

# Legislative Assembly.

Wednesday, 11th October, 1939.

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

## QUESTION (2)—WHEAT.

### *Acceptance at Sidings.*

Mr. STUBBS asked the Minister for Agriculture: 1, Is he aware that the Wheat Board does not contemplate accepting wheat at the sidings until the 15th December? 2, If this is correct, does he realise the serious inconvenience and loss which farmers will suffer, especially those in the early wheat areas, where stripping commences in November? 3, As there is likely to be a shortage of bags and prices of same have increased fifty per cent., can he recommend to the board an earlier reception at sidings in those areas?

The MINISTER FOR AGRICULTURE replied: 1, I presume that the hon. member refers to Co-operative Bulk Handling, Ltd. The Company will accept wheat grown in the earlier districts from November 20th, and in the South-West only at two sidings will receipt be held up until the 15th December. 2 and 3, Answered by No. 1.

### *Corn Sacks, Alleged Profiteering.*

Mr. BERRY asked the Minister for Agriculture: In view of the fact that corn sacks for several years have averaged between 7s. and 8s. 6d. per dozen, plus 2s. per dozen for terms, and that secondhand corn sacks are now being offered at 9s. per dozen, will the Government take steps to end this profiteering?

The MINISTER FOR AGRICULTURE replied: The price of cornsacks is controlled by the price of jute in Calcutta, plus rates

of freight, costs of insurance, war risks, etc. All of these show an increase. The prices to be paid for bags, sacks and wool-packs are fixed by the Commonwealth Prices Commissioner, who is also arranging the price of future supplies. As far as secondhand cornsacks are concerned, the price in this State has been fixed at a maximum of 8s. 6d. per dozen.

## QUESTION—NATIVE ADMINISTRATION ACT.

### *As to Quadrooms.*

Hon. C. G. LATHAM asked the Minister for the North-West: 1, Is he aware that the Commissioner of Native Affairs is compulsorily bringing certain quadrooms under the Native Administration Act? 2, For what reason has a quadroom named Jack Quinn been declared a native? 3, Will the Minister instruct the Commissioner not to exceed the powers conferred under the said Act?

The MINISTER FOR THE NORTH-WEST replied: 1, No. 2, Jack Quinn is a native in law until he is 21 years of age. 3, As far as I am aware the Commissioner is not exceeding his powers.

## QUESTION—FARMERS' DEBTS.

### *Suggested Moratorium; Superphosphate Works Acquisition*

Mr. BERRY asked the Minister for Agriculture: 1, In view of the impossibility of farmers' meeting their financial obligations, will the Government make representations to the Federal Government to introduce the necessary legislation for a moratorium on farmers' debts? 2, If the Government is not prepared to make the required representations to the Federal Government, will the Government introduce the necessary legislation as a State measure? 3, As superphosphate is an essential in the production of primary products, and as the Commonwealth Government has compulsorily acquired from farmers their products, will the Government advise the Federal Government to acquire all superphosphate works in Australia in order to provide the superphosphate needed by primary producers without delay, and to allow farmers their superphosphate free of interest?

The MINISTER FOR AGRICULTURE replied: 1 and 2, The Commonwealth Government is considering some form of moratorium. It is the view of the Government that all such matters should be on a Commonwealth wide basis and it supports the idea of Commonwealth activity in this connection. 3, No.

### QUESTION—FAT LAMBS.

*As to Increase in Weight.*

Mr. BERRY asked the Minister for Agriculture: 1, Is it a fact that fat lambs, after slaughter and/or during the process of freezing, increase in weight, and that the weighing-in scales are adjusted to overcome their increased weight? 2, What is this average avoirdupois increase, if it exists? 3, Who receives the financial benefit of this increase in weight, assuming the increase exists?

The MINISTER FOR AGRICULTURE replied: 1, It is not a fact that fat lambs increase in weight after slaughter during the process of freezing. The reverse action is the case. Lambs immediately after slaughter are heavier than when frozen, and in consequence scales are adjusted as a universal practice so as to record the actual loss, which has been ascertained to be 4 per cent. 2, and 3, Answered by No. 1.

### QUESTION—POLICE PATROL, CLAREMONT.

Mr. NORTH (without notice) asked the Minister representing the Minister for Police: In view of a report in today's "West Australian" of a statement made at the Claremont Municipal Council that a sum of £8,000 allegedly available for extra police patrol has been transferred to Consolidated Revenue, will he give the House the facts in this regard?

The MINISTER FOR THE NORTH-WEST replied: I ask the hon. member to give notice of that question.

### BILLS (2)—FIRST READING.

#### 1. State Forests Access.

Introduced by the Premier.

#### 2. Dentists.

Introduced by the Minister for Health.

### BILL—TRAFFIC ACT AMENDMENT.

Report of Committee adopted.

### MOTION—ROAD DISTRICTS ACT.

*To Disallow By-laws.*

MR. CROSS (Canning) [4.37]: I move—move—

That the by-laws regulating the use of roads by animals, made by the Melville Road Board under the Road Districts Act, 1919-1938, published in the "Government Gazette" of the 25th August, 1939, and laid upon the Table of the House on the 29th August, 1939, be and are hereby disallowed.

It is just as well, sometimes, that regulations or by-laws framed by local authorities can be brought before Parliament, because such regulations or by-laws may be biased, and possibly unfair in their incidence. I do not know actually what is the reason for the by-laws of which I propose to move the disallowance. I move in that direction because the necessary by-law already exists in the regulations under the Traffic Act. I am pleased to see you, Mr. Speaker, in the Chair today, because you probably know the history of this matter as intimately as I myself do. I am not sure, Sir, that more people in your own area are not concerned than in the area I represent. In any case, I have positively received more visits from people in the Fremantle area than I have from people in my own area with regard to the subject.

Mr. Sampson: Give us the exact details.

Mr. CROSS: There has been an effort by certain parties to restrict the dairying industry in those areas. The regulation appears to me to have been framed to the end of making it more difficult for certain persons engaged in the dairying industry to carry on. People have come to me after receiving letters from the Melville Road Board notifying them that on and after a certain date they will not be permitted to drive their cattle—which means cows—either along or across a highway. To me it seems ridiculous that if a man owns a dairy on one side of the road and a grazing lease on the other side, he is not to be permitted to graze his cows on the leasehold. Under the by-law he will not be permitted to take his cattle across from one side of the road to the other. In regulations under the Traffic Act the Commissioner of Police has power to refuse permission to anyone any-

where in the metropolitan area—the boundaries of which are described in those regulations—to take cows or cattle or horses along any road under the Commissioner's jurisdiction.

