liament. There is no need for the insertion of the words "and no longer."

The HONORARY MINISTER: Do you rule, Mr. Chairman, that the clause is out of order?

The CHAIRMAN: It is against Standing Order 175. Is the measure intended to be temporary?

Hon. G. B. WOOD: I shall oppose the suggested amendment. I prefer to see the clause struck out so that the measure will be permanent.

Hon. W. J. Mann: I will not move my amendment.

Clause put and negatived.

Title—agreed to.

Bill reported with an amendment.

House adjourned at 9.52 p.m.

Legislative Assembly.

Tuesday, 25th November, 1941.

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

QUESTION—INDUSTRIAL.

Loss by Strikes and Unemployment.

Mr. NORTH asked the Minister representing the Chief Secretary: 1, In view of the fact that the time lost by strikes is often shown in terms of financial loss of wages, will he, with a view to clarifying much of the current controversy as to what is possible or not possible regarding credit expansion, cause to be published with unemployment tables, the loss to the community caused by unemployment in terms of the current wages lost by the men concerned? 2, If not, will he give his reasons why such valuable data should be withheld from those who are striving to assist in this problem?

The MINISTER FOR THE NORTH-WEST replied: 1, No State has, as yet, devised a complete and continuous means of recording and dissecting unemployment. For Australia the only unemployment figures available which are comparable for the various States are those showing the percentages of unemployment amongst members of certain trade unions, which furnish quarterly returns to the Commonwealth Statistician. These figures, however, are only a "sample" and should not be taken as a measure of the relative degree of unemployment amongst the "population available for employment." For this State, the only figures of unemployment available in addition to the quarterly trade union percentages are the Labour Exchange and Department of Employment registrations. What incomes these unemployed persons would earn if working is purely a matter for conjecture. In view of the importance of securing adequate records of employment and unemployment, the Commonwealth and State Statisticians are endeavouring to widen the field of their collections, and they are now increasingly collaborating for that purpose. 2, Answered by 1.

QUESTION—ROAD CONSTRUCTION.

As to Supply of Bitumen, etc.

Mr. SAMPSON asked the Minister for Works: 1, In view of the difficulty which has existed for many months past because of the impossibility of securing sufficient bitumen or equivalent substances for road surfacing purposes, is he able to advise that the position has improved and that supplies are now, or are likely to be, available in the near future? 2, If such is not likely to be available at an early date, is he able to advise the use of any near quality substitute which would mean protection of surface to those roadways not yet completed?

The MINISTER FOR WORKS replied: 1, No. 2, No.

QUESTION—EDUCATION.

Nutrition Investigation Report.

Mr. WILLMOTT asked the Minister for Health: When does the Government intend to make public the report embodying the results of the investigation into the nutrition of school children?

The MINISTER FOR HEALTH replied: The draft of this report will be in the hands of the Government Printer this week, and I hope to be able to lay the printed copy on the Table of the House in about a fortnight's time.

QUESTION—LICENSING ACT.

Provisional Certificates.

Mr. SEWARD (without notice) asked the Minister for Justice: 1, Are there in existence any provisional certificates, issued under Sections 61 and 62 of the Licensing Act, the conditions of which are unfulfilled? 2, If so, how many? 3, On what date were they applied for and on what dates were the applications granted?

The MINISTER FOR JUSTICE replied: 1, Yes. 2, One. 3, It was applied for on the 14th February, 1941, and was granted on the 28th April, 1941.

BILL—LICENSING (PROVISIONAL CERTIFICATE).

Second Reading.

Debate resumed from the 20th November.

MR. SEWARD (Pingelly) [4.38]: As the Minister stated, this is a small Bill but I am afraid that, if it is passed in its existing state, it might do a great deal of harm. The Bill describes what is to be the prescribed period, that is, from the passing of the measure until the end of the present war. Section 62 of the Licensing Act states—

> (1) On the application of the holder of a provisional certificate, or any other fit and proper person, at any quarterly sitting of the Licensing Court made within the time specified within such certificate, and on proof of the performance of such conditions, if any, as are imposed by the certificate, the applicant shall be entitled to the license.

It is laid down that under these provisional certificates, the work to be carried out has to be done in 12 months. The Minister stated that, as a result of certain regulations made under the National Security Act, it is quite possible that a person, after obtaining a provisional certificate, may not be able to spend the amount of money necessary for the erection of the hotel. On reading the Minister's speech, I find that, unfortunately, certain of his remarks are not exactly in keeping with the existing National Security Regulations. For instance, it is not possible under those regulations to erect a hotel at present, no matter what the cost may be, without the consent of the Federal Treasurer.

The Premier: Not if it costs only a couple of thousand pounds.

Mr. SEWARD: No matter what the cost may be, it cannot be erected at all. There are three sets of regulations bearing on the question. Regulation 250 of 1940 issued on the 18th November, 1940, limited the amount to £5,000. If the cost exceeded that sum, the consent of the Federal Treasurer had to be obtained. Regulation 37 of 1941, issued on the 19th February, 1941, reduced the expenditure from £5,000 to £1,000. A further regulation, No. 131 of 1941, which was issued on the 11th June, 1941, repeals both those regulations. It contains two provisions. One relates to a building permit granted before the 5th December, 1940 for the erection or alteration of a building the cost of which exceeded £5,000. If the erection or the alterations were not substantially commenced within four months of that date, the permit became inoperative. The other provision deals with cases where the permit was granted before the 23rd April, 1941, and the estimated cost exceeded £3,000, but not £5,000, and the work or a substantial part was not commenced within four months. In that case again the permit became inoperative. Since that date any application for the erection of a hotel, irrespective of what the cost may be, must be approved by the Federal Treasurer. A limit is fixed on the alterations which may be made to a hotel, the amount being £500, but that does not include the erection of a hotel.

Those are the latest Commonwealth regulations. Consequently, in those circumstances it would be dangerous to provide that the holder of a provisional certificate for the erection of a hotel may hold it until 12 months after the termination of the war. We have not the faintest idea when the war will end; it may end next year, or ten years hence. In such circumstances, a person could

obtain a provisional certificate and hawk it around the country during the period proposed to be allowed by this legislation. As I said, the period is too indefinite. Apart from that, I cannot see any reason at all why a person should be granted a provisional certificate if he cannot obtain authority to build the hotel, because in that event the provisional certificate would be of no use. The Minister has informed me, in reply to a question I asked him today, that only one provisional certificate is in existence, it having been granted, he said, in April last. I have not the least idea who obtained that certificate, but the person who did obtain it may possibly have incurred some expense with respect to it.

The Minister for Justice: The cost of the petition, etc., was about £2,500.

Mr. SEWARD: If that is so, he should obtain some protection, but I hardly think he spent as much as that on getting up the petition.

The Minister for Justice: He also purchased a block of land and obtained the provisional certificate. In fact, he incurred further expenditure by way of out-of-pocket expenses.

Mr. SEWARD: Then he has incurred expenditure up to the sum of £2,500; and in that case I agree with the Minister that he should be protected. It is unfair that a person should lose as much money as that because he cannot fulfil conditions on account of regulations passed by the Federal Government. Provision could be made, however, to extend this provisional certificate for an unlimited period, as is proposed by the Bill. I have not had time to read right through the Licensing Act, but I hope the Licensing Court has power to do that. The Minister, however, shakes his head. If the holder of a provisional certificate can show that the non-fulfilment of its terms is due to no fault of his own, but to legislation passed by the Commonwealth Government, then he is entitled to protection in respect of any money he has expended in obtaining the certificate.

The Minister drew attention to the fact that an alteration of the Licensing Act similar to this was made in 1931, owing to the fact that money could not be provided. I remind him that that was for an exceedingly limited period, 12 months, from December, 1931, to December, 1932. This Bill proposes an unlimited period and I think it would be unwise for the House to pass it. As I said, the holder of a provisional certificate could hold it and hawk it around the country until such time as the war was over.

The Premier: Not many of these provisional certificates are issued.

Hon. C. G. Latham: But they are worth something.

The Premier: Yes.

Mr. SEWARD: We must also remember that at present our population is shifting a great deal. Many people are drifting to the metropolitan area. There may be a genuine increase of population in certain districts and a reasonable and just case might be made out for the granting of a license. The Licensing Court in such circumstances may grant a provisional certificate. But the court could not determine how long that population would remain in the district. If the court thought it was a reasonable proposition, it could grant the provisional certificate and the person to whom it was granted could simply hold it. If the population remained and the holder of the provisional certificate considered it would be profitable to erect the hotel in due course, he could do so. Meanwhile, possibly owners of other existing hotels might be put to considerable expense in improving their properties, provided they could obtain authority to do so. I am afraid the Bill is too loose as it stands, and I am therefore not inclined to support the second reading.

HON. C. G. LATHAM (York) [4.46]: I oppose the second reading. I have no objection to the Minister's bringing down a Bill to protect the person holding the existing provisional certificate. True, we have had before the House in recent years a similar Bill, but it was introduced for the very good reason that it was impossible to complete the hotel within the limit of 12 months fixed. That Bill, however, mentioned the name of the person and protected that one provisional certificate. That is what we ought to do on this occasion. What will happen if the Bill passes in its present form is that people will obtain provisional certificates and hawk them around the country.

The Premier: But they are very hard to get.

Hon. C. G. LATHAM: I admit it is not easy to get them now. A little time back a number of provisional certificates was granted, far more than there was any justification for in many respects. I do not

favour the unspecified period provided in this Bill. The Minister would be well advised to withdraw it and bring down a measure similar to the one I have mentioned. I do not recollect the year.

Mr. Seward: It was 1931.

Hon. C. G. LATHAM: Or 1932. I remember the occasion very well. If I recollect aright, a number of the members on the Government side opposed the first Bill, which was unceremoniously thrown out. The Minister for Mines and, I believe, the member for Fremantle opposed it. I have no objection to the holder of the present provisional certificate securing protection, but I do not feel disposed to support this measure. As I said, my advice to the Minister is that he should withdraw it and bring down a Bill to protect the one provisional certificate in existence.

The Minister for Justice: Could not we amend this Bill in Committee?

Hon. C. G. LATHAM: It would not be easy to do that.

Hon. N. Keenan: Strike out paragraph (b).

Hon. C. G. LATHAM: I am not a lawyer nor a Parliamentary draftsman. If the Minister will do that, I will not oppose the Bill; but otherwise I must oppose it.

MR. McDONALD (West Perth) [4.49]: I understood from the Minister when he introduced the Bill that there was only one provisional certificate at present which would be protected by the terms of this measure. If there is more than one I should like him to let me know.

The Minister for Justice: There is only one.

Mr. McDONALD: I accept the Minister's assurance, of course. It is proper that the applicant should be protected from the loss occasioned by emergency regulations brought about by the war, but I think we should not extend that protection in the case of any provisional certificate granted after this legislation comes into force. From now on, anyone who applies for a provisional certificate will do so with a full knowledge of the prevailing conditions, and that there is no assurance that he will have a permit to erect a hotel. If he wants to be on the safe side he will, and I believe can, submit his case to the Federal Treasurer before applying for a provisional license. If he cannot get consent from the Federal Treasurer in advance, his obvious course is not to apply. I feel we should not say to people, "You can from now on get a provisional license from the licensing court and hold it almost indefinitely for a period expiring 12 months after the war is ended," and thus give them an opportunity in one sense of sitting on the license or treating that valuable franchise as something that can be sold.

There are many thousands of men out of the State at present who are deprived of the opportunity to apply for this valuable franchise. I do not propose we should abrogate the existing law in this respect but, if any man applies hereafter for a provisional certificate, he takes the risk whether he can put up his hotel within the specified period of 12 months. We should not give future applicants a special privilege so that they can in advance of the men who are away at the war get a provisional certificate and be able to hold it until 12 months after the war finishes. I suggest to the Minister that the Bill could easily be amended and confined to the provisional certificate that has already been granted. That could be done by excising paragraph (b) of Clause 3 and perhaps by adding some additional words in paragraph (a). There should be very little difficulty in amending the clause limiting it to the existing provisional certificate, and thus closing the door to future applicants.

MR. F. C. L. SMITH (Brown Hill-Ivanhoe) [4.54]: I support the Bill, because I feel that at least we must do justice to the applicant who already has a certificate. The Licensing Act very wisely provides that a person desirous of getting a publican's license for proposed premises, either premises that may already be erected or would require certain alterations, or new premises, can apply to the Licensing Court and submit plans of the proposed building, its locality, and a description of it, or the proposed alterations in connection with the old building. The applicant may then be granted a provisional certificate by the Licensing Court, because that tribunal feels that a license is required in the particular locality, and that the proposed buildings will meet the requirements of such a license. The provisional certificate imposes upon the applicant certain obligations.

The Act makes it clear that if within 12 months the applicant has fulfilled the obli-

gations laid down in the provisional certificate he shall, I think, be entitled to a publican's general license. It will not then be at the discretion of the court to grant the license provided he has carried out his obligations under the provisional certificate. When a person has been granted a provisional certificate, as the person was in this particular case, he is entitled to proceed with the proposition under the Licensing Act, and incur the expense which this particular applicant has incurred. The expense in this case represents quite a large sum. Including the £1,000 which the applicant had to put up to ensure that the building would be erected within the 12 months prescribed by the Act, the expenditure incurred in the meantime in connection with the proposition is £3,401.

It would be an act of grave injustice if we did not do something to protect this particular applicant. The applicant under the National Security Act, even if he met his obligations when the provision under the National Security Act was that no more than £5,000 could be spent on the building, would be quite justified in proceeding with his application. Even though the National Security Act made that provision, it was within the province of the Federal Minister to grant a permit to expend more than that sum in certain circumstances. Long after these restrictions were in force under the National Security Act permits for buildings in the Eastern States costing many thousands of pounds were granted by the Minister. There is always a possibility of the Federal Minister, notwithstanding the provisions of the National Security Act, granting a permit for the expenditure necessary if he thinks the circumstances warrant it. I do not feel there is much danger in making the provision general, as is proposed. We can leave it to the discretion of the Licensing Court not to be granting a provisional license here, there and everywhere. Under existing circumstances, the court well knows that there is difficulty in connection with the capital expenditure involved.

If, as the member for West Perth (Mr. McDonald) says, it is possible for a person who is desirous of getting a publican's license, and is involved in some capital expenditure in order to complete the hotel, first to make application to the Federal Minister to see whether he can get permission, in those circumstances even the Licensing Court might well be allowed the discretion that would be granted to it under this measure. The court would know, as the member for West Perth knows, of that possibility. I am not wedded to the measure in respect to its general application, but I feel that as it is the only legislation that has been brought forward to protect this particular applicant who was granted a provisional certificate, and proceeded with his enterprise in good faith, something ought to be done for him. I support the measure as it has come down.

