate place for the handling of such moneys and their control. The money cannot be used to pay Crown debts, and it is out of all proportion that the cost of administering this fund should be £2,000 per annum. I appreciate the point expressed by the hon. member but, since this business will have to be wound up before long, this is the appropriate time to make the transfer.

Mr. DONEY: We appreciate the explanation given by the Minister and the desirability of saving £2,000 per annum on administration, rent and so forth.

The Premier: Their activities are very small.

Mr. DONEY: We appreciate that, too, and I daresay the Government could plead with success that the time has arrived when the institution might go into liquidation. But that leaves the main question unanswered; namely, what will become of those funds that will accumulate from those who have received advances under the Rural Relief Fund Act? Do they pass to the rural bank account and become part of the rural bank's funds or remain, as it was arranged they should, as a revolving fund?

The Premier: Yes, we cannot alter the Commonwealth Act.

Mr. WATTS: My principal objection to the proposal is that which was first mentioned by the member for Pingelly. The Rural Relief Fund Act will go on but it will no longer be vested in the trustees. It will be vested in the commissioners of this bank. Applications can still be made and may be made by farmers who desire to have their debts adjusted. They may be debtors of another financial institution and the commissioners, in carrying out their duties under the Rural Relief Fund Act, will be in a position to examine all the affairs as related to those farmers in connection with the other institution. I do not think anybody will agree that that is a very desirable state of affairs. It can be overcome quite readily by not transferring the administration of the Rural Relief Fund Act to the commissioners of the rural bank, while at the same time we can effect the necessary saving in the expenditure of the rural fund trustees if we desire to do so.

The Minister for Lands: Would you help me to pass a Bill?

Mr. WATTS: Yes, if you introduced one leaving the matter in the hands of the director. I do not think now that there is any need for trustees other than a competent director and I have no doubt as to the competency of the present director, although I had more contact with the late Mr. White who did an effective job, while surrounded by difficulties.

The Minister for Lands: I do not want to be unreasonable.

Mr. WATTS: If the Minister will agree to the amendment the rest will be easy.

Amendment put and passed.

Mr. WATTS: I move an amendment—

That paragraph (1) be struck out.

This paragraph enables the commissioners to compel the attendance of witnesses and to take evidence on oath, etc. A somewhat similar provision is to be found in the Agricultural Bank Act, 1934. I have never been able to appreciate why it is there. I gather that it was placed there so that it would be easier for the commissioners to compel persons to disclose relative evidence. I do not think that we should have such a

provision in this Bill. I have reconsidered the matter since speaking on the second reading in the hope that I might be able to withdraw this amendment, but I cannot find any reason for the proposal to be included. The commissioners under this measure are going to carry out a very different type of business, in my conception of the Rural Bank section, from what was done previously. They are going to assist and be financial advisers to every section of the community and will deal with all sorts of people. They should not have a special privilege. No other financial institution lending money has the power to summon witnesses. This proposal applies to both sections of the bank. I was considering whether I should withdraw the amendment because I thought it might be applicable only to the Government agency department, but that is not so. It should be removed so that we may have an institution acceptable to all sections of the community and not one able to hold star chamber inquiries, and with the powers of a Royal Commission. The bank can make as many inquiries as it likes in the ordinary way, but it should not have rights that are part and parcel of a Royal Commission.

The MINISTER FOR LANDS: The object of this paragraph is not to indulge in star chamber methods as affecting clients' affairs or clients' accounts. Separate provision was made in the Agricultural Bank Act, in conjunction with a paragraph in Section 62, for the purpose of inquiring into the possibilities of any district. The power has never been used by the Agricultural Bank commissioners. It is unfortunate that such a provision was not included in the original Agricultural Bank Act, and was not used. It would have saved us from many costly mistakes in launching out in certain districts, when due inquiry was not made. The clause is needed in the Bill to enable inquiries to be made for the purpose of new development, the establishing of new industries and the handling of affairs for the advances under the other section. I am sure that the Leader of the Opposition would not desire to weaken the set-up of the institution.

Mr. WATTS: I do not think that what the Minister has outlined is what the paragraph contemplates. He makes it a very small and mild affair. This clause gives the commissioners practically the powers of a Royal Commission. I used the phrase "star chamber," but perhaps that is going a bit far. The bank can be used as a court of inquiry.

The Premier: We can look back to 10 years, since this was first put in, without experiencing difficulty.

Mr. WATTS: Yes, and 10 years of an Agricultural Bank, and not a rural bank.

The Premier: There would be no use made of this part.

