

tured or produced in Western Australia. When people see such commodities bearing the name of a well-known local merchant, they conclude that they are local commodities and purchase them, only to find in very small print on the label 'Packed expressly for so-and-so.' Such goods are only packed for that distributor; they are actually produced outside the State.

It is hoped that the protective provisions of the Bill will encourage producers who want their products put on the local market, to keep faith with consumers by maintaining a grade that will gain the confidence of purchasers and thus extend the demand for commodities produced locally. No one will suggest that a person should not be protected against even a retailer selling a commodity which is claimed to be of a certain type, and which is found to be of an entirely different type. No manufacturer who is anxious to sell his commodity locally can object to a mark being placed on it to enable it to be identified as a local product, but of course the acceptance or adoption of the mark by the particular manufacturer will be a voluntary act on his part.

Take the production of eggs. There is a certain amount of competition from imported eggs; but if the local egg producers get together and decide that they will apply this particular mark on local eggs, they will guarantee to the community that the eggs were locally produced, and are of a certain grade. In Great Britain there are six different brands for eggs, and they vary according to grade and size of the eggs. If the egg producers here adopted that plan, a person would know that he was purchasing Western Australian eggs, and that they were of a definite standard, and not find, as he sometimes does, that on the top there are the eggs that he requires, and that underneath there may be some duck eggs, and perhaps at the bottom bantam eggs. Once the producers saw the wisdom of applying such marks to the eggs, they could confer and arrange where the mark should be affixed. That would get over the objection so often raised by the housewife, that she has not the time to see for herself whether the article she is purchasing is a local product; she can demand to be supplied with an article with the brand.

The various clauses of the Bill are explanatory of their objects, and for that

reason I do not think it necessary to detain the House in a recital of their provisions. I trust the House will approve of the Bill, and I sincerely hope that when it is enacted it will considerably assist the industries of our manufacturers and producers. I move—

That the Bill be now read a second time.

On motion by Hon. J. T. Franklin, debate adjourned.

House adjourned at 5.51 p.m.

Legislative Assembly,

Thursday, 25th June, 1931.

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

QUESTION—COMMONWEALTH RELIEF GRANT.

Mr. HEGNEY asked the Minister for Railways: What are the names of the country local authorities which participated in the allocation of £13,500 from the Commonwealth relief grant of £32,000?

The ATTORNEY GENERAL (for the Minister for Railways) replied: Greenbushes, Balingup, Busselton, Katanning, Gnowangerup, Nannup, Bridgetown, Manjimup, Albany, Denmark, Mt. Barker, Northam, Murray River, Wagin, Narrogin, Bunbury, York, Bruce Rock, Beverley, Collie,

Port Hedland, Carnarvon, Onslow, Roebourne, Geraldton, Cunderdin, Esperance, Toodyay, Tambellup, Meekatharra, Goomalling, Quairading, Brookton, and Augusta.

QUESTION—MINER'S PHTHISIS ACT, TO AMEND.

Mr. MARSHALL asked the Minister for Mines: 1, Do the Government intend to introduce legislation to amend the Miner's Phthisis Act in conformity with the deliberations of the two conferences held with the Minister recently? 2, If so, can he give the approximate date of the introduction of such measure?

The ATTORNEY GENERAL (for the Minister for Mines) replied: 1, Yes. 2, This has not yet been decided, but is under consideration.

QUESTION—TRADE, FAR EAST.

Shipping Freights.

Mr. MARSHALL asked the Premier: In view of the statement made by Mr. Glyde, manager of the State Steamship Service, to the Rotary Club, and appearing in yesterday's issue of the "West Australian," that trade with the Far East by Western Australia was considerably retarded owing to the shipping combines of the Commonwealth having an agreement that all merchandise from the Commonwealth to the Far East would be at a fixed rate of freight, thus robbing Western Australia of its geographical advantage, will he request the Federal Government to withdraw the permit granted to shipping companies trading between Western Australia and the Far East to employ coloured labour, until such time as they agree to carry merchandise from Western Australia to the Far East at a rate more in harmony with our geographical advantage, thus creating trade for our producers and manufacturers and incidentally absorbing a number of our unemployed?

The PREMIER replied: The charging of a uniform rate from all Australian ports to the Far East is more the result of the larger volume of trade from Eastern Australian ports and the influence of Eastern Australian shippers than any arrangement amongst shipowners. No permit is required for overseas vessels trading between overseas

ports and Australia. To place any restriction on vessels now trading between Western Australia and Far East ports would not be beneficial to the development of Western Australian trade with those ports.

QUESTION—AGRICULTURAL BANK.

Busselton and Bunbury Offices.

Mr. WITHERS asked the Premier: Is the proposed building for the Agricultural Bank at Busselton to house the staff already there, or do the Government intend to transfer members from the staff at Bunbury, thereby reducing the status of the Bunbury office?

The PREMIER replied: The proposed building for the Agricultural Bank at Busselton is to house the staff already there. It is not the intention of the Government to close the Bunbury office.

QUESTION — UNEMPLOYMENT RELIEF.

Payment for Farm Labour.

Mr. PANTON (for Mr. Raphael) asked the Minister for Railways: 1, What method, if any, has been adopted by the Government to ensure payment to men who have been sent to farmers under the Government relief scheme? 2, Are the Government aware that many of these men have received no wages for many months?

The ATTORNEY GENERAL (for the Minister for Railways) replied: 1, Payment of the subsidy to the farmers is arranged through the Agricultural Bank inspectors and the farmer is responsible for payment to his employee. 2, No.

QUESTION—ABORIGINES, PORT HEDLAND HOSPITAL.

Mr. COVERLEY asked the Chief Secretary: 1, What was the cost of upkeep of the Port Hedland aborigines' hospital for the nine months ended August, 1930? 2, What was the cost from 1st September, 1930, to 31st May, 1931?

The CHIEF SECRETARY replied: 1, £870 13s. 2, £822 1s. 3d.