Mr. CROSS: I move—

That the debate be adjourned.

Motion put and negatived.

THE PREMIER (Hon. J. C. Willcock—Geraldton) [5.1]: The Government has accepted the responsibility of introducing this legislation, and the member for West Perth (Mr. McDonald) and other Opposition members have indicated their desire that the measure should be passed for the protection of the individual directly concerned but that it should not be given general application. The Government is not wedded to the Bill from that standpoint. The desire was to do justice to the individual concerned and, in view of the points raised, the intention was to adjourn the further debate so that consideration could be given to the position in the light of the contentions of Opposition members. The Government intended to look into the Bill to see if it could be amended to meet the suggestions that have been made. In the circumstances the ordinary course of adjourning the debate could have been adopted.

Hon. C. G. Latham: So that you could look into the points raised?

The PREMIER: Yes. In view of the Standing Orders, it will be necessary to continue the debate for another quarter of an hour before the adjournment can again be moved. I suppose I could do that.

Mr. Marshall: The Leader of the Opposition did it the other evening, so you should be able to do so.

The PREMIER: I could deal with the trials and tribulations of the individual whose position gave rise to the introduction of the legislation, but I do not think that is necessary. The concensus of opinion seems to be that the Bill should be passed

in a certain form and, even though the Government might be in agreement with that point of view, the Minister should have an opportunity to consider the amendment necessary to make the measure comply with the wishes of members. We could pass the second reading, take the Bill into Committee and then report progress so as to look into the matter.

HON. N. KEENAN (Nedlands) [5.3]: As I gathered from the remarks of the member for Pingelly (Mr. Seward), his opposition to the Bill is based on the fact that it has general and not particular application. Is that so?

Mr. Seward: Yes.

Hon. N. KEENAN: The House has been informed by the Minister for Justice that there is only one outstanding provisional certificate that has been granted since the coming into force of the National Security Regulations of the 5th December, 1940. I agree that the Bill as drafted will have general application and it seems to be the general consensus of opinion that the measure should not be assented to by this House in that form because, as pointed out by the member for West Perth (Mr. McDonald), a great many citizens of the State are away performing many responsible and arduous duties, and because of that we have no right to provide any special benefits for those who happen to stay behind and who may apply for provisional certificates. As far as I can gather, there is no objection whatever to the one provisional certificate that has been granted and in respect of what the applicant has apparently spent a large sum of money already, being protected as intended by the Bill by allowing an extension of time sufficient to permit of the building being erected in accordance with the terms of the provisional certificate. No difficulty would be experienced, in my opinion, in amending the Bill to achieve that purpose.

I may be out of order in referring to a clause at this stage, but one clause provides that all provisional certificates granted after the 5th December, 1940, shall be entitled to the protection that the Bill affords. It would be possible to amend that clause by inserting after "1940" the words "and before the coming into effect of this Act." The effect of that would be to limit the application of the Bill specifically to the one provisional certificate that, the Minister has informed us, is in existence at present. We could further amend the Bill by striking out the appropriate portion of paragraph (b) altogether. By this means the Bill could be adjusted easily and certainly the task would not present any great difficulty to ensure that the relief granted by the Bill, if it becomes law, will not extend beyond the case in respect of which relief is deemed by the House to be well deserved. I support the second reading of the Bill. If it is found in Committee that the drafting of an amendment would require some further consideration, progress could be reported, but I do not anticipate any such difficulty.

MR. MARSHALL (Murchison) [5.7]: I agree with the member for Nedlands (Hon. N. Keenan), and I would be more in accord with his views if, in respect of further money for the erection of buildings, which is the subject matter of the Bill, we could be definitely assured that the additional money would not be made available for such undertakings. By application to the Commonwealth Treasurer permission could be obtained, but to that extent the position is rather indefinite. I respectfully suggest that it is highly improbable the Federal Treasurer would give his assent to the raising of money for this purpose, more especially as it would mean the securing of money to be expended in a direction that is not so essential as such expenditure would be if devoted to the production of materials necessary for our war effort. We can be certain that the Commonwealth Treasurer will be particularly careful regarding the granting of permission to raise money for a purpose such as that indicated by the Bill. I suggest that we would think it rather unfair for money to be granted for this particular purpose if funds were urgently required for more essential objectives.

I am given to understand that there is an acute shortage of artisans and that the Commonwealth Government requires the services of such skilled men as are available. In those circumstances it would hardly be proper to divert labour to this particular avenue to the detriment of another that is all-important at the moment. Viewed from that particular angle, I suggest that the likelihood of raising money, as the result of assent given by the Commonwealth Treasurer,

would be particularly remote. Bearing that in mind, I contend that it would not be right for Parliament to vest the Licensing Court with power to grant provisional certificates on the basis that money would not be made available for such purposes. Having regard to the possible applications for additional licensed premises, we can confidently anticipate that any such new hotel premises will ultimately be erected in the metropolitan and suburban areas. The goldmining industry is declining and the possibility of applications for provisional certificates in the mining areas is hardly likely. That also applies to most country areas, but there may be some possibility of new hotels being required at ports such as Geraldton, Bunbury and Albany, where there is considerable activity. Such instances, however, would, I suggest, be isolated and any such applications for provisional certificates could be held over until the required funds had been definitely secured by those lodging them. That would be preferable to passing the Bill in terms having general application, which would allow provisional certificates to be granted now and held over for 12 months after the end of the war. Assuming that the war will end in a year, that would mean the provisional certificates would be held over for two years. We do not know when the war will end and the period might be considerably longer that that.

As members know, the Bill, if passed in its present form, would give the successful applicant for a provisional certificate the right to hold it until 12 months after the end of the war. That raises another point: Let us assume—it is quite possible—that a different Commonwealth Treasurer might find it necessary to retain the National Security regulation involved in this matter after the war concludes. It would then be necessary to introduce another Bill because that now before the House will not be operative beyond 12 months after the cessation of hostilities. In my opinion we should provide protection to the man who holds the provisional certificate that has been referred to and found himself in an unfortunate position when the regulations were framed under the National Security Act, at which time he was seeking financial assistance. Parliament should go to that extent but no further.

Question put and passed.

Bill read a second time.

BILLS (2)—RETURNED.

1. Land Drainage Act Amendment. With amendments.
2. Broome Tramway Extension. Without amendment.

BILL—LOTTERIES (CONTROL) ACT AMENDMENT.

Received from the Council and read a first time.

LOAN ESTIMATES, 1941-42.

In Committee.

Resumed from the 20th November. Mr. Withers in the Chair.

Vote—Departmental, £83,000.

MR. TONKIN (North-East Fremantle) [5.18]: It is to be expected, probably, that in a debate on the Loan Estimates various financial theories shall be put forward to deal with the situation, our present situation being somewhat acute. One could dilate for hours on the various theories which have been advanced, but on that aspect I shall content myself with reading an extract from a highly interesting report on currency matters. I am in complete accord with the following statement:—

> The banking system demands that the rate of flow of money from the banking system through the producing system to the community shall be exceeded by the rate of flow of money from the community through the producing system to the banking system.

I believe that, and I also believe that to be the main reason why periodically we have industrial crises.

Mr. McDonald: Because we do not get that flow?

Mr. TONKIN: Because that is what our banking system demands in order that we may carry on our social and economic system. It is because of that demand, I hold, that these periodical crises occur. Just after the first world war a very well-informed and important committee of inquiry was set up by the British House of Commons, known from the name of the committee's chairman as the Cunliffe inquiry. Lord Cunliffe was formerly Mr. Geddes.

That inquiry extended over quite a long period during the year 1918. It inquired into

the currency questions of the day, and what had been the practice so far as the banking system was concerned during the war, and it made recommendations to Parliament. The committee issued two reports, an interim and a final report. I propose to make a quotation from the findings of that inquiry. I may mention that Lord Cunliffe was an ex-Governor of the Bank of England, wherefore he should have known what he was talking about when conducting the inquiry. The extract I propose to quote is from the commitee's report presented to the British House of Commons in 1918. Referring to the process of creation of credit by private banks, it states—

This process has had results of such far-reaching importance that it may be useful to set out in detail the manner in which it operates. Suppose, for example, that in a given week the Government require £10,000,000 over and above the receipts from taxation and loans from the public. They apply for an advance from the Bank of England, which by a book-entry places the amount required to the credit of Public Deposits in the same way as any other banker credits the account of a customer when he grants him temporary accommodation.

The amount is then paid out to contractors and other Government creditors, and passes, when the cheques are cleared, to the credit of their bankers, in the books of the Bank of England—in other words is transferred from Public to Other Deposits, the effect of the whole transaction thus being to increase by £10,000,000 the purchasing power in the hands of the public in the form of deposits in the Joint Stock Banks and the bankers' cash at the Bank of England by the same amount.

The bankers' liabilities to depositors having thus increased by £10,000,000 and their cash reserves by an equal amount, their proportion of cash to liabilities . . . is improved, with the result that they are in a position to make advances to their customers to an amount equal to four or five times the sum added to their cash reserves, or, in the absence of demand for such accommodation, to increase their investments by the difference between the cash received and the proportion they require to hold against the increase of their deposit liabilities.

Since the outbreak of war it is the second procedure which has in the main been followed, the surplus cash having been used to subscribe for Treasury Bills and other Government securities. The money so subscribed has again been spent by the Government and returned in the manner above described to the bankers' cash balances, the process being repeated again and again until each £10,000,000 originally advanced by the Bank of England has created new deposits representing new purchasing power to several times that amount.

From that extract it is evident that because of the abnormal circumstances obtaining during war, when the production of war materials is flourishing and a maximum of employment is created and therefore a large volume of money is in circulation, the private banks are able, as their deposits increase, to go on extending credit almost ad libitum.

The point I wish to make is that extension of credit appears to be inseparable from wartime conditions. Instead of private business being enabled to reap the profits, by reason of the extension of credit the nation which is at war, and is responsible in the main for the conditions operating, should benefit to the fullest extent in order to offset the tremendous expenditure with which it is faced because of the war. But we are in this position, that we have the private citizens striving to the best of their ability to find credit and money to finance war operations, operations out of which private banking institutions make enormous profits. I contend that those enormous profits should not be made, and that if the Commonwealth Bank were to be the sole issue authority and to take control of the nation's credit, as it could do, the additional impost upon the people would be saved. The result would be that when the war was over, the people would not be in pawn to the private banks. It will be interesting to see whether the huge increase of credit which characterised the last war can be checked in this instance.

Without pursuing the matter further, I recommend that members should look at the extract I have quoted, for it is authentic and is the result of very deliberate inquiry by competent persons. There is a reference to it in the British House of Commons "Hansard" of 1918, volume 110, page 2693. That, however, is merely a reference to the committee of inquiry, and members will have to consult the actual report of the committee in order to be fully informed. The extract sets out exactly what did take place with the issuance of credit during that war, an issuance made possible because of the tremendous increase in expenditure. The profits from such expenditure should not go to the banks but should be reserved to the people.

Next I wish to refer to a matter vitally affecting my electorate, and that is the system of bookkeeping which obtains at the State Implement and Engineering Works. I made some references to those works in a previous debate, and an hon. member sought to discount certain quotations I then

gave by quoting from the Auditor General's report; but he did not read all that the report stated. I now propose to fill in the blanks. On page 115 of the Auditor General's report for the previous financial year we find this reference to the works—

As required by the Trading Concerns Act, interest (but not sinking fund) and depreciation are charged in the accounts, but it is contrary to the approved arrangement for conducting the operations of the works as a Government Workshop to recover interest in the price charged for work carried out for departments, etc. It is impossible, therefore, for the concern to earn profits under such conditions.

I object strongly to its being stated by anybody that the State Implement Works do not earn profits, and I shall object strenuously in the future to such statements, because, I repeat, the State Implement Works have been hamstrung always and therefore unable to earn profits. In the circumstances, that is a physical impossibility. To make the matter clear, I will, with the indulgence of members, make a short explanation.

The State Trading Concerns Act makes it obligatory upon the management to charge in its accounts interest calculated on loan money invested, and depreciation upon the works. Any ordinary business undertaking, when making up its price for a job, takes into consideration the floor-space occupied by the machines which occupy the shop, the wages of the employees engaged on the job, the consumtion of fuel and material and so forth, and a proportion of overhead represented by the floor-space occupied by the machines. Further, a private concern would add a percentage of profit, and the total would be the selling price of the article. Owing to the arrangement made with the State Implement Works, they are not permitted to charge in their prices anything for interest on the money invested in the concern. All that the works are permitted to charge is the actual cost of the material used, the wages of the men employed on the job, and depreciation.

Mr. McDonald: Is that a departmental instruction?

Mr. TONKIN: Yes, because the works were told they were not to continue as a State Trading Concern and tender for outside work. In effect, they were then turned virtually into a Government Workshop. If the Water Supply Department or the Public Works Department wanted a job done they would go to the State Implement Works, and the State Implement Works were told that when the job was charged up to the department the price at which it was to be charged was the actual cost including depreciation only with no charge for interest and nothing for profit. No private concern could make a profit under those conditions, and the State Implement Works cannot. But although the State Implement Works are not permitted to charge interest in the price of the article sold, the Government makes the works pay interest to the Treasury, and that is resulting in the loan moneys that have been invested in the works passing slowly into general revenue.

As the Auditor General points out, before very long the whole of the moneys will have disappeared in that way. And yet we will be told time after time that it is ridiculous to have the works operating because they never did make a profit and never will. Of course they will not! As the Auditor General points out, it is impossible for them to do so. I suggest to the Premier that the reasonable and fair thing to do with these works in order to give them a chance to show they can pay—as I am satisfied they can because of the workmanship shown there—is that the capital should be written down to a figure commensurate with the value of the works as they stand and the management should then be told—

Mr. Hughes: Where would the debt be debited?

Mr. TONKIN: It would have to be debited to the public accounts.

Mr. Patrick: Moneys lost!

Mr. TONKIN: Yes. It would be shown as a sum of money written off.

Mr. Mann: A profit and loss account item.

Mr. TONKIN: Yes. Interest cannot be charged on capital which does not exist.

Hon. C. G. Latham: We would be no worse off, would we?

Mr. TONKIN: No.

Mr. Hughes: Would we be any better off?

Mr. TONKIN: Yes. These works could demonstrate that with proper capitalisation and with the opportunity to do what a private concern could do under the same circumstances, they could make a profit.

Mr. North: It is done with the railways in the Eastern States.