Mr. WATTS: I would not like to make application to the bank if I knew I might have to go along and give evidence on oath. If it will not be used, why include it?

Amendment put and negatived.

Clause (as previously amended) put and passed.

Clauses 20 to 26—agreed to.

Clause 27—Moneys received by or belonging to bank to be paid into account at the Treasury:

Mr. WATTS: In the course of his second reading speech the Minister pointed out that the bank will be guaranteed by the State. He indicated to us that this was something superlative and would place the institution beyond any possibility of difficulty in the future. While I have no wish to decry the guarantee of the State—in fact to the contrary because my belief is that it is the best available guarantee that one is likely to get in a community such as ours—I would like the Minister to explain why the difficulty that arose in regard to the State Savings Bank in 1931 cannot apply in regard to this institution in the future if similar circumstances arise. Has any cure-all been found in the meantime that would prevent, if similar circumstances again arose, a recurrence of that position?

The PREMIER: When people lose confidence in a bank, a run occurs and depositors want to draw their money. Owing to the large number of small accounts held by a savings bank, a large amount of liquid assets is necessary. That, however, would not apply to a bank of this sort. Money is kept at the Treasury on behalf of the Agricultural Bank. It is a liquid cash that can be called for when needed but, instead of leaving it lying idle in the bank, it is used by the Treasury against the overdraft account.

Mr. WATTS: I realise that there is a considerable difference between the two banks. I understand that the State Savings Bank in 1931 had £150,000 in cash.

The Premier: Most of its funds were in Commonwealth bonds, which dropped from £100 to £78.

Mr. WATTS: I am satisfied with the Premier's explanation.

Clause put and passed.

Clause 28 to 31—agreed to.

Clause 32—Sinking fund for repayment of moneys borrowed by the bank:

The MINISTER FOR LANDS: I move an amendment—

> That in line 9 the word "Third" be struck out and the word "Second" inserted in lieu.

This refers to the Schedule, and the amendment is necessary to correct a misprint.

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

Clauses 33, 34—agreed to.

Clause 35—Investment of moneys in the control of the bank.

Mr. WATTS: Under Subclause (1), we are asked to limit the authority for investment to two types, namely, those approved by the State as suitable for the investment of trust funds—and they must be good before they come into that category—and debentures and securities issued by any corporate body established and guaranteed by the Commonwealth or the State. Having taken all those precautions—and wise precautions they are—it is proposed by Subclause (2) to limit investments to those for which the consent of the Treasurer is obtained. I feel that this might invite some Treasurer to dictate to the commissioners what they shall do with their funds. I move an amendment—

> That Subclause (2) be struck out.

The MINISTER FOR LANDS: The subclause is vital to the Bill. It deals with the investment of money. Firstly, there are involved in the bank Government moneys; and although the approval provided for by the Bill may be formal, it is highly necessary. Any moneys available to be invested under this measure must not clash with any other investments to be made by the Treasurer. Therefore the Treasurer should have the opportunity of deciding whether any investment proposed by the bank would clash with other investments.

Mr. DONEY: There still does not seem to be any need for the highly precautionary tone of the subclause. As the Treasurer would have no practical knowledge of banking, especially does there seem to be no need for Subclause (2), because when a matter is referred to the Treasurer for his determination as to the wisdom of a proposed investment of trust funds he would confer with the Under Treasurer and get the full benefit of that officer's special knowledge.

The PREMIER: The Under Treasurer would be one of three commissioners. The Government of the day must have some discretion as to what is happening in the bank. I am hopeful that the trustees will be men who will not ever attempt to invest money in an unwise way; but they may be desirous of investing too much money in one direction, possibly in non-liquid securities. If at the time of the depression the Commissioners of our State Savings Bank had sold their securities at market rates, the loss incurred might have amounted to a million pounds. It is necessary to have a supervisory discretion. The Under Treasurer is a commissioner of the bank, but he might be over-ruled by the other two commissioners.

Mr. SEWARD: This measures applies not only to the Treasurer, and a new election might bring in another Treasurer.

The Minister for Lands: Equally responsible.

Mr. SEWARD: The Under Treasurer is to be placed in a position to over-rule the other two commissioners.

Amendment put and negatived.

Clause put and passed.

Clauses 36 to 39—agreed to.

Clause 40—Members of staff not eligible for loans but may deposit moneys with bank.

Mr. DONEY: I move an amendment—

> That in lines 5 and 6 of Subclause (1) the words "save and except with the approval of the Governor on the recommendation of the Minister" be struck out.