QUESTION—VERMIN DESTRUCTION, COST.

Mr. PATRICK asked the Minister for Agriculture: What is the actual cost to the Agricultural Department of freight and handling charges on, and the destruction of, dingo and fox scalps and eagle heads and claws?

The MINISTER FOR LANDS (for the Minister for Agriculture) replied: Cost to the department of handling and destroying scalps, etc., £244 per annum. Freight is charged direct to the vermin fund.

QUESTION—REFERENDUM, COST.

Mr. MARSHALL asked the Premier: What would be the approximate cost of submitting a referendum to the people of Western Australia?

The PREMIER replied: Approximately £5,000.

BILL—FINANCIAL EMERGENCY.

Introduced by the Attorney General and read a first time.

PREMIERS' FINANCIAL PLAN.

Hon. A. McCALLUM: On a point of order. Will the Premier tell the House what opportunity is to be given for a general discussion on the whole scheme set up by the recent Premiers' Conference? Presently he will be moving the second reading of the Debts Conversion Agreement Bill, and I take it that in the ensuing debate we shall be confined to a discussion of that Bill. Also we are given to understand that, this being an indivisible scheme, it must stand or fall as a whole. In the Commonwealth Parliament, we learn, the general discussion is now taking place on the Bill the second reading of which the Premier here is about to move. Is it proposed that a general discussion in this House of the whole position will be permitted on that Bill?

The PREMIER: A full discussion can be held on the Bill the second reading of which is the first Order of the Day for this afternoon. I propose to deal very fully with the financial position, and that will give members an opportunity to discuss the whole proposal from the Premiers' Conference.

BILL—DEBTS CONVERSION AGREEMENT.*Second Reading.*

THE PREMIER (Hon. Sir James Mitchell—Northam) [4.43] in moving the second reading said: One does not approach the task of dealing with the present financial position with any feeling of pleasure. I should like to say a word or two about the conferences recently held in Melbourne. I do not propose to discuss the various conferences held during the past 12 months or so. As members know, during the last 15 months there have been eight Premiers' Conferences and Loan Council meetings, seven of which I have attended. Many do not realise that when the Prime Minister sends out invitations to the State Premiers to attend a conference, it is the duty of the Premiers themselves to attend if possible. Just recently it has been necessary to attend a meeting of Premiers which lasted for three weeks. We found that the loan market was closed to Governments in London and Australia. Short-term borrowing was no longer possible even for moderate amounts, unless the Budgets could be brought within £15,000,000 of balancing. If that could be done, Mr. Theodore thought it would be possible to arrange to finance for the time being. The deficit for the year ended the 30th June, 1931, will be about £31,150,000. The estimated deficit for 1931-32 is £41,080,000. It was also found that £26,430,000 must be met by reduced expenditure and by some increased taxation. Originally, the budgeting was for a balance within the £15,000,000 I have mentioned. The conference met on the 25th May. It had before it the report of the sub-committee of the Loan Council, consisting of Messrs. Jones, representing Victoria; Hill, the Premier of South Australia, and myself. There was also a report from the economists and the Under-Treasurers. These documents are in the hands of members. The discussions went on until the 9th June, when a resolution moved by Mr. Scullin was agreed to. By this time there were at the conference Mr. Lyons, the Federal Leader of the Opposition, Mr. Latham and Senator Sir George Pearce, all of whom were there by invitation. Mr. Scullin's motion was as follows:—

The Conference, including the Leaders of the Opposition in the Federal Parliament, having most carefully considered the finan-

cial position of the Commonwealth and the States, and recognising the national inability to meet existing Government charges, is unanimously of the opinion that to prevent national default in the immediate future and a general failure to meet Government payments, all expenditure, including interest on Government securities and other interest, and that upon governmental salaries and wages, pensions, and other social services, must be substantially reduced. These measures, drastic as they may appear, are the first essentials to the restoration of prosperity and the re-employment of our workless people. The necessary sacrifice is due to national inability to pay, and it must, therefore, be shared by all. The Conference has accordingly provided a conversion plan under which bond-holders may make their contribution to the general sacrifice by themselves accepting the lower rate of interest which the existing position makes unavoidable. The Conference therefore appeals to all sections of the people to recognise the position, and in the interests of the nation to accept the sacrifices which are involved. A National Appeal Executive, consisting of the Prime Minister, the Leader of the Opposition, and the Chairman of the Commonwealth Bank Board, is appointed by this Conference to direct the conversion campaign.

That resolution was carried on the 9th June, after a discussion lasting from the 25th May to that date. On the 10th June a plan was adopted. I propose to read the report of the conference as well as the details of the plan. The report of the conference is as follows:—

The Governments of Australia have met in Conference to consider what measures are possible to restore solvency and avoid default. The national income was £650,000,000 in 1927-28. It fell to £564,000,000 in 1929-30, and a further fall to £450,000,000 in 1931-32 is estimated. This has reacted on Government finance. The total deficit of the seven Australian Governments will be £31,000,000 for the present financial year. The Governments are now going behind at the rate of £40,000,000 a year, in spite of reduction of expenditure amounting to £11,000,000 per annum since 1929-30. The deficits have been met hitherto by bank overdraft. The Commonwealth Bank has notified the Governments that the limit to that process has been reached. Early in July, Governments will have insufficient means to meet their obligations. Unless the drift be stopped, Public Service salaries and wages, pensions, and interest could not be paid in full. Public default would be followed by a partial breakdown in public utilities such as railways, and in private industry and trade. Revenue would come toppling down, and even half-payments might become impossible. With this prospect, everything that can be got from Government economy, from taxation, and from reduction of interest, must be called on to bring the debit balance within

manageable limits that can safely and practically be covered for a time by borrowing.