Mr. TONKIN: I fear very much that when the war is over and war industries

terminate and a lot of private manufacturers have no war work to do, they will be forced to look about for employment, and there will then be an agitation for the closing of these works on the ground that they cannot pay and they will not be given an opportunity to continue to function. Consequently all the money invested in them, including that spent on new plant—and £20,000 has been so spent recently—will be lost. I desire to get in early and not wait until that occurs. I wish to point out that this is likely to occur and to endeavour to prevent it. If a proper writing down takes place, and if the works are permitted to compute their prices in the proper fashion—that is, to charge the actual cost of the material utilised, the wages of employees engaged in the job worked out on a man-hour rate if desired, on a proper costing system and to charge overheads in proportion to the floor space utilised, together with interest and a reasonable percentage of profit—then the works will prove to be profitable.

Hon. N. Keenan: What about the prices charged by the State Implement Works in comparison with those charged elsewhere for the same job?

Mr. TONKIN: Under existing conditions the prices are lower.

Hon. N. Keenan: Are they?

Mr. TONKIN: Yes.

Hon. N. Keenan: I have been told they are higher.

Mr. TONKIN: They are not! I have quoted figures this session to show that when the naval authorities had work done they were more than pleased at the price charged when they compared it with that charged for similar work in the Eastern States.

Mr. F. C. L. Smith: Do they carry out work for private individuals?

Mr. TONKIN: No. Until war work was undertaken the works were told to carry out jobs for the various departments at prices which were a losing proposition. I hope the Treasurer will see his way clear to give these works a chance. It is only a reasonable proposition. We cannot expect works to pay interest on a tremendous capital sum invested in bygone days and at the same time not permit them to charge interest on the cost of the jobs they turn out. That is to make the position absolutely impossible, as the Auditor General points out. The works should be given a fair chance and should be put on exactly the same basis so far as profit earning is concerned as any private organisation.

Mr. Doney: Could they exist on a competitive basis?

Mr. TONKIN: Of course they could!

Mr. Doney: They could?

Mr. TONKIN: I am certain they could.

Mr. Mann: They have made mistakes.

Mr. TONKIN: That may be so. The works and the men engaged at the works, like everybody else, are susceptible to improvement, and mistakes of the past have been considerably rectified. Members ought to visit the works. I would like arrangements to be made for them to pay a visit to see the extension that has taken place and to see the men at work. They would then realise that what I am saying with regard to the output is true. There are no slackers at the works today. They are properly organised and the men are hard at it doing their share in the war work in which they are almost wholly engaged, and in such a way as to justify a continuance of the establishment. If the works are to continue to function with the handicap to which I have drawn attention, their true worth will never be disclosed.

Mr. McDonald: They are charging a decent price now for war work.

Mr. TONKIN: The arrangement to which I referred is the one that exists with regard to departmental jobs. The State Implement Works could at one time engage in outside trading, but that was stopped and the works were turned virtually into a Government workshops. Outside trading ceased, and when they were called on to do a job the price they could charge the department concerned was one that did not include interest. No private employer or manufacturer when costing his articles would disregard the interest on capital invested and the floor space and all the various items of costing. If he did he would soon find himself bankrupt. The whole thing is a scientific method of costing.

Mr. Hughes: That is only partly true because if the capital were subscribed there would be no interest.

Mr. TONKIN: Where the capital is borrowed or when any portion of the money utilised is borrowed the interest on that borrowed money would be charged in the manufacture of the goods. These establishments

have a very scientific system of costing under which they can set down to a fraction of a penny what should be put on each article. Take the manufacture of alarm clocks for example. When a manufacturer was calculating what should be the price of the article he would include a proportion of overheads. That is not permitted under the arrangement operating in respect of the State Implement Works. Yet the Treasurer looks to the works for interest.

The arrangement is too one-sided to be fair and, in order to give the works an opportunity to establish the fact that they can function in a proper way, I suggest an alteration and I hope the Treasurer will give consideration to that aspect. If he reads the Auditor General's report he will see what I am complaining about. It might be found possible to rearrange this business in order that when the real test comes the works will be able to stand up to what is expected of them. Unless that is done, as I pointed out, when the war is over and private manufacturers are looking for work to do, there will be an agitation for the closing of the State Implement Works and the argument will be advanced that those works cannot pay. No regard will be had to the fact that under the conditions operating it is impossible for them to pay. If that is to be used as an argument the works should be given a reasonable chance of proving themselves. I think that a very large proportion of the lost loan money—to be fair, the whole lot, but I do not want to be hard on the Treasurer—should be written off, because it has obviously gone. Interest should then be charged on the remaining capital value of the works and they should be permitted to charge interest on the prices of the jobs they do for the various departments.

Mr. Patrick: It has been done extensively in regard to railways in two States.

Mr. TONKIN: That is so; and in regard to some activities in this State. The third matter I wish to deal with is the wheat position at North Fremantle. Members might say, "What has that to do with the Loan Estimates?" I make this connection: That there is a proposal to erect distilleries in this State for the production of power alcohol. The member for Avon (Mr. Boyle) submitted an argument the other night which was all right from his point of view, that instead of there being one distillery there should be several, and they should be distributed throughout his electorate. He advanced reasons why that should be done. In reply to that I argue that we have had this wheat at North Fremantle for a long time, and its continuance there in storage will result in considerable deterioration. Consequently the wise thing to do would be to erect works there and turn this wheat quickly into alcohol. If we do that, we shall remove a nuisance about which I have complained.

Mr. Patrick: The Commission said that it would take from 18 months to two years to get the distillery into operation.

Mr. TONKIN: That is unfortunate, but even that might be preferable to having wheat left at Fremantle for the next 10 years. The reports I made about the prevalence of weevils and moths were such as to cause some alarm but, if members were to visit the area now, they would agree that what I said was mild compared with the actual position today. This afternoon I was speaking to the Mayor of North Fremantle and he told me that recently he paid a visit to that locality in the evening. He said that when he entered residences there it was necessary to wave his hands in front of him to clear the air of moths. The rooms were absolutely full and he agreed with me that the living conditions are intolerable. Unfortunately, what looked a likely solution of the problem at an earlier stage, namely the buying up of the land where the people reside and allowing them to go elsewhere, will not now be a solution, because the moths have travelled a considerable distance. They are now to be found in East Fremantle and Mosman Park; and further than that, the tremendous increase in the number of rats has been such as to interfere not only with the residences in that area but with those a great distance away. It seems that we will have a plague spot in this locality. I agree that measures are being taken at present to deal with the moths and weevils. Five men are employed doing nothing else.

Mr. Doney: Has the nuisance in any way abated since you spoke previously?

Mr. TONKIN: No. Despite the employment of these men the nuisance has become worse. On a warm night the conditions are intolerable in the adjacent houses. There is no dust nuisance at present, because nobody is working on the wheat.

Hon. N. Keenan: What is the origin of the moths?

Mr. TONKIN: The entomologist now says that the moth has no connection with the weevil, but is one which depends on vegetation, and has found a very good breeding-ground, and host, in the wheat. I understand—I have no definite information on this, and it is more or less hearsay—that considerable concern is felt in the department because of the increase in the number of these moths and the difficulty of dealing with them. What is at present practically a localised affair might, in future years, well become a serious matter for the whole of the metropolitan area because of that wheat storage. If the wheat is to remain for a great length of time under the present conditions, and the moths, weevils and rats remain as bad as they are at the moment, a little imagination will show what the position will be in a few years.

The best remedy, if it is proposed to erect distilleries, is to use this wheat as quickly as possible so that there will be no big storage in the town. Fresh wheat will be coming forward fairly regularly but will not be kept in storage, and there will, therefore, be no opportunity for these pests to breed. I suggest to the Minister for Labour, if he is to be consulted on the question of locality for these works to produce power alcohol, that the points I have raised might be given attention in order that a solution might be found to more than one problem. North Fremantle would meet the conditions required for the establishment of such works. It is close to transport, both rail and road; plenty of water is available, as a big main passes quite close, and it is a terminal centre for wheat. The fact that it offers a solution of this other problem, which is a serious one, adds weight to the claim for the erection of these works in this town. The Prime Minister himself is aware of the conditions which obtain in this locality. He personally visited the area where the wheat is stored. He saw the conditions about which I complain, and has been reminded of them since.

Hon. N. Keenan: Has stored wheat elsewhere caused the same trouble?

Mr. TONKIN: That I cannot say.

Hon. N. Keenan: Have you ever heard of it?

The Premier: There is a rat and mouse plague in South Australia.

Hon. N. Keenan: What about moths?

The Premier: They have weevils there.

The CHAIRMAN: Order!

Mr. TONKIN: Unquestionable evidence exists that these moths are travelling further afield. I have found them in my home which is, I suppose, three miles from where this bulk wheat is stored. They have been found in Mosman Park.

Mr. Patrick: And in North Perth.

Mr. Needham: How big are they

Mr. TONKIN: It is a small moth, somewhat smaller than the usual type of house moth. The people in the district inform me that the moths give their attention to clothing and carpets. This afternoon a woman told me of a carpet which had quite big holes in it, whereas when I was at her place a short time previously it only had small holes. I accepted as true what she said because the number of moths present at that time—it was broad daylight—was sufficient to indicate how many there would be at night time. I am satisfied that the statements made to me as to the number of moths to be found on the flywire doors is no exaggeration. The mayor of North-East Fremantle told me this afternoon that when he went to that area on a recent evening the rooms were filled with moths, and he had to wave his hands in front of his face to clear the air so as not to breathe them through his nose and so possibly swallow them. People cannot be expected to live under such conditions. What is an acute problem quite close to the wheat might become just as acute a long distance way. If we use this wheat in the manner I have suggested, we will remove the breeding-ground for these moths and weevils. The increase in the number of rats, moths and weevils is alarming, and if a remedy can be found it should be speedily adopted. I suggest to the Minister for Labour that he might put that point forward if any consultation is held with him in regard to the establishment of power alcohol works.

MR. HILL (Albany) [5.53]: The Commonwealth Grants Commission has been severely criticised for its comments and action in reducing the amount of the grant to this State; and also in its more generous treatment of South Australia. If, in this State, a local governing body approaches the Government for assistance, the first thing the Minister for Works would do would be to find out if that local governing body was

doing all it possibly could to help itself, and if help were granted by the State Government the Minister would see that it carried out its work properly and efficiently. Instead of complaining so much about the action of the Commonwealth Grants Commission, we should ask ourselves: Is our Government doing all it can for the State? I will never forget the first visit paid by the Minister for Works to my home. It was about 1926 or 1927. One would have thought at that time that the very existence of the universe depended upon the extension of the Fremantle Harbour. With the Minister was the late Hon. Hector Stewart and the late Hon. Alfred Burvill. These two gentlemen were discussing the subject with the Minister, who said, "You need not think we are going to rush ahead with the job; it is a question of money, and we can only borrow £4,000,000 a year." I did not say anything. I had no political ambitions in those days, but I thought, "Great Scott! A State with a population of under 400,000 can only borrow £4,000,000 a year—£10 a head! When is the crash coming?"

It has been truly said, "We are living in a fool's paradise. We are borrowing and spending money and we are not creating assets to the value of the money spent." It is interesting to see how the finances of the State have deteriorated since the Collier Government took office in 1924. I have here a few figures, which are as follows:—

—	1924.	1941.
Population	360,352	469,000
Debt per head	£146 13s. 6d.	£207 5s. 9d.
Taxation total	£1,173,568	£3,127,604
Tax per head	£3 5s. 1d.	£6 9s. 1d.
Undertakings—	Loan Liability.	Loan Liability.
Railways	£19,628,000 (Deficiency, £30,700)	£26,641,437 (Deficiency, £441,000)
Tramways	£912,000 (Surplus, £4,689)	£1,245,000 (Surplus, £16,055)
Roads and bridges	£667,500	£3,444,000 (Deficiency, £158,000)
Harbours and rivers	£4,747,000 (not available)	£6,463,000 (Deficiency, £116,808)

Fremantle Harbour Trust, 1924, £2,156,000, surplus £117,000; 1939 (last normal year), £3,406,000, surplus £116,320.

The only outport for which figures are available is—Bunbury, 1924, £453,000, surplus £796; 1939, £687,263, deficiency £22,831. For the last six years, the aggregate deficiency on our railways is £2,506,000; roads and bridges £835,000, and harbours and rivers £274,000.

I venture to suggest that South Australia has received more generous treatment from the Commonwealth Grants Commission because it has tried more to help itself. If we examine the financial returns for the last two years, we will find that our State transport undertakings for 1939-40 showed an aggregate deficiency of £840,000, and in 1940-41, £760,000. About three years ago, the South Australian Government appointed a Royal Commission to report upon transport in that State. About the same time, a similar motion moved in this House by the member for Pingelly was defeated. If such a Royal Commission were held here our Government would have to accept the responsibility for the very unsatisfactory state of our transport services today, with their high costs and heavy losses. The South Australian Royal Commission, like all other experts, recommended that all transport be brought under the one Ministerial head. It pointed out that in South Australia the Minister for Railways was also Minister for Marine, who controls the ports, and who is responsible for the South Australian Harbour Board, and Minister for Local Government, who controls motor transport. In this State seven out of our nine Ministers are handling portion of the State's transport activities. On a previous occasion I referred to the continual drift in our road finances. I now draw attention to paragraph 178 of the Eighth Report (1941) of the Commonwealth Grants Commission. It states—

> Harbours.—The expenditure out of loan funds on outer harbours in Western Australia is large and it does not appear to us that a sufficient attempt is made to get an adequate return from the users in the districts served. If the traffic will not stand the cost, there is no reason for expenditure on harbours unless it is essential for the industry of the district, in which case the industry should be charged through a special rate. This policy has been tried in other parts of Australia, and insistence upon it has on occasions led the people of a district to decide that the expenditure on a harbour was not really necessary for their interest.

A multiplication of harbours is uneconomic. It is true that in Western Australia the port of Fremantle returns a large profit, but this does not make up for the losses on the other ports. In any case the profit of Fremantle is no excuse for an unscientific and unco-ordinated policy of harbour development. A large expenditure has been made on the Bunbury har-

bour, which is only about 100 miles from Perth, and it is doubtful whether it has succeeded in overcoming the disadvantages of the port.