He also has power to grant permission for the cattle either to cross the road or to go along it. The person in question, having familiarised himself with the provisions of the Traffic Act, made representations to the Commissioner of Police and sought permission to cross the Canning-highway with his cows twice a day. Evidently the Commissioner made inquiries and ascertained that there would be no danger in the cows' crossing the road, and that no inconvenience would be caused by it. He accordingly granted the desired permission. That, however, did not satisfy the road board, which evidently believed itself to be the local authority referred to in the Traffic Act, because the board then drew up regulations preventing cattle from crossing the road. After I will read the regulation in the Traffic Act and the regulation gazetted by the Melville Road Board, and show that they are almost identical. In that way the board ought to override the Commissioner of Police. I have had legal advice from a prominent K.C. in Perth to the effect that even if the regulation is to stand, it cannot override the regulation made under the Traffic Act. I have been in communication with the department and propose to let members know something of the correspondence which has led up to what may be termed a dispute. I desire to be quite fair, and so will set out the case as it was stated by the Melville Road Board to the Minister when the board sought the gazettal of the regulation. First I shall quote from a letter dated the 6th September written to me by the Under Secretary for Works, in which he states—

In order that you may be fully aware of the reasons actuating the Board in passing the by-laws, I enclose herewith for your information copy of a letter received from the secretary of the Melville Road Board on the 18th July last, prior to the Minister's approval of the by-laws.

I suggest that the Minister approved of the regulations on the representations made in a letter which I will read; afterwards I shall show that the contents of the letter are not strictly in accord with facts, as I have learned by inquiry of the people

residing in the area. The letter from the Melville Road Board is dated the 18th July and reads as follows:—

I have to acknowledge receipt of yours of the 28th ultimo, together with copy of letter directed to Mr. E. R. Rattray by Mr. C. Cross, and have to advise that the matter of the driving of cattle along the Canning-highway and other roadways in this district has caused the board a considerable amount of concern for some time past. Originally there were two dairies on the Canning-highway adjacent to Rome-road, and the continuous driving of these herds along the roadways, particularly North Lake-road, caused damage to the roadway by virtue of the cattle pad along the kerb side,—

There was not any kerb then. The Main Road Board put one down afterwards. The letter continues—

—caused dust which became a nuisance to property holders, and in addition caused sand drifts across the drive-ins of the various residences. Quite apart from this, a nuisance has been created by the cattle trespassing on different properties, and repeated complaints have been received by this board of lucerne paddocks being, if not destroyed, at least considerably damaged. A further complaint has been received from a ratepayer living on the Canning-highway to the effect that one of the cows in these herds calved immediately in front of his premises and in full view of his three children, all of whom were quite young.

I have not been able to get corroboration of that statement.

Hon. P. Collier: You could produce the calves.

Mr. CROSS: The letter continues—

Mr. Groves, one of the dairymen, at considerable expense and in a public-spirited manner in wishing to help the development of the district, has transferred his herd to the South-West, thus leaving only Mr. Atwell remaining as a dairyman in this immediate locality. As Mr. Cross says, Mr. Atwell has certain grazing accommodation on the river side of the highway, but as far as I am aware, has not any other accommodation excepting vacant lots and bush in which to graze his herds. It is whilst this herd is roaming at large throughout the bush that the major nuisance is created, as very often his herdsman fails to get his large herd under proper control. From the foregoing you will see that a considerable amount of nuisance is occasioned to quite a number of ratepayers, quite apart from the fact that development in this locality is definitely retarded by virtue of the fact that the dairy is adjacent to the homesides and creates a further nuisance of flies and dust, caused by the activity and presence of the cattle. My board, as I said before, have viewed this in a very serious light and have considered the matter for

some months past, and at their next meeting by-laws made under Section 204, Subsection (8), of the Road Districts Act and embracing similar powers to those contained in the Traffic Act will be submitted to the board for adoption. On these by-laws being approved by the board I will again communicate with you. In conclusion, let me assure you that the board in dealing with this particular matter are considering the comforts of the majority and not the individual.

The letter was signed by the secretary, Mr. Tompkins. I inquired closely into this matter.

Mr. Thorn: I think you have gone too far into it.

Mr. CROSS: As a matter of fact, even if the regulations were gazetted, the board would have power under them to give the person in question permission to do what he desires. The dairyman does not desire his cattle to roam about the bush. What he desires is to take them to the pinery. Incidentally, he has the right to travel his cattle between 8 o'clock at night and 8 o'clock in the morning without any permission whatever. His desire is to take the cattle across the Canning-highway through the bush to the pinery. Those in charge of the pinery are anxious that the cattle should graze there, so that the undergrowth may be kept down. Mr. Atwell is therefore doing the pinery good service by allowing his cattle to graze upon the undergrowth, thus preventing fires. Mr. Atwell, on the 8th September, wrote to the secretary of the Melville Road Board. I shall read the letter in order that members may realise that the request was clear and reasonable. When by-laws are gazetted and put into effect, we expect them to be administered in a fair and reasonable manner: and the request submitted by this gentleman was fair and would have caused no inconvenience or nuisance to anybody. I think I can prove that a majority of the people is of that opinion. The letter to the road board read—

With reference to the by-law recently passed by your board and gazetted in the "Government Gazette" on the 25th August, 1939, wherein it states "that no person shall drive any herd of cattle or flock of sheep on any road within the board's district between the hours of 8 a.m. and 8 p.m. without first obtaining the permission in writing of the secretary of the board," I hereby request your permission to drive my cattle from my property across the Canning-highway to the Pinery, at 2 p.m. daily. I wish to state that

in future this will be the only area in which my cattle will be allowed to graze.

When these cattle are taken to the pinery, they are in charge of a herdsman. In reply to that request, the secretary of the Melville Road Board wrote on the 25th September as follows:—

I have to acknowledge receipt of yours of the 8th instant re driving cattle along the roads in this district.

Mr. Atwell asked permission to drive them across a road, not along the roads.

I have to advise you that the board are not prepared to give you permission to remove your cattle, and have directed me to inform you that they require you to conform with the requirements of the regulations of which you already have a copy.

The board has complained that the taking of cattle over the highway has caused the destruction of kerbs and roads. Even if the kerbs were destroyed, that is no concern of the road board since the highway is maintained by the Main Roads Board.

Mr. Warner: The road board has to protect Government property.

Mr. CROSS: The regulations gazetted on the 25th August read—

1. No person shall drive any herd of cattle or flock of sheep on any road within the board's district between the hours of 8 a.m. and 8 p.m. without first obtaining the permission in writing of the secretary of the board.

2. No person shall drive, ride or lead any animal into or along any road within the board's district unless the public safety is preserved by the observance of the following conditions:—

(a) All cattle (except bulls) shall be secured and held by bridle-halter and headstall rope, reins, or other means most suited to keep each animal properly secured and under human control;

(b) All bulls shall be held and secured by bridle-halter or ring and pole.

3. Any person not complying with or offending against any of these by-laws shall be guilty of an offence and shall be liable for every such offence to a penalty not exceeding £10.

I wish to direct attention to Regulation 186 under the Traffic Act, which is practically word for word with the by-laws gazetted by the Melville Road Board. It reads—

No person shall drive, ride or lead on any road any wild or undomesticated animal—

Probably the reference is to reptiles and elephants—

—unless the public safety is preserved by the observance of the following conditions.

The requirements are practically the same as those in the by-laws gazetted by the Melville Road Board.

Mr. Raphael: Is a red light on the tail prescribed?

Mr. CROSS: No, but it might be desirable. Regulation 82 made under the Traffic Act provides—

No person shall drive any herd of cattle or flock of sheep on any road in the metropolitan area or in any municipal district or town between the hours of 8 a.m. and 8 p.m. without first obtaining the permission in writing of the local authority.