The plan, which was adopted, is as follows:—

The Conference has, therefore, adopted a plan which combines all possible remedies in such a way that the burden falls as equally as possible on every one, and no considerable section of the people is left in a privileged position. This sharing of the burden is necessary to make the load more tolerable; it is still more necessary, because only on this condition will it be possible to get the combined effort required. The plan has been adopted by the Conference as a whole, each part of which is accepted on the understanding that all the other parts are equally and simultaneously put into operation. It embraces the following measures:—

- (a) A reduction of 20 per cent. in all adjustable Government expenditure, as compared with the year ended 30th June, 1930, including all emoluments, wages, salaries, and pensions paid by the Governments, whether fixed by statute or otherwise, such reduction to be equitably effected;
- (b) Conversion of the internal debts of the Governments on the basis of a 22½ per cent. reduction of interest;
- (c) The securing of additional revenue by taxation, both Commonwealth and State;
- (d) A reduction of bank and Savings Bank rates of interest on deposits and advances;
- (e) Relief in respect of private mortgages.

These proposals require the greatest effort in economy and taxation which the Conference considers it safe to attempt. The effect will be still to have a gap of from £13,000,000 to £15,000,000 to be covered for a time by borrowing. Legislation will be necessary to give effect to the plan. The Bill I am now submitting authorises the conversion of our Australian indebtedness, and the issue of Federal bonds in substitution for State bonds where such exist. Since 1927 all bonds issued have been Federal bonds. Members will see that the Bill is really the schedule setting out the agreement that must be signed by all Governments. The conditions applying to conversion are set out in the schedule. The agreement is made under Section 105A of the Constitution. Existing securities, £456,000,000, bearing interest at 5¼ per cent., are to be converted into 4 per cents. at a premium. Existing securities, £45,000,000 at 5 per cent., are to be con-

verted to $3\frac{3}{8}$ per cent. at par. Existing securities, £61,000,000 at less than 5 per cent., are to be converted to 3 per cent. at a premium, or with 4 per cent. at a discount. Interest on new securities are to be free of the present Federal super tax of $7\frac{1}{2}$ per cent., and free of any further taxation by the State or Commonwealth. Holders of tax-free securities are to be invited to convert into new securities subject to a general reduction of $22\frac{1}{2}$ per cent. New securities are to be tax-free only until the existing maturity date; otherwise the conditions will be the same as apply to ordinary loans. Treasury bills, which are short-term securities and have been issued to meet the deficits of all Governments, will be subject to a reduction of interest to 4 per cent. These are held largely by the banks and the Commonwealth Bank. They will be subject to actuarial adjustment. If a loan is at $5\frac{1}{4}$ per cent. and is to be converted into a 4 per cent. loan, something will have to be added to the amount owing on the bond. It is desirable we should have all securities bearing interest at not more than 4 per cent. That is why that is done. In any other case the existing 5 per cent. stock can be converted into other stock, and if they be converted into 4 per cent. stock it will be at a discount. There is no denying the fact that a reduction in the rate of interest will mean considerable sacrifice especially on the part of thousands of small bondholders. I understand that 200,000 people hold our securities, and a vast number of these are comparatively poor.

Hon. J. C. Willecock: To what amount?

The PREMIER: Probably to one-half of the amount.

Hon. J. C. Willecock: I do not think so, but it would be interesting to find out.

The PREMIER: It is impossible to find out. About £291,000,000 of the loan is held by big companies, banks, insurance companies, and so forth, and these can be traced. Many of the bonds are bearer bonds and can be transferred without registration. Some people have, on the other hand, invested as much as £300,000 in these bonds.

Hon. J. C. Willecock: Mr. Lang read out a list of people who had lent money to Governments.

The PREMIER: The people of New South Wales have lent money to their Government.

Mr. Sleeman: Were they poor people?

The PREMIER: The hon. member has such a warped mind that he cannot understand there may be poor people who have invested their life savings, perhaps a few thousands, in this direction, and are living entirely on the interest.

Mr. Sleeman: Never mind the wage earner, of course! Leave the poor fellows alone. You talk about a warped mind! I can give you all the warp you want.

The PREMIER: The hon. member will see in words I use something in favour of the people who have invested £300,000 in these loans.

Mr. Sleeman: There is no doubt you did that to the best of your ability, but you did not defend the wage earner too much.

The PREMIER: I do not know why I cannot be permitted to continue without interruption. There are tens of thousands who have small sums invested in Government securities. There are people who have put large sums into Government securities. They were invited to do so, and we rejoiced when the loans were subscribed. Those people accepted the Government offer.

Hon. M. F. Troy: It is a very good thing for the country that there were people who could subscribe those amounts.

The PREMIER: All these bondholders are not rich people. The investments of banks and other institutions are investments on behalf of their clients. The great bulk of the money can be said to come from people of small means. I regret that there is going to be suffering. I regret that so many people employed in Government service must suffer reductions involving hardship or inconvenience. We all hope that prosperity will come again, and that salaries and wages will be restored. I have to impress upon the public that there must be similar reductions in all Government grants, such as the grant to the University. I ought now to tell the House just what has happened in regard to borrowing during the last four years, since the Financial Agreement was signed. The following table shows how borrowing for legitimate loan expenditure eased, or was

considerably reduced, and also how with that reduction deficits increased:—

RELATION OF LOAN EXPENDITURE TO DEFICITS.