In South Australia, since 1913, the whole of the ports have been under the control of the South Australian Harbours Board, which administers, maintains and develops the ports. In Western Australia we have no State port administration, in spite of the fact that we have spent £7,500,000 on ports. Fremantle has its Harbour Trust, Bunbury its Harbour Board; some ports have their jetties, etc., controlled by the Railway Department and the rest of the ports are controlled by the Harbour and Lights Department. The Fremantle Harbour Trust is responsible to the Chief Secretary, the Bunbury Harbour Board and the Harbour and Light Department come under the Minister for the North-West, and the port of Perth comes under the Premier; and if any work is required at the ports, the local people are expected to go as suppliants to the Minister for Harbours and Rivers, whose department is a branch of the Works Department. It would be a miracle if efficiency were obtained under these conditions. The South Australian Harbours Board has paid into Consolidated Revenue over £1,100,000. Here are the figures for our harbours and rivers from 1931 to 1935, in each of which years there was a surplus:—

1931	£102,000
1932	20,540
1933	33,746
1934	36,652
1935	4,362

The total surplus from 1931 to 1935 was £236,300. In each of the succeeding six years a deficiency was shown as follows:—

1936	£17,000
1937	28,000
1938	32,000
1939	18,000
1940	61,000
1941	116,000

The total deficiency during those six years was £272,000, but it is only fair to point out that the deficiencies in the last two years have been considerably enlarged owing to war conditions.

If the Government adopted the suggestion of the Grants Commission, which, in effect, is that those who use the ports should pay the cost of the service, those interests which today are shipping wheat through Bunbury would demand that they be allowed to send the wheat from Albany, and the superphosphate works would obtain its supplies of raw materials through Fremantle. The comments of the Grants Commission in the paragraph I have quoted are in accord with the recommendations of all port and transport experts. Personally, I should like to see the Grants Commission adopt a far firmer attitude to this State, as I consider that more efficient administration from our Ministers would accomplish more for us than would increased doles from the Commonwealth.

As I peruse the Loan Estimates, I notice that once again my end of the State is practically out of the picture. I feel quite safe in saying that there is no electorate in the British Empire that has been so neglected as the Albany electorate has been since 1924. During the last 20 years we have had only one Premier who has spent any time in the southern end of the State in order to learn our needs, and that man was Sir James Mitchell. His confidence in that part of the State is fully justified. It is not our Minister for Works that we have to thank for the vast improvement to roads during recent years. The man we must thank for this is Mr. S. M. Bruce who, when Prime Minister, realised that motor transport had come to stay. It was his Government that brought into being the Commonwealth roads scheme. The Albany district, in common with the rest of Australia, has benefited by that scheme. The present Minister for Works, during his six years of office, has received over £4,000,000 from the Commonwealth to spend on roads.

The Premier: Commonwealth money?

Mr. HILL: Well, we contribute to it; the Albany people contribute their share. In addition, he has had £1,000,000 of loan money. The people living in the southern end of the State are Commonwealth and State taxpayers, and as such have had to contribute their share of the interest on that money; and they are entitled to have some of it spent in their district.

The Minister referred to the road running 50 miles along the coast from Albany. I know quite a lot about that road; my farm is one of the properties served by it. The Crown grant for the land was issued in February, 1840, over 101 years ago. It is 31 years since I, as a member of the Albany Road Board, started to work for the construction of that road. Incidentally, the

chairman of the board at that time was the late A. Y. Hassell, whose portrait members will see in one of the groups of delegates to the Federal Convention. The road goes out to the Hassell property at Warriups. After 100 years, five miles of the road has been bituminised and about 10 or 12 miles metalled, and the rest has only been cleared and formed.

About three years ago a bridge on that road was washed away by a flood. I have congratulated the Main Roads Department on its expedition in constructing a bridge to replace the one washed away. I am sure the Minister does not desire that I should be constantly congratulating him. The Main Roads Department provided an object lesson for the Harbour and Light Department, a fact to which I referred at the opening of the new bridge. When the Main Roads Department, one of the most efficient departments in Australia, had to replace the bridge, it did not attempt to rebuild the old one, which was constructed merely for horse traffic. It built a new bridge to suit modern motor transport. Yesterday, when I passed over the bridge, I could have travelled at 60 miles an hour had I so desired, whereas the old bridge was dangerous. I assure members that it is not at all pleasant for us to cart our produce over that road and then rail it a distance of 350 miles for shipment; nor is it pleasant to have to cart over that road all our requirements that have been railed from ports hundreds of miles away.

According to the Minister for Works, no sane man would contend that one more ship would use the port of Albany if additional money had been spent there. He went to the extent of repeating that no sane man would say such a thing. Let me recall what an English gentleman said about the ports; I refer to Sir David J. Owen. Only two experts gave evidence on ports before the Royal Commission in Great Britain in 1931, of whom Sir David was one. He was general manager of the Port of London Authority for 16 years and president of the Institute of Transport. Early this year he was sent out by the Imperial Government to report on ports in the Far East, and he died at Chicago while on his journey home. When Sir David addressed the Institute of Transport on the problem of port costs, he said that a port, in order to be effective, must adapt itself to the changing means of transport. If it failed to do so, trade would leave it. If it was not possible to do so, the result would be a handicapping of trade by increased costs.

Today, at Albany, we have roads suitable for motor transport, but the port has fewer facilities for handling cargo than it had 50 years ago. The consequence is that I am up against a stone wall. The responsibility is not mine; the responsibility for ensuring that the port is properly equipped is that of the Government. The Labour Party has been in office, with the exception of one period of three years, during the last 18 years, and members can see how the port has been neglected. During the 1914-18 war, we had wool appraisement at Albany. We had wheat shipments from Albany, and the port was used by transports. Today we have none of those activities. If there were half-a-dozen roads between Perth and Bunbury, and one of them was bituminised while the others were metalled or were only bush tracks, the traffic would stick to the bitumen road. Similarly, ships patronise the ports that are properly equipped. Properly equipped ports are more necessary in Western Australia than in any other part of Australia. When the vessels arrive here they are almost fully loaded, and the capital value of the ships and their cargoes represents a very large sum. Consequently they demand proper facilities and a maximum of dispatch.

Only one man, said the Minister, fought for expenditure on the port of Albany. I have been there for 40 years and it has been a 40 years' fight. We nearly won out in 1911. In that year several harbour proposals were put forward for the development of the port. The Works Department would not then consider a jetty scheme because jetties would not stand the vibration arising from wheat-loading machinery. When a deputation representing the whole of the Great Southern asked for improved facilities at Albany four years ago, the Minister exhibited a drawing of plans of the scheme proposed in 1911. This provided for a concrete wharf, with reclamation works alongside. But what happened in 1911? If members refer to the "Parliamentary Handbook," they will find that the Albany electorate assisted to put the Scaddan Government in office by electing the late William Price. The Labour Government then rewarded the people of Albany by scrapping that desirable scheme

and, just before the election in 1914, forced upon the people a jetty which is obviously unsuitable to meet the needs of modern traffic.

The Minister says that, instead of cackling about the port, we should aim to secure greater production. It is 31 years since I started to ship my produce through the port of Albany, and I think I can safely say that during the last 30 years I have exported more of my produce through Albany than has any other individual producer in the electorate. From bitter experience I know what our needs are. Certainly it is not pleasing to have to ship some of my produce through Fremantle. Other producers in the southern end of the State also know from bitter experience what its needs are. In the area which could be more economically served by Albany than by any other port or ports, we are producing 150,000 tons of wheat and 46,000 bales of wool annually.

Mr. Cross: Where do you grow all that wheat? Not close to Albany.

Mr. HILL: I referred to the area that could be more economically served by Albany than by any other port or ports.

Mr. Cross: Then it would be necessary to haul that wheat at least 100 miles.

Mr. HILL: The average distance over which wheat is hauled in this State is 150 miles. If the grade on the Great Southern railway were reduced, the haulage to Albany would be cheaper than that to any other port. The district is producing 500,000 cases of apples and pears and 60,000 lambs annually, as well as a large quantity of pigs and eggs. The inward cargo totals 60,000 tons of super and an unknown quantity of petrol, etc. Government policy is responsible for the diversion of that trade to other ports and has, in consequence, not only handicapped the port of Albany itself——

Mr. Cross: Have not the shipping companies something to do with their boats not calling at Albany?

Mr. HILL: I have never contended that the State Government was in control of shipping. Where the Government and the Minister have fallen down on their jobs has been in their failure to adapt port policy to meet modern shipping needs.

The Premier: We are insisting upon the wheat being sent to Albany.

Mr. HILL: There is not a bit of wheat going to Albany today; all of it is being sent to Bunbury.

Sitting suspended from 6.15 to 7.30 p.m.

Mr. HILL: Before tea, I was referring to production in Albany's economic zone. I mentioned that the zone produced about 150,000 tons of wheat. At present, all that wheat is forced into another port, because money has been spent at that port to provide bulk handling terminals. Nothing has been spent on terminals at Albany.

It is rather interesting to note that the country which today is handling the transport problem better than is any other country of the world—I refer to the Union of South Africa—has over the last five years made a profit on its ports and railways of more than £23,000,000.

Hon. C. G. Latham: Was that done by increasing freights?

Mr. HILL: No. South Africa's freights are considerably below ours. The Union did not build bulk handling facilities at all its ports. It selected the two most suitable ports for those terminals and erected two first-class terminals there. Today the Union has efficient services and the terminals are behind substantial fortifications. In this State our policy is the exact opposite and the result is that, whereas in South Africa costs have been reduced, our costs have been increased.

Mr. Cross: Is that the opinion of an expert?

Mr. HILL: Yes.

Mr. Cross: Who was the expert?

Mr. HILL: There are various experts. I base my statements on reports which have been published. The Premier referred to the fact that wheat is railed at an uneconomic rate to the Railway Department. If Bunbury zone wheat were railed to Albany it would mean a diversion of 35 miles. To divert Albany wheat to Bunbury would mean an extra 80 miles. Out of about £600,000 spent on regrading our railways since 1924, the sum of £73,000 was spent to give a one in 80 grade between Collie and Brunswick; but nothing has been spent on the Great Southern line south of Narrogin. If that sum had been expended on that railway, we should have had a grade of one in 100 and better. The terminal is over a mile away from the port, instead of being alongside the shipping. Taking everything into consideration, I feel fairly safe in saying that had the Government acted upon the expert advice given to it and followed the

lead given by South Africa, a first-class terminal would have been erected at Albany and the actual cost of transporting the wheat would probably have been 2s. per ton less than it is now.

In the Albany zone 46,000 bales of wool are grown. The railage on that wool to Fremantle is costing the growers about £8,000 a year. At present a hard fight is taking place to try to get wool appraised at Albany. I am much surprised at the antagonism to the proposal shown by the Central Wool Committee. The members of that committee ought to be businessmen and they should assist the Government to run the State on businesslike lines. We have the largest self-governed area in the world, but half the population is within an area smaller than that of the Isle of Man. We have one port which is handling 90 per cent. of the shipping, and any proposal that will bring about a sane and economic policy of decentralisation should be supported by all. Every little tinpot argument that that committee can raise it is raising. I believe its latest instructions are that wool must not be dumped at Albany, but must be railed to Fremantle undumped. We have a dumping plant at Albany capable of dumping 1,700 bales a week, at the same cost as would be incurred at Fremantle.

Assuming the wool must be railed to Fremantle undumped, 20 bales will go to a truck. But trucks would take 40 bales each of dumped wool. If undumped wool is railed from Albany to Fremantle, double the number of trucks will be required than if dumped wool were railed. In any case, however, the wool should not go to Fremantle. We have accommodation at Albany capable of storing 10,000 bales, which is the estimated amount that the appraisement committee will handle this year. In every port of Australia that I visited last year—Brisbane, Newcastle, Sydney, Melbourne, Geelong and Adelaide—I saw wool stores being erected. They were also being erected at Fremantle. The wool can be stored at Albany, which has exceptional advantages for shipping. It is right on the trade routes and large numbers of ships could call there which do not call at Fremantle. Last year a boat called at Albany to pick up lambs, but unfortunately water was not available and the vessel had to proceed to Fremantle. The captain was annoyed about this, because it meant four extra days' journey to go there for the water. When it comes to shipping wool, ample vessels will be available. So far as I can judge, most of our wool will have to be stored until after the war, and it can be stored better at Albany than at Fremantle.

In 1938-39 the district exported over half-a-million cases of apples and pears. Of course this trade has ceased owing to the war. I know all the difficulties we have had to obtain shipping space to get our fruit away. In 1938-39, 13 ships called at Albany and 82 at Fremantle. Wool sales at Albany would be a considerable help to us because we would secure more ships to take away our fruit. Wool is a cargo which shippers like, as it pays well. If we had wool sales at Albany in conjunction with our other trade it would be of great assistance to our fruitgrowers.

The 60,000 lambs produced in the area are a bright spot. The Government has encouraged the erection of works at Albany to treat lambs. That trade is the only trade which ignores the port zone system along the Great Southern. If it is desired to kill the trade, overstock the Great Southern district with freezing works. We are also producing 2,500,000 lbs. of butter, practically the whole of which is shipped from Fremantle. Great difficulties are associated with the shipping of butter; whether it will be possible to ship it from Albany is a matter for the future. But we have to consider the whole trade and we can ship butter in most ships with other produce.

As to the requirements of the Great Southern, we use about 60,000 tons of super. At present this super is supplied from the Metropolitan and Picton works. In normal times, about 25,000 tons goes from Picton to the Albany zone. If those supplies were drawn from Albany, the saving to the railways would be about £25,000 a year. At present the superphosphate works in this State produce about 500,000 tons and the consumption is about 270,000 tons. Some few years ago the directors of a superphosphate company told me that there was no chance of erecting works at Albany. I pointed out that Albany was the only port in the State where it was possible to erect such works on the water front. A few months afterwards the directors informed me that if a site could be provided on the water front the company would be prepared to erect superphosphate works there.

When we took a deputation to the Minister for Works requesting the reclamation, he asked why something should be done for Albany that no other port could obtain. A few weeks ago, as I was travelling in a train, I was talking to another passenger who said that an interesting personality he had met some years ago was Mr. Hoover, afterwards the President of the United States. Mr. Hoover had said that if the Albany harbour were in America, the whole of the foreshore would be reclaimed. Sir George Buchanan, in his report, recommended the progressive reclamation there of 590 acres of land. Assuming that the work would cost the same as did the reclamation of the Swan River and the Holden basin in Melbourne, it would have been under £200,000. What port is there in Australia where 590 acres of level land can be secured alongside deep water for £200,000?

Mr. Cross: Bunbury.

Mr. HILL: The hon. member mentioned Bunbury. Nature is reclaiming that port. Since 1924 the cost of the fight to try to prevent nature reclaiming that port was £270,000, and now there is 18 inches less water in the harbour than when the works were started. Superphosphate works erected on the water front would mean a saving of 3s. 6d. per ton in the cost of the superphosphate. It would also mean a reduction of 1s. per ton throughout Western Australia. Petrol is a subject which must be dealt with in future.