The local authority referred to in that regulation does not mean the Melville Road Board. Section 21, Subsection 7, of the Traffic Act provides that within the metropolitan area, the regulation and control of traffic shall, subject to the next following proviso, be administered solely by the Commissioner of Police and the members of the police force, such area to be defined by regulation. In the regulation the whole of the Melville Road Board territory is included in the area defined as "the metropolitan area." Therefore the road board has gazetted by-laws with the object of controlling traffic on a main road that is under the control of the Commissioner of Police, and thereby has sought to over-ride the authority of the Commissioner of Police. The Commissioner of Police has power to grant permission. The man in question obtained the permission of the Commissioner and complied with the requirements of the regulations, but then the road board sought to enforce by-laws under the Road Districts Act to over-ride the authority of the Commissioner of Police. The Commissioner has power to grant or withdraw permission, and there are places in the metropolitan area where it would not be reasonable to allow cattle to be driven across or along a street at any time of the day. Regulation 298 provides that no person shall at any time drive a herd of cattle or flock of sheep in Hay-street, Perth, between Pier-street and Milligan-street, or in High-street or Market-street, Fremantle. In parts of the Melville Road district, however, where population is sparse, surely it is reasonable that if a man

has a dairy on one side of the road and grazing land on the other side, he should be given permission to take his cattle across the road once a day.

Mr. Sampson: Very fast traffic passes along that road.

Mr. CROSS: Whether the regulation is gazetted or not, whether the matter is brought in under a traffic regulation or under the regulation of the local road board, a dairyman has the right to travel his cattle along the road provided he does so between the hours of 8 p.m. and 8 a.m.

Hon. C. G. Latham: That is a dangerous time.

Mr. Thorn: I think we are all with you in this.

Mr. CROSS: I hope so. Statements have been made by members of the Melville Road Board. This morning I attended a conference of members of that local authority, six of them being present. You, Mr. Speaker, were also in attendance for a while; and I was sorry you could not, because of another appointment, remain during the whole discussion. I put it to the road board members that Mr. Atwell had made a reasonable request when he asked permission to cross the Canning Highway once a day so that he might put his cattle out to graze. The objection raised was that the moment his cattle began to cross the highway they became a nuisance to everyone, that as soon as they got out of the gate they wandered about the road and into people's gardens; and it was stated that many complaints had been received and the names of the complainants were quoted. I have here a petition, which contains the names of a number of persons who were said to have complained although they signed a petition stating that Mr. Atwell's cattle had not been the cause of any nuisance. At random I picked out a dozen names and interviewed the people concerned. I said to them, "You signed the petition; do you know what you signed? Have you any complaint to make against Mr. Atwell? Have his cattle damaged your property and do they constitute a nuisance?" They replied that they had signed the petition freely. One man said, "They want to get rid of Atwell's cattle. I think the board is adopting a high-handed attitude. It is 20 years before its time, and is trying to drive him out of business. I did not agree with that, and

therefore signed the petition." The wording at the top of the petition is as follows:—

We, the undersigned and residents of Canning-highway and North Lake-road, Melville, consider that the cows of Mr. D. Atwell have not caused any nuisance and are not the cause of any real complaint. We further consider that Mr. Atwell should be permitted to take his cows across the road daily, as he desires, in order that the stock may be placed on grazing land. We, therefore, request you to take the necessary action to have the new regulations relating to this matter disallowed in Parliament.

I have made no promises to Mr. Atwell; but I promised several people that provided a majority of the residents within a given radius signed the petition I would bring the matter before Parliament. Most of the people in question have fulfilled that obligation. Members of the Melville Road Board this morning said they would prepare a counter-petition and would go through the district. My contention is that only those who live in the immediate vicinity are interested. No great distance was travelled by the person who was responsible for the petition I have read. It is my intention to read, for your information, Mr. Speaker, the names of some of the people who signed the petition, and who live in your electorate. Those who live in the Fremantle electorate and signed the document, are: A. Hankinson, E. Hankinson, and another A. Hankinson, all of North Lake-road; B. Freitag, L. Woodall, Campbell Bros. per R. E. Campbell, and M. Love, all of North Lake-road. At the meeting of the road board this morning members said there was one person who would not sign the petition, namely, Mr. Woodall. I will tell members how his signature was obtained. When the person responsible for the petition called at Mr. Woodall's house for the necessary signature he saw a motor car outside. He was informed that unfortunately the master of the house was not at home and that Mrs. Woodall was in a trance. At times that lady goes into a trance.

Mr. Sampson: You seem to know a lot about it.

Mr. CROSS: A good deal of valuable information comes to some people when they are in a trance, and the lady in question was in a trance.

Hon. P. Collier: Did she stay in it for long.

Mr. CROSS: The party responsible for the petition paid a second visit to the house

on the following day. By that time the lady had come out of her trance and the necessary signature was obtained. Thus it is that the petition contains the signature of Mr. H. Woodall, of North Lake-road, Melville; and it was not obtained while Mrs. Woodall was in a trance. I would inform you, Mr. Speaker, that Mrs. Hamilton, of High-road signed the petition, as did also Mr. F. Charleson, Mr. N. Turner, Mr. G. Auchliffe, Mr. F. A. Hamersley, Mr. T. H. Wayman, Mr. T. Tato, Mr. H. H. Morris, Mrs. T. Tate, Mr. J. E. Burch, Mr. A. W. Smith—all of Rome-road, Melville—and Mr. A. H. Back, of High-road, Melville.

The Premier: Is it necessary for you to read out all the names on the petition?

Mr. CROSS: I am doing this for the benefit of Mr. Speaker. By their signatures these people have registered their protest against the regulation in question, and they are all disinterested parties.

Hon. P. Collier: They are butting in.

Mr. CROSS: A claim was made at the road board meeting this morning that it would not be possible to get the signature of Mr. Prowse, and that complaints had been received from him; but the signature of Mr. S. S. Prowse, of Canning Highway, appears on the petition.

Hon. C. G. Latham: Was he in a trance when he signed it?

Mr. CROSS: I stated I had made inquiries myself. I ascertained that no accident had occurred with cattle on the Canning Highway within the records of the Police Department.

Mr. Patrick: Who are the complainants?

Mr. CROSS: Mr. Prowse is said to have complained, but he signed the petition. The information I have is that he knew what he was signing and had no objection to the cattle crossing the highway. The representative of the bus company stated that a cow was killed by him when he was driving a bus in 1933, but he admitted that the accident occurred at night. The gazettal of this regulation will not keep cattle off the roads at night time. As the Leader of the Opposition said, cattle constitute a greater danger when they are running on the road at night time than when they are more clearly seen in daylight. Everyone will agree with that view. I travel extensively along the Canning Highway. Although traffic is increasing there, I cannot see what inconvenience can be caused to anyone when 40 or 50

head of cattle are allowed to cross the road in a bunch once daily during quiet times of the day, between 2 and 3 o'clock in the afternoon. I am pleased to see on the petition the name of one man who is regularly driving a bus along the Canning Highway. He was not interviewed by me, but he stated that in all the years during which he has been driving a bus he has not been inconvenienced or worried on any occasion. He said he had never travelled along the road at a time when Atwell's cattle were crossing. In my possession is a note. It has been suggested that if I read it in the Chamber the writer may lose his position. I know the members of the Melville Road Board, and do not think any of them would dismiss a man because he had expressed his honest opinion. I refer to the note written by the poundkeeper.