	Loan Expenditure.	Deficit.	Total.
	£	£	£
1927-28 ...	43,723,000	3,850,000	47,573,000
1928-29 ...	40,007,600	3,505,000	43,002,000
1929-30 ...	27,805,000	11,126,000	38,931,000
1930-31 (Estimate) ...	15,000,000	31,150,000	46,150,000
	126,535,000	49,721,000	
		49,721,000	
Total, Commonwealth and State Deficits included ...			£176,256,000

That sum of £176,256,000 has been added to the national indebtedness, notwithstanding that all of it has not been spent in the way that loan money is usually spent. A great deal of it has gone to meet deficits. The relationship of the loan expenditure to deficits is made very clear by these figures. It will be seen that where the loan expenditure was reduced, the deficit went up. In each year we have been borrowing practically the same amount of money, with this difference, naturally, that we got a great deal for the expenditure of loan money borrowed for loan works whereas we shall get very little in permanent assets for the deficits. The national income actually decreased over that period by £165,000,000. The loan indebtedness increased by £176,256,000. The national debt charges over the same four years increased by £14,710,000. I mention these figures because it will be seen how impossible it is to meet increased charges out of the greatly reduced national income. It is from this national income that all interest and other charges are eventually paid, because from it must come all taxation and other contributions to revenue. The position now is that expenditure by Governments on revenue account next year must be reduced by nearly £26,430,000, leaving then an amount of approximately £14,650,000 as the gap between revenue and expenditure, largely due to the cost of exchange, which is estimated at £8,900,000. The £14,650,000 will represent the total Australian deficits. To achieve a Budget position as set out by the conference, it was agreed that a 20 per cent. reduction must be made in all adjustable Gov-

ernment expenditure, Federal and State, taking the expenditure for the year ended 30th June, 1930, as a basis. That year is taken because some reductions had already been made, and considerable savings have been made since then. Salaries and wages have been reduced—salaries by salary tax, and wages by the Arbitration Courts. Reductions already made are to become part of the scheme. Throughout Australia revenues are falling, because trade has fallen so greatly. An alternative to the plan is provided. I think all people employed by Governments ought to realise what that alternative means. Mr. Scullin emphasised this. It is that only the amounts collected by each Government from week to week could be paid out, and this would mean a reduction of nearly 40 per cent. on wages, salaries, and adjustable expenditure. The case is one of choosing between two evils, the greater evil by far being the alternative. Interest on all Governments' indebtedness for the year 1930-31 amounts to £60,210,000, and sinking fund to £4,810,000, a total of £65,020,000, this being the debt charge that Australia has to face. I think one hon. member asked what was the amount of the loan indebtedness in Australia. It is £560,000,000. The average rate of interest on it is 5.19 per cent., equal to about 5s. 4s. per cent. The loan indebtedness in London is £611,704,000. The average rate of interest on that indebtedness is 4.78 per cent., as against 5.19 per cent. here. The conversion of the debt in Australia on the basis proposed will reduce interest payments by 22½ per cent., representing £6,500,000. The interest paid on Australian loans totals £28,227,000.

Let me turn for a moment to the finances of the State. I want hon. members to realise how little hope there is for economy except by such drastic means as are now proposed. We separate our expenditure into three heads. For 1930-31 estimated interest and sinking fund amount to £3,616,542; Governmental, etc., to £3,212,623; and public utilities to £3,344,755. Interest and sinking fund, of course, represent a fixed charge. Governmental expenditure, including exchange and unemployment relief, is not a large amount from which to make economies. Great economies have already been effected in connection with public utilities, and of course through sheer necessity, because there has been no money with which to meet

shortages between revenue collected and outgoings.

Hon. J. C. Willecock: Is that exclusive of interest payments on State trading concerns?

The PREMIER: Yes.

Hon. J. C. Willecock: It includes interest?

The PREMIER: Yes. I will give the position as to that in a moment. Our estimated revenue comes from taxation, Federal grants, and other collections including license fees, and amounts to £2,747,396. That is the clear revenue from which all shortages, all wages, and all salaries must come unless we have a deficit. Again, it is not a very big sum. Public utilities and trading concerns produce £4,733,272. I should mention that the interest in the first place was not added, that the £3,344,755 represents working expenditure. Collections on account of other invested money amount to £1,045,181. I ask the House to listen to this statement of all earnings towards payment of interest and sinking fund on the £71,000,000 which we have invested in public works. Interest and sinking fund total £3,616,542. The amount earned towards the payment of that interest is £2,433,698. The earnings on the invested money do not cover the interest by £1,182,844. Of course it will readily be understood that in difficult times such as we are passing through it would be impossible for the railways to earn as much as in good times. Naturally that will be the position. Importations into this State will be down by about £6,000,000 for this year, and, of course, all the goods covered represent largely those for which the higher freight rates are charged by the railways. If one-third of our usual imports are not coming in, naturally that must considerably affect railway revenue. In fact, the fall is reflected in almost every Government utility. The railways were provided to convey goods and traffic supplied by the trading public and by the producers of the State. If trade is not done by the traders and the producers are not making the commodities available, the railways cannot be made to pay. It is asserted time and again that we must make our public utilities pay, and make the £71,000,000 invested return interest. The railways were designed and were intended to operate so that revenue would meet ex-

penditure, but that applies in ordinary times.

Hon. J. C. Willecock: Were they so designed? Does any Government adopt that policy?

The PREMIER: Not in fact, but ostensibly they were designed for that purpose.

Hon. J. C. Willecock: It has never been the policy of any State Government.

The PREMIER: I know. If a railway is constructed to a mine at, say, Wiluna, or through an agricultural district, the line is not likely to pay until the mine is operating profitably, or the land in the agricultural area served by the railway has been improved and cultivated, and has reached the stage of production. It will readily be understood that in times when little traffic is available, the railways cannot be expected to pay as they would if times were more prosperous.

Hon. A. McCallum: Railways were designed more as instruments of development.

The PREMIER: Of course they were! But allowing for that, the railways must lose according to the extent that freight ceases to be available, and people are not travelling. That must be the position when affairs are stagnant.

Hon. A. McCallum: The railways could not be regarded from the strictly business standpoint.

