

# Legislative Assembly,

Wednesday, 9th August, 1933.

	PAGE
Question: Lieut.-Governor, method of appointment	310
Leave of absence	310
Bills: Health Act Amendment, 3r. ...	310
Industries Assistance Act Continuance, 3r. ...	310
Returned Sailors and Soldiers' Imperial League of Australia, W.A. Branch, Incorporated, Headquarters Building, 3r. ...	310
Fremantle Municipal Tramways and Electric Lighting Act Amendment, 2r. ...	330
Returns: Farmers' debts and fees ...	310
Government Electricity Supply, payments to City of Perth ...	330
Motions: Health Act, to disallow by-law ...	311
Douglas credit proposals ...	315
Legal Costs, to inquire by Select Committee ...	324

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

## QUESTION—LIEUT-GOVERNOR.

### Method of Appointment.

Mr. McDONALD asked the Premier, 1, Has the attention of the Government been called to the statement made in this House by the member for Northam on the 26th July last, that he had found out that the present Government were not responsible for the appointment of Sir James Mitchell to the office of Lieut.-Governor of the State of Western Australia, and that the present Government were not even paid the courtesy of being in any way consulted with regard to such appointment? 2, Is it correct that the appointment of Sir James Mitchell to the office of Lieut.-Governor was made by the Imperial authorities without the previous knowledge of the present Government of such intended appointment? 3, Is it correct that the appointment of Sir James Mitchell to the office of Lieut.-Governor was made without the previous approval of such appointment by the present Government having been obtained? 4, If the statements made by the member for Northam as to the appointment of Sir James Mitchell to the office of Lieut.-Governor are correct, will the Government bring before the House a motion embodying a protest against such an appointment being made without the previous knowledge and approval of the Government of Western Australia?

The PREMIER replied: 1—4, It is regretted that this information cannot be made available, as any negotiations between the Government and the Imperial authorities

upon such a subject, if conducted, would necessarily be treated as confidential.

## LEAVE OF ABSENCE.

On motion by Mr. Doney, leave of absence for one month granted to Mr. Warner (Mt. Marshall) on the ground of ill-health.

## BILLS (3)—THIRD READING.

- 1, Health Act Amendment.
  - 2, Industries Assistance Act Continuance.
  - 3, Returned Sailors and Soldiers' Imperial League of Australia, W.A. Branch, Incorporated, Headquarters Building.
- Transmitted to the Council.

## RETURN—FARMERS' DEBTS AND FEES.

MR. STUBBS (Wagin) [4.35]: I move—

That a return be laid upon the Table of the House showing the total amount of fees, initial and subsequent, paid by all farmers who have come under the Farmers' Debts Adjustment Act to the 30th June, 1933, together with the names of the trustees and the total amount received by each.

This motion is the outcome of requests from several farmers who, during the last few years, have found themselves in the unfortunate position of being unable to meet their obligations and carry on the operations of farming. I do not intend to delay the House with the subject matter of the motion, except to ask the Minister in control if he has any objection to laying this return on the Table of the House. Several of those unfortunate farmers who have had to call meetings of their creditors are under the impression that in some instances the trustees have received rather too much money for the amount of work performed. Whether that is correct, can only be determined by the proposed return. I ask the Minister to believe that there is no ulterior motive behind the motion. All I require is justice for those unfortunate people who, through no fault of their own, but solely because the prices of their commodities have fallen below the cost of production, have been placed in a most invidious position.

On motion by the Minister for Lands, debate adjourned.

**MOTION—HEALTH ACT.***To disallow By-law.*

**MR. SAMPSON** (Swan) [4.37]: I move—

That the new By-law No. 16a, made in Part VII. of the Model By-laws under "The Health Act, 1911-1926," published in the *Government Gazette* on 3rd February, 1933, and laid upon the Table of the House on 19th July, 1933, be and is hereby disallowed.

The motion relates to a by-law laid on the Table of the House, which renders it illegal, except in certain circumstances, for arsenic or lead and other insecticides to be used on vegetables and fruit. Section 16 of the Health Act reads as follows:—

The Commissioner and all persons authorised by him may exercise and perform all or any of the powers and duties of a local authority in any place which does not lie within the boundaries of a district, including the powers conferred by Part III. of this Act.

The definition of "district" contained in the Act means a municipal district, a road district or other district in which a local authority has jurisdiction, including any place under the control of the local authority outside its boundaries. Part III of the Act, referred to in Section 16, provides powers for the local authorities to levy general rates, health rates, sanitary rates, etc., and gives certain borrowing powers. So the reference to Part III may be discarded for the purpose of this discussion. The legal effect of the by-law is that it would operate of its own volition only within those districts where no local authority has jurisdiction. There are local authorities duly constituted in every district which could be affected by this by-law. The local authority has power to adopt the by-law and enforce it within its own district. But in any district where such local authority either neglects or refuses to adopt the by-law, the by-law would have no application. That is a very important point. So the by-law would apply only in those districts where a local authority had carried a resolution adopting this model by-law. So we would have the spectacle of growers in some districts being penalised under the by-law, and growers in other districts being free from its operation.

**Mr. Thorn:** It is controlled by the local authorities.

**Mr. SAMPSON:** Except in those districts where there are no local authorities, in which case the Commissioner of Public Health has the power.

**Mr. Thorn:** It is liable to be applied in some districts and not in others.

**Mr. SAMPSON:** That is exactly the position. I will return to that. In order to make the matter clear, let me read Section 295 of the Health Act, as follows:—

(1) The Governor may cause to be prepared model by-laws for all or any of the purposes for which by-laws may be made by a local authority under any of the provisions of this Act. Such model by-laws shall be published in the "Government Gazette."

(2) A local authority may, of its own motion, by resolution adopt the whole or any portion of such by-laws.

(3) Such resolution shall be published in the "Government Gazette," and thereupon shall operate to extend such by-laws or portion of by-laws so adopted to the district and with the same legal effect for all purposes as if the by-laws or portion so adopted had been passed by the local authority and duly brought into effect as hereinafter provided.

(4) Whenever a local authority adopts the whole or any portion of such by-laws, the by-laws so adopted shall in all courts be deemed to be within the powers conferred on the local authority to make by-laws under this Act.

The new by-law as published in the "Government Gazette" of 3rd February, 1933, reads as follows:—

Part VII. is amended by the addition of a new by-law, to stand as By-law No. 16a, as follows:—

No person shall apply arsenic or lead, either as a spray or powder, or in any other form whatsoever, to cabbage, cauliflower, or any other plant of the Brassica family, within four weeks of cutting for sale.

No person shall sell or attempt to sell or receive for sale or have in possession for sale, expose, send, forward, or deliver for sale, any cabbage, cauliflower, or any other plant of the Brassica family which has adhering to it or upon any part of it any arsenic or lead or any other poisonous or deleterious substance of any kind whatsoever.

No person shall sell or attempt to sell, or receive for sale, or have in possession for sale, expose, send, forward, or deliver for sale any fruit of any kind whatsoever which has adhering to it or upon it any arsenic or lead.

No person shall send any fruit or any vegetables to market for sale unless and until it is clean and free from any spray residue or any other foreign substance which is deleterious, objectionable, or injurious to health.

Under Section 295 of the Act a local authority may, of its own motion, by reso-

lution, adopt the whole or any part of such by-law. Whenever the local authority adopts such by-law, the by-law so adopted shall in all circumstances be deemed to be within the powers conferred on the local authority to make by-laws under the Act. If it could be proved that action was essential, such a by-law should have general application. A number of local authorities have adopted the by-law, but not all of them. Let me ask some members how they view the matter. In the district of the member for Mt. Hawthorn there is one local authority, if not more, and they have taken no action. Osborne Park produces the bulk of the vegetables grown in the State and I see no reference to any local authority in that district having adopted the by-law.

Mr. Ferguson: Have you seen the protest from the local agricultural society?

Mr. SAMPSON: Yes, there has been a protest from that body. What utility would such a by-law confer, when an important vegetable-producing centre like Osborne Park as well as other parts, does not adopt it? I am not sure what is the local authority in Hannans, the district of the Minister for Health.

The Minister for Health: There are the Kalgoorlie and Boulder Municipal Councils and the Kalgoorlie Road Board.

Mr. SAMPSON: It may be said that nothing of the Brassica family is produced in those districts, but that is not so. Considerable quantities of vegetables are grown there.

The Minister for Health: Do not say that no vegetables are grown there or you will get yourself into trouble.

Mr. SAMPSON: I said that considerable quantities were grown there. I have visited some of the gardens around Kalgoorlie and I dare say there are others in Boulder. If the by-law is justified, we have the spectacle of the Minister for Health allowing the people in his own district to be exposed to a menace, though personally I believe no menace exists. I do not know whether the Premier has considered the matter as it affects the Boulder district, but it would appear that no resolution to adopt the by-law has been passed by the Boulder local authority. The Minister for Works represents a big vegetable-producing area.

The Minister for Works: I can look after South Fremantle. When I need your help, I will tell you.

Mr. SAMPSON: The Minister needs it at present.

The Minister for Works: When the people of South Fremantle want you, they will send for you.