The first part of the subclause seems to lay down a sound principle, but the words which I propose should be struck out seem to spoil that principle. Let the denial of eligibility be clear-cut, without any exception at all. Much trouble in the future would thus be avoided.

Mr. SEWARD: I support the amendment. I can recall cases where defalcations in private banks have occurred through officers getting an advance from their employer. There is a rule in some banks that no officer may even bank with his employer.

The Minister for Lands: Some banks make it incumbent upon their employees to bank with them.

The Premier: The rule in the Commonwealth Bank is that employees must have their salary paid into the bank.

Mr. SEWARD: I consider the practice a bad one. It will lead to trouble.

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

Ayes	.. .. ..	12
Noes	.. .. ..	24
Majority against	..	12

AYES.

Mrs. Cardell-Oliver	Mr. Perkins
Mr. Hill	Mr. Seward
Mr. Leslie	Mr. Thorn
Mr. Mann	Mr. Watts
Mr. McLarty	Mr. Willmott
Mr. North	Mr. Doney
	(*Teller.*)

NOES.

Mr. Berry	Mr. Millington
Mr. Coverley	Mr. Needham
Mr. Cross	Mr. Nulsen
Mr. Fox	Mr. Panton
Mr. Hawke	Mr. Rodoreda
Mr. J. Hegney	Mr. Smith
Mr. W. Hegney	Mr. Telfer
Mr. Hoar	Mr. Tonkin
Mr. Holman	Mr. Triat
Mr. Johnson	Mr. Willcock
Mr. Kelly	Mr. Wise
Mr. Leahy	Mr. Wilson
	(*Teller.*)

PAIRS.

AYES.	NOES.
Mr. Keenan	Mr. Collier
Mr. McDonald	Mr. Withers
Mr. Shearn	Mr. Styants
Mr. Stubbs	Mr. Graham
Mr. Abbott	Mr. Raphael

Amendment thus negatived.

Clause put and passed.

Clause 41—agreed to.

Clause 42—Administration of certain Acts transferred to bank:

Mr. SEWARD: I move an amendment—

That paragraph (e) of Subclause (1) be struck out.

Amendment put and passed.

The MINISTER FOR LANDS: A consequential amendment should be moved to strike out in line 4 of Subclause (2) the word and letter "and (f)."

The CHAIRMAN: This is a consequential amendment which will be made by the officers and myself.

Clause, as amended, agreed to.

Clause 43—Commissioners to exercise powers of the several authorities formerly controlling transferred activities:

Mr. SEWARD: I move an amendment—

That paragraph (e) be struck out.

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

Clauses 44 to 52—agreed to.

Clause 53—Purposes for which loans may be made:

Mr. DONEY: I move an amendment.

That in line 3 of Subclause (1) after the word "may" the words "with the concurrence of the borrower" be inserted.

If this stands as printed, it will leave the Commissioners in an altogether arbitrary and privileged position.

The MINISTER FOR LANDS: What would happen in actual practice is what the hon. member desires to specify. Loans would be made for a specific purpose with the concurrence of the borrower and the lender. I have no objection to the amendment.

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

Clause 55—Applications:

Mr. WATTS: I move an admendment—

That all the words after "years" in line 1 be struck out and the following inserted in lieu:—"who is engaged or about to engage in any industry and who is the owner of an estate or interest in any land used or intended to be used by him in connection with that industry may apply for a loan and, if the same is granted to him, shall be capable of mortgaging the land and contracting with the Bank to the same extent as if he were of full age and, while indebted to the Bank, shall also be capable of contracting with any person, firm or corporation for any purpose connected with his engagement in industry as if he were of full age."

The position is that any person of 16 who is the owner or registered proprietor of any type of land may, so far as this bank is concerned, become a borrower and accept the responsibilities of a person of full age. I am not at this stage offering any objection to that procedure. I can admit it may be desirable to allow an application for assistance to develop a property or business to be made, the discretion of granting or refusing the money remaining with the commissioners. Let us assume, however, that

the commissioners are prepared to grant the money and that the applicant carries on the business with the money so obtained. We then come to the position that he is an infant at law, a person under 21 years of age not obligated, not bound by any contract he may make in regard to anything except what the law classes as necessaries, which necessaries are the subject of legal controversy from time to time and are dependent substantially on the individual's station in life. If he is a person of small means his necessaries are few; if of considerable means, they are somewhat greater, but not by any means unlimited. So this person who is granted a loan from the bank is able to carry on a business and contract liabilities which the law might not for one moment consider were necessaries, and then repudiate and decline to pay for them because he is under 21 and so far as all his other contracts are concerned, other than his contract with the bank, he is an infant at law and not bound by his obligations.