The PREMIER: It could not be done. I want the House to understand that the Government are expected to make the £71,000,000 invested return interest and meet ordinary expenditure charges. Would anyone in this community who has invested £1,000,000 in trade, expect to make his investment pay in these difficult times? Of course he would not! The State's position in regard to loan expenditure may now be stated, again taking a four-year period—

	Loan Expenditure.	Deficit.	Total.
1927-28 ...	£ 4,680,260	26,400	4,706,726
1928-29 ...	4,372,200	275,908	4,648,237
1929-30 ...	3,693,052	518,004	4,211,056
1930-31 ...	2,000,000	1,506,000	3,500,000
	£14,745,581	£2,320,498	£17,066,019

That means to say that the State's total borrowings, including the deficit, amounted to £17,066,019 over the four-year period. Again the relationship of the loan expendi-

ture to the financial position is made clear by those figures. In our case, the national income has decreased, it is estimated, by £7,000,000. That is a considerable amount when it is remembered that the total national income is usually over £30,000,000. Our debts in Western Australia, which represent a heavy burden, to be converted, excluding the floating debt, amount to £26,739,232. The average rate of interest paid in Australia on our loans is £5 8s. 6d. per cent.

Hon. J. C. Willcock: That applies to the State loans.

The PREMIER: Yes. Hon. members will notice that the rate is higher than the average rate paid in Australia. The London loan debt, exclusive of the floating debt, represents £45,860,375, and the interest rate on the average is £4 2s. That is much lower than the average rate paid by Australia in London. Even if the exchange of £30 per cent. is added, the interest is still lower than the interest on Australian money at £5 8s. 6d. per cent. Of course, the exchange rate increases the cost of money considerably. However, the interest charges represent £3,395,368 while the sinking fund charges amount to £221,174, making a total of £3,616,542. The reduction in interest will benefit Western Australia, it is estimated, by £350,000. This does not mean that the Treasury will benefit to that extent, as probably one-half of the saving will be passed on in reduction of interest charges to the Agricultural Bank and other institutions supported by loan funds. It is impossible to say what that amount will be, because so much of our money has been borrowed in London.

Hon. J. C. Willcock: At any rate we are not getting much back, so that it will not make much difference. It will not ease the position to the man who does not pay, and that is practically the position.

Hon. A. McCallum: And it will all be piling up against him.

The PREMIER: That is so. It will be admitted, however, that even £350,000 is a considerable saving, and if the effect of that is that £100,000 is passed on to the Agricultural Bank, it will be much to the advantage of the clients of the bank. Not all of them are defaulting, although many men cannot possibly pay in these bad times.

Hon. S. W. Munsie: It is a question of bad prices; that is all.

The PREMIER: I have already pointed out that the rate of interest paid in London is so much more favourable than on money borrowed in Australia, and it will be noticed that this State's London indebtedness represents nearly two-thirds of our total debt. With exchange at £30 5s. per cent., it is costing the State £600,000 per annum to remit interest to London.

Hon. J. C. Willcock: Can you tell us the average time of maturity for the State loans?

The PREMIER: We have £1,000,000 falling due next year, but that is covered by the sinking fund held by the Imperial Government. Our loans are spread over a considerable period, certainly down to 1965. Hon. members will find particulars regarding maturity dates in the returns that are made public. I have now supplied information as to the finances of Australia and of our own State so far as I think they need be explained for present purposes. I should now like to make a few general remarks about the position. The "release of credit" is lightly talked of, very lightly indeed. We were led to believe that we would have unlimited credit made available to the people, and that the banks were holding up credits. As a matter of fact the banks have said, "We must have money deposited with us because we are lending the money out." If hon. members turn to the banking figures, they will find that £285,000,000 was deposited with the banks, and that they have loaned out £285,000,000. The banks have done particularly well in Western Australia during the last six years, excluding the present year. They have increased their loans by nearly £10,000,000. I am convinced that what was meant by "release of credit" was really inflation. That scheme, however, has been abandoned. Even if it had been adhered to, it would not have saved the situation. The circulation of £20,000,000 more in notes would not have lasted long, as hon. members can see if they look at the loan expenditure for the past four years. Many countries throughout the world have tried inflation, but always with disastrous results.

Hon. S. W. Munsie: It has not been too disastrous in France.

The PREMIER: It has been to the people who lent money to France, and also to the Treasury.

Hon. S. W. Munsie: It was not disastrous to the French people.

The PREMIER: I would like to know what the opinion of the hon. member would have been, had he bought 22 francs for £1 and found that a little while later he could have bought 250 francs with his sovereign. I do not think he would have shaken hands with himself; he would have wished he had waited. I am sure that credit grows only on the backs of all men doing real work. By that I mean that when enterprise is buoyant, people are employed doing real work, and all men are at work instead of as at present when many thousands are out of employment. When all this is happening credit grows. Trade increases and money is in circulation. By those means the banks are able to increase their figures quite naturally on both sides of the ledger.

Hon. S. W. Munsie: And now we are to try to rectify the position by reducing the spending powers of the people still further.

The PREMIER: That has already been reduced for us.

Hon. S. W. Munsie: But here is implied a still further reduction.

The PREMIER: No such thing.

Hon. S. W. Munsie: Nonsense!

The PREMIER: I am obliged to the hon. member; I am sure he is a good judge of nonsense.

Hon. S. W. Munsie: I am, when you are talking; it is usually pretty good nonsense.

The PREMIER: I admire the hon. member's modesty.

Hon. S. W. Munsie: Then don't be impudent yourself. You should not start it.

The PREMIER: I got it from the hon. member.

Mr. Marshall: Well, keep it now you have got it.

The PREMIER: If money could grow at the bidding of politicians, we would have no difficulty in releasing credit. Governments have been sparring for years to keep the ship of State afloat, but have made no progress, as I have shown. Once the people are back at work, we shall be able to keep the ship afloat and make real progress. I again say that we must borrow in London if men now out of work are to be employed. I do not say that we must borrow large sums. I have shown that as our borrowings for loan works have fallen, so our revenue expenditure has increased, and the sum necessary to cover our deficits by borrowings has increased. I do not know

that we need borrow such large sums of money as in the past.

Hon. J. C. Willcock: You could not get it if you wanted to.

The PREMIER: It may be a decreasing amount annually. I venture to say that Australia will be a borrowing country for the next hundred years, and many countries in existence hundreds of years before Australia was named, are still borrowing.