Mr. SAMPSON: They do not always send for the man they really need. Producers of vegetables in Spearwood, Coogee, Hamilton Hill and various other centres in the South Fremantle electorate may be prompted to consider the matter. Personally, I hope they will not. I congratulate the Minister that his district is not faced with the disability of having adopted the by-law. Canning is another district that produces large quantities of fruit and vegetables, but there again, I believe, the local authority have taken no action to adopt the by-law. Growers are alarmed about the by-law. It is impossible to carry it into effect. I have already pointed out that only in those districts where the by-law has been adopted by the local authority has it the force of law. The by-law is impracticable. How could it be effective? Picture the scene in the market! A prospective purchaser of cauliflowers, cabbages or other vegetables might ask whether the parcel he was thinking of purchasing had been grown in a district that had adopted the uniform by-law. If the answer were "Yes," would the product command a better price than otherwise? I claim that the by-law is unreasonable, that some local authorities have adopted it while others have disregarded it. That it was framed by the Public Health Department was stated in the print in the "Government Gazette." I suggest that the matter is one for the Department of Agriculture, possibly for the plant pathologist or the entomologist. Surely officers whose duty it is to deal with such matters would be better able to submit a by-law to protect the public in place of the series of "Thou shalt nots," to which the model by-law really amounts. I realise that the control of insect life is a wide study to which more and more attention is being given every day. Daily there are problems to face. In this morning's "West Australian" it was reported that a snail previously unknown in this State had made its appearance. Surely the best officer to deal with that matter would be the ento-

mologist; in other words, the Department of Agriculture. In the insect world in this State alone are hundreds of varieties of slugs, grubs, etc., many of which are causing producers great anxiety. If all local authorities adopted the by-law, the position would be most difficult assuming, of course, that the by-law were enforced. If it is not proposed to exercise the power contained in the by-law, it should not be tabled and should not become law. Another difficulty would arise over vegetables grown by foreigners. Quite a big proportion of the vegetables grown in this State are produced by foreigners. I am not going to suggest that notices contained in the by-law should be printed in the different languages represented by foreign growers—Slav, Italian, Greek, Chinese and so on,—but I should like the Minister to tell us how he expects to give the information to the whole of the growers, because it is quite impossible for an announcement in the "Government Gazette" to reach them all. I am not blaming the Minister for Health for the by-law, but he must be prepared to answer questions raised concerning it. I have pointed out the impracticability of the by-law from the point of view of growers and the great difficulty it will create. In addition, it will cause heavily increased costs of production. Having partly considered the standpoint of the grower, let us consider the seller. Paragraphs 2 and 3 relate particularly to the seller:—

No person shall sell or attempt to sell or receive for sale or have in possession for sale, expose, send, forward, or deliver for sale any cabbage, cauliflower, or any other plant of the Brassica family which has adhering to it, or upon any part of it, any arsenate of lead or other poisonous or deleterious substance of any kind whatsoever.

No person shall sell, etc., any fruit of any kind whatsoever which has adhering to it or upon it any arsenate of lead.

The Minister for Health: Do you desire people to be supplied with anything to eat that has arsenate of lead on it?

Mr. SAMPSON: Of course not, but when a by-law is tabled, it should be capable of being carried into effect. It should be practicable—something that those concerned would be able to obey. Is it possible for any seller, looking at a bag of cabbages or a crate of celery or other vegetables, or a case of fruit, to say that it has no arsenate of lead adhering to it? It is not possible. To enforce the by-law would necessitate the

contents of every case and of every bag being examined carefully. I know the Minister would not ask for that because it would make the price of fruit and vegetables an impossible proposition. If the by-law were adopted by the Perth City Council and were not adopted by the local authority where the produce was raised, the responsibility would be cast on the sellers and agents because, in the majority of cases, they are in Perth, Kalgoorlie, and such like centres. If the local authority where the fruit or vegetables were produced, such as Osborne Park, did not adopt this impossible by-law, then the people operating in the municipality of Perth would have to carry the whole responsibility. I understand that the Perth City Council have not adopted the by-law so that we need not consider that aspect further. There is reason for gratification that they have not adopted it. Paragraphs 2 and 3 include agents, wholesalers and retailers. Those people would have absolutely no opportunity to protect themselves. It would be clearly impossible for them to make the examination that the by-law insists on. How would it be possible for the sellers to ascertain whether the provisions contained in the by-laws had been observed by the growers? Those who set out to evade the law may not tell the truth, but the responsibility would rest upon those who sell. When the health inspectors operate in the market, they have to await the confirmation of the analyst before dealing with the vegetables referred to.

The Minister for Health: No, they do not. They confiscated the whole lot on the occasion you referred to, and it is just as well they did so. If some of the goods they did confiscate had gone forth for human consumption, there would have been an increase in the burials at Karrakatta.

Mr. SAMPSON: I know that a scare statement was put up in the Press. One swallow, however, does not make a summer, and one consignment of cabbages containing particles of arsenate of lead adhering to it should not force all the vegetable growers to carry so heavy a burden. If the sellers are to be held liable, it is certain that trade will be restricted, and producers themselves may be forced out of the industry. If this bylaw remains in force, higher margins will have to be imposed as an insurance against risk on the part of the sellers, otherwise the firms concerned could not af-

ford to run the risk of a public prosecution. I say this particularly because of the fact that they would have no opportunity to protect themselves against any charges that might be laid. It is impossible for anyone to vouch for a case of fruit or a bag of vegetables that may be sent in for sale. The bylaws are unfair, impracticable, and incapable of administration. I hope, if it is considered by the Health Department after careful consideration that any action is necessary, the matter will be gone into further. It is obvious that as the bylaws now stand, the position is an impossible one. The Minister should withdraw them, alternatively, I hope the House will disallow them. The position would be made so difficult for both the growers and the sellers that nothing could justify the bylaws. It is possible that the electorates of many members will be affected, because of the vegetables and fruit that are produced within their borders. If, in the interests of the public, it is necessary that these bylaws should be carried into effect, they should operate throughout the State. It should not be left to local authorities to say that they should have the effect of law. I feel sure that no member, not even the Minister, would say that any obligation was cast upon the Canning Road Board, the Fremantle Municipal Council, the Osborne Park Road Board, the Toodyay Road Board, or many others in this State to observe these bylaws unless they were made mandatory and applied to the whole State. A very unreasonable proposition has been put before growers and sellers, and the by-laws should either be withdrawn or disallowed.

**MR. THORN** (Toodyay) [5.6]: I hope these by-laws will be disallowed. They seem to be rather of a rag-tag nature, seeing that road boards and municipalities may or may not adopt them as they think fit.

**Mr. Latham**: The local health authorities.

**Mr. THORN**: Yes. Within my recollection, we have been spraying and using these dusts for the last 30 years. It is rather remarkable that at this stage we should have discovered they are injurious to the public health.

**The Minister for Health**: It is just as well we made the discovery.

**Mr. THORN**: It is the function of the Agricultural Department inspectors to see

that fruit and vegetables are not oversprayed at the time they are marketed. Already the country is absolutely crawling with pests. We have the lucerne flea and we know the red mite is doing untold damage. It is almost impossible to raise young plants at present, owing to the ravages of the red mite. If we are going to insist that vegetables shall not be sprayed or dusted within a month of being marketed, the growers will not have much hope of coping with these pests. If the matter is of such importance from the health point of view, why are the by-laws not applied generally? It is very plain that they should be disallowed. There may be growers at Harvey spraying their vegetables and sending them up to market, and the retailer may be held responsible for the condition in which they arrive. The supervision of this matter should be a function of the Agricultural Department, whose inspectors should see that both vegetables and fruit are marketed and retailed in a proper condition, and free from an over-supply of insecticides and sprays. From my personal knowledge of the state of the country in regard to these pests, I am afraid the by-laws will prove fatal to the vegetable-growing industry if we insist that no spraying shall take place within a month of marketing.

**The Minister for Health**: Are people growing vegetables in Queensland?

**Mr. THORN**: I presume so, seeing that no supplies are being sent from this State.

**The Minister for Health**: These regulations have been in operation there for 18 months. They have not prevented people in Queensland from growing vegetables.

**Mr. Sampson**: They have not done anyone there any good.

**The Minister for Health**: No one has been poisoned there, but quite recently a person was poisoned by this means in Victoria.

**Mr. THORN**: No one here has been poisoned, and we are not concerned about Victoria.

**The Minister for Health**: I want to prevent any such occurrence here.

**Mr. THORN**: Quite right, but I do not see any danger of that.

**The Minister for Health**: Did you read the analysis of the fruit and cabbages that were commandeered at the market?

**Mr. THORN**: If vegetables were sprayed and dusted up to within a week of marketing, that would be quite sufficient safeguard for the public. These by-laws are

not important enough to be made State-wide in effect, for any Dick, Tom or Harry can adopt them or not as he pleases.

The Minister for Health: What would be the effect of the by-laws as they are now if the House decided by a big majority to reject them?

Mr. Sampson: Further consideration would have to be given to the matter.

Mr. Ferguson: The Government would have to bring down something better.

The Minister for Health: It would not affect the position at all if we carried the motion by a ten to one majority

Mr. THORN: If we had some spraying of insecticides within this Chamber we might be able to keep some members quiet. The Agricultural Department have a capable entomologist on the staff, who has studied insect pests and the effect of sprays on vegetables. He would be quite capable of dealing with this matter. I trust the by-laws will be disallowed.

On motion by the Minister of Health, debate adjourned.

### MOTION—DOUGLAS CREDIT PROPOSALS.

MR. NORTH (Claremont) [5.14]: I move—

That this House urges the Government to explore fully the means of escape from our present trouble, indicated by Major Douglas.

The least I can do in the interests of my electors is to bring this motion forward at the earliest opportunity. During the elections, I used a pamphlet which referred to this question. As it is very short. I propose to put it before the House, not with a view to encouraging members to use my technique for winning or losing an election, but to indicate to them that the question was before the people of Claremont, and particularly because this is a problem to which apparently Major Douglas alone in all the world is attempting to find answers. If the debate should result in subsequent speakers providing other answers to the questions involved, I should be only too pleased to hear them. During the course of my campaign I used these words—

During the past three years the whole world has been turned upside down, and the time has come when everyone must

realise that the new situation demands a new outlook and new treatment. In such a crisis the Government has been forced, in order to obtain funds, to adhere to the rigid policy laid down by Australia's economic experts. The vital question now is whether the remedies insisted upon by experts both here and elsewhere are proving their worth or whether they actually constitute a hideous blunder. If it could be shown that there is in the world plenty and to spare of wheat, wool, wine, beer, butter, tea, coffee, sugar, meat, vegetables, fruit, leather, petrol, cotton, timber, rubber, steel, and every conceivable thing except gold, and that the remedy being adopted to meet such a situation in each country was to destroy the spending power of the people by dismissing workers wholesale and reducing the wages of those still in service, it would be obvious to the meanest of intellects that those economic experts in whose hands rest our lives and destinies were leading us to irretrievable disaster.