Mr. Cross: He can go to a pawnshop at 18.

Mr. WATTS: That is outside the subject. I am prepared to do one of two things: Either take out this clause and say that the ordinary provisions shall apply to persons of 16 years of age, that is to say, they shall be allowed to deal only with regard to C.P. land. Or, if the Committee thinks fit, to grant a person of 16 years the right to borrow money from this bank on any security, for any term and on any type of land, and for any business, and be placed in the position of being responsible to outside creditors. The Committee is faced with considerable responsibility. It has to restrict this portion to the present position, or to say to the community that it believes that if the commissioners of this bank grant a loan to a young person of 16 or 17 years of age, then the commissioners are qualified to say that he is able to do business as an adult with the remainder of the community.

The MINISTER FOR LANDS: The purpose of this clause is very clear. It is consequential upon a provision in the Land Act to allow a minor to select land. Because of that provision, the Agricultural Bank Act contains a section which permits a minor to borrow money for the purpose of developing his holding. But this amendment is to extend to a person of 16 years of age and upwards all the rights and privileges of mortgages of farm lands and contracting with persons or corporations in connection with industry. It is not only in connection with farm lands. While we give to a person 16 years of age the right to borrow money, he is, on account of his age, debarred from completing a bill of sale in favour of a mortgage. I must confess that I think it is an unsound and unsafe principle to include in the Bill.

Mr. SEWARD: I have here particulars of a case sent to me today. It concerns a boy aged 19 who has a property. The Wheat Board will not give him a quota until he is 21.

The Minister for Lands: I would like to take that up for you. I think you should succeed with it.

Hon. W. D. JOHNSON: I hope the Leader of the Opposition will not press his amendment. The object of providing 16 years of age is to assist families. The original object was that the father could provide for his family by enabling his boys to take up adjacent land.

Mr. Watts: This clause extends it to all industries.

Hon. W. D. JOHNSON: I am not prepared to accept that interpretation. The amendment will injure something that has worked well for the general good.

Mr. WATTS: I think neither the Minister nor the member for Guildford-Midland has quite grasped my intention. As I understand the Bill, it enables a youth of 16 years of age to borrow money and to engage in more than rural industry, because Clause 52 provides for settlers, manufacturers, and others. Clause 53 goes on to provide that the commissioners may specify the purposes for which any loan may be used; and Clause 54 states that every application shall be in the prescribed form.

The Minister for Lands: If you move to insert the word "agricultural" in front of the word "land," I might agree with it.

Mr. WATTS: Clause 55 comes down to the question of the age of 16 years. I am pointing out to the Committee that we must consider certain factors other than the existing provisions of the Land Act, and the most important factor is that people of the age of 16 years and upwards will be able to carry on business simply because they happen to own a piece of Crown land, or other land. If the commissioners think they

are reliable they will give them the money, and they will be able to go into the world and contract with outsiders and, because they are under 21, they will not be liable for their outside debts. If that is to be done then these young persons should be placed in the same position that people of 21 years of age are now in, and be liable for all debts that they contract.

The Minister for Lands: I think you are right. I suggest that you insert after the word "any" in line 19 the word "rural."

Mr. WATTS: I see the Minister's point. With the consent of the Committee, I withdraw the amendment.

Amendment, by leave, withdrawn.

The MINISTER FOR LANDS: I move an amendment—

That after the word "any" in line 2 the word "rural" be inserted.

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

Clause 56—agreed to.

Clause 57—Costs and expenses which may be charged in respect of loans:

Mr. LESLIE: I move an amendment—

That paragraph (b) be struck out.

The paragraph proposes to authorise the charging of fees for valuation. Similar provision is not made in the Agricultural Bank Act, and I have been informed that other banks do not make such a charge. This will be a new charge against an applicant.

The MINISTER FOR LANDS: Possibly some banks do not make a charge for valuations, but almost all banks do, in spite of the present fluidity of money. Last week an insurance company in the city charged a valuation fee for valuing a home which an assured person was intending to buy. Although the sale was not proceeded with, the valuation fee was charged. The clause provides that the charge may be made at the discretion of the commissioners. In arranging for the borrowing or lending of money, it is important that the value of the security should be undoubted, and the valuation of an equity is most important in the case of rural land. In the event of a frivolous application the commissioners should be able to charge a valuation fee.

Mr. LESLIE: I cannot speak for insurance companies, but I have been informed that the banks do not charge a valuation fee.