A few weeks ago, the Minister said that what Albany required was drainage work and that sort of thing. Over 20 years ago, a meeting of the local governing bodies was held at Albany. I was present and three committees were formed; one to encourage shipping, another to encourage the tourist trade, and still another to encourage land settlement. I was appointed to the committee to encourage land settlement, and one of the things the committee advocated was a progressive drainage scheme for the Albany district. For years we advocated such a scheme west of Albany, but it is only within the last 12 months that a survey has been made. During the present Minister's term of office, the sum of £853,000 has been expended on drainage and irrigation works throughout the State. Albany's share amounted to £696.

Mr. McLarty: You do not have to pay drainage rates.

Mr. HILL: No. I would like to refer to an occasion when the Minister was in the office of the Denmark Road Board. He said, "The difficulty with you people at Denmark is that you are so far away from Perth." Do not I know it! I know what we suffer through being so far away from the centre, and that is why I always advocate and put first on the programme for the Great Southern district the development of the port of Albany. It has been said that the local governing bodies of Albany are not behind me. A few months ago I was invited to the Albany Town Council to discuss this question. The Mayor advised me that the whole of the councillors were solidly behind me in my fight. They asked me what I would suggest. I replied, "Get the whole of the Great Southern at the back of you." If I had convened this particular conference we would have had the same yarns spread abroad as we had over the wool appraisements, that everything was only for the benefit of the port of Albany. My colleagues of the Great Southern convened a conference at Tambellup. A solid front was shown there by the people of our hinterland. They said, "We want Albany to be our port." It is not a case of one man fighting for the development of the port of Albany, but of the people of that province fighting a united front on its behalf.

I should now like to deal with the cancerous growth in Western Australia of the policy of centralisation. When the member for Avon was speaking the other night, the Minister for Industrial Development interjected, "What is the cure?" Do you not think, Mr. Chairman, before we consider the cure we should consider the cause? One of the main reasons for the present policy of centralisation is the revolution that is taking place in transport. We have all seen bullock wagons replaced by motor vehicles. Living as I do at a port, I have seen changes and developments in regard to ships. I remember an old sea captain who was very proud of the fact that his ship was going to earn £1,000 for taking a full cargo from Albany to London. A few years ago I rang up the manager of the Westralian Farmers and said, "I have 400 cases of pears to ship away: can you give me a boat?" He said, "You will have to ship from Fremantle: freight worth £1,000 is not sufficient to induce a boat to call at Albany." The

increase in the size of boats, and the improvement in land transport, have resulted all over the world in big boats cutting out the little ports and dealing only with the big ports.

We have only one port in Western Australia to handle the bulk of the trade. Population has followed the trade, and political influence has followed the population. The policy of centralisation has grown in magnitude just as a snowball grows when rolling down the mountain side. The Minister for Industrial Development asked what was the cure. One of the best cures is a sound policy of decentralisation. Last year I visited every State in Australia. Queensland was held up as a model of decentralisation, and those who advocate small ports hold up Queensland as their example. The position there has been described as being one of "The seven starving ports and one ravenous railway." Sir George Buchanan in his report recommended the closing down of five of those ports, and the concentration of trade on the other two. The recommendations, however, were not adopted. Today Brisbane handles 80 per cent. of the trade of Queensland. In 1921 Brisbane had 27 per cent. of the State's population, but today the population of that city represents 33 per cent. of the total population of the State, and is still growing.

Mr. Doney: What proportion of the State's trade does Fremantle handle?

Mr. HILL: It handles 90 per cent. of the oversea trade of the State. While in the Eastern States I travelled with Mr. Corser, M.H.R. He said, "Our trouble in Queensland is that we have too many ports. Gladstone is a natural port, and will gradually swallow Rockhampton." He said it would be best to recognise this and let Gladstone absorb Rockhampton now.

Mr. Needham: I thought you were advocating decentralisation.

Mr. HILL: I am advocating a policy of commonsense. In Queensland the policy of decentralisation is overdone, with the result that one centre is growing instead of three. In New South Wales I made a trip that I recommend other members to make. I went via Broken Hill, staying at Orange, and travelled over the Blue Mountains in daylight. I wanted to see the Blue Mountains in daylight and to travel on the main wheat railway of New South Wales. In Sydney I found the policy of centralisation gone mad. That policy has grown up because of the port tragedy of that State. To the north at Newcastle a sum of two million pounds has been spent on harbour accommodation, a few millions are being spent at Port Kembla to the south, and there are 30 other ports. If in New South Wales there was one port for Sydney, another 200 miles north of Sydney, and another 200 miles to the south, instead of 30 ports the people of that State would have a better policy of decentralisation. When I was in Victoria I discussed ports with Mr. Kermode, the Chairman of the Melbourne Harbour Trust. He pointed out that Victoria was only a small State, and that whereas one port was better for it, in Western Australia the position was quite different.

In South Australia the position is again different. There are 83 ports all told in that State. Mr. Penke, the General Manager of the South Australian Harbour Board, told me he would like to see 60 of those ports closed down. They are all coastal ports, and motor transport is wiping out the coastal shipping. The oversea ports of South Australia are found in Adelaide, Wallaroo, Port Pirie, Whyalla, Port Lincoln and Thevenard. Some idea of the difference between South Australia and Western Australia may be gathered from an incident that occurred at the time of my visit. I was talking to a relative of mine in South Australia, and pointing out that the Albany electorate, though a small one so far as being a country district was concerned, represented in width an area as great as that between Adelaide and Wallaroo. In Western Australia we are more favoured by Nature than is any other State of Australia. We have four equally-spaced ports, namely, Geraldton, Fremantle, Albany and Esperance.

Mr. Cross: What about Bunbury?

Mr. HILL: There are three intermediate places, Jurien Bay, Bunbury and Hopetoun. Some years ago I picked up "Hansard." I think it was the then member for Irwin-Moore who said, "What about having Jurien Bay developed as a port?" I congratulate the Premier on the reply he gave, "We do not want ports all over the place." Geraldton is the port for the northern parts of the State, and we should give every encouragement to the development of that place as well as the centre in the north. I now come to Esperance. It is a great pity the

railway to the goldfields from that port was not constructed some years ago. I have no fear but that Albany will come into its own. It has one friend, namely old Dame Nature. Anyone who thinks he can beat Nature had better take a trip to the western part of our coast. I should also like to refer to the committee which last year dealt with bulk handling. That committee visited Albany, and I travelled with the members of it on the train. One of the engineers was talking to me and said, "The Government made a mistake in establishing a concrete silo at Bunbury. When the port silts up it will not be possible to move the silo." The committee has said a great deal about the difficulties associated with the operations of a terminal elevator at Albany. I have seen every terminal bulk handling elevator in Australia except the one at Geraldton.

There are fewer transport difficulties at the southern end of the State than there are in any part of Australia. Since the Collier Government took office, out of £3,000,000 that has been spent on ports Albany has had only £131 spent upon it. The average daily expenditure at Fremantle this year is three times as much as the total expenditure has been for 18 years at Albany. There are very few grades on the Great Southern railway and if these were cut out the haulage would be cheaper. I know that every member is sincere in his desire to have a sound policy of decentralisation. In this State we have four centres, namely Geraldton, Fremantle, Albany and Esperance. For the sake of posterity we should do our best to prevent the tragedy we see in Sydney today. When I was in that city Mr. Debenham, the Chief Engineer of the Maritime Board, took me over the harbour. We also went over the site of the dock. He then took me to his office and showed me plans for works designed to relieve the congestion at Circular Quay, at a cost of £2,000,000. It would connect with the £10,000,000 bridge and the £3,000,000 dock some three-quarters of a mile away, a total of £15,000,000 on works within a radius of about half a mile. In New South Wales one of the greatest problems is the provision of water supplies and transport facilities for the congested areas. I appeal to every member, to the people of Perth and Fremantle, not to pass on to posterity such a tragedy as we see in Sydney.

Progress reported.

BILL—COMPANIES.

In Committee.

Resumed from the 20th November. Mr. Marshall in the Chair; the Minister for Justice in charge of the Bill.

The CHAIRMAN: Progress was reported after Clause 30 had been agreed to.

Clause 31—Power to dispense with "limited" in name of charitable and other companies:

Hon. N. KEENAN: I propose to give reasons why this clause should be struck out. If there were no proper facilities for associations to become incorporated and be able to conduct their business as incorporated bodies, and also to be subject to supervision by the properly constituted authorities over their proceedings, one might find some justification for the clause. In this State we have an Act that has been in force since 1895. This has been resorted to times without number for exactly the same purpose as is indicated in the clause. It has enabled these organisations to discharge all their obligations and enjoy all the advantages which this clause would purport to give them. Under that Act association includes churches, religious bodies, schools, hospitals and all benevolent and charitable institutions, mechanics institutes, and all associations for the purpose of promoting and encouraging literature, science and art, and all other institutions and associations formed or to be formed for promoting like objects.

General power is given to the Attorney General to certify any association or group of persons acting as an association who apply to him, to be such as to warrant the provisions of the Act being extended to it. The clause contains provisions almost exactly similar to those appearing in the Associations Incorporation Act of 1895. In fact, it is a poor copy of what was enacted so many years ago. Certain steps are necessary to secure incorporation, and provision is made for objections to be raised against the registration of bodies that may apply. All that is provided for in the Associations Incorporation Act. I cannot too much emphasise the fact that the Act of 1895 has been in force all these years and a vast number of organisations have been registered under its provisions. There is no necessity whatever for the inclusion of the clause, unless it is intended to repeal the Associations Incorporation Act, for which there would be no jus-

tification whatever. Many sporting bodies have been incorporated.

Mr. Tonkin: And progress associations, too.

Hon. N. KEENAN: That is so. In fact, it would be difficult to find any group of persons associated together with intent to use their associated powers and energies for charitable, religious or sporting objects, that is not registered under the Act of 1895. The inclusion of the clause is unjustifiable although the Minister may say it will not do any harm. Such a contention is possibly the worst form of defence. The provision certainly can do no possible good. I hope the Committee will strike out the clause.

The MINISTER FOR JUSTICE: I am sorry I cannot agree with the member for Nedlands. I do not think he has given due consideration to the clause, which will not interfere with the Associations Incorporation Act at all.

Hon. N. Keenan: No one suggested it would. I say the clause is not necessary.

The MINISTER FOR JUSTICE: The clause will empower the Attorney General to permit certain bodies to dispense with the use of the word "limited." That is the main object. No one would like to see the name of a cricket club ending with the word "limited." The member for Nedlands should know that the Associations Incorporation Act has not proved altogether satisfactory, because of the limited control it has been possible to exercise over various institutions. If organisations are permitted to dispense with the use of the word "limited," many may be encouraged to register. Under the clause greater control will be exercised over such bodies, and the interests of members of the associations will be protected. The present Act does not contain a similar provision. Many large organisations, such as the Red Cross, handle a lot of money, and very little jurisdiction is exercisable over them under the Companies Act. If the clause be agreed to greater control could be exercised. Ample safeguards are included such as that in Subclause 2.

Hon. N. Keenan: Is that provision necessary?

The MINISTER FOR JUSTICE: It might be found necessary, or it might not be necessary. The provisions of the clause seem to be quite fair and will make for uniformity.

Mr. Hughes: I thought we had buried "uniformity."

The MINISTER FOR JUSTICE: We desire uniformity.

Mr. Hughes: I will show you how you are getting out of step.

Hon. N. Keenan: Is similar legislation enacted in any other State?

The MINISTER FOR JUSTICE: A similar provision appears in the Imperial Act, and in all Acts throughout the Commonwealth. Despite what the member for Nedlands has said, I can see no reason for deleting the clause. Representatives of the commercial community had an opportunity to review the Bill, and they took no exception to the clause. The member for Nedlands should not look sarcastic. As a leading member of the legal fraternity, he should assist us in this matter.

Hon. N. KEENAN: I am again astonished at the Minister's extraordinary repetition of the statement that no one has objected to the provision. The hon. gentleman never asserts that anybody has asked for the provision, the reason being that nobody has asked for it. The Associations Incorporation Act is not to be touched; so why introduce the matter here? Is the position that associations are to be given a choice to come either under this Bill or under the Associations Incorporation Act?

The Minister for Justice: Yes.

Hon. N. KEENAN: Nothing is more absurd than legislation of this character. If the Associations Incorporation Act was not a measure that achieved its purpose to a considerable extent—an extent so considerable that I have never heard any complaint about it—I could understand the Minister saying, "I think the Associations Incorporation Act is a bad Act and I propose to substitute this provision for it." But if he agrees that it is a good and workable Act which has achieved its purpose for 46 years now, what on earth is the excuse for proposing this alternative, this choice of making into a company what is not a company at all, which exists not for the purpose of making a profit—the Associations Incorporation Act prohibits that—but merely for the purpose of carrying on charitable or sporting activities? I appeal to the Minister to reconsider his position. This is

not a Government Bill, though the Minister frequently forgets that fact.

The Minister for Justice: I quite realise that the Bill is not a Government Bill.

The CHAIRMAN: We are dealing with Clause 31, and not with the Bill.

Hon. N. KEENAN: Then Clause 31 is not part of any Government proposal but part of a proposal submitted to this Chamber.

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

Ayes	24
Noes	11
Majority for	13

AYES.

Mr. Boyle	Mr. Raphael
Mr. Coverley	Mr. Rodoreda
Mr. Cross	Mr. Sampson
Mr. Fox	Mr. Seward
Mr. Hawke	Mr. F. C. L. Smith
Mr. W. Hegney	Mr. Styants
Mr. Hill	Mr. Tonkin
Mr. Leahy	Mr. Triat
Mr. Millington	Mr. Watts
Mr. Needham	Mr. Willcock
Mr. Nulsen	Mr. Withers
Mr. Panton	Mr. Wilson
	(*Teller.*)

NOES

Mrs. Cardell-Oliver	Mr. McLarty
Mr. Hughes	Mr. North
Mr. Keenan	Mr. Shearn
Mr. Latham	Mr. Willmott
Mr. Mann	Mr. Doney
Mr. McDonald	(*Teller.*)

Clause thus passed.

Clauses 32, 33—agreed to.

Clause 34—Provision as to memorandum and articles of companies limited by guarantee:

Hon. N. KEENAN: Is not this clause subject to guarantee companies being struck out?

The CHAIRMAN: The matter will be attended to by myself and the Clerks as a consequential amendment.

Clause put and negatived.

Clauses 35 to 39—agreed to.

Clause 40—Meaning of "proprietary company":

Hon. N. KEENAN: In view of the Committee's decision on the prior clause I do not propose to ask that the whole of this clause be struck out, but I call the Minister's attention to some portion which appears to be fraught with great danger. Subclause 3 provides—

A company limited by shares not being a no-liability company may by special resolution alter—(i) the name of the company by inserting the word "proprietary" immediately before the word "limited;" and (ii) the provisions of its memorandum or articles so as to restrict, limit, and prohibit, as aforesaid.