That is one part of the question Douglas seeks to answer. There are a few more words on the other part of the question—

But if further it could be shown that each and every country was engaged in a desperate struggle to force its neighbours to accept its exports while, at the same time, each and every country was striving to keep out its neighbour's imports in order to avoid ruin—well, then there would arise an unmistakable clamour demanding an impartial inquiry to find out just what was wrong and just whither we were drifting.

And so on. Those are the two main points before the world to-day—put into one sentence, an abundance of goods and an attempt to use that abundance, or ease it off, by abstinence, and by reducing wages and salaries to clean up the abundance. That is the first paradox which causes our difficulties. Under present conditions every Government is compelled to adopt that course. "Rigid economy" is the watchword. The second paradox is that every country is forced under present conditions at all costs to export, and to prevent imports. That applies comparatively even to Britain and to the United States. Both Britain and the United States are at present or were until recently in trouble because they are failing to increase their exports. And that is the ultimate position, as all the experts tell us. The answers to the questions which were raised during my election campaign are contained, Douglas supporters maintain, in a short statement issued in support of the Douglas movement. Some hon. members

may have come across that statement. It reads as follows—

Supporters of the Social Credit Movement contend that under present conditions the purchasing power in the hands of the community is chronically insufficient to buy the whole product of industry.

Many other schools of economics also say that. The explanation advanced by the Social Credit Movement is as follows—

This is because the money required to finance capital production, and created by the banks for that purpose, is regarded as borrowed from them, and, therefore, in order that it may be repaid, is charged into the price of consumers' goods.

Of course we all know that. However, this is what the Social Credit Movement further has to say—

It is a vital fallacy to treat new money thus created by the banks as a repayable loan, without crediting the community, on the strength of whose resources the money was credited, with the value of the resulting new capital resources.

That is where Douglas supporters join issue with the advocates of our present system of economics.

This has given rise to a defective system of national loan accountancy, resulting in the reduction of the community to a condition of perpetual scarcity, and bringing them face to face with the alternatives of widespread unemployment of men and machines, as at present, or of international complications arising from the struggle for foreign markets.

Thus we have, in the first place, an attempt to pay our way by reducing wages and salaries, and, in the second place, an attempt to export, get out of the country, everything we can as quickly as possible. And every other country is trying to do the same thing. I shall not labour the answers I have quoted. You and I, Mr. Speaker, cannot deal with the question by talking orthodox economics. Having one foot in the present situation and the other foot in the "New Economic" situation, I shall try to-day to show what is in the minds of supporters of the Douglas movement. If I succeed so far as to interest hon. members I shall be indeed pleased, because interest may lead to study. At the outset let me say that there is no intention in the motion, or in the Douglas movement, fundamentally to unseat in any sense the private bankers. That is entirely a political question, and quite

apart from the Douglas movement. Nationalisation of banks may or may not be a good thing; but it has nothing whatever to do with the present question, which is a question of operating currency and credit either as at present through a central bank and private banks, or through complete nationalisation of all banks. This last, however, is an entirely separate question, and has no bearing whatever on the motion. The Douglas movement has only two main points. One is to correct that flaw which I have tried to suggest in my short statement, the flaw in accounting, the flaw in costing. The other is a point common to many schools of economics. One might assume that the Labour movement would stand for the other point of the Douglas proposals, namely that the Crown should resume the creation of all currency and credit, in addition to merely minting coins. We know that before the commencement of modern banking it was the prerogative of the Crown to produce all the currency and all the coins of the realm. We know, too, that our own Commonwealth Bank still has charge of the note issue. Thus two of our forms of currency—coins and notes—are still in the hands of the Crown. But the main form of currency, by far the biggest, representing about 95 per cent. of the total, is known to be created by the private banks through a very ingenious system devised by clever bankers many years ago, the system of creating credit by making pen-and-ink entries. That system, together with the cheque system and a certain balance of notes in the till of each bank, has operated extremely well over a long period in the sense of making profits for the banks and carrying on industry from time to time, but unfortunately interspersed with booms and slumps. My motion, in its first incidence, would urge the investigation of a restoration to the people, Government, or Crown of the entire control of the operation of creating new credit, in addition to, as at present, minting the coins and printing the notes. That would not mean that the retail banks, whether nationalised or private, would, as agents, carry on their functions. It would mean that the initial creation of the currency of the country and the national creation of credit should be carried out through a central bank. That is the first point.

Mr. F. C. L. Smith: What would be the function of the private banks then?

Mr. NORTH: They would be agents. They would then have a far bigger turnover than they have today, because, as everybody knows, national credit creation would meet the needs of the people and not merely serve some particular holding of gold or notes. Thus there would be a far larger creation of currency, and as the new currency passed out by way of loan or otherwise through the private banks these institutions would make their profits by handling the scheme. Under a national system of credit-creating, the same thing would apply to the State should Western Australia become a Dominion. Now I should like to deal with the effects of the first point of the Douglas proposals, known as the "New Economics." The first effect would be that the system of borrowing for public needs would no longer operate. Such borrowing would be replaced by the issue, as required, of Government credit instead of by pawning Treasury Bills. In this there is a big difference. When Treasury Bills are issued, debts are created, whereas the issue of credit or cheques has not that effect. Let me cite our experience here in Australia during the last three years, when we were entirely cut off from oversea loans, which were, so to speak, our lifeblood until the depression came upon us. Since then Australia has created between 90 and 100 millions sterling of credit by book entries either through the central bank or the other banks; and that issue of money, as we all know, has carried Australia insufficiently through. During that period, as also we all know, the basic wage has been falling, which fact automatically proves that prices have fallen. This renders obvious two things we did not know before. The first is that Australia can produce her own currency and credit, and does not need to go oversea to borrow. The second is that the judicious creation of national credit can be carried on without any danger whatever, even in the absence of the checks which apply to the Douglas proposals. With that aspect I shall deal a little later. There is, then, this point, that we can retain Government money for, say, public works, and thus carry on entirely without any recourse to private assistance. I may say that the 90 or 100 millions sterling to which I have alluded has not been a product of the National Government at all, but has been borrowed at the usual rates and is now carrying interest. Our misery is be-

ing exploited by that means. Under the Douglas system the change there would be that we would produce our own currency, and that the only cost of it would be the cost of the salaries of clerks making the ledger entries and doing the other things necessary to carry through the distribution of the new credits. There would be agents' fees to pay, possibly, but nothing else. There would be no question of interest or repayment of capital as there is at the present moment weighing upon us. Another point which arises is perhaps of more interest to farmers. Producers of wheat, fruit, wool, and other products for export, who are now operating at a loss, would as a first consideration obtain the whole of their production costs, and in addition a reasonable profit, say 10 per cent., the requisite funds being obtained from the same source. We know that to an extent the exchange has helped the exporters; but it has been pointed out very clearly by a New South Wales Bank which is an adherent of the modern trend of thought on this question that the exchange really hurts nobody in Australia, and that if we had not got the present exchange position less employment would be available.

Mr. Lambert: It would be interesting to have Professor Shann's opinion on that point.

Mr. NORTH: Yes. I may shock hon. members by quoting the suggestion of a Nationalist that the salaries of public servants and other Government expenditure of that kind could be met wholly out of national credit, and that much less taxation need be imposed. A Mr. Sleeman, a Nationalist, who is rather an authority on finance—

Mr. Sleeman: Please don't look at me!

Mr. NORTH: This Mr. Sleeman has advocated in an interesting pamphlet, which is well worth reading, that the National Government should take over the function of meeting unbalanced Budgets, and of paying the salaries of public servants and other claims of that nature, by means of national credit in the form of cheques or notes. Mr. Sleeman is a Nationalist. So these notions are no longer necessarily confined to those who are sometimes described as "red raggers," or even to the orthodox Labour movement. The ideas have spread through other sections of the community. Another



instance of support for the advocacy of the use of national credit has been Professor Soddy, of the Oxford University, who has given it, practically speaking, his sanction. He has even favoured, under certain conditions, what is called a national dividend, which would replace the present dole of 7s. a week, and would apply, in the first instance, until the use of machinery in factories was extended, to all persons in receipt of less than a certain income. It would be paid somewhat like the present dole system but on a larger scale. This idea is included in a scheme by Major Douglas who proposed that the dividend should be payable to no one in receipt of four times the amount of the dividend. That may be regarded as an extension of the dole system as a national right that would apply to all, and would include wives, children and others who were not in receipt of an income of a certain amount. All these proposals are today represented by the orthodox thinkers as amounting to so much wild inflation of currency as had never before been heard of. The proposals are thrown aside at once by the orthodox economists, but it is reasonable to point out that the present world chaos is not due to the Douglas credit proposals, but to our system, and we must defend it or explain it. We must show why it has occurred. If the Douglas proposals represent so much rubbish and so much that is inflationary and so forth, as the orthodox thinkers say, they must tell us why it is that there are 35 million persons unemployed and over 100 million persons near to starvation point. They must explain why so many millions of pounds worth of machinery is standing idle because the work of the factories has been paralysed. It is not enough merely to say that the Douglas proposals are utterly foolish and sweep them aside as being unworthy of consideration. It must be shown that the proposals are not watertight, or we must explain the existing situation by other means. If that can be done, I shall be glad to hear the explanation. For my part, after studying these proposals for some time and reading various publications, I am convinced that there is a great swing of public opinion that is falling in behind the Douglas proposals, and people are becoming convinced that there should be restored to the Crown entire control not only of coinage and of notes, but of national credit as well.

Mr. Lambert: History clearly indicates that where the Crown has taken that power, greater disturbance in the currency has been caused by it than by anything else.