Hon. J. C. Willcock: America got out of her troubles in less than 100 years, passing from the position of a debtor to a creditor nation.

The PREMIER: I did not refer to America. If American Governments were not borrowing from England just before the war, American people were. British money was being sent to America for investment. I believe that when confidence is restored, money will be available in London to help our primary producers and men who are out of work. When money is available, trade will become active, and values of land and property and other things will be restored. If this can be brought about, as we all hope it will, thousands of people throughout Australia will be saved from utter ruin.

Hon. J. C. Willcock: So long as wages go up accordingly, it will be all right for everyone.

The PREMIER: I hope wages will go up, but they will not go up unless they are earned. While produce prices are at their present level and while we have to depend upon our produce to meet wages, they are not likely to go up. Everyone knows that we have to sell the product of labour in order to pay wages. I hope the prevailing misery, which we all regret, will vanish with the carrying out of the plan, and that we shall get back to borrowing, at any rate, a moderate amount of money in London. In the "West Australian" of the 20th June was reported a statement made by Mr. McKenna, as follows:—

In its general survey of the facts the Midland Bank (whose views on such subjects are usually those of its chairman, Mr. Reginald McKenna, a former Chancellor of the Exchequer), points out that there is no reason to doubt that when Australia determines to restore itself to the category of the credit-worthy, it will be readily supplied, on acceptable terms, with a substantial proportion of what London has to spare for overseas investments.

In a bad year this amounted to £44,000,000. If we could to-day borrow £2,000,000 in London, it would save the State £600,000 in exchange and £500,000 in the cost of unemployment relief, a total of £1,100,000 for the year. That would lead almost to balancing our budget. Unless we do borrow in London, we must continue to pay the exchange rate. I hope the exchange will last because it is favourable to the exporters of this State.

Hon. S. W. Munsie: Provided they get it.

The PREMIER: I am afraid they do not get it all.

Hon. S. W. Munsie: Unfortunately, no.

The PREMIER: We export largely to the Old Country, and in the past year we have imported little from the Old Country. We shall require money to meet our interest and to cover all our purchases, and we should sell to the other States exchange that will bring in about £2,000,000. We buy largely from the Eastern States, but we are buying very little from England at present. Consequently exchange is of first-rate importance to us. I do not think the producers get all the benefit of the exchange. Members will recollect that I published a statement made by the Agent-General, Mr. Angwin, a couple of months ago, in which he pointed out that, with the rising of the exchange, the price of wheat in London had fallen. Exchange does not affect the price of wheat. We sell our wheat at the market price and then sell the money and get the exchange. The one has no relation to the other. The British people do not pay the exchange: that is paid by the people of Australia to the people in Australia. Yet, as the exchange rate went up, the price of wheat fell, due to some unaccountable reason which the Agent-General has not been able to fathom. From the budgetary figures, I have quoted the growth of Australian indebtedness since June, 1927, and from that a great lesson must surely be learnt. Whilst money was raised to employ men not in fixed positions in the Government service, the contribution to revenue generally was almost sufficient to meet interest, wages and the salaries of those in fixed positions, and all other Governmental charges. As loan expenditure decreased, deficits increased, due to the payment of interest, wages and salaries. The time has arrived when the Governments of Australia can no longer borrow to pay wages, salaries and interest shortages. Of

that there is no doubt. If the plan be rejected, Government expenditure will be reduced by a much greater proportion than 20 per cent., and the rehabilitation will take many more years to accomplish. The Prime Minister and six Premiers are convinced that the plan that has been adopted is the only way.

Mr. Sleeman: How many Premiers?

The PREMIER: Six, three Nationalist and three belonging to the hon. member's party, apart from the Prime Minister.

Mr. Raphael: They are not of our party now. They are outside the fence.

The PREMIER: Has the hon. member left the party?

Mr. Raphael: No, but I hope they have.

The PREMIER: If they leave, they will be a loss to the party.

Mr. Raphael: A loss we can well afford.

The PREMIER: The Prime Minister is meeting with opposition, but his critics offer no alternative. He hates the job, just as I hate the job, but it must be faced. In years past, I have been able to propose measures to provide for the development of the country and to create employment. Now, however, I have to present this Bill which means aces on the down with a vengeance and someone has stolen the jackpot.

Mr. Raphael: We do not understand those terms.

The PREMIER: I do not play that game, but I have it on the advice of friends that the simile is appropriate.

Mr. Angelo: They would understand "two-up" terms better.

The PREMIER: Now I have to ask that interest on money already lent to the Government be reduced and that savings and cuts be made, which are necessary if we are to pay civil servants and others even at the reduced rate. If the plan be rejected, we shall be able to pay out only what we collect from week to week. We cannot get any further overdraft accommodation. After the London market closed to us, we were able to carry on till the end of 1930 by means of short-term indebtedness to the extent of £36,000,000. That form of borrowing closed to us and we turned to Australia. We have exhausted all the funds available in Australia, so that method of finance is closed to Governments. Those who have lent money to Governments and those who work for Governments must realise that the obligations of Governments cannot be met in full if

this year there is a deficit of £30,000,000 and next year an anticipated deficit of £40,000,000. It does not require much thought on the part of bondholders to realise that they cannot get all their interest if that state of affairs continues. It must be understood by those who draw money from Governments that all their money will not be available if the plan is rejected. Throughout Australia revenue collections are not received in regular monthly sums. Taxation comes in slowly during the year; land rents are received twice a year; the railways earn most of their revenue in the second half of the year. If this plan be rejected and we have to depend upon the collections made week by week, as we assuredly shall have to do, it will be a question of cutting not merely 20 per cent. but a much bigger proportion. We have come to the end of our tether, and the situation must be met. Probably it should have been met a couple of years ago, for then the sacrifice required of the people would have been very much less. Now it can no longer be avoided, and so I have to submit this Bill to the House. I hate the job, as everybody must hate it, but the position must be faced. There is no possible chance of evading it. Talk as we will, we cannot by mere talking get the country back to prosperity. Let those who are in Government employment realise that if this plan be not accepted, they will receive less than under the plan. There is no question about that. Mr. Scullin, no less than the rest of us, was very loth to make the cuts. That action was deferred until the eleventh hour. Had the plan not been adopted at the last conference of Premiers, there is no doubt that on the 1st of July and probably before that date, we should not have been able to meet our obligations to the extent that we shall be able to meet them under the plan. It may be said that the Government have to pay the wages and have to meet the interest bill and all the other charges of government, but if the money is not there, it cannot be done. That is the point. What we must do is to face our responsibilities and get the State back to prosperity as soon as we can. When we signed the Financial Agreement, it was not intended to cover revenue transactions. It was intended to apply to borrowings for loan works. We thought we would be able to reduce borrowing to a simple method by doing it all through the Commonwealth Treasurer, and we hoped that the credit of