Those words mean that a company which is registered in the ordinary way under the Act as a limited liability company is empowered, merely by special resolution, to alter the name of the company as stated. The Swan Brewery Company Limited could insert the word "proprietary" immediately after the word "limited." I want the Minister to explain how he faces the risk of a company originally registered in the ordinary way as a limited liability company taking advantage of the provision merely by passing a special resolution—which merely means a resolution carried by a certain proportion of its members—to alter the name of the company described. It is regrettable that we have indulged in this gamble of creating proprietary companies in this State, but it will be still more regrettable if we encourage limited companies registered as such, simply because they have not more than 50 members, to say suddenly that they will put "proprietary" after "limited," of their own sweet will. All that is incumbent upon them is that they should not have issued an invitation to the public at the time for subscriptions or not received deposits from the public at large and that they should have been incorporated, as they would be.

The MINISTER FOR JUSTICE: I move an amendment—

That in line 8 of subparagraph (a) of paragraph (i) of Subclause 1, the word "fifty" be struck out and the words "twenty-one" inserted in lieu.

Mr. Hughes: What about uniformity now?

The MINISTER FOR JUSTICE: The reason for the amendment is that that seems to be the average number in the companies formed in Western Australia. Members, especially the member for East Perth, have mentioned that they want greater protection. The amendment will provide that protection. The select committee thought it desirable to reduce the number from 50 to 21. Further, the adoption of the amendment will enable members of Parliament to take advantage of membership of proprietary companies which make contracts with the Government. According to the Constitution there must be 20 members of a company which contracts with the Government, before a member of Parliament can be associated with it.

Mr. HUGHES: In every State in Australia and in England where there are proprietary companies, the maximum number of members has been fixed at 50. Throughout the discussion on this Bill members have been asked to swallow all sorts of obnoxious provisions on the ground of uniformity. Now the Minister is stepping out of line himself. Apparently the uniformity argument is good only in parts. So far as proprietary companies are concerned it does not matter whether there are 21 or 50 members. I think the reason for the amendment is that the Minister has found out that by virtue of establishing proprietary companies and allowing existing companies to change from public to proprietary companies, most of the companies will be outside the Bill. An attempt is now being made to reduce the number to 21 so that more companies will come under the scope of the measure as public companies. As for its affecting members of Parliament, there is nothing in that at all, because a company with which a member of Parliament is associated must still have more than 20 shareholders. Whether it is a public or a private company does not matter. I agree with the member for Nedlands that we are opening up a very dangerous avenue in bringing in proprietary companies.

Hon. N. KEENAN: If the Minister wants to exclude, as no doubt he does, a rush by companies to become proprietary companies, I do not think he will achieve his object by making this reduction, but he will do so if he strikes out Subclause 3 which gives power to a company already registered as a limited company to become a proprietary company by mere resolution of a majority.

Mr. Hughes: This is an admission of fallibility in the select committee, which we never expected.

Hon. N. KEENAN: I do not know whether it is an admission of anything. The public does not want these proprietary companies.

The Minister for Justice: They do!

Hon. N. KEENAN: Where is the evidence?

The Minister for Justice: I have had quite a number——

Hon. N. KEENAN: It is extraordinary that a search made by the member for East Perth into the evidence of the first half dozen witnesses failed to discover any mention of the matter. I daresay there are a few cranks in the community who desire the provision, and apparently they had only to ask for it to get it. The amendment is of no value.

Mr. HUGHES: There is no doubt that the Bill is made for dummying purposes, because in the English Act dealing with this matter under the name of private companies the proprietary company is a company in which the right to transfer shares is restricted. Why is that restriction omitted here although this purports to be taken from the English Act?

The CHAIRMAN: Will the hon. member assist the Committee to get rid of the amendment? I think this discussion is more applicable to the clause as a whole.

Amendment put and passed.

Mr. HUGHES: I would like the Minister to tell us why the words out of the English Act "that the company by its articles restricts the right to transfer its shares"—which of course is the great difference between a public and a private company—are omitted from this measure?

The Minister for Justice: This is referring to proprietary companies and the others were private companies.

Mr. HUGHES: The provision in this Bill is taken almost word for word from the English Act dealing with private companies. Except for the fact that the English Act is expressed a bit more lucidly, it is word for word. The Bill says that such a company shall by its articles prohibit any invitation to the public to subscribe for any shares, debentures, stock, or bonds of the company, but that does not stop the public from getting them. It does not stop the company from selling them to the public. As the restrictions of the English Act have been left out, the company can go on the market and sell its shares in the same way as a public company can. All it has to do is refrain from inviting people to buy.

Mr. TONKIN: I am sorry the member for Nedlands has decided not to proceed with his opposition to the whole clause. The proprietary companies are not warranted in this State; they are positively dangerous. I agree with the member for East Perth that one of the safeguards has been deliberately removed—the restriction on the right to transfer shares. In New Zealand where the number of members of a private company is limited to 25, very severe restrictions are im-

posed on the transfer of shares; also the whole of the capital has to be subscribed before the company can be incorporated. A proprietary company is only a partnership with limited liability. A partnership does not possess certain of the advantages of a limited company, and it has certain disadvantages. On the other hand, a company has certain advantages and also some obligations. The proprietary company makes it possible for individuals to derive all the benefits of an incorporated company without its obligations, and to lose the disadvantages of a partnership. We should not grant that facility. Most frauds committed in connection with company formation have had something to do with proprietary companies.

Mr. Rodoreda: No liability companies.

Mr. TONKIN: Proprietary companies! I have read through the evidence tendered to the Royal Commission to see if there is any reason for these proprietary companies. Mr. Briskham, Registrar of Companies, South Australia, said that the provisions relating to proprietary companies were retained in the South Australian Act mainly to bring it into line with other State Acts. The object in forming a proprietary company as against a partnership is because credit is more readily available.

The Premier: Why should it be?

Mr. TONKIN: Because the concern is held forth to the public as a company as against a firm.

The Premier: A company with limited liability as against a firm without.

Mr. TONKIN: The general public has little knowledge in these matters.

Mr. Hughes: It is marvellous how people are impressed by the name "company."

Mr. TONKIN: Yes, and credit does become more readily available. With a proprietary company it is possible for one or two individuals to gain complete control without the same liability as in a partnership. Any person who ceases to be a member of a partnership is liable for the ordinary debts for a period of six years, and specialty debts for 20 years where the debts have been incurred during the time such person was a partner. In the case of a company his liability for a debt ceases at the expiration of 12 months. There is a desire on the part of partnerships to become proprietary companies if they can dodge some obligations and responsibilities of an ordinary limited company. If they want the advantages and privileges of a limited liability company they should be prepared to meet the same obligations.

No provision is made in Victoria for the compulsory audit of proprietary companies. Such provision is made in Tasmania and New Zealand. We have no such provision in our Act. Mr. Briskham went on to say in his evidence that the reason these proprietary companies were formed was that they were holding companies for parent companies in other States. That was our experience in regard to Investment Managers Proprietary Limited which was formed as a holding company for a number of offshoots formed from time to time. No audit was compulsory so far as the parent company was concerned and it could play ducks and drakes without any check. Obligations are imposed on shareholders and directors in limited companies for a special purpose. If people do not want to have partnerships, but want to gain other advantages, they should form themselves into a limited company. If they are not prepared to meet the obligations then imposed, they should remain as a partnership. The knowledge gained by reading of the operations of companies in various parts of the world causes me to believe that proprietary companies lead to the carrying out of fraud.

Hon. C. G. Latham: They legalise fraud.

Mr. TONKIN: They grant facilities not present elsewhere. Some very clever gentlemen are abroad, who make it their business to study the companies Acts in the various States, find the loopholes and take the fullest advantage of them to exploit the public with impunity. Frauds amounting to millions of pounds occurred in New Zealand. Farms and Farmlets Ltd. and many other companies were names only and represented by a man and his wife in most cases. In nearly every instance they could be traced back to the proprietary or private companies, either as holding companies or as companies concerned in the raising of money by means of all sorts of roundabout methods. The Minister can give no sound reason for the inclusion of proprietary companies other than that of uniformity. I have yet to learn that because we have had no facilities provided in this State for the formation of the proprietary company, we have held back legitimate company forma-

tion. This is not the time to give facilities for which no genuine claim has been put forward.

The Premier: What is the difference in cost in establishing them?

Mr. Hughes: None.

Mr. TONKIN: I cannot say that there would be any. A difference would occur in the subsequent running costs. They are not compelled to have an audit or publish a balance sheet, and would dodge the auditing of their books.

Mr. Hughes: That would be handy when it came to taxation.

Mr. TONKIN: It would make possible the avoidance of taxation. If a member of a partnership dies, it means a dissolution, and in many cases the transfer of land and the sale of assets, all of which brings revenue to the State. If it is a company, it continues; there is no transfer of land or sale of assets, and a good deal of taxation that would otherwise be received is not paid. My attitude towards proprietary companies is one of uncompromising hostility.

Mr. RODOREDA: The case against the introduction of proprietary companies put up by the member for North-East Fremantle would have been very good had the Bill been similar to the existing Act. Many obligations are imposed on public companies by the Bill that are not imposed by the Act. The evidence was that financial hardship would be imposed on small companies at present in existence if they had to comply with the conditions of public companies under this legislation.

Hon. N. Keenan: In what part of the evidence is that?

Mr. RODOREDA: It is scattered through the evidence.

Mr. Hughes: What do you mean by small companies?

Mr. RODOREDA: I will deal with that presently. There was no definite demand for proprietary companies because provision for them had been included in the Bill. Members of the Royal Commission discussed this phase for hours.

Hon. N. Keenan: Did any member of the Commission ask for proprietary companies?

Mr. RODOREDA: Yes, and a strong case was put up.

Hon. N. Keenan: Is that contained in the evidence?

Mr. RODOREDA: There is no record of discussions in the evidence.

Hon. N. Keenan: Is it in the report?

Mr. RODOREDA: The report states that the Commission favoured proprietary companies. The member for North-East Fremantle mentioned the evidence of the South Australian Registrar on proprietary companies. He was a very unsatisfactory witness. There are private and proprietary companies in that State and he was enthusiastic about private companies as against proprietary companies. The question is whether small companies should be allowed to continue without having considerable financial obligations imposed upon them. In this State there are only 150 companies with more than 50 members. When we get down to 21 members, there are about 258 companies that could not possibly be turned into proprietary companies because they have too many members. That cuts out the objection by the member for Nedlands to a later clause of the Bill. But even if a majority of the shareholders desired to form themselves into some other type of company, why should they not do so? The memorandum would have to be altered, and any alteration of that sort is subject to safeguards. We have been told that partnerships would incorporate themselves as proprietary companies. Partnerships can do that under the existing Act. Why have they not done so? Because they prefer to remain as partnerships.

The Premier: How many pastoral properties are held as partnerships?

Mr. RODOREDA: Quite a number; as many partnerships as there are limited companies. The member for East Perth spoke about the transfer of shares. I would not be averse to an amendment dealing with that matter, but its omission would not mean that proprietary companies could go on the market with their shares. All that a member of such a company could do would be to transfer all his holding to someone else. Auditors could be dispensed with. A resolution of the members representing two-thirds in value and number would be required.

Hon. C. G. Latham: That means that the managing director would have control.

Mr. RODOREDA: No, he must have number as well as value.

Hon. N. Keenan: There might be only two members.

Hon. C. G. Latham: We know what has happened in the past.

Mr. RODOREDA: And so do the other States, which have had experience of big frauds.

Hon. C. G. Latham: We have not been immune.

Mr. RODOREDA: But the frauds here have been small in comparison with those in other States. Still, with that experience, other States permit this type of company. Why? Because they realise that there are advantages as well as disadvantages. Such frauds could be perpetrated just as well by public companies. We cannot devise legislation to guard against all possible contingencies. There have been more frauds in Western Australia under the no-liability sections than in the rest of Australia. Why should we prevent the formation of small companies? The Act is supposed to protect the public, the shareholder and the creditor. My experience is that the creditor is well able to look after himself. It matters little to the man in the street whether he is taken down by a private company or a public company. The control exercised over a public company by the shareholders is simply nil. They take practically no interest in the affairs of the company; the directors run the company.

Mr. Hughes: Shareholders are taking a great interest in the Great Boulder Proprietary.

Mr. RODOREDA: Yes. The public is not interested in small companies and the creditors would know the type of company with which they were dealing. The clause will not restrict the formation in this State of legitimate small companies. When the business of such small companies expands they will have to become public companies.

Hon. N. Keenan: Why?

Mr. RODOREDA: Because they could not obtain all the capital they would require from their members.

Mr. Tonkin: There are proprietary companies with a capital of £2,000,000.

Mr. RODOREDA: Yes, in other States, but we are legislating for our own State.

Hon. N. KEENAN: By Clause 12 we passed a provision enabling two persons to form a company to be known as a proprietary company. The Committee was then of opinion that it was wise to allow any two people in the State to form a company by that name for any lawful purpose. I therefore thought it useless to attempt once more the impossible, that is, to convince the Committee that it had made a grave error. The observations of the member for Roebourne, however, require some further comment from me. He said that fraud is essentially found in connection with no-liability companies. That is true, but not in connection with the framework of the company. The fraud almost entirely arises with regard to the lease or claim acquired by the company which, although absolutely valueless, is represented to the public as being of value. The member for North-East Fremantle has taken much commendable trouble to delve into this matter. He has ascertained that elsewhere there are safeguards that do not appear in this measure at all. For some reason or another, the paper on the floor with the paste on it went astray and only portion got into the Bill.

The Minister for Justice: Would you suggest that you would not use paste if you drafted such a Bill as this?

Hon. N. KEENAN: If this session we had had a second reading debate on the Bill, I candidly say that an attempt could have been made to frame legislation suitable for this State, and not for New Zealand, New South Wales or Victoria. I have a great deal of sympathy with what the member for Roebourne said about small companies. Small companies, with a capital of £5,000 or £10,000, should have less onerous conditions imposed upon them and should pay less by way of fees. Possibly, provision might be made to change the class of registration for such companies as they grow. If the member for North-East Fremantle proceeds with his opposition, I shall certainly join with him.

Mr. HUGHES: I would like to understand from the member for Roebourne what he means by the term a "small company." Does he mean a company with a small capital, say, £5,000 or £10,000, or does he mean a company with but few members?

Mr. Rodoreda: I do not mean the latter.

Mr. HUGHES: If the hon. member means a company with a small amount of capital, this clause will not achieve what he desires, because proprietary companies will, in the main, be one-man companies and sometimes they will have an enormous capital. Boans Ltd., is a public company and its share

capital is, speaking from memory, £350,000, which is owned by practically one man.

Mr. Raphael: Who owns it now?