Mr. NORTH: I am not going to take the part of the wicked old kings of the past, but if we peruse history, it will be seen that never since the factory era, has the Crown had control of the currency, in any of the nations. We had the spectacle recently of what has been achieved by our existing institutions. The leaders of the world met at the Economic Conference in London, and not one of them, although each one was controlled by private interests and credit, suggested that the restoration to the Crown of the prerogative to produce the currency and regulate the credit, would be the means of curing present-day difficulties. Perhaps one should exclude U.S.A. which stood aloof. The delegates who attended that conference spoke about everything under the sun, but no representatives of nations, including our own, mentioned such a possible solution. Everyone knows that in 1924 the Commonwealth Bank became no longer, as it was intended to be, a national bank with full power over credit. Ever since that year, the operations of the bank have been guided by a different body, and the advice of private banks has always been available. The whole of this is in support of the point I am trying to make that the Crown itself, the people and the Government, should have entire say in the apportioning of national credit. It has been suggested that in the past the private banks have come to our rescue. That is most praiseworthy and admirable. But it simply means that the private banks have been doing the work that the central Governments failed to do. During the factory era, the central Governments in each country issued minted coins and printed notes but gradually allowed the currency of the private institutions to take their place in the market, thus, in a sense, permitting the banks to come to the rescue of the Governments while, at the same time, operating for profit as well. If we examine the charters of the banks, we will see that there is nothing in their Acts to say that they must handle the national situation, decide price levels or manage the country's affairs. The fact that the private banks are so largely in control of our affairs is sufficient to indicate clearly that we ourselves have failed for many years to do our work as a

nation, and that we have expected the private banks to do it for us. All the evils that have arisen under the system can be laid at the doors of Parliaments in that, in expecting the private banks to do the work, the latter have acted in the capacity of ferry-men, whereas Parliaments should have provided the bridge. We have reached the stage when we are forced to take action. If all the proposals for the use of the national credit were adopted, we could make up the unbalanced budgets, and arrange for a sufficient bonus to enable the wheat producers and the wool growers to carry on their industries at cost price, plus a reasonable profit. The requirements of the civil service and taxation could be provided for by national cheques, without the private banks being looked to for assistance—with the consequent commission for services rendered—and we could start a small issue of national dividends to be applied to those unable to work. There is the nucleus of the Douglas proposals, without mentioning at the moment any check or safeguard. According to the experience of world economists of to-day, such a scheme would represent gross inflation and, in the opinion of many of them, sheer ruin. On the other hand, we have to face the facts in discussing any such problem, which is naturally affected by the increased use of machinery. That is the first consideration and then there is also the other question of the experiment in Austria. Members have heard all about inflation in Germany and have been warned to beware of the German fate. The position of Germany has been held up as a spectacle of horror for the rest of the world to contemplate, particularly by persons who are anxious that the Crown should not have restored to it the prerogative for the issue of credit and currency. While Germany has been held up as the awful example, we, who have studied the economic position, know that Germany at that time was in a tremendously difficult situation. We realise, however, that in pursuing the course she did, she harmed her enemies as well as herself. While many references are made to Germany, one never hears any comments made upon the position of Austria. The late military correspondent of the London "Times," Colonel Repington, showed that, in 1923, Austria enjoyed tremendous prosperity and was becoming less

and less concerned with affairs abroad. The prosperity was traced to a very interesting experiment that Austria was making at the time, references to which have very seldom appeared in the Press.

Mr. Hegney: A Socialist Government was in power in Austria at the time.

Mr. NORTH: I shall not dispute that point. During the war Austria was faced with grave difficulties, and during the post-war period she suffered as other nations did. She experienced poverty, unemployment and so forth. Then an extraordinary policy was adopted by the Government, a policy that was almost without precedent in history. Austria used her national credit in reducing the price of certain articles, including bread, which, from costing 12 kronen, was sold for three kronen. In consequence of that action, the boom period started. It was at that stage that an international body intervened and arranged, through the Austrian Parliament, that the shocking inflation, as it was regarded, should stop.

Mr. Latham: What year are you referring to?

Mr. NORTH: That was in 1923.

Mr. Latham: Conditions were very bad after 1923.

Mr. NORTH: This was about the time that Germany was in such a deplorable condition. The shocking inflation, as it was called, was stopped as a result of a Bill passed through the Austrian Parliament. Austria was allowed to take a load of gold from the international financiers and got back to what was regarded as sound finance. Thus the boom collapsed; civil servants were sacked, and ruin and misery have been rampant in Austria ever since. Those facts can be thoroughly investigated. I gleaned my information from the report of the Canadian Royal Commission on Banking held about 10 years ago. The facts that I have related are set out in the report. Thus this question of handling currency and credit is not confined to the experiment in Germany. Sound finance, as we know it to-day, needs for successful functioning a community that is sound—sound asleep, and it is time that they were awakened. In some countries it is becoming increasingly apparent that some are awake, and what we regard as sound finance is now being called into question.

Mr. Griffiths: Can you say anything about the experiments in Sweden?

Mr. NORTH: Those experiments are quite recent. All the knowledge I have on the subject is that Sweden has relinquished the old form of currency of basing monetary value on so many notes for gold and so on, and is endeavouring, by internal action, to fix stable price levels. England, to some extent, is working along the same lines, but is rather more cautious. It is known that a great Swedish professor has been urging Britain to follow the Swedish course of action of fixing an internal price level to meet the commitments within the country. The second point in the proposals is the automatic check which would be applied to avoid rising prices. The Douglas proposals are really an extraordinary brilliant idea, in my humble opinion, a technique which converts the idea of money from something like the old artistic sailing ship into the brilliance associated with, say, one of our modern liners; in other words, it does not leave the medium of exchange a static thing, but converts it into something dynamic. It is most galling to those who fight for these new ideas, that it is impossible to obtain an absolutely definite trial for them. In propounding the question of the Douglas proposals we are still, as it were, in the days of Hiram Maxim, whose flying machine weighed over 4 tons—a mass of iron and theory. If we had that machine in front of us, and we had all the experts and theorists arguing as to whether as a machine it would fly, we would never reach a solution. The arguments relating to currency and credit have been purely academic during the past 12 years. We have had hair-splitting on the question and recently in England a high official of the Treasury, Mr. Hawtrey, himself an expert in economics in the orthodox sense, took part in a highly technical and interesting debate with Major Douglas. I have read through the full text of that debate and have found it highly instructive, but I feel that it would be better if one country had the courage to launch out, as America has done, in another sphere, and would give the proposals a 6-months' trial. Without trials, aeroplanes would not have achieved the tremendous success we know of to-day, and Stephenson's locomotives would not have attained the existing standard. Stephenson himself could never have dreamt

that what he invented would develop into the marvellous locomotives that are in service to-day. All has been the result of experiments. Therefore, in regard to the Douglas proposals, nothing more can be done than to deal with the facts as they exist at the present time, and to build around them a framework showing what would happen under the new ideas. I have dealt with some of the facts; I have shown what Austria has done and that prosperity followed. What has happened are definite pointers to what might happen in the existing situation. The position might be compared to that of a geologist who finds pieces of bone and is piecing them together to complete a whole structure. During the last 12 or 15 years, world events, as Will Dyson, the famous London cartoonist, tells us, have been in the pay of the Douglas theory. Everything keeps on happening just as that brilliant man said it would happen. A point I should like to make is to show how the proposals would act as a check to rising prices, should the Douglas stimulant be applied to industry. There is a very good analogy that can be used amongst an audience who are interested and who would not mind risking a bit of a headache. The analogy can be used to illustrate the lift-up a dynamic currency can give, just as it might be used in connection with the lift of an aeroplane. Very few people are aware of the fact that the lift of the aeroplane comes from above the wings. Nearly everyone imagines it comes from below. We can illustrate the position by taking a knife and running it through the water in a sink. The lift of that knife will pull the hand up. Very few know that the lift of that knife is from above; the pressure on the water lifts the knife. The idea regarding an aeroplane is that the lift is from underneath. This is what one might imagine to be the position of a banker when he discusses Douglas Credit, inasmuch as the banker would look at it from a pre-conceived point of view. Following the birds' curve on their wings we are able really to obtain the secret of flight. It shows us that over two-thirds of the lift of the aeroplane is from above, due to the extraordinary curve in the wings in the air. It sets up a vacuum and that vacuum is what really causes the lift. You can quite imagine a pack of experts running around with their theories and figures to report for or against flying and becoming hopelessly

at a loss in the absence of a try-out. It was because in this particular case the flight experiments were made that results were obtained and improved upon. So with the Douglas proposals. The proposals are intended to get us away from bookkeeping, and by following nature Major Douglas has thought out a method whereby he can create, as it were, an economic vacuum, a sort of position by which buyers are eager; and the question arises whether producers can supply. There is created, as I have said, an economic vacuum, and that is by people having sufficient purchasing power to buy the products of today, and what could be produced if there were a demand; and the reason why inflation cannot follow is because the scheme provides that even though 15 customers walk into a shop, and there are only 12 items there to buy, the shopkeeper cannot raise his prices to meet the demands of the customers, three of whom have to go short. He still sells at the original price, even though three go short. That creates the economic vacuum. If in a community, say as the result of an earthquake, there were put out of action half the factories, and the Douglas scheme were in force, and 15 persons went to a store which was able to supply only 12, the 12 would get what they required and three would still have to go without. Under existing conditions, up would go the prices. There we have the difference. What is the check? It is the "Just price" formula. How is it applied as compared to the elaborate plans in America? It is simply child's play by comparison. It amounts to the fact that the Government invite all the retail firms in the community to register with the Government and enjoy the benefits of what is called the price discount scheme, or, as it is sometimes called, a price assistance scheme. They are not obliged to register but they may do so. Those who do register receive probably monthly, a discount through the private banks acting as agents for the national credit authority which is the central bank. The discount may be, say, 25 per cent. If I go into a store and want to buy something which is marked 15s., I will take it at 15s., although it has cost the store £1. I have my discount and the store is 5s. out, and with all its other accounts, it is carried to the end of the month, or quarter, through its banking system, and the bank then credits the store with the difference. Thus, the business