Australia would improve and that interest rates would be reduced. We expected to eliminate the competition for money in Australia. However, the agreement has not met the situation and in London it has made things very much worse. London has not lent us much money since the Financial Agreement was signed. When Government deficits became so formidable and Governments, even the Commonwealth Government, could not meet them, the Loan Council had to make arrangements as for ordinary loans. A deficit is only possible when loan moneys are available. Every State in Australia had considerable trust funds, but owing to the failure of borrowed money, every State used its trust funds to meet loan expenditure. Consequently every Government, including the Federal Government, is without resources with which to finance even temporary deficits. There will be other Bills introduced, necessary to carry out this plan. One is very simple, enabling trustees to convert stocks, and the other to make provision for reductions.

Hon. J. C. Willcock: A reduction of interest on mortgages?

The PREMIER: That is this one. This Bill provides for conversion.

Hon. J. C. Willcock: What about private mortgages?

The PREMIER: A Bill dealing with that matter will be submitted, but it is anticipated that that interest will largely right itself.

Hon. J. C. Willcock: I don't think so.

The PREMIER: The competition by Governments for money has been responsible for the banks putting up the rate of interest. Fancy banks paying $5\frac{1}{4}$ per cent. for money! Apparently now many people are placing their money on fixed deposits. We are hoping that bank interest will be reduced.

Mr. Raphael: What about interest paid by the banks?

The PREMIER: Money has to be borrowed by the banks just as it has to be borrowed by anyone else, and interest will be reduced when there is relief from Government competition for money loaned by the banks.

Hon. J. C. Willcock: You are not relying on that? You promised to introduce a Bill dealing with private mortgages.

The PREMIER: To make it possible for the mortgagor to apply for a reduction, which of course is the only way. It would

do a great deal of harm if we made it impossible for people to lend money to each other.

Hon. J. C. Willcock: The trouble is, you are giving the public very little option in regard to interest rates.

The PREMIER: I think everyone who owes money will pay less interest. We all know that the money lent to the Western Australian Government by London has been much cheaper than money lent to other Governments.

Hon. J. C. Willcock: The worker will be bearing the whole of the burden.

The PREMIER: I agree it is the man at the bottom of the ladder who is always hit the hardest, but at the same time there are many people to-day who have lost their all. Many people will be ruined before we get out of this financial trouble. Men in the Eastern States who were worth £70,000 or £80,000 have to-day lost everything. Men who had £10,000 a year income have nothing now. I do not think there is anything more I need say in connection with the plan, which is very simple. No one can be so foolish as to think that there is a single hon. member in this House, or in any other House in Australia, who desires to reduce the wages of those employed by Governments. We have known for 12 months that this thing had to be done; yet it has been put off till the eleventh hour, and now it is the least that can happen to us all. Much worse is possible other than the adoption of the plan I have submitted. I move—

That the Bill be now read a second time.

On motion by Hon. A. McCallum, debate adjourned.

BILL—CHARITABLE PURPOSES INCOME DEDUCTIONS.

Order discharged.

Order of the Day read for the resumption from the 27th May of the debate on the second reading.

MR. SAMPSON (Swan [5.53]: I move—

That the Order be discharged.

Question put and passed: Order discharged.

MOTION—BUNBURY HARBOUR BOARD.

To inquire by Select Committee.

Debate resumed from the 17th June on the following motion by Mr. Withers:—

That a select committee be appointed to thoroughly investigate the operations of the Bunbury Harbour Board, with a view to ascertaining—(1) the general condition of the wharf; (2) if certain statements in connection with abuses of Harbour Board property by employees are correct; (3) to make inquiries of a general character with a view to recommending economies to, and other action by, the Government. Such committee to have the powers of a Royal Commission for the purpose of taking evidence on oath.

THE PREMIER (Hon. Sir James Mitchell—Northam) [5.53]: My colleague, the Chief Secretary, has dealt generally with the motion, and therefore I shall confine the few remarks I have to make to the reference made by the member for Bunbury to the employment of returned soldiers by the board. I referred the hon. member's remarks to the board, and I received this reply—

With regard to returned soldiers, the board are very tolerant towards that aspect and desire to meet your Government's determination to carry out that policy. We have given consideration to the question of preference to returned soldiers, and have concluded that, had we carried out that policy entirely, without any other consideration, the efficiency of the board's staff would have been seriously impaired.

It is due to the board that this explanation should be made, because I understand from the hon. member himself that there are three returned soldiers on the board, including the chairman.

Mr. Withers: That is so.

The PREMIER: We can therefore rest assured that the board will be as much in favour of employing returned soldiers as the hon. member would be. I think we can leave that matter very safely in the hands of the board.