Mr. HUGHES: It has come down by inheritance. The sum of £175,000 stands as to half, under a deed of trust, in the name of Sir Walter James, and as to the other half in the name of one of Mr. Boan's children. The remainder of the capital is almost entirely held by another member of the family. If this Bill becomes law, Boans Ltd., will immediately take the steps necessary to alter its name to Boans Proprietary Limited. As a proprietary company it will be absolved from the obligations of this measure. It will avoid the expense of an audit. Unlike a company round the corner, with a capital of perhaps £5,000 or £10,000, which must comply with the provisions of this measure because it is a genuine company, Boans Proprietary Ltd., would not be required to have its accounts audited nor to file returns.

The Minister for Justice: Do you mean to say that Boans would not have a proper audit?

Mr. HUGHES: If it were a proprietary company, that would not be necessary.

Hon. C. G. Latham: In such event it would not be bound to have an audit.

Mr. HUGHES: The small company will not be saved the expense of an audit.

The Minister for Justice: That would depend upon the company.

Mr. HUGHES: Any company, whether it is a one-man or a two-man company, that has a capital of £250,000 would have not only a proper audit, but a proper internal check. While the member for Roebourne was speaking, I thought the Committee might pass an amendment; a subclause could be added to Clause 1 limiting the capital of a small company to £10,000. The Solicitor General will not have that; I see him shaking his head, but he has not permitted me to complete my argument. If we wish to save a small company that is trying to build up an industry here some expense and absolve it from some obligations, we should not say that a small company is a company with a capital of £250,000.

Hon. N. Keenan: And that a big company is a company with a capital of £5,000.

Mr. HUGHES: Yes. I cannot understand the Minister's conversion to the big fellow. He has suddenly become the exponent of the claims of the one-man company with a capital of £250,000!

The Minister for Justice: He is well protected.

Mr. HUGHES: The Minister has covered up such a man completely. Under the Minister's Bill the owner of such a company may draw off the capital of the concern and, should misfortune follow, he can leave the public and small firms lamenting. The Minister has provided such a man with armour-plated protection under this legislation.

The Minister for Justice: You are exaggerating!

Mr. HUGHES: The member for Roebourne talked about the position of creditors. Every big firm has its credit office and should a request be received for credit one of the firm's officers can make the necessary inquiries and so safeguard the position. The small trader has not the staff to enable such inquiries to be made, and consequently it is the small man that suffers.

Mr. Rodoreda: He is not compelled to give credit.

Mr. HUGHES: Of course not, but if a small man is approached by an individual who says he represents a large concern, what will he do?

Mr. Rodoreda: He can ask for cash.

Mr. HUGHES: How could he expect to get the business in those circumstances? Why does the member for Roebourne want the small man to suffer for the benefit of the big man?

Mr. Rodoreda: That is not so.

Mr. HUGHES: If the small man were to ask for cash before he agreed to supply the order offered him by the representative of a big firm, he would certainly lose the trade.

Mr. Rodoreda: The same would apply to partnerships.

Mr. HUGHES: There are no partnerships that describe themselves as companies.

Mr. Rodoreda: There are hundreds of them.

Mr. HUGHES: Of course, there are such concerns as dental companies. The average commercial man does not seem to understand the meaning of the terms "no liability" and "limited." The small trader cannot afford to take a high and mighty stand.

The Minister for Justice: But the small trader has the means at his disposal to find out about any firm on behalf of which an order may be placed with him.

Mr. HUGHES: Of course, but the customer does not wait for the small trader to find out. The effect of this legislation will be to crush the small trader; if the Minister doubts that let him walk the streets of the city and notice the number of vacant shops.

The Minister for Justice: We should consider where the real wealth of the country is produced.

Mr. HUGHES: I do not know what that has to do with the crushing of small traders. If the Minister were to make inquiries he would find that the country trader is hard put to it to compete against the big city concerns with their efficient organisation, mass production, publicity campaigns and other means by which they lure trade that is offering. However, to get over the difficulty, I move an amendment—

That in Subclause 1 the following new paragraph be inserted to stand as paragraph (d).—"Limits its capital to £10,000; and."

If the amendment be agreed to companies with a capital of over £10,000 will have to comply with the requirements of the legislation. We will be able to help the small traders by agreeing to the limitation I propose, and possibly could extend further aid by eliminating the necessity for the payment of fees in connection with the formation of companies with a capital of less than £10,000. The member for Roebourne suggested that companies must have control of their own destinies; but if that is the position, why are we passing legislation to deal with companies? We say that the public is interested in the affairs of companies and, should the Bill become law anyone, even though actuated by mere idle curiosity, could go to the Companies Office and peruse the balance sheets of registered concerns.

The MINISTER FOR JUSTICE: The only company formation the Committee appears to think of is that of companies operating in the metropolitan area, but country residents have no alternative to companies except partnerships. Partnerships are a curse to Western Australia. I have had partners, and have been compelled to carry the whole burden. One partner, irrespective of his abilities, has as much say in a partnership as any other partner; and the partnership may have to include his wife. I have lost considerable sums of money through being in partnerships. In fact, my experience of partnerships has been most unfortunate, except in the case of the partnership in which I am now included. A small private company does not interfere greatly with public trade, and really is of no interest to the public. It cannot issue a prospectus, and can accept deposits only from its own members. Documents relating to the company must be open to inspection by creditors without fee.

Mr. Hughes: What objection is there to limiting such companies to capitals of £10,000 or £20,000?

The MINISTER FOR JUSTICE: I see no reason for limiting them.

Mr. Hughes: If I cannot put these small companies out altogether, I want to limit them.

The MINISTER FOR JUSTICE: Proprietary companies will, I believe, foster industries and help to develop this country. There is no reason for disallowing them. Many country people desire to carry on small businesses in the form of proprietary companies.

Mr. Hughes: Has the Minister not had objections from commercial men of Perth to this clause?

The MINISTER FOR JUSTICE: No.

Mr. Hughes: On whose behalf does the Minister think I am objecting?

Mr. TONKIN: The amendment will improve the clause, but I do not like it. The member for Roebourne mentioned that to make it obligatory on persons desiring to secure the benefits of a limited liability company to form a public company would impose too great a burden on them. He also referred to penalties but, if the provisions of the measure are complied with, penalties will not be incurred.

Mr. Rodoreda: But it will be necessary to employ expert assistance to ensure that the law is carried out.

Mr. TONKIN: A company with a capital of £10,000 would require the services of an expert to ensure that the business was carried on properly.

Mr. Hughes: A trained accountant's services would be required.

Mr. TONKIN: Yes. It is useless to urge that expense can be saved on that score. To grant such a facility to save expense would be inadvisable. What is a proprietary company wanted for? The person who forms such a company desires to retain complete control of the business, as he would do if he were a member of a partnership, but he

also desires to limit his liability in the event of the business proving a failure. If the business fails, it is his own fault and he should not have the benefits that a limited liability company would enjoy. Three persons who would otherwise form a partnership might decide to take advantage of the provisions of this measure and form a proprietary company. They would be in exactly the same frame of mind as persons desiring to form a partnership. They would subscribe their capital and form a proprietary company. Then they would have to decide who should manage the company, so that the same argument would arise as in the case of a partnership. I know the Minister has in mind that some person might run the company into debt, with the knowledge that he would not be called upon to pay the debts, as he had no assets. Such a person might be appointed the managing director. The position would be the same as that in a partnership.

The Minister for Justice: No. His liability would be limited.

Mr. TONKIN: Who would carry the baby? The creditor?

Mr. Hughes: Yes.

Mr. TONKIN: That indicates the reason for the formation of a proprietary company.

The Minister for Justice: Creditors are not all dopes. They can look after themselves.

Mr. TONKIN: That does not answer the point. I ask the Minister, do proprietary companies make losses? Is there a possibility that they might fail? If they fail, the loss must be borne by someone. If it is not borne by the members of the company, it is borne by the creditors. This would be an encouragement to persons to enter upon a doubtful venture. If there were elements of risk in the venture, they would form themselves into a proprietary company. There are too many people ready to give a doubtful proposition a fly if it is a case of "Heads I win, tails you lose."

The Minister for Justice: The same thing applies to a public company.

Mr. TONKIN: Not to the same extent, because the financial arrangements of a public company cannot be kept secret.

The CHAIRMAN: I remind the member for North-East Fremantle that, although I do not wish to burke the discussion, his contribution is more relevant to the clause than the amendment before the Chair.

Mr. TONKIN: The amendment seeks to limit the application of this clause to certain companies. I am trying to show that, even if it is limited to those certain companies, it is undesirable. I admit that the limitation is preferable to the clause as it stands, because proprietary companies and private companies are by no means small companies. In New Zealand and in Great Britain there are private companies flourishing with a capital of £1,500,000 and £2,000,000, and that capital is all subscribed at the incorporation, which shows how ready some persons are to take advantage of the privilege of private companies and proprietary companies because they can keep their business secret. There definitely is a great facility for fraud because of the limited membership. The proprietary company will attract only two or three individuals who want to have all the advantages of partnership without the disadvantages and obligations. This lets them in. There is no control over their bookkeeping and they can carry on in much the same way as a partnership with the advantage that their liability is limited if they fail. I appreciate the member for Roebourne's point that in the outback it is difficult to obtain registered auditors. There may be some difficulty in securing qualified accountants. A company might find difficulty in complying with the requirements of the Act. I suppose that is a disadvantage which is attendant upon living in the country.

By granting facilities to a few firms in the country to form these companies we open the way to numerous companies in the city to take advantage of provisions that will make fraud possible, and my main objection to proprietary companies is that they are used as a coverage, because a proprietary company has not compulsory audit or publication of accounts, and such a company is used as a parent company. Subsidiary companies are then formed elsewhere, and as a result the person in control of the proprietary company is able to draw off large sums of money in all directions for his own benefit. If this would impose any great hardship I would be disposed to give it more consideration, but I do not perceive that the hardship is so considerable as to warrant us leaving this loophole. There is facility for the formation of ordinary public companies and the penalties imposed are no additional

obligation because if breaches are not permitted penalties are not imposed. If there were any real reason for the formation of these companies, Mr. Briskham, the Registrar of Companies in South Australia, who was the sole commissioner to inquire into the ramifications of the McArthur companies in that State, would have set out those reasons. All he could say was that the provisions were incorporated in the South Australian Act, mainly because they were in other Acts. He made one illuminating reference. The member for Roebourne pointed out that in South Australia there were both private and proprietary companies. Possibly that is why Mr. Briskham said—

> I understand this State is not a happy hunting ground for the unscrupulous company promoter as is the case in South Australia.

We have had no facilities for proprietary companies in Western Australia, but in South Australia there have been facilities for both private and proprietary companies. Possibly that is the reason why South Australia has been a happy hunting ground.

Mr. HUGHES: The Minister says that if we include this we will place some disability on people outback who want to form companies. If a few people want to form a company to carry on trading in the country they come to the city.

The Minister for Justice: Not necessarily.

Mr. HUGHES: They have to get a memorandum and articles, and to have registration made and lodged at the Supreme Court.

The Premier: A solicitor will do that for £15.

Mr. HUGHES: Will he? I doubt if that would cover the fees. They have to send to a solicitor and tell him what they want in the articles.

The Premier: There are solicitors outback.

Mr. HUGHES: They have to pay the solicitor. He has to draw up a memorandum and articles and send them to the city. How will limiting it to £10,000 affect that? As a matter of fact, people outback have most elaborate articles.

The Minister for Justice: I knew a small storekeeper who carried £12,500 worth of stock with a capital of £15,000.

Mr. HUGHES: Then he could well afford to come into the city. He was trading as a company.

The Minister for Justice: He was trading as a small concern.

Mr. HUGHES: As an individual trader.

The Minister for Justice: A partnership.

Mr. HUGHES: If he had been a company he would not have been a small company. I have seen several articles of association of stations in the North. Sometimes there have been only six or seven shareholders and the articles have been most elaborate, containing as many as 50 or 60 pages. If they have any business at all they must have their accounting done in Perth. They must get people who are experts—accountants and lawyers and other people—to do their business because taxation is so involved today that they have to come to Perth at least once a year.

The Minister for Justice: So everything has to be centralised in Perth. We do not want to give any consideration to people in the outback at all?

Mr. HUGHES: What difference would it make to them if they formed a proprietary company whether it were limited to £10,000 or not? I am not wedded to the figure. Let us make it £20,000 or £25,000, if that is thought desirable; but surely if we are going to provide these facilities for small companies we cannot say that a company with half-a-million pounds capital is a small company simply because one man holds the bulk of the capital. Therefore I would not have any objection to £20,000 or £25,000. That would cover the widest possible range of people wanting to form a company. There is no disability respecting people in the back country, because they have to bear the cost of the formation of the company irrespective of whether it is done in the city or country. If the country solicitor does it he charges more because he reckons the cost of living is higher. When it comes to registration, the court fees are the same. This simply declares a limit and defines what a small company is. If £10,000 is too low it could be £20,000 or £25,000. We should not make provision for small companies and say that the sky is the limit.

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

Ayes	13
Noes	23
Majority against	10

AYES.	
Mrs. Cardell-Oliver	Mr. Raphael
Mr. Fox	Mr. Sampson
Mr. Hughes	Mr. J. H. Smith
Mr. Keenan	Mr. Tonkin
Mr. Latham	Mr. Willmott
Mr. Mann	Mr. Doney
Mr. North	(Teller.)

NOES.	
Mr. Boyle	Mr. Nulsen
Mr. Coverley	Mr. Panton
Mr. Cross	Mr. Rodoreda
Mr. Hawke	Mr. Seward
Mr. J. Hegney	Mr. F. C. L. Smith
Mr. W. Hegney	Mr. Styants
Mr. Hill	Mr. Triat
Mr. Leahy	Mr. Watts
Mr. McDonald	Mr. Willcock
Mr. McLarty	Mr. Withers
Mr. Millington	Mr. Wilson
Mr. Needham	(Teller.)

Amendment thus negatived.

Mr. HUGHES: I move an amendment—

That Subclause 3 be struck out.

I move this amendment for the reasons previously outlined by the member for Nedlands.

The MINISTER FOR JUSTICE: I cannot agree. This subclause gives the opportunity for a proprietary company to become a public company or a public company to become a private company.

Hon. N. Keenan: It does not.

The MINISTER FOR JUSTICE: Public companies can become proprietary companies and a number of public companies in W.A. would not have the opportunity to become proprietary companies. They are small concerns. These people who have battled in the back country should not be penalised by the provisions of the Companies Act and have to send their work to the city for audit purposes, and perhaps have an accountant sent to Kimberley, Laverton, Esperance or some other place. Members seem to have an obsession so far as the proprietary company is concerned. They do not give due consideration to people battling in the back country.