is carried on at a faster rate and the only question that interests the person who is unacquainted with the Douglas proposals, is, where does the difference come from, where does the private bank get its credit to make this credit? The national credit authority to which I have referred is the authority that carries the difference. Under this system we have the fact that, on the other side of the ledger, a credit is entered which does not exist to-day, and this credit is the appreciation in the community of the various capital works which arise during the particular period in question. This not only balances the issues of credit, but, being an appreciation, causes a continuing surplus. That requires a good deal of detailed explanation, but I do not propose to give it here. It would mean, for instance, if we had the system here, we should have to present our national budget in such a way that at the end of the year all these issues of credit, which are figure entries, and which would have to meet the case of a retail store as well, would be entered as a debit on the national balance sheet, whereas on the credit side would be the appreciation in the community of all the factories, roads, harbour works, and everything else, and that would be added to our assets. And it would be found in every community that the assets were appreciating over the deficits all the time. That is the foundation, the security, of what is called the Douglas credit, namely, the continual appreciation of every phase of national productivity. The few attempts that have been made to question this theory are not only contradictory, but serve clearly to prove that there is no real answer. Of course, it would be a sort of answer to say that from the date of the adoption of the system all factories would suddenly become paralysed, the sun would neglect to rise again, and the law of gravity and that sort of thing would fail. But if we assume the physical conditions we have to-day, there are no water-tight means of disputing the fact that those figures of credit which are to be issued under this system to meet the existing unsupplied need of purchasing unsold goods could not be issued, for I do not think any country can be pointed to which is not rapidly increasing its national assets. It is because of the existing system of accounting that we seem to think we are all growing poorer instead of richer. It is an extraordinary paradox, but that is the position. During the last

ten years I do not know anyone who has not worsened his material situation, and that at a time when there was more productivity than ever before; for the world is known to be over-stocked with everything but gold, and one of the fears Major Douglas has is that very soon the existing financial situation will achieve its object, which is to recreate a scarcity. There is only one possible result of the present policy of Governments as enforced by their credit sense of restriction. It was the definite decision of the World Economic Conference—so far as any decision at all was reached—that the various industries should be advised to restrict production. If we analyse this restriction of wages and production, we see that it can have but one end, which is to get men back to an age of scarcity. That is the method by which, under orthodox means, we are to get out of our troubles, and it is the desire of this movement to convert public opinion to the view that the way in which to get out of a problem of abundance is, not to tighten the belt, but to consume that abundance. It is the experts who, having come to the conclusion that there is over-production, turn round and say, "Reduce production in future"; whereas the proper answer to the problem is to increase consumption. That brings me to a very interesting statement by that well-known economist, Professor Henry Clay, a rather human expert, apt to get off the narrow road occasionally and make a few remarks that do not fit in with the theory of the pure economists. Not long ago Henry Clay said that if we leave money and credit out of account, there is no impossibility in employing idle men on idle plants with materials that are to hand. That is a priceless admission, because that is the whole situation if you leave money out of account. Now let me touch upon the conclusion arrived at by the Christian Social Council in England, who, several months ago, appointed a research committee to investigate the question of unemployment, and who were the first authentic body to come to the conclusion that the Douglas proposals were the only satisfactory escape. That committee in its search for the cause of unemployment gave definite findings upon traffics, free trade, inflation, deflation, stabilism and all the existing panaceas. That committee asked the question: "Why is an export surplus considered the condition of

national prosperity?" The reply furnished by the committee itself was this—

In terms of goods and services it is a dead loss. The answer is that the export surplus is a means of employment and income. If the present favourable balance were wiped out by the import of so many goods, there would be goods entering this country without being worked for now (though they have been worked for in the past). But so long as the problem this nation poses itself is not an increase of goods, but the maintenance of the particular volume of employment that it has required in the past, this would be a calamity. And in fact the whole commercial philosophy, built upon the theory that the access of goods is a liability, and an envoy of goods is an asset, is based upon the same false equation between the volume of goods and the volume of employment. That false equation simply ignores the fact of applied science in production.

That is the point, the real cause of unemployment. That is the real secret. We have all our lives been taught to think that exports are good in themselves, apart altogether from the balance of exports and imports. Nobody questions the value of exports as a means of meeting debts abroad, but the value of export in itself is widely open to question.

Mr. Ferguson: We must have exports with which to meet our overseas debts.

Mr. NORTH: Not every country has overseas debts. The trouble is that many countries must export, although they have credits. The failure in England and in America is supposed to be due to failure of exports.

Mr. Raphael: Which country has not overseas debts?

Mr. NORTH: America, for one. In many instances, exports are merely a cloak for the tremendous power of production, involving twice as much work to maintain a standard of living only half as high as that which could be enjoyed. If England were willing to live on her interest abroad and cut out exports beyond those needed for exchange with imports, she could raise her standard of living, notwithstanding which she still insists on exporting, and maintaining only a relatively low standard of living. Such exporting, of course, includes sending credits abroad and refusing to collect the interest in the form of goods.

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

Mr. NORTH: New Zealand provides a very striking illustration of the effect these

new proposals are having on public opinion. In last night's issue of the "Daily News" appeared a statement dealing with the establishment of a reserve bank in New Zealand. It was stated by Mr. J. P. Stratton, who had just returned from the Dominion, that the New Zealand Farmers' Union had recently passed a motion which he interpreted to herald the establishment of a new central bank in New Zealand shortly. The resolution itself was practically in favour of the adoption of the Douglas proposals for New Zealand. The resolution read—

That it is essential to the well-being of New Zealand that the issue and withdrawal of the country's credit and currency should be removed from private control and administered by the State for the benefit of the people as a whole, in such manner that the purchasing power in the hands of the consumers should always equal the collective price of total consumable goods for the moment on sale, and that this principle be embodied in the union's platform, and that the creation and destruction of the people's credit should not be left to private monopolies, but should be directed by the people's selected officers for the well-being of the people rather than for that of the financial system.

That resolution, of course, is in favour of the adoption of the proposals of which I am advocating an investigation. We have recently had, and will again have, much discussion on the subject of taxation, and I would impress upon members that one of the most vital points of the Douglas proposals aims at avoiding the constant friction caused by taxation. This friction is due almost entirely to the fact that the available income is not sufficient to meet the cost of government and to the desire by one section to pass some of the burden on to another section of the community. Under the Douglas proposals the worries would lift, and taxation would largely be dealt with by national credit. I would bring before the notice of members indications of a striking victory for the movement in that Professor Irvine, formerly professor of economics at the Sydney University has, after many years, become a complete convert to the proposals as constituting the only solution of our difficulties. Professor Irvine cannot be called either a partisan or a man unversed in such questions, because for many years he was a lecturer on orthodox economics at the Sydney University. Just imagine Professor Copland using the

following words, which were uttered by Professor Irvine—

You of the Douglas School have faced these facts squarely. You know that the world has passed into an era of plenty and leisure. We have, therefore, to adapt both our social ideas and our social machinery to this condition. One part of your adjustment consists in clearly acknowledging the right of every man, woman and child to a capital interest in the social machinery of production and to a share in the output of wealth.

For a long time Professor Irvine could not stomach these proposals; they seemed to be too advanced for him, but now we have a man, whom we might place on the same footing as Professor Copland or Professor Shann, acknowledging himself wholeheartedly a convert to the proposals.

Mr. Moloney: Would not the nationalisation of banking provide for that?

Mr. NORTH: That, I understand, aims entirely at operating the existing private institutions by the civil service and having nationalised banks operating on the present system. If it meant a complete alteration in the policy of currency and credit—

Mr. Moloney: Quite so.

Mr. NORTH: That is another matter. I have not advocated the nationalisation of banking and cannot speak of it. So flexible is the Nationalist Party that I am able, without fear of expulsion, to bring forward the proposals I am advocating to-night. Although my action may cause much argument in my own political camp, members of my party are free to bring forward new suggestions that may prove beneficial to the community, save that one might prejudice one's position politically. I could not advocate the nationalisation of banking unless my opinions underwent a complete change, but it is open to a nationalised system to adopt the Douglas proposals as part of its policy. On the contrary it is possible, as now, for the Commonwealth Bank to operate as a nationalised bank and still adhere to existing bank principles. If the Premier feels sufficiently interested in these proposals and in the debate which may follow my submission of the motion, I hope he will, when he goes to the Loan Council, try to show the Council and the people of Australia that these new proposals are valuable and merit early adoption. He would have strong backing from the Eastern States, where there is a big movement fighting through public

opinion to bring similar pressure to bear on the Prime Minister and on other Premiers. A no less political figure than Wm. Morris Hughes, one time Prime Minister of Australia, and noted for his ability to feel the pulse of the people, has not only been coquetting with this movement and delivering addresses at the central stronghold in Sydney, but has gone so far as to undertake to submit to the House of Representatives a request for a full inquiry into the Douglas credit proposals.

Mr. Marshall: If the Douglas proposals became operative, what would happen to Billy Hughes's £25,000?

Mr. NORTH: It is not my place to answer for Mr. Hughes, but the fact that he is taking such a keen interest in the subject shows that he has probably given consideration to that aspect also. I should like the Premier to have the backing of a solid vote of this House. I would remind members that Major Douglas warned Canada ten years ago of what was in store for that country. He spoke to the Canadian Parliament and the Banking Commission, sitting at that time, to this effect—

You have before you two policies—the policy of inflation and the policy of deflation. Suppose you decide on inflation, you will have a rise in prices which will lead to great political problems.

That has been the experience in America; it led to the crash in 1929.

Again you have to consider deflation, which will bring a vast amount of unemployment. Whichever policy you adopt will land you in a world crisis.