MR. WITHERS (Bunbury—in reply) [5.55]: Had this question been decided after the Chief Secretary replied to my remarks the other night, I would have been prepared even on that occasion to convince him that there was a necessity for inquiry by a select committee. I consider, as a member of this House, that I should be

given every opportunity to clear my character in view of the manner in which the Chief Secretary took me to task. When I suggested to the House that a select committee should be appointed to investigate the charges I made, I did not do so with any personal motives, and neither were my remarks animated by malice in any shape or form. I endeavoured to show, when I was asking for an inquiry, that I did not favour either one side of the House or the other in connection with the appointment of the select committee. All I had in view was the carrying out of an investigation with a view to having cleared up those matters to which I made reference, and that if there were any truth in them, those responsible should be brought to book. But the Chief Secretary accused me of bringing dirty linen into this House for the purpose of having it washed here. The Chief Secretary should not have taken me to task in the way that he did. He should have remembered that he himself, following the remunerative profession of a lawyer, knew more about the washing of dirty linen than I did because, like other lawyers, I suppose he has been in the habit of washing the dirty linen of clients in the courts of the State. I have the utmost respect for the hon. gentleman in his capacity as Chief Secretary, and I also respect him as a professional man, but I have not been able to understand why he attacked me in the way he did merely because I made certain statements in this House regarding happenings in the conduct of the operations of a public or semi-official body. All I sought was the appointment of a committee to clear up matters which I thought were important enough for investigation by a select committee of this House. The Chief Secretary said the disposal of obsolete material by the Bunbury Harbour Board was a most insignificant matter. Members should understand that in all governmental departments a certain proportion of material periodically becomes obsolete, which perhaps is still quite valuable outside the department. Is it right that a foreman or anybody, other than an administrative officer, should say how that property should be disposed of? If that were permitted, it might easily happen that the property would be given away for little or nothing, to the prejudice of the finances of the State. So I am justified in asking for an inquiry

into the methods adopted by the Bunbury Harbour Board. The Chief Secretary said the charging of a battery was of no importance. But I was not speaking of a single battery; I was speaking of a number of batteries.

The Premier: Several hundreds of them.

Mr. WITHERS: It may even have been several hundreds, Sir James. But there has been an abuse of public policy if, as is stated, private batteries have been charged at the expense of the Harbour Board. As I said in my opening remarks, the charging of batteries is a matter of competition between the various motor firms in Bunbury, each of whom buys current from the municipal council. Yet it is open to certain individuals in Bunbury to have their batteries charged at public cost. Are we to condone that offence? I am not making these charges on my own responsibility, but I have been told these things, and those who told me are prepared to swear to them on oath, to swear before the select committee that these things have happened. The position certainly should be cleared up. I do not hold the Bunbury Harbour Board responsible, but I say there are in the service of the board certain persons who have been responsible for these breaches. The evidence that will be given before the select committee will show whether or not my remarks are solidly based. Some time ago I wrote to the Chief Secretary with a view to the appointment of just such a committee as he now suggests. On that occasion the Chief Secretary said it was not within his jurisdiction to appoint the proposed committee of inquiry, because the Bunbury Harbour Board were all-powerful within their own domain. But the Bunbury Harbour Board also made an application to the Chief Secretary to appoint an independent tribunal of inquiry, and now the Chief Secretary says he will ask the Bunbury Harbour Board to accept the committee he has recommended to inquire into the position. It is a case of appealing from Caesar to Caesar. Had the Chief Secretary in his reply to my communication said he would appoint such a committee as he now suggests, there would have been no occasion for my motion for a select committee. It was because I had failed to get such a committee as the Chief Secretary now suggests that I thought it my duty as the re-

representative of Bunbury to ask the House to appoint a select committee. If the Chief Secretary will undertake that his proposed committee should be appointed, I will accept his offer; but I tell you, Sir, that if the committee be not appointed I will again come before the House with a request for a select committee to carry out a full investigation. I am quite prepared to accept the offer of the Chief Secretary, although he did take me to task and treated me in a dirty manner the other night. No member having the advantage of a legal training should take to task another member who has only a layman's training, when that member is trying to bring a matter of importance before the House. I take strong exception to the Chief Secretary's remarks the other evening. However, I will accept his offer for the appointment of an independent committee consisting of Mr. Huelin, Mr. Ward, and another independent person. I will withdraw my motion.

Motion, by leave, withdrawn.

The CHIEF SECRETARY: By leave of the House I wish to assure the hon. member that the committee has been appointed. The hon. member ought to be aware of that, because Mr. Huelin, as chairman of the committee, has sent him a letter on my behalf. The committee is an accomplished fact. It consists of Mr. Huelin, the Under Secretary of the Chief Secretary's Department, Mr. Ward of the Harbour and Lights Department, and Colonel Collett.

House adjourned at 6.15 p.m.

Legislative Council,

Tuesday, 30th June, 1931.

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

QUESTION—WORKERS' COMPENSATION.

Hon. E. H. H. HALL asked the Minister for Country Water Supplies: Of the £187,447 to the credit of the Workers' Compensation Act, 1912-25, what is the estimated cash liability to date for (a) current premiums; (b) afflicted persons under the Third Schedule to the Act?

The MINISTER FOR COUNTRY WATER SUPPLIES replied: (a) In addition to other reserves an amount of £6,712 is held in respect of unexpired premiums. It should be explained that the greater part of the premiums in respect of general accident business expire on 30th June; (b) The sum of £132,933 is available to meet claims under the Third Schedule. It is impossible to state what is termed the actual "Cash Liability." It is well known that liabilities are in existence in respect of which claims have not yet been submitted.

LEAVE OF ABSENCE.

On motion by Hon. C. H. Wittenoom, leave of absence for six consecutive sittings granted to Hon. H. Stewart (South-East) on the ground of urgent private business.

BILL—FARMERS' DEBTS ADJUSTMENT ACT AMENDMENT.

Report of Committee.

Report adopted.

Third Reading.

Read a third time, and returned to the Assembly with an amendment.

BILL—FIREARMS AND GUNS.

Recommittal.

On motion by the Minister for Country Water Supplies, Bill recommitted for the purpose of further considering Clauses 4, 12 and 18.

In Committee.

Hon. J. Nicholson in the Chair; the Minister for Country Water Supplies in charge of the Bill.