Hon. P. Collier: I would not trust them.

Mr. CROSS: Mr. Kenworthy, the poundkeeper, wrote as follows:

I, the undersigned, being acting poundkeeper to the Melville Park Road Board, do hereby state that stock owned by Mr. W. D. Atwell has at all times been under strict control, and is not the cause of alleged complaints.

That is the statement of a man who is supposed to look after straying cattle. If the animals stray or become a nuisance the local authority possesses ample power to deal with the situation under the Cattle Trespass Act. I take it that Mr. Atwell will be allowed to cross private land with his cattle so that he may take them to their grazing areas. Even if the regulation is gazetted I claim that it will be *ultra vires* so far as the Canning Highway is concerned, because the situation is already covered by the traffic regulations. Such a regulation, therefore, would be unnecessary. Dairymen already have enough trouble to face without people trying to place further obstacles in their way. To obstruct this particular man in this fashion is unreasonable. He has lived in the district for some time and has his money invested there. He has worked hard and has not had a fair crack of the whip. I ask members of the Country Party, who have the welfare of the producers at heart, to support me. I know I shall receive a lot of support from this side of the House.

Hon. C. G. Latham: You will get a great deal of support from us.

Mr. CROSS: There are several fair-minded members of the National Party.

Mr. Sampson: Another friend plucked from the burning! The light breaks through.

Mr. CROSS: Apart from its vicious character, this regulation is unjust and should be disallowed. The settler in question has been unfairly treated, and no matter to what section of the community he may belong, he is entitled to a fair crack of the whip. I am aware that members of the Melville Road Board will circulate ratepayers on the subject.

Hon. P. Collier: We will carry the motion before they have time to consider it.

Mr. CROSS: I ask members to agree to the motion, so that those concerned may receive justice.

On motion by the Minister for Works, debate adjourned.

### MOTION—STORED WHEAT.

*To Inquire by Select Committee.*

MR. BOYLE (Avon) [5.16]: I move—

That a select committee be appointed to inquire into, report upon and, if deemed necessary, recommend legislation to deal with—

What wheat was held in Western Australia in storage by merchants on the 31st August, 1939.

Whether contracts for the sale of any such wheat by such merchants had been entered into before that date.

How, to whom, in what circumstances, and at what price, has wheat so held in storage been disposed of.

What profits have been made by merchants in respect of such wheat and whether such profit was fair and reasonable or otherwise.

I make no apologies for the motion. I realise that the appointment of a select committee by this House represents a very important and responsible action on the part of members; but I also appreciate that such a step provides the only opportunity for a private member to ventilate the grievances of the people, particularly of the section whom he represents. I may quote the member for Canning (Mr. Cross) as saying that we worthily represent that particular section. In this instance, hardship has been inflicted through the confiscation by the merchants—

Hon. C. G. Latham: Commandeering.

Mr. BOYLE: Yes, that may be the more polite word to use. The fact remains that

hardship has been inflicted by the closing out on the part of merchants of wheat placed with them under storage conditions. Had the war not intervened, circumstances might not have compelled me to move the motion standing in my name. In order that members may follow my argument clearly, I shall explain the different methods that the farmer has for marketing his wheat. Broadly speaking, he has three means by which he can dispose of his product. In the first place he can sell his wheat outright to the merchant or to any other buyer. Secondly, he can pool his wheat and take the average price for his commodity. Thirdly, he may have recourse to the method under which he endeavours to secure for himself the best price, relying on his own judgment as to when to dispose of his wheat. That method is known as warehousing or wheat-storing. It is usual for the merchant who engages in the business of lending money for the purpose, to give the farmer what is known as an advance on the wheat placed in store with him. Furthermore, under the conditions governing the storage of wheat he has until the 30th September to exercise his right to sell, provided that during that period the price of wheat does not fall lower than within 3d. of the advance made to the farmer by the merchant.

At the present juncture—I mention this to stress the necessity for an inquiry by a select committee—grave doubt exists among the farmers as to whether they have received a fair deal. Up to the 31st August the conditions obtaining were those relating to normal trading, but on the 3rd September the whole position was entirely altered by the existence of a state of war. On the 12th September, I find that of the wheat stored by merchants and subject to advances, the quantity in the care of Co-operative Bulk Handling, Ltd., of Western Australia represented 3,900,000 bushels; the wheat stored by millers and subject to advances under practically the same conditions, amounted to 450,000 bushels; and the wheat stored by farmers free of advances—that refers to wheat owned by farmers who did not require advances but had stored it in the hope of obtaining a better price—accounted for 1,100,000 bushels. I impress upon the House the fact that out of a total of 5,450,000 bushels, four-fifths was subject to advances. We know quite well that

the price of wheat towards the end of July and well into August fell to a calamitously low level. It dropped variously to 1s., 1s. 1d. or 1s. 2d. a bushel. That brought wheat within what I might describe as the “give-and-take” of 3d. per bushel in respect of the merchants’ advances. That being so, the farmers were served with notices that the merchants required them to find sufficient money to provide cover for the advances made by the merchants, failing which within 14 days the wheat stored would be taken over or, in other words, sold. How many farmers were in a position to do that when they had had an advance of only 1s. a bushel on their wheat? They could not comply with the demand, and no less than 4,350,000 bushels of wheat were taken over by the merchants, who deducted their advances together with 4 per cent. interest and, of course, the ordinary storage charges in addition. The result was that the farmers—

Mr. Stubbs: Got nothing.

Mr. BOYLE: Yes, or so little that the return could be regarded as merely infinitesimal. Now I come to the main point that will indicate the necessity for the appointment of a select committee to inquire into this matter. On the 23rd September, the Federal Government under No. 96 of its statutory war security rules—they were practically the war precautions rules—set up a board to control wheat throughout Australia.

Hon. C. G. Latham: That was done under the National Security Act.

Mr. BOYLE: Yes. In pursuance of its powers, the board decided to acquire the whole of the wheat within Australia.

Hon. C. G. Latham: First it took over Western Australian wheat.

Mr. BOYLE: Yes, but the board has the same power respecting wheat throughout Australia.

The Minister for Lands: But the board took over Western Australian wheat first.

Mr. BOYLE: Yes.

The Premier: The other wheat was taken over within the last few days.

Mr. BOYLE: Exactly. The reason why I want the select committee appointed is that I have had many inquiries regarding this subject, and many complaints have been lodged. I will quote one that is typical as showing the condition of affairs existing amongst the farmers of Western Australia,



and that must affect thousands of wheat-growers. Those men are firmly convinced that the wheat merchants of Western Australia bought their stored wheat from them, forced them out of the market at 1s. or 1s. 1d. per bushel, and then resold the wheat to the Commonwealth board at 2s. or 2s. 1d. a bushel.

Hon. C. G. Latham: According to the "West Australian" this morning, the price was even better than the figures you quote.

Mr. BOYLE: That phase alone is of sufficient importance to warrant my proposed inquiry. Recently we passed legislation to deal with prevention of profiteering.