Major Douglas has made similar prophecies, some of them almost uncanny, regarding the settlement of war debts, etc. I would impress upon the House that Major Douglas is one man in a million or one man in a century. Only those people who are prepared to risk headaches and spend months in studying his works are in a position to appreciate his proposals, and only thus is one enabled to bring to bear one's own knowledge and ability, however limited, which cannot function on this subject without such investigation. Although Major Douglas's proposals were considered to be revolutionary ideas, nine-tenths of them are now commonplace talk amongst all other authorities. I have been pleased to observe that the Bank of

New South Wales, in its circulars, nowadays talks in the modern trend. So it should. Until Major Douglas told the world 15 years ago, or so, that all money originated in bank loans, nobody had thought of it. No economist told us that every pound note in existence was carrying a debt on itself somewhere. It was then revolutionary; now it is an accepted fact. Even orthodox economists accept it nowadays. Major Douglas has held responsible positions as an engineer in different parts of the world. For a time he was in India; then he was engaged in big undertakings in London. While costing accountants to the British Government during the war, he first began to consider the abstruse calculations that led to his discovery of A and B theorem. I desire that somebody of the status of a High Court or Supreme Court judge should make an investigation—someone who will sift the evidence in a fair and impartial manner. This man Douglas has with him millions of the world's population fighting for his cause. The British Broadcasting Company, after having long boycotted him, have thrown open their service to him. The New York Press are now publishing his articles, whereas previously they completely boycotted him. I think there is a great chance of public opinion in Australia veering in his favour, and I should like to think that our Premier would be the first one to bring the question before the Loan Council in such a way that New Zealand will not beat Australia in introducing these proposals.

On motion by Mr. Wilson, debate adjourned.

## MOTION—LEGAL COSTS.

*To Inquire by Select Committee.*

MR. RAPHAEL (Victoria Park) [7.45]: I move—

That a Select Committee be appointed to inquire into legal costs in this State, and also the Legal Practitioners Act.

We did not realise last session that the lamentable death of the late Attorney-General would make it necessary once more for us to review the position as it appertains to the legal profession in this State.

Mr. Latham: You have had a little more experience since then.

Mr. RAPHAEL: The Leader of the Opposition is very fresh tonight, and I hope he will be as fresh in his support of this motion. I propose to deal with the matter under three headings. The first will relate to legal costs that now apply in this State; the second will deal with the position of those who are going through their legal practitioners' course; and the third will deal with the protection that should be given to the public by the establishment of a trust fund before solicitors are allowed to practise. Legal costs are extortionate. The method of pleading is unreasonable and entirely without justification, and in many instances the charges are illegal. The first case I wish to quote is a small one. It deals with the illegality of an attempt on the part of a solicitor to claim a certain amount from another person. The letter to that person is as follows:—

Dear Madam,—I have been instructed by (So-and-so) to apply for payment of the sum of 12s., being room rent 7s. and money loaned 5s. Under the circumstances, you would be well advised to attend to this matter immediately, and save further trouble by paying same, together with 6s. 8d. costs.

Mr. F. C. L. Smith: A fair percentage of profit.

Mr. RAPHAEL: It is over fair. The solicitor was not entitled under the Act to claim 6s. 8d. It was an illegal attempt on his part to do so. If any sum was due to him, it was due from the person from whom he received his instructions. The other case has its humorous side. A dear friend of mine was mixed up in it, and I offered to do what I could for him. The letter sent to him by a solicitor was as follows:—

Herewith we forward you detailed bill of costs in this matter, and also statement showing the balance due to us by you. In view of the attitude taken up by you in connection with our costs, we must request a prompt settlement of such balance . . . You have the right, if you desire, to have these costs taxed, pursuant of Sections 35, 36, 37, and 38 of the Legal Practitioners Act, 1893, 57 Victoria, No. 12, copies of which we enclose for your information.

I should like to illustrate the attitude solicitors adopt when an attempt is made to have costs taxed, and the position a client is in if he argues with a solicitor with a view to getting the costs taxed. Section 35 of the Legal Practitioners Act says—

No practitioner nor any executor, administrator, or assignee of any practitioner shall sue for the recovery of any services, fees, charges,

or disbursements until a bill of the same, signed by such practitioner or executor, administrator, or assignee shall have been delivered to the party charged therewith or his executors or administrators, or left at or sent by post addressed to him or them at his or their last-known place of business or residence in Western Australia.

Section 37 of the Act says—

If within 14 days after the giving or leaving or posting of such notice as aforesaid the practitioner or his executors, administrators or assignee, as the case may be, shall not admit and allow the said objections, the person charged or liable to pay as aforesaid or his executors or administrators, may, upon payment to the practitioner, his executors, administrators, or assignee of the admitted balance, obtain from the taxing master *ex parte* an appointment to tax the disputed items in said bill of costs. Provided that within the 14 days aforesaid the practitioner, his executors, administrators or assignee may deliver an amended bill of costs, and in such case such amended bill shall be treated as and be in lieu of the original, etc.

A man may go to a contractor and arrange for the building of a house to cost £1,200.

Mr. Latham: There are always a few extras.

Mr. RAPHAEL: If you do not want to listen you had better go outside.

Mr. SPEAKER: Order! The hon. member must address the Chair.

Mr. RAPHAEL: I am sorry the Leader of the Opposition cannot control his tongue for once. A solicitor is allowed to put in an amended scale of charges. The contractor receives a deposit of £200 on the £1,200 house, but something goes wrong with the construction and the client refuses to pay the other £1,000. The parties go to law, but the contractor is not allowed to add a further amount to the cost of the building. If the bill of costs of a solicitor is disputed, he has the right to add 25 per cent. to the amount. If the taxing master decides that the solicitor has not charged enough, or has charged too much, the practitioner is on the right side of the counter. If a client disputes an account and takes it to the taxing master, that is what happens. Naturally a layman would not dream of appearing in court himself, but would attempt to get another solicitor to take up the case for him. This particular friend of mine endeavoured to get another solicitor to appear before the taxing master. He approached three members of the Bar, and each refused point blank to take on the case. They agreed that the costs were hard,



but did not want to be mixed up in the matter. They thought it was "infra dig" for one solicitor to dispute the costs of another. They advised my friend to make the best deal he could. We are told the taxing master is there to do a certain job, but no provision is made to ensure that another solicitor shall dispute the claim of the first one. The bill of costs I have here is amazing in parts. The case was an ordinary one, and my friend did not desire that it should cost very much. He was suing for a sum of money, and went blindly along. In his innocence or ignorance he went to a King's Counsel. The bill of costs for a case which did not go into court was something wonderful. It begins with costs for the first consultation "14s. 2d."

Mr. Stubbs: Quite cheap.

Mr. RAPHAEL: That was for a five-minutes' chat. Later on the solicitor had to ring up someone, and charged 3s. 6d. The gentleman he rang called to see him, and that cost another 7s. 1d. To drawing and engrossing the statement of the witness—that cost 14s. 5d., and for attending Mr. So-and-so on the 'phone, the charge was 3s. 6d. We can see how the telephone costs increase in magnitude as the case proceeds. The bill goes on—"To attending you and conferring hereon, 7s. 1d.; attending someone else, 3s. 6d. (on telephone); attending Mr. So-and-so at his place of business when he was out (on telephone), he to ring when available, 3s. 6d.; attending So-and-so later on the telephone, making appointment for the morrow, 3s. 6d.; attending Mr. So-and-so, and conferring and taking particulars of evidence, 7s. 1d.; drawing and engrossing, 13s. 4d.; attending lady and inquiring, 7s. 1d.; attending you on phone, and informing you of statement, 3s. 6d.; attending Mr. So-and-so on telephone, 3s. 6d." There were several telephone attendances on Mr. So-and-so at his place of business, and then there was the final attendance and making the appointment to discuss matters with him, the cost being 10s. 6d. On several occasions the solicitor could not get Mr. So-and-so, but after three attempts it was decided to charge 10s. 6d. The bill goes on—"attending Mr. So-and-so at his shop and conferring with him, 14s. 2d.; attending you and So-and-so, 7s. 1d.; drawing and engrossing statement, Mr. So-and-so, 8s. 6d.; attending Mr. So-and-so on the telephone, 3s. 6d.; attending Mr. So-and-so and taking evidence, 7s. 1d.; drawing and engrossing, 5s. 7d.; attending you and conferring, that we should see some-

one else, 8s. 4d.; several attendances on telephone endeavouring to get Mr. So-and-so and finally attending him on telephone and making appointment, 10s. 6d.; attending him and conferring, and taking particulars of his evidence, 8s. 4d.; drawing and engrossing, 6s. 8d.; attending you and further conferring, 8s. 4d.; letter to Mr. So-and-so, 4s. 4d.; receiving letters from opposing solicitor, 8s. 4d.; drawing and engrossing evidence of Mr. So-and-so, 8s. 4d.; paid issuing 5s. copy of service, 1s. 3d.; attending opposition solicitor, who stated he would accept service, 8s. 4d.; attending you and conferring on question, 8s. 4d.; attending Mr. So-and-so on telephone, 4s. 2d." In the beginning the charge for telephone calls was 3s. 6d., but as time went on this charge was increased by 8d. to 4s. 2d.; I do not know why.

The Minister for Mines: Perhaps the cost of living had gone up.