Mr. Hughes: These people have £500,000.

The MINISTER FOR JUSTICE: They might have less than £10,000 now, or little more. Similar provision is made in all the Australian Acts. There is nothing about Western Australia to say that it should not have the same facilities. If public companies are hit pretty hard in carrying out the provisions of this measure I see no reason why they should not be able to revert to proprietary companies.

Mr. RODOREDA: As the Committee has decided that we will have proprietary companies it would be ridiculous to delete the clause. This is the clause which looks after the transition period. I would agree to an amendment stating, "An existing company," to make it clear. It means that a public company can, by special resolution, become a proprietary company. There are 1,100 companies in this State which have a membership of less than 21. If we delete this subclause, these companies would be denied the right to form themselves into proprietary companies should the Bill be passed, while the right is given to companies which may later be incorporated. If we delete the clause, the 1,100 companies would have to go to the expense of a voluntary winding up and then incorporate under the provisions of this measure. The Minister should consider the advisability of inserting the word "existing" before "companies" because, after the passing of the measure, we should not allow a company to be formed as a public company and later on alter its memorandum.

The MINISTER FOR JUSTICE: I see no objection to the provision applying to existing companies. When the measure comes into operation, those concerned will decide whether they will become proprietary companies or remain public companies. The Royal Commission gave much consideration to this matter. While I do not think the suggested amendment would make much difference, I would prefer to retain the provision as printed.

Mr. TONKIN: All except 258 companies could immediately turn themselves into proprietary companies, dodge the compulsory audit and enjoy substantial privileges. If there is reason for permitting a company, which has been satisfied to trade as a public company to change to a proprietary company, what will attract the few will probably attract the lot, and all who can come within the terms of the provision will take advantage of the less onerous proprietary requirements. When the membership of a company is only a few in excess of 21, one member could buy out others and thus permit of transformation into a proprietary company. Why should we permit of this dodging of provisions that we consider essential for a public company? If the safeguards are necessary for a public company, why give facilities to proprietary companies to dodge them? If I cannot prevent the formation of additional proprietary companies, I will do my best to prevent

the conversion of existing companies into proprietary companies.

Amendment put and negatived.

Clause, as previously amended, agreed to.

Clauses 41 to 46—agreed to.

Clause 47—Power of company to have special seal for use abroad:

Hon. N. KEENAN: This clause illustrates the curious frame of mind that exists and ignores the fact that the whole of Australia is an entity. When the existing Act was framed, Western Australia was the entity and outside of it was the world at large. Western Australia consists of a very large area, and we would be wise to empower companies carrying on business here to authorise the use of a delegated seal to agents operating at a considerable distance from the place of business, which presumably would be in Perth. If we carry on with the old idea that the Eastern States are places removed from Western Australia, in which we have to authorise our agents specially to act or they cannot act alone, this clause, with small amendments to make it clearer, might be acceptable. We must realise, however reluctant we may be to do so, that any company formed here can go to South Australia and trade there lawfully without leave or license from Western Australia, and can give a power of attorney to any person it chooses in South Australia to identify him with the company here. All the channels of trade are open; none of them is closed. If Broome or even Wyndham some day becomes a big place, the agent of a company can be appointed there with official seal, being a facsimile of the common seal of the company. In the not distant future, let us hope, such a provision might become highly desirable. Agents in the North-West might be far more distant from Perth than if they were in Adelaide or Melbourne, because it is so difficult to communicate with them. Every reason which would suggest the appointment of an agent in Adelaide with power to use the company's seal suggests also the appointment of such agents in, say, Broome or Wyndham. I move an amendment—

That in line 2 of Subclause 1 the word "State" be struck out, and the words "its principal State of business" inserted in lieu.

The MINISTER FOR JUSTICE: I thoroughly understand the hon. member's point of view, but I have always been taught to regard the seal of a company as something solemn, and to have the seal floating around all over the State might not be to the advantage of the company. Under the proposal of the member for Nedlands a company might have a seal in Perth and Broome and Albany.

Hon. C. G. Latham: Why not let all documents be sent to Perth for sealing?

The MINISTER FOR JUSTICE: That might be done. I cannot agree to such an amendment.

Hon. N. KEENAN: The Minister still speaks of Eastern States, notwithstanding my endeavour to explain to him that there is no such thing as an "Eastern State" of Australia. The words "Eastern States" do not occur in the clause. "Outside the State" might mean India or China or America. I have no objection to foreign companies, or companies of our own, taking steps to trade in other lands. The intention of the clause is to empower a company to give a power of attorney for the Northern Territory, or for any of the Eastern States, or for the Commonwealth Territory in Canberra, but does not express it. If we want a statute to operate a hundred years later, it is necessary to provide for delegation of authority in this State by power of attorney with authority to use the seal. The seal would not be floating around. A company in Perth would not allow any Tom, Dick or Harry to use its seal. The company might carry on business in some distant part of the State, such as Broome or Eucla.

The Minister for Justice: Or Esperance.

Hon. N. KEENAN: Possibly. The clause does not provide for the Eastern States.

The Minister for Justice: Yes.

Hon. N. KEENAN: It cannot, if one takes a proper view of Australia. Some people still think Western Australia is entirely separate from the rest of Australia, as indeed it is, although constitutionally and legally it is not. There is only one entity, Australia.

The Minister for Justice: Each State has its own company law.

Hon. N. KEENAN: But this State could not prevent a company formed and registered in South Australia from carrying on business in this State, even if we did not care for the company law of South Australia.

The Minister for Justice: It would trade as a foreign company.

Hon. N. KEENAN: No. Once more I remind the Minister that Australia is an entity. The Broken Hill company has spent a great deal of money in this State. Some people imagine that that company is not operating in Western Australia, but they are wrong. I hope the Minister will reconsider his opposition to the amendment.

Amendment put and negatived.

Clause put and passed.

Clauses 48, 49—agreed to.

Clause 50—Specific requirements as to prospectus:

Hon. N. KEENAN: Subclause 6 provides for what appears on the surface to be an important matter, but which is absolutely valueless. It says, "Where in a prospectus reference is made of any mining lease . . . " and this should read, "reference is made to a mining lease," but I read the subclause as printed—"or other mining tenement . . there shall also be set forth in the prospectus the particulars of a certificate . . . from the Department of Mines, containing full details of the nature of such mining lease . . . and of the title thereto or of the estate or interest therein." What does that mean?

The Minister for Justice: That the department will give full particulars.

Hon. N. KEENAN: Does it mean that the department will furnish a report upon the value of the mining tenement? Or does it mean that the department will merely state that the lease is a gold-mining lease, a copper-mining lease or a tin-mining lease? Surely the department would not accept responsibility for placing a value upon the lease. If the subclause is misleading, it will only mislead the public, which might think it is getting something valuable. I move an amendment—

That Subclause 6 be struck out.

The MINISTER FOR JUSTICE: I entirely disagree with the member for Nedlands. The Mines Department will issue a complete report of the mine, to the best of its knowledge; it will state the location of the mine and, if it is a gold mine, its value as far as it has gone. Thus the public will have an opportunity to gauge whether there is a prospect that the mine will pay. The following are some comments by the Under Secretary for Mines on this matter:—

It is desirable in relation to the flotation of mining companies that prospectuses shall include a certificate from the Mines Department giving details as to the title of any mine which it is proposed to acquire, or which has been acquired.

With new gold finds, and in boom periods, it often occurs that the country surrounding same is pegged for miles. Companies can be, and have been formed with options over prospecting areas which may be from 5 to 10 miles from the actual find and in country quite hopeless from a mining view-point. The certificate would show actual location, area, date granted, production, names of holders, encumbrances, if previously held, etc.

It would inform the subscribing public whether the title was a prospecting area which is only granted for twelve months, and is purely for prospecting purposes, or a mining lease, which is granted for 21 years. The former might be virgin land, and quite unproved, whereas the latter may have had considerable development work undertaken on it.

The title might, perhaps, be a temporary reserve on which special conditions as to the type of work to be done, or expenditure to be incurred, may have been imposed. This is information which the prospective subscriber would desire to know.

The certificate should have the effect of helping to ensure the bona fides of future flotations.

It may be mentioned that in a Premiers' Conference in Sydney in 1928, when the question of amendment of the State's Companies Law dealing with prospectuses was discussed, a resolution was passed reading as follows:—

> That this Conference is of opinion that the Company Law in each State should provide that the prospectus of any company should contain the fullest disclosure of the contracts entered into by the company and all considerations paid and all other material facts, and that heavy penalties should be imposed for the making of any false statement. It also considers that, in relation to the flotation of mining companies, the prospectus should include a certificate from the Mines Department stating the area which is held and the title under which it is held.

The real necessity for this can, therefore, be seen. The investing public should know exactly what is the position and should have all the particulars that the Mines Department can supply. That should be in the prospectus. I know the hon. member is out to protect the investing public but it seems to me he has misconstrued Subclause 6.

Hon. N. KEENAN: I am sorry to have to explain again to the Minister. The subclause is of no value, but a clause that required the disclosure, as pointed out by the Under Secretary for Mines, of the consideration paid by the different parties who owned the proposition before it was offered to the public would be invaluable. The Minister

may remember that I urged the Minister for Mines to provide in our Mining Act, if it were practicable, that no transfer should be effected unless the consideration that had been paid by various holders from the original prospector was disclosed, in order to show the rake-off taking place. That would not be effected by this subclause, which does not mention the matter of the consideration paid. It provides only for a certificate of title. What is the value of that? None whatever. If the parties who have floated the company are not able to hand over the property they purported to sell to the company, they are liable for damages. In the whole course of mining in Western Australia there has not been one case where a company that was floated was not in a position to receive the property offered for sale.

Amendment put and negatived.

Part A—Specific requirements as to prospectus:

Hon. N. KEENAN: I move an amendment—

That after the word "expert" in line 3 of paragraph 15 the words "whose report appears in whole or in part in the prospectus" be inserted.

The Minister for Justice: I have no objection.

Amendment put and passed.

Hon. N. KEENAN: I move an amendment—

That in line 2 of part B after the word "section" the words "where such prospectus invites the public to subscribe for shares in a company to acquire the business and/or assets of an existing company which has carried on business for over three years" be inserted.

It might be suggested that the last subclause removes the difficulty, but that is not so. Part B is an entirely new part, and subclause 17 deals with what has to be disclosed in a prospectus in relation to a company carried on for less than three years. An absolute duty is thrown on the auditors of the company in respect of its profits in order that the public may know what it is buying. Unless the company has carried on for three years, it would be impossible for the auditor to comply with that duty.

The MINISTER FOR JUSTICE: The amendment does clarify the clause to a certain extent, but it might have a narrowing effect. There would be no provision for other companies.

Hon. N. Keenan: How could the Minister report on the financial standing of a company which did not exist?

The MINISTER FOR JUSTICE: That is defined in Clause 3. I am informed the amendment only applies to a company registered under the old Act.

Hon. N. KEENAN: Does the Minister assure the Committee that the word "company" appearing in line 1 of Subclause (1) of Part B means a company registered under the Act of 1893?

The Minister for Justice: The words "existing company" . . .

Hon. N. KEENAN: In my amendment I have inadvertently used the words "existing company." I did not bear in mind the interpretation clause. It was for the purpose of illustrating the circumstances under which auditors could not possibly give a certificate of the nature required. The word "existing" should be struck out.

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

Clauses 51 to 58—agreed to.

Clause 59—Return as to allotments:

Mr. HUGHES: This is about the worst clause in the Bill. I wonder whether the Minister seriously wants us to pass Subclause 3. It would take a Philadelphia lawyer to understand it. We set out to lay down certain conditions and obligations to be complied with and then immediately nullify them. If the contract is not filed, all that an interested party has to do is to apply for an extension of time. On the vexed question of the payment for shares other than in cash, after numerous law suits and the expenditure of thousands of pounds in litigation, the courts have arrived at some fairly settled decision. People therefore now know where they stand, but here we are throwing in a new clause, very difficult to understand, that will probably involve much litigation before we know what it means. Subclause 3 goes into the past, and anticipates legal proceedings, and will give certain people relief from legal liability that should be imposed upon them by a decision of the courts.

The subclause provides that if the shares were allotted and taken in good faith prior to the commencement of the measure, or were allotted and taken in good faith and for a substantial consideration, or, after the allotment, were acquired by any person bona fide without notice of the omission, the allottee or holder shall not be liable to pay any-

thing other than the difference between the nominal amount and the amount paid up in cash or deemed to have been so paid. Retrospective legislation is the worst type of legislation. In the past, people have been called upon to pay for their shares, and rightly so. The object of requiring people who get their shares other than by payment of cash to file a contract with the Registrar is to enable any person inquiring about the company to get the information that the shares were not paid for in cash. Creditors would then know that the cash would not be available in the event of liquidation. Therefore people who receive shares without the payment of cash and do not file a memorandum have to pay for their shares for the protection of creditors on the sound ground that, if they neglect to give the creditors warning, they should stand the consequences. They are the wrongdoers and the responsibility should not be on the creditors. Now we are asked to make special provision for those people. We would be barely performing our duty if we did not attempt to defeat the subclause, because it is a monstrosity. I move an amendment—

That Subclause 3 be struck out.

Why do we want to go back into the past merely because someone is in danger of being obliged to comply with the law as other people have had to do for years past. We are asked to step in over the courts and give those people protection by retrospective legislation. See how easy we are making it! As the law stands, if people can show that they actually gave equivalent value for their shares the law will release them; but we provide that a person who did not give value for his shares but obtained them on a fictitious basis may be absolved from the consequences. The person can be absolved even if he did not pay a shilling for his shares. The clause says, "If the shares were allotted in good faith and for a substantial consideration." What is the difference between paragraph (a) and paragraph (b)? The clause would be a disgraceful piece of drafting if done by the office boy in the Crown Law Department. The allottee is also absolutely absolved from any liability even if the creditor had the honest belief that the shares had been paid for in cash. What is "substantial consideration?" I defy the Minister to answer the question. The courts will not rip up a transaction if it is not impeached. A similar provision is stated to exist in Tasmanian and New Zealand law. Those Acts, however, if examined, might prove to say something altogether different. Even if that is the law in Tasmania and New Zealand, we should not make it the law here. The provision is fortunate enough for the shareholder, but what about people who are relying on the shareholder and have done something for the company? This is the most unjust and the worst of the clauses.

Progress reported.

House adjourned at 11.32 p.m.

Legislative Council.

Wednesday, 26th November, 1941.

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

ASSENT TO BILLS.

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

1, Wills (Soldiers, Sailors, and Airmen).

2, Public Service Appeal Board Act Amendment.

3, Road Districts Act Amendment (No. 2).