The Minister for Lands: How many days elapsed between the acquisition of that wheat by the merchants and the subsequent sale to the board?

Mr. BOYLE: I cannot say. An inquiry by a select committee might secure that information, but even so I think the members of that body would have their work cut out to obtain it. My point is that 4,350,000 bushels of wheat in the bins of Western Australia belonged to the wheat merchants and millers of this State, and were subject to advances, so one may safely assume that they sold that quantity to the Commonwealth Wheat Board.

The Minister for Lands: Some of the wheat would have been paid for outside.

Mr. BOYLE: Not in this instance.

The Minister for Lands: Was their no millers' wheat?

Mr. BOYLE: That refers to stored wheat, and only 450,000 bushels were stored on millers' account. Anyone acquainted with the wheat business knows full well that merchants will not keep wheat in store if they can possibly avoid doing so. In most instances the wheat is sold before they buy it. That is a reasonable and sensible attitude.

Mr. Hughes: Do not the merchants notify the farmers in writing before they foreclose?

Mr. BOYLE: Only under certain conditions. I am glad of that interjection, because it enables me to explain the position under Clauses 3 and 4 of the storage conditions. Clause 3 applies to the amount of 3d. and in that case the merchants give notice of 14 days. On the other hand, if the price drops to within a penny of the amount advanced, the merchants can sell the wheat immediately without giving any

notice to the farmers. There is no necessity for them to do so in accordance with the provisions of Clause 4. What a lovely wicket the merchants are on! With them it is a case of "Heads I win, tails you lose."

Mr. Hughes: Westralian Farmers Ltd. is one of the worst offenders.

Mr. BOYLE: No.

Mr. Hughes: Yes, it is.

Mr. BOYLE: Not by any means.

Mr. Hughes: I can show you some contracts.

Mr. BOYLE: I do not hold any brief for Westralian Farmers Ltd., but I can read some extracts from reports showing that they are all in it. There are, so to speak, no "clean-skins" in this particular business. Under date the 11th October, I received a letter from one of the best known farming families in the Dargin district. I assure members that the communication is typical of many I have received. With omission of personal references, the letter reads:

We very much would express our deep appreciation of your attitude towards an inquiry into stored wheat by merchants, as was stated in the Press of yesterday's date.

We, like so many other unfortunates, suffered severely when all of our wheat for the 1938-39 season, 15,000 bushels, was forced from us at 1s. 0 $\frac{3}{4}$ d. per bushel. Now that the price has risen somewhat, we find ourselves almost penniless while the buyers who forced us out of the market might now be thriving on a huge profit.

We had drawn a 1s. per bushel advance on all our wheat and when the price started declining to that level we, being on no banks and finding it hard to find ready cash to protect the margin, offered as security to the firm who exercised option over our wheat, complete control over 1,500 acres of present crop, free from the banks and only covered by the usual super liens. We estimate this crop to return us about 15,000 to 18,000 bushels and the firm knew well that there would be some uplift in price by the Government even if war had not occurred. Our offer, which we firmly believe to be a good one and carrying no more risk than the granting of super by liens, was flatly refused. The result is that now we are almost penniless and are being carried on at the mercy of a few creditors, whereas we should be in a substantial position.

We firmly believe in our Empire's great struggle to uphold freedom eternally, but in doing this we should continue to enforce and preserve a great internal freedom and as a part of a mighty Empire the farmers would be playing a worthy part in this cause to see to it that their own particular industries become liberated. In other words they should know clearly what is being done with the pro-

duce of their own hard labours and cease to toil on blindly while armchair profiteers thrive on handsome profits and we in turn are oft-times cast down to the gutter penniless. Your proposals for an inquiry re the wheat will have the wholehearted support of thousands of wheatgrowers.

That letter was from Dangin. I have another from a place north of Geraldton. Wheat was seized from these particular people. I can use no other expression, because they had no option but to part with the wheat. The writer says—

On the 6th September—

I would impress upon members that that was three days after the declaration of war—

—I was forced to sell my wheat (1,670 bushels) at the low price of 1s. 1½d. at Binnu. It was much against my will knowing full well it would go up on account of the war, but the bank said I could not draw any more cheques until I sold. Since then I have heard that the British Government has taken over all the wheat in the State. I sold to Louis Dreyfus & Co. I understand I am entitled to this rise. What procedure do I take to get it?

A distance of 409 miles separates the two men from whose letters I have quoted; and in view of the fact that 4,350,000 bushels of wheat are involved in this business, it is easy to assume that about 3,000 farmers are concerned. In the face of such circumstances, no member of this House can remain quiescent. An inquiry must be held into the allegations of those people that the merchants in Western Australia have cleaned them up and sold to the authorities at a profit of about 100 per cent. As I have mentioned, the House recently passed an anti-profiteering measure, but I venture to suggest that the most wily profiteer at whom the measure was aimed would not make anything like a profit of 100 per cent. Members may ask what authority I have for making these remarks. The reason for my statement is that there were 4,350,000 bushels in bins, the property of the merchants. That wheat is now being taken over by the board at 21s. 3d. per quarter, which is equivalent to 2s. 7¼d. per bushel at the port and 2s. at the siding. Consequently, I am safe in assuming that the merchants have made a clean sweep of £200,000 because a state of war exists. I desire this inquiry so that if the merchants are not guilty the community may know it. I want my friends at Binnu to know it, and

also my friends at Quairading, who have sown 1,500 acres of wheat this year. I want the latter to be assured—if such is the case—that the merchants who squeezed them out did not, out of their misfortune, make the £750 that they are alleged to have made. If such a profit was secured by the merchants, I want my friends to have the satisfaction of knowing that the merchants have a cheque for the excess profit ready to be posted to them because the merchants are satisfied with a normal profit.

I assure members that this is only the beginning of this sort of practice. There will be plenty of trouble in Western Australia over unfair profits and unnecessarily high rents before the war is over. I ask members not to oppose the motion for a select committee. If the Government does so, its action will be misunderstood. I know the Premier is concerned about the cost of select committees and Royal Commissions, but can we allow the question of cost to enter into consideration when there are 3,000 men in the wheat belt firmly convinced that they are being robbed by a certain section of the business community? Are we justified in saving a few pounds in those circumstances? The inquiry will not be costly and I would be perfectly satisfied, even if the merchants were able to clear themselves of the allegations against them. On the other hand merchants in some other countries, pleading guilty to a charge of war-time profiteering would be likely to face a firing squad, and rightly so.

The Premier: You opposed the profiteering measure introduced last year, did you not?

Mr. BOYLE: I have always opposed profiteering. The Premier means that I opposed an anti-profiteering measure that would have given to a commissioner the right to walk into anybody's business premises and dictate to him how his business should be conducted. That is quite a different matter. I am reminded that members on this side of the House supported an anti-profiteering measure this year, even if we did not do so last year. The Government certainly took the opportunity of the war to put that over. I hope the Government is right.

The Premier interjected.

Mr. SPEAKER: Order! I think the hon. member had better get back to the motion.

Mr. BOYLE: The Premier led me off the path. I want to help members to under-

stand the position a little more clearly. In a court of law it is usual to test the credibility of a witness and after a criminal's conviction to pass up his record card to the judge. In this instance I intend to reverse the procedure and put up the record card before the House has delivered its verdict.