Mr. RAPHAEL: The bill of costs continues—"Receiving letter from So-and-so, instruction for settlement of claim 16s. 8d.; drawing same, 12s. 6d." The solicitor charged 16s. 8d. for receiving the instructions, and a further 12s. 6d. for putting them on paper. The bill proceeds, "Attending you and going into draft statement of claim, 8s. 4d." A client makes a statement, the solicitor takes it down, and charges for both things; he then has a chat with the client over the statement, and this costs another 8s. 4d. In this case I believe the solicitor was a K.C., but acted as a solicitor as well. He has several partners. Unknown to the unsophisticated client, these partners had all joined in the fight. Next, the unsophisticated client had to pay £2 15s. 7d. to a counsel of whom he knew nothing. Further, he had to pay 8s. 4d. for attending on that counsel, though the client thought he himself was attending on the counsel. Then comes "Copy to deliver, five folios, 2s. 1d." This was for somebody trotting from the office of the one solicitor to that of the other. The client also had to pay 4s. 2d. for "attending to deliver." Then another letter to the opposing solicitor costs 4s. 4d., and attending the opposing solicitor again costs 8s. 4d., and, thirdly, attending the opposing solicitor on phone costs 4s. 2d. The document continues, "Attending on delivery of defence, 4s. 2d.; perusing defence, 8s. 4d.; instructions for reply, 8s. 4d.; drawing and

engrossing the same, 6s. 3d.; fee to counsel for settling, £1 9s. 5d." That counsel is another of the partners. One partner attends to delivering of the defence and charges 4s. 2d. therefor. "Notice of trial copy and service, 5s.; entry for trial and attending entering, 8s. 4d.; paid, 10s.; two copies of pleadings for court, 5s. 10d.; attending you on phone, 4s. 2d.; attending opposing solicitor, 4s. 2d.; attending you and conferring, 8s. 4d.; attending opposing solicitor, 8s. 4d.; attending you and conferring hereon and taking particulars of your evidence, 16s. 8d.; drawing and engrossing same, £2 8s. 4d.; letter to Mr. So-and-so, 4s. 4d.; attending Mr. So-and-so and conferring and that he could not give us any evidence, 8s. 4d.; brief to counsel to fix date of trial on attending him thereon, 16s. 8d.; paid his fee, £2 15s. 7d.; attending court with counsel, 8s. 4d.; attending and striking special jury, 16s. 8d.; subpoenas for witnesses, 8s. 4d.; paid conduct money, 7s. 6d." I do not know what this last item means, but it occurs three times. "Subpoena to Mr. So-and-so, 8s. 4d.; attending you and conferring, 16s. 8d.; attending Mr. So-and-so later conferring thereon, 8s. 4d.; attending Mr. So-and-so on phone arranging conference 4s. 2d.; attending Mr. So-and-so arranging accordingly, 4s. 2d.; copy and service of subpoena on Mr. So-and-so, 7s. 6d.; paid conduct money, 1s." Those last two items occur again. "Attending Messrs. So-and-so, conferring at considerable length and taking statement of evidence (night attendance) £1 11s. 6d.; drawing and engrossing proof, 6s. 8d.; attending Mr. So-and-so when he called regarding releasing another Mr. So-and-so from giving evidence, 8s. 4d.; attending Mr. So-and-so of such-and-such a company with regard to his evidence, 8s. 4d.; telephone attendance on Mr. So-and-so 4s. 2d." Then there is the same charge for telephone attendance on someone else. "Attending Mr. So-and-so going through his evidence, 8s. 4d.; engrossing copy of Mr. So-and-so's evidence, 10 folios, 4s. 2d.; attending you and Mr. So-and-so taking evidence of Mr. So-and-so, 8s. 4d.; drawing and engrossing 20 folios, £1 13s. 4d.; attending opposing solicitor, 8s. 4d.; wire to Mr. So-and-so, 6s. 3d.; paid wire, 1s. 7d.; letter to Mr. So-and-so confirming wire, 4s. 4d.; attending Mr. So-and-so going through his proof of evidence, 8s. 4d.; engrossing copy six folios, 2s. 6d.; copy documents to accompany brief

to senior counsel, 22 folios, 9s. 2d.; attending senior counsel with brief, 8s. 4d." Now we come to the really spicy part of the bill of costs. Right through the piece the client had only dealt with the senior counsel. Here comes an item, "Paid his fee and clerk, £27 3s. 3d." The man was attending himself. "Copy of proofs and copy pleadings and documents to accompany for junior counsel, 94 folios, £1 19s. 2d.; attending junior counsel with brief, 8s. 4d.; paid his fee and clerk, £16 7s. 6d." This is where the junior partner creeps in. Despite the fact that the client had never interviewed any junior counsel, the senior counsel brings in a junior counsel.

Mr. Sleeman: Lawyers are allowed to do that.

Mr. RAPHAEL: Yes; and I will deal with that aspect later. In Western Australia there is only one King's Counsel who acts up to the standard of King's Counsel inasmuch as he does not do a solicitor's work. However, he is the only King's Counsel who adopts that attitude.

Mr. Stubbs: Who won the case?

Mr. RAPHAEL: That aspect, too, I shall deal with later. There is the senior counsel conferring with himself and getting a fee of £27 3s. 3d. Then there is the junior counsel who goes into a room and has a chat and charges £16 7s. 6d.

Member: I suppose he was a partner?

Mr. RAPHAEL: Yes. The bill of costs continues, "Attending senior counsel to appoint conference, 8s. 4d.; paid his fee and clerk, £2 18s. 9d.; attending junior counsel to appoint conference, 4s. 2d.; paid his fee and clerk, £1 12s. 6d.; attending conference with counsel, 16s. 8d." At this stage I would just about have run out of ideas, and so I must yield the palm to the gentleman who drew this bill of costs. He goes straight on, "Attending Mr. So-and-so obtaining further statement, 8s. 4d.; drawing proof of evidence and engrossing, 3s. 4d.; engrossing copy statement of profits, 1s. 3d.; attending senior counsel therewith, 4s. 2d.; copy proof of Mr. So-and-so's evidence and statement of profits for junior counsel, five folios, 2s. 1d.; attending junior counsel therewith, 4s. 2d.; engrossing copy of your evidence and handing you same, 29 folios, 12s. 1d.; notice to produce copy and service, 6s. 3d.; attending you on phone, 4s. 2d.; attending you later on phone, 4s. 2d.; attending Mr. So-and-so on phone, 4s. 2d.; attending you and Mr. So-and-so when you stated that you

had settled case, 8s. 4d.; attending Mr. So-and-so on phone confirming terms of settlement, 4s 2d.; attending at Supreme Court informing judge's associate that case was settled, 8s. 4d.; letter to opposing solicitor confirming terms of settlement, 4s. 4d.; attending Mr. So-and-so on phone, 4s. 2d.; term fee, 18s. 9d."

Mr. Latham: What is the total amount of that bill of costs?

Mr. RAPHAEL: £102 5s. 3d.

The Minister for Justice: Was there a charge for attending the client to receive the money when he paid?

Mr. RAPHAEL: I do not know. I have quoted two cases. I have others here, and may cite them at a later stage.

Mr. Latham: Was the bill of costs taxed?

Mr. RAPHAEL: If the hon. member will keep quiet, I will deal with that phase.

Mr. Latham: But I would like to know.

Mr. RAPHAEL: Your intelligence would not absorb the answer if I gave it.

Mr. SPEAKER: Order! The hon. member will address the Chair.

Mr. RAPHAEL: Yes, Sir. I regret that the intellect of the member for York is such as it is.

Mr. SPEAKER: Order! The member for York is not under discussion. Keep to the motion.

Mr. RAPHAEL: As regards taxing a bill of costs, before one can proceed to do that one must, under a section of the Act, allow the solicitor to add 25 per cent. to the original amount of his bill. This bill would, accordingly, have been increased from £102 odd to £127 odd. Then one would have had to find another solicitor to attend upon the taxation of the bill. Not only that, but one has to pay the fee of a partner of the original solicitor also to attend upon the taxation. Under such conditions would any man with brains, or with respect for the small amount of cash left in his pockets after the lawyers had finished with him, dispute any bill of costs, no matter what its size? If it be necessary, I am prepared to mention the names of the solicitors concerned in this case, and also the names of the solicitors who refused to go before the Taxing Master.

Mr. Stubbs: Is there not a moral attached to this tale—to let lawyers alone?

Mr. RAPHAEL: Possibly. With due deference to many solicitors—and I have a

number of friends amongst them—I must say that it looks as though the laws of this country were framed to permit of legalised blackmail—a strong term, but no other term is adequate. It is legalised blackmail in its worst form. I submit it is up to this Chamber to see, and speedily, that such thieves and robbers are lined up, and that the law of this country shall ensure that lawyers do their work as it should be done. For the present I see no need to quote the other cases I have available. I feel sure the House will approve of the appointment of a select committee to investigate the levying of legal costs, perhaps support my contentions and those of the member for Fremantle (Mr. Sleeman) and deal with the position as it deserves. Another phase that should receive attention is the position of articulated clerks, who are required to serve a certain period in a solicitor's office. After undergoing a course at the University they are qualified as barristers, but before they can go to court and plead before a judge they must serve gratis for two years in the office of a solicitor or King's counsel. Section 13 of the Legal Practitioners Act reads—

No articulated clerk shall, without the written consent of the board, during his term of service under articles, hold any office or engage in any employment—

This is the point I want members to take note of—

—other than as bona fide articulated clerk to the practitioner to whom he is for the time being articulated, or his partner; and every articulated clerk shall, before being admitted as a practitioner, prove to the satisfaction of the board, by affidavit or otherwise, that this section has been duly complied with.

That bears out what I indicated, that although a young man may have passed his examination and qualified as a barrister, he is not permitted to practise his profession until such time as he has spent two years, without payment, in the office of a solicitor. Young men of rich parents may go to England, and while studying there may undertake other work as they may desire. They can come back to the State and be admitted to the bar, thus enabling them to practise their profession without further delay. They must, of course, comply with the two years' residential qualification, but having done so, they can be called to the bar and practise their profession. Some little time ago the

residential qualification was six months only, but the Barristers' Board increased the period to two years.

Mr. Marshall: You know the cause of that.

Mr. RAPHAEL: I hope the select committee, if appointed, will deal with that phase too, and to show what obtains elsewhere I will read portion of the Law Practitioners' Act of New Zealand, because I think some such provision should appear in our legislation. Section 13 of the New Zealand Act reads—

(1) The examination of candidates for admission as solicitors of the court shall be conducted by the University of New Zealand.