Hon. W D. Johnson: The Commonwealth Bank does.

Mr. LESLIE: An officer of the bank would make the valuation, and I cannot see why this charge should be levied when the valuation will not be made by an independent valuer. If this charge is to be made, let it be definite and not optional.

Amendment put and negatived.

Mr. LESLIE: I move an amendment—

That paragraph (c) be struck out.

To charge a procuration fee would be unfair. Other banks do not charge a procuration fee and no provision is made for it in the Agricultural Bank Act. The bank should not charge a procuration fee for lending its own money.

Mr. WATTS: I support the amendment. The bank proposes to charge a procuration fee such as is levied by a mortgage broker. The charge is one properly made by mortgage brokers, but not if made by financial institutions which lend money on approved securities and do not tout for business. The proposal to charge a fee is, in the circumstances, quite unreasonable. I have said nothing about valuation fees. From the aspect of encouraging people to use the proposed institution, I urge the passing of the amendment.

The MINISTER FOR LANDS: The difficulty which members who have spoken to the amendment do not see is that the paragraph and the clause do not apply only to rural mortgages. There will be many applications for loans on city properties, such as business premises. It is not correct that all institutions abstain from charging a fee of this kind; I have evidence that in one case a brokerage of one per cent. is charged. It would be wise to let well alone as regards a clause which provides that a fee not exceeding one per cent. may be charged.

Mr. SEWARD: I thought I knew something about banking. I can certify that a function of a bank manager is to value properties proposed for loans. The bank here in view is to be a trading bank, competing with trading banks. If fees are to be piled up on customers, the proposal to create this trading bank might as well be dropped. The bad feature of the Agricultural Bank has been that decisions of branch managers were so frequently overruled by the head office. Valuations for a

private bank are all made by officers of the bank.

Mr. LESLIE: There has been a measure of criticism not only of the Agricultural Bank but also of Government departments organised as under the proposal of the clause. It does not brighten the bank's chance of obtaining rural mortgages.

Amendment put and negatived.

Clause put and passed.

Clause 58—Amount of loan and nature of security:

Mr. MANN: I move an amendment—

> That at the end of the clause the following proviso be added:—
>
> "Provided that notwithstanding any other provisions of this Act or the provisions of any other Act, or any security, interest shall not be payable on the interest (if any) in arrear at the date of commencement of this Act in respect of any security formerly held by the Agricultural Bank which by this Act is vested in or held by the Bank and the amount of such interest in arrear (if any) in respect of each person so indebted for interest in arrear shall be entered in a separate account."

I hope the Minister will accept the amendment. The object is to avoid the payment of interest on interest in arrear.

The MINISTER FOR LANDS: The amendment cannot be accepted. Many hundreds of pounds are outstanding for interest on some accounts, and the hon. member desires that the interest should be placed in a separate account and payment of interest on it suspended. An institution of this type must have all the power and discretion of similar institutions. Associated banks calculate interest on outstanding accounts from day to day and, if it is unpaid at the end of six months, it is capitalised without reference to the mortgagors.

Mr. WATTS: Many clients of the Agricultural Bank have fallen into arrears with the payment of interest, and the amendment aims at having this interest put in a separate account in which it will not be carrying accommodation interest, which is interest upon interest. The amendment would not prevent the bank from recovering the interest due, but the bank could not compound the interest. The Minister has told us that some of these accounts should be nursed back to a state of financial health. That recovery will be delayed the longer if interest is charged on arrears of interest.

Hon. W. D. Johnson: There must be some penalty.

Mr. WATTS: The penalty—by way of interest on interest for years—has already been inflicted. I am pleading for those clients of the bank who are not in a position to pay their way. There may be only five per cent. or ten per cent. of such clients, but whether the number be many or few they are entitled to this consideration on the reconstruction which it is proposed shall take place.

Hon. W. D. Johnson: Who will pay it?

Mr. WATTS: The client will pay the arrears, which will be put in a separate account. All that the amendment seeks is that interest on interest in arrears shall not be charged.

Progress reported.

BILLS (2)—RETURNED.

1, Nurses Registration Act Amendment. With amendments.

2, Companies Act Amendment. Without amendment.

House adjourned at 10.52 p.m.

Legislative Council.

Wednesday, 25th October, 1944.

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

QUESTION—COMMISSIONER OF PUBLIC HEALTH.

As to Resignation.

Hon. J. G. HISLOP asked the Chief Secretary:

(i) When will the resignation of the Commissioner of Public Health be made public?

(ii) Are the reasons for the resignation available?