Mr. Hughes: You are not going to give them a fair trial?

Mr. BOYLE: That will be the select committee's task. I am an advocate for the wheatgrowers in this case. The other side can appoint its own advocate. I desire to acquaint members with a few facts so that they may be made aware of the kind of people we are dealing with. In 1934 the Government appointed Mr. Bennett as a Royal Commissioner into this very same question of stored wheat, and his conclusions were most interesting. In 1929-30 there was a calamitous fall in the price of wheat, but it did not decline below 1s. 6d. a bushel. I will not mention the merchants by name; that is unnecessary; but I will quote extracts from letters appearing in the Commissioner's report. Here is No. 1, an extract from a letter written on the 31st July, 1930—

As we hold about 4,000,000 bushels of wheat on behalf of about 3,000 farmers in different parts of Australia, and as this wheat cannot remain in Australia indefinitely we are now faced with the problem as to the best course to adopt with regard to its disposal, and we therefore ask for your co-operation. It is essential that a beginning be made to dispose of this wheat . . . reports indicate that damage by mice and traces of weevil are becoming apparent.

To that the Commissioner added a footnote as follows:—

Actually at the end of July this firm was overshipped to the extent of nearly 1,000,000 bushels.

They had not a bushel of wheat in Australia, which meant that, to supply their orders, having shipped away what they had bought, they needed to buy another 1,000,000 bushels.

Mr. Warner: Speculation!

Mr. BOYLE: Yet they told the farmers that weevils were eating up the wheat all over Australia. Extract No. 2 (from a letter dated 19th August, 1930), is as follows:—

This now brings us to the point that it is absolutely essential that farmers must realise on their old stored wheat before new crop, so that it can be marketed and shipped before the weight of new wheat comes on the market.

Concerning that firm the Commissioner said—

Right through the year the firm was overshipped.

My third extract is from a letter dated the 29th July, 1930. It reads—

There are between 25,000,000 and 30,000,000 bushels of wheat still to be exported from Australia, of which we are holding a fair proportion. With every prospect of a good harvest for 1930-1, serious efforts must be made to ship this large surplus before the next crop becomes available. Moreover, the wheat is beginning to show signs of deterioration, and should be shipped without any further delay; but the trouble is that we cannot take the risk of shipping and selling large quantities of wheat belonging to our storers, the consequence being that we have been forced to and must continue to wait until they decide to sell. These few facts will impress on you the necessity for prompt action.

The Commissioner's comment was —

At the end of July this firm was overshipped to the extent of 838,760 bushels.

The wheat was said to be deteriorating. Where? Abroad. It had been shipped away. Out of between 39,000,000 and 40,000,000 bushels from the 1929-30 harvest only 8,000 bushels remained in the State at the end of December, 1930. The wheat firms told the farmers their product was being eaten by weevils, and asked them if they would sign on the dotted line so that the stocks might be disposed of. Yet the Commissioner found that every firm had overshipped and had to buy up more wheat to meet their orders. We had a low-priced market in the Orient at that time. We sold wheat to the Chinese on the Yangtse River. The price of Chinese rice was £8 per ton, and we sold our wheat at £4 per ton. Then the Chinese made such a row about the matter that the Chinese Government placed an import duty of 1s. 9d. a bushel on Australian wheat.

This select committee is essential. We are looking to the wheatgrowers to play their part now. It has not mattered what became of them hitherto, but we are at war and wheat is likely to be a high price. But we must have a reasonably satisfied farming community if wheat is to be produced. Fortunately there will not be any more trouble over the storage of wheat, because what we have been unable to obtain in peace time we have been able to secure now that there is a war. We have a compulsory pool which should have been in operation long ago. The fault will not be

mine, or that of members sitting on this side of the House, if the control of the commodity is allowed to slip back to those in whose hands it originally fell. In moving the motion standing in my name I appeal to the House to accept it.

**THE MINISTER FOR LANDS** (Hon. F. J. S. Wise—Gascoyne) [5.45]: Consideration was given to this matter by the Government prior to notice being given by the member for Avon (Mr. Boyle) of his intention to move the motion. The Government was actuated in its decision to make certain inquiries and to take certain action on account of occurrences subsequent to the outbreak of the war.

In all such matters, many of which are considered to be ordinary business methods, this Government has in the past endeavoured to maintain some control by the very reason of the introduction of legislation such as the Profitsteering Prevention Bill. It is obvious that if the member for Avon (Mr. Boyle) and those who are anxious for the select committee to inquire into this matter, had given support to the Bill introduced by the Government last session, there would have been no necessity to submit the motion we are now discussing for the appointment of a select committee. There is no question at all that had that measure become law an inquiry could have taken place. I have no wish to raise any quibble on this point, but at the same time, I must say that very little assistance has been rendered by the Opposition in the past in connection with relatively similar questions. Dealing with the subject-matter of the hon. member's speech, there is considerable substance in many of the arguments he advanced, and although since the enforcement of the statutory rule applying to this commodity—and to all intents and purposes that rule has the effect of an Act of Parliament—many transactions have taken place in connection with wheat that was previously stored in the State. But in support of his motion for a select committee, first of all the hon. member raised a point which caused some doubt in my mind as to his anxiety for such a committee. In his opening remarks the hon. member said that this was the only opportunity a private member had of ventilating a grievance. He then proceeded to show that he wanted more than that the subject should be ventilated. He desired to see

that those people who, it is reported, have made 100 per cent. profit on farmers' wheat on which an advance of 1s. had previously been made, should be called to account for their action, or should be given an opportunity to justify it. In supporting a request for a select committee, the first essential is justification for the appointment. It is necessary to prove that we have not on hand the information the select committee seeks to obtain, and that if it is available, that it is not possible to get it other than by inquiry by a select committee. From the hon. member's remarks, it would seem that there appears to be much that could be learnt, if the appointment of a select committee were agreed to. I do not for one moment cast lightly aside the suggestion that we should disregard the cost of the inquiry, and whilst I agree that the first two points I have mentioned have been substantially supported by the hon. member, we have not available the information he seeks to obtain; at the same time I repeat that the question of cost is material. No idea in this respect was given by the hon. member although he said the inquiry would not cost much. Still, I should like to have an indication from him as to just how far he would desire to proceed, or just what expenditure would be involved. I should also like a suggestion from him as to what legislation is in his mind, or whether the matter can be rectified by legislation. Legislation is specifically mentioned in the motion, but the hon. member gave us no indication at all of what was required. That is very important, and it is necessary that we should have some information in that respect. If any grievous wrong has been inflicted upon those who are in a financially embarrassed position in this State, the Government will certainly support the hon. member in his endeavour to clarify the position, and also in the hope of securing justice for those concerned. Before committing the Government I should, however, like some further information on the point.

**HON. C. G. LATHAM** (York) [5.52]: I fully expected the Minister to give the House an idea of what the Government intends to do on the subject dealt with by the member for Avon (Mr. Boyle). A *prima facie* case was made out by the hon. member, but whether he can substantiate it

can only be ascertained by way of an investigation.

The Premier: What do you propose to do?