(2) The Senate of the University shall prescribe the nature and conditions of such examinations, and the educational and practical qualifications of candidates, and may also prescribe such courses of study and practical training and experience for such candidates as it thinks fit: Provided that it shall not be competent for the Senate to require that any course of study or practical training shall be taken at a university college in New Zealand by any candidate who for the time being is resident more than ten miles from such college, or who, being engaged in qualifying for a profession, learning a trade, or earning a livelihood is, in the opinion of the Minister of Education, thereby prevented from attending lectures.

Mr. Sleeman: No one is debarred there.

Mr. RAPHAEL: That is so. The section continues—

(3) Except as provided in the next succeeding subsection, no person shall be admitted as a solicitor of the court unless the court or a judge thereof is satisfied, by the production of a certificate signed by or on behalf of the Registrar of the University that the candidate has completed the prescribed courses of study and of practical training and experience, that he has passed the prescribed examinations, and that he has otherwise complied with the requirements prescribed by the Senate of the University in accordance with this section.

If it is good enough for New Zealand to enact such legislation, it should be good enough for Western Australia. I believe the solicitors in New Zealand are quite as good as those practising their profession in Western Australia. The British Medical Association is perhaps exercising control over one of the closest preserves in the professions, with the object of protecting the interests of medical men. As long as a doctor attends to his studies and does his work, he is not interfered with. I have seen men engaged

in earning money at various jobs in order to pay for the expenses of their medical education. I know of one who worked on the Fremantle wharf as a lumberer in order to raise the necessary funds. If that is good enough for a man who is studying to take into his keeping the care of human lives, surely to God it should be good enough for Western Australia to allow articled clerks to earn a few shillings in their spare time, so as to meet their necessary expenses. That finishes with the second point. The third has reference to the control of client's funds by solicitors. In many instances, the life savings of widows have been eaten up because of the action of some solicitor who at the moment did not know whether the money belonged to him or to his client. In Western Australia solicitors have been sent to the Fremantle Gaol because they absconded with their clients' funds. That is another question that should be seriously considered by the select committee. From time to time men who are unemployed and desire to secure positions as insurance collectors have approached me regarding their position. Before they can secure one for which they would have a book covering collections amounting to £20 a week or so, they must find a fidelity guarantee bond for £20 a week. Only the other day in South Australia judgment was given for £10,000 against a firm of solicitors for illegal practices.

Hon. N. Keenan: No, for negligence.

Mr. RAPHAEL: What is the difference? There may be some variation in legal phraseology, but it amounts to the same thing.

Mr. McDonald: They had not had sufficient training.

Mr. RAPHAEL: If the firm of solicitors could get away with £10,000, I think they had had quite sufficient training. Regarding this point, let me quote from the New Zealand Act again, because it seems that in that Dominion the legislators have at last appreciated the position, if one may judge by the nature of the legislation. The Law Practitioners' Amendment (Solicitors' Fidelity Guarantee Fund) Act, the short title of which sets out that it is an Act "to make provision for the establishment and administration of a solicitors' fidelity guarantee fund and for matters incidental thereto."

contains, inter alia, Section 11, which reads as follows—

(1) Except as provided in the next succeeding section, every solicitor with respect to whom this Act applies, on making application in any year for a certificate under Section 45 of the principal Act, shall, in addition to all other fees then payable by him, pay such fee as may from time to time be prescribed for the purposes of this Act, being not less than £5 or more than £10 in any year, and no such certificate shall be issued unless and until the prescribed fee is paid.

(2) If any solicitor with respect to whom this Act is not applicable at the time of his application for a certificate under Section 45 of the principal Act thereafter in the year for which such certificate is issued commences to practise as a solicitor on his own account or in partnership with any other person or persons, he shall thereupon become liable to pay to the fund the amount of the prescribed fee for that year.

(3) All fees payable under this section shall be paid in the same manner as fees payable under Section 45 of the principal Act are paid, and the person receiving such fees shall forthwith pay them into the fund.

It is evident that in New Zealand some of the legislators have been caught by solicitors, and have awakened to their responsibilities in no uncertain manner. I hope the House will agree to the appointment of the select committee in order that they may go into this matter as well. If that course be adopted, the committee can report to the House, and recommend the necessary amendments to our legislation. I submit the motion.

On motion by Mr. McDonald, debate adjourned.

## **RETURN—GOVERNMENT ELECTRICITY SUPPLY.**

### *Payments to the City of Perth.*

**MR. MOLONEY** (Subiaco) [8.28]: I move—

That a return be laid on the Table of the House showing—

- (1) The total payments made to the City of Perth by the Government for electric current for the financial year ended 30th June last (a) for light current, (b) for power current.
- (2) The proportion paid by the Tramways Department.

The motion does not require any elaboration in order to stress that which I ask. It deals with a matter that has been uppermost in the minds of many for some time past. The

motion is purely formal. I desire the information in order to allow constituents of mine to realise the amount of money paid by the Government under the agreement that is operating to-day. I hope that at an early date the agreement will be reviewed, if I can influence the House to agree with me.

**MR. LAMBERT** (Yilgarn) [8.30]: The hon. member spoke of the total payment made by the Government to the Perth City Council.

**Mr. Moloney**: That is so.

**Mr. LAMBERT**: But they are purchasing current from the Government.

The Minister for Justice: And retailing some of it to certain departments.

**Mr. LAMBERT**: The concluding remarks of the hon. member led me to believe that he desired a review of the agreement between the Government and the Perth City Council. I admit that agreement ought to be reviewed, but of course such a review cannot be brought about under this motion.

On motion by the Minister for Justice, debate adjourned.

## **BILL — FREMANTLE MUNICIPAL TRAMWAYS AND ELECTRIC LIGHTING ACT AMENDMENT.**

### *Second Reading.*

**MR. SLEEMAN** (Fremantle) [8.31]: In moving the second reading said: This is a very small Bill, and it will take only a few minutes to explain. The position is that before anything can be done in the way of getting certain machinery from the Old Country, machinery which is unprocurable in Australia, the Bill is necessary to satisfy the legal people at Home, who object to the wording of the existing Act.

**Mr. Marshall**: Cannot your implement works at Fremantle supply the machinery?

**Mr. SLEEMAN**: It cannot be made anywhere in Australia, else I would not be urging that it be procured from outside. I may say the Federal Government have decided to admit free of duty the machinery required by the Fremantle Municipal Council. The whole purpose of the Bill is to legalise the issue of debentures payable in London in British currency. Here is a letter I have received from the Fremantle Tramways Board—

In connection with the equipment of the board's new substation, the board has made ar-

rangements with the suppliers of switch gear and cables in England to accept in payment debentures issued in conformity with the provisions of the board's special Act of 1903 and the Municipalities Act, 1906. Owing, however, to the decision given by the Privy Council to the effect that debentures issued by the Broken Hill Proprietary Company, payable in England, were payable in Australian currency instead of sterling, the solicitors for the suppliers of material above referred to will not allow their clients to accept our debentures until an amendment of the board's Act has been passed through Parliament, specifically authorising the issue of such debentures payable in the United Kingdom in English currency.

That is the reason why the Bill is introduced. It is not that the Fremantle Municipal Tramways Board are desirous of amending the Act, but it is found necessary to have this machinery, which cannot be procured in Australia, and the board must satisfy the solicitors for the manufacturers of the machinery in Great Britain before that machinery will be shipped. The substation at Fremantle will be hung up until this machinery arrives.

Mr. Stubbs: How much money is involved?

Mr. SLEEMAN: I think about £3,000. It is only for switch gear and cables. A lot of other machinery is being procured in the Eastern States. The present Act does not suit the people in Great Britain. A draft amending Bill was sent to the manufacturers in London, but their solicitors took exception to it and sent out a draft of the Bill they required. From that draft our Parliamentary Draftsman has prepared the Bill before the House and I hope its passage will not be delayed, because the work cannot be put in hand until the machinery arrives. When it does come a good deal of work will be offering, to the benefit of the unemployed. The Fremantle Tramways Board have written to the effect that they have perused the Bill carefully and consider that it should meet all the requirements of the solicitors in London. If there be any further information members would like to have, I shall be pleased to secure it for them. I move—

That the Bill be now read a second time.

On motion by Minister for Railways, debate adjourned.

House adjourned at 8.35 p.m.

## Legislative Assembly,

Thursday, 10th August, 1933.

	Page
Questions: Financial emergency tax	331
Hospitals, committee, officers' guarantee	331
Bills: Workers' Homes Act Amendment, 2A.	331
Financial Emergency Tax Assessment Act Amendment, Com.	332

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

### QUESTION—FINANCIAL EMERGENCY TAX.

Mr. STUBBS asked the Premier: Regarding the Financial Emergency Tax Assessment Act Amendment Bill, what amount is it anticipated will be raised from the following grades of taxation:—4d. in the £, 5d. in the £, 6d. in the £, 8d. in the £, 9d. in the £?

The PREMIER replied: 4d. in the £, £85,000; 5d. in the £, £64,500; 6d. in the £, £100,000; 8d. in the £, £33,300; 9d. in the £, £105,000.

### QUESTION—HOSPITALS, COMMITTEE.

*As to Officers' Guarantee.*

Mr. SAMPSON asked the Minister for Health: 1. Is indemnification in the form of a fidelity bond or other approved guarantee required for officers handling the funds or keeping the accounts of committee hospitals? 2. If not, will he give consideration to the matter?

The MINISTER FOR HEALTH replied: 1, Yes. The Hospitals Act, 1927, provides that an officer who is to be entrusted with moneys shall not be appointed by a hospital board until he has given adequate security for the faithful discharge of his duties. 2, Answered by No. 1.

### BILL—WORKERS' HOMES ACT AMENDMENT.

*Second Reading.*

THE PREMIER (Hon. P. Collier—Boulder) [4.33] in moving the second reading said: This is a small Bill having for its object the broadening of the opportunities