Hon. C. G. LATHAM: It is no use the Minister for Lands contending that if the House had passed the Profiteering Prevention Bill last year the existing position might not have arisen; but that measure, even if it had been passed, would not have affected the question raised by the member for Avon. It would not have been possible to fix a maximum price that might have been charged. That had nothing to do with what we are discussing now. The position under review affects the merchant who holds goods on behalf of the producer, and when wheat reaches within 3d. of the market price, acquires it. I have had one or two instances brought under my notice, and to which I think I ought to refer. One case is that of a widow living east of Beverley. She was notified by telegram that wheat had reached within the 3d. limit, and she was informed that she either had to sell within 24 hours or the merchants would have to take the action provided for in the contract. The widow did not get the telegram until several days afterwards, and then she received a cheque for, I think, about 1,300 or 1,400 bushels of wheat. The amount of the cheque was £7 9s., which was the balance owing. The merchant had already advanced 1s. a bushel. This is a fact. We know too that for a long time before the declaration of war there were no ships coming here to load wheat, but as soon as war started—

The Premier: There were two charters on the way.

Hon. C. G. LATHAM: The vessels might have been on the way, but were not coming here. As soon as the Imperial Government acquired 100,000 tons of our wheat, a certain number of vessels were chartered to load it. I suppose they were picked up by the Imperial Government and directed to come here; up to that stage, however, none had been chartered. That wheat has been sold to the Imperial Government by the Commonwealth at a certain figure. It has been taken possession of by the wheat merchants and is now being sold to the Imperial Government at an enhanced price. I believe the amount advanced is about 1s. a bushel, and in all probability 1s. 10d. will be obtained by the

merchants for which figure they have rendered no service at all.

The Premier: That is ordinary business.

Hon. C. G. LATHAM: Perfectly true, but we must take into consideration that we are living under extraordinary conditions. A state of war exists. We say that the merchants had no right to acquire that wheat and make a profit out of it. If there is any money to be made out of it, the people who produced the wealth should not be asked to steep themselves further in debt so as to enrich the merchants.

Mr. Hughes: If wheat drops to below the advances, they are entitled to the difference.

Hon. C. G. LATHAM: That is so. I do not know whether it is correct, but I have been told that branch managers of banks have instructed their clients to sell, because the banks cannot give any further credit. Individual farmers are in an unfortunate position because without capital they are not able to do anything. Therefore it is our duty to get for them every penny-piece possible. They have carried on the industry for so long and at great loss to themselves. While credit has been given to them, they have built up a liability and I do not think any one of them will be able to meet it. Regarding the cost of the investigation suggested by the member for Avon, I do not think that will amount to very much. I will talk to the Premier privately about the matter, because he said certain investigations had cost large sums of money. I am sure he must have been misinformed.

Mr. Marshall: What amount would be involved?

Hon. C. G. LATHAM: The cost would not be very much. As is known, members give their services, and "Hansard" is available to report the proceedings, while the cost of printing might run into perhaps £40. Expenses incurred by witnesses are paid only when the witnesses have to travel some distance to give evidence. If the select committee saves for the farmers, say, £50,000, or if it secures for them a refund of £20,000, the investigation will prove worth while. Altogether I am certain that the cost would not be more than between £50 and £100 all told. Members on either side of the House, when appointed to a select committee, are always willing to do their utmost for every section of the

people, and particularly those who are unable to help themselves. Therefore I plead with the Premier to agree to the committee being appointed. If, as the member for Avon has said, a wrong has been committed, we have every right to investigate the matter. We have lifted liens from the farmers and placed them on the Federal Government. Therefore let us not raise that point. I am prepared to accept the Premier's promise that the Government will not oppose the motion for inquiry.

The Premier: I want to know what we can do.

Hon. C. G. LATHAM: The House can inquire, and then we shall know what can be done. I do not believe the wheat merchants are such rogues as to refuse to do a fair thing; but, anyhow, the men managing in this State are merely managing for others and have not a great deal of power. It is worth while to pay heed to the farmer, who is today in a desperate frame of mind because he does not know where to turn. I do not think there is a man in this Chamber who is not in some way associated with the men on the land and does not know that every word I say is true. The frame of mind of the men on the land is so desperate that it is worth while to show them they can have confidence in Parliament. The position may not be as bad as the mover of the motion has painted it, but the inquiry is worth while in the interests of our people in the country.

**MR. BOYLE** (Avon—in reply) [6.2]: I thank the Minister for his very reasonable reception of the motion. In parts it may have been rather heatedly advocated by myself; but I do not offer an apology for that either, because the position I occupied for five years prior to entering the House meant fighting the interests that were despoiling the farmers. I had no idea that with the outbreak of a war an opportunity would be given for further despoiling. I am assuming that also. I assume it from the fact that 4,350,000 bushels of wheat were held under storage conditions in the bins of this State on the 12th September, nine days after war broke out. That wheat was the absolute property of the merchants of this State, and I have pointed out that of the 3,350,000 bushels of wheat only 1,100,000 bushels, or one-fifth, remained free and the property of the farmers. So that when I

assumed that 4,000,000 bushels was the property of the merchants and unsold, it was not a great further assumption to make that the merchants' profit would be anything from £150,000 to £200,000. But there is a further point. The Premier interjected that the merchants were within their legal rights. I do not dispute that at all, but I would like to remind the Premier that they were not within their legal rights if they had prior knowledge that the wheat would be bought from them at a war-time price.

The Minister for Mines: They would be within the law.

Mr. BOYLE: They would not be within the law. If they are not within their legal rights, they cannot be within the law. The position is this: Those merchants with world-wide ramifications, with their knowledge of anything that has happened within two hours of its happening, would have a very good idea that wheat under war-time conditions would rise in price. Even if there were no legal power, we are all of us determined that there shall be no taking advantage of another person on account of the war. When that other person is a man who cannot help himself, and we find a section of the community taking advantage of him, we have a perfect right and a duty to investigate. The Minister for Lands referred to ventilation of grievances. That of course was said in a general way, because a private member's rights in this Chamber are strictly limited. The Government set down all the rules of procedure by which we play the game under the Speaker's jurisdiction. Private members may not rise in this Chamber to debate anything they have a fancy to debate. That is the prerogative of the Government. When I say there is an opportunity to ventilate a grievance, I mean a grievance involving a whole section of the people, and not any individual grievance. In this instance I am attempting to ventilate not only the grievance of a section of the people, but their very heartbreak as regards this particular question, in connection with which they consider that they have sold what cost them not only blood and effort but ruination to produce. For not one of these men produced any of that wheat except at a cost of 2s. 6d. per bushel or more. Therefore they have lost the opportunity to minimise, by war, their losses: but they allege they have the mortification and sorrow and indignation of seeing a section of

the community battenning on their particular miseries.

The Premier: If we failed to recover the money, would you find the merchants guilty?

Mr. BOYLE: We would say, could not there be a special Act passed to cover this? Has not that been done before? It has been done for individuals. The Government quite recently brought down an amendment of the Land Act to release certain trustees of responsibilities incurred in connection with agricultural halls—a minor matter. Some trustees had gone, some were dead, and some remained; and the Government relieved these last of their liability. Are not we a sovereign State? Have not we reasonable rights in this Chamber? If we see a section of the community despoiled, whether within the law or outside the law, we have a perfect right to pass legislation saying to another section of the community, "You shall not take advantage of any section." If my contention is wrong, and if those farmers who are seething with discontent over this matter are wrong, the merchants and others concerned should welcome this as a heaven-sent opportunity to clear themselves. I would be one of the first then to make all possible amends in this Chamber. I would be one of the first to tell the farmers that they have not been robbed or ill-treated; that the merchants took only a reasonable business profit and were satisfied with that. I say these things because those merchants have to continue trading with the farmers. Even under the War Wheat Board the merchants still acquire wheat. If the merchants will not come before this select committee, then by their very silence they will stand convicted of that with which I charge them.

There is also another tribunal to which we can appeal. If the select committee in its findings agrees that the farmers have a legitimate grievance, then we can appeal to the Federal Government, which has set up a tribunal under Judge Payne for inquiries of this nature. Certainly that arrangement dates only from the outbreak of war, but I feel sure that in a case like this the Federal Government would have no hesitation in widening the judge's powers. I leave the matter to hon. members. The Government could not reasonably be opposed to the motion. As regards the question of cost involved, I would be a magician if I could inform Ministers on that point. I visualise

that 90 per cent of the evidence will come from the city of Perth, from the commercial community. The farmers' organisations located in Perth will also furnish witnesses. I doubt whether it will be necessary to bring many farmers to Perth, and I am sure it will not be necessary for members of the select committee to leave the precincts of Parliament House. It is only a matter of ascertaining the facts. I have in view that in connection with the Stored Wheat Royal Commission the merchants said they were domiciled outside the State and therefore not subject to the control of the Royal Commissioners. There are a thousand ways of obtaining the information we want. When the merchants I have alluded to found that the desired information was being got, they all attended the sittings of the Royal Commission with their books under their arms and gave information. I commend the motion to the House, and I thank the Minister for Lands for not having attempted to adjourn the debate. The matter is one of urgency, and I believe that if the select committee is appointed it will be able to return its conclusions to this Chamber well within the time that may be laid down.

Question put and passed.

#### *Select Committee Appointed.*

Ballot taken and a select committee appointed consisting of Messrs. Seward, F. C. L. Smith, J. H. Smith, Tonkin, and the mover, with power to call for persons and papers, and to sit on days over which the House stands adjourned: to report this day three weeks.

*Sitting suspended from 6.19 to 7.30 p.m.*

#### **BILLS (2)—RETURNED.**

- 1, Financial Emergency Act Amendment.
  - 2, Contraceptives.
- Without amendment.

#### **BILL—BILLS OF SALE ACT AMENDMENT.**

*Second Reading.*

MR. CROSS (Canning) [7.33] in moving the second reading said: This short Bill seeks to amend the Bills of Sale Act, 1899. As members are doubtless aware,

the foundation of the parent Act is to give the holder of a bill of sale power to seize the grantor's goods in the event of his making default in payment of either principal or interest. The object of the Bill is to afford some measure of relief to the poorer class of people who borrow money on the security of their chattels, and I suggest more especially women. Women, when in financial straits, will go to almost any length to borrow money, perhaps in their anxiety to pay off some other creditor. If they fall into the hands of a certain type of financier they are likely to get into difficulties which they cannot previously foresee. It so happens that we have in the community a type of financier that is looking for people in straitened circumstances who may possess valuable assets, because they know they will be lending only a small sum upon exceptional security. I propose to give members an illustration of what I mean. The type of borrower to whom I refer gets very little mercy if he fails to meet his obligations. My desire is to protect the poorer people against their own foolish actions in entering into silly contracts. In order to show how suddenly some of these financial firms close down on borrowers, I will quote from a letter written by a financial office on the 10th January this year. The borrower was in default with one payment of 7s. 6d. and received the following letter:—

..... and we therefore give you final notice, that unless we receive the above amount on or before Friday next, the 13th inst., we will be reluctantly compelled to foreclose on the bill of sale without further delay. Trusting you will avoid any such unpleasantness and unnecessary expense. . . .

Members can peruse the letter and the correspondence in connection with this case. A similar case occurred the following week. The first intimation I received of it was on a Saturday morning. A woman with three children who earned her living by sewing borrowed a sum of £6 from a firm in Perth in order to purchase clothes for her children. She made default in one payment and received a letter similar to the one from which I read an extract. She received it on a Friday morning at 9.30—this occurred in February—and the notice expired at two o'clock on the Friday afternoon. She promptly left her work and went to her friends in an effort to bor-

row the amount of the payment overdue. Incidentally, the lenders had demanded payment of their account in full, with interest added, by two o'clock. When the woman returned to her home on Friday evening she found her house had been broken into and entered and her chattels and furniture removed for sale in Perth. The following morning she called on me with her father to see what could be done. I then was of the opinion that the lenders had no right to break and enter the premises, and accordingly I paid a visit to the C.I.B.. The police inspected the woman's house and said that undoubtedly it had been broken into, but that the Crown Law Department was closed and nothing further could be done that morning. Neither the woman nor her father understood much about the transaction. She said she had borrowed a few pounds, of which she had repaid £4, but had made default in payment of one instalment. On the following Monday, the Under-Secretary for Law, having made inquiries, forwarded me a letter, dated the 20th February, as follows:—

I forward you a copy of a letter I have written to the lady on the question and you will realise that no officer of this department can take any action in regard to the matter.

For the information of members, I will read the letter which the Under-Secretary for Law wrote to the lady:—

With reference to the interview which you had with me in company with Mr. C. Cross, M.L.A., I have to inform you that a search of the bill of sale which you gave to . . .

I will not mention the name of the firm, but members can if they so desire inspect the document. I should mention that I have had a dozen experiences with the same unscrupulous firm. The letter continues—

. . . disclosed that it contained the following conditions:—

Upon default granted in manner prescribed by law may enter, take possession of and sell assigned property and apply proceeds of sale. And the grantors further empower the grantees in person or by deputy and with or without others and at all times to enter and if in their opinions necessary to break and enter any buildings in upon or about which assigned property shall be, and to convert to purposes of these presents all such property as grantees shall think proper, the grantors hereby agreeing to



ratify and confirm all grantees shall do or cause to be done.

Having signed that document, you gave authority to . . . .

Hon. P. Collier: Was it Luber & Co.?

Mr. CROSS: The letter continues—

. . . . or any person deputed by them to enter upon your premises even to the extent of breaking and entering with the object of obtaining possession of the goods. I regret to advise you that nothing can be done departmentally to assist you in this case.

As I said, the woman borrowed £6, repaid £4, and made default in one payment of 7s. 6d., whereupon the lenders seized her furniture costing £80, including a sewing machine. To get the chattels back cost the woman another £12 7s. 6d. It would be doing a good turn to protect such a woman from the effects of her own actions. I point out to members that during the last session of the last Parliament this Chamber and another place agreed that in the case of seizure of goods for debt under a judgment of the local court certain furniture should be exempted. This Bill seeks to protect the same quantity of furniture, so that the principle has already been agreed to by both Houses.

The Bill seeks to protect beds and bedding to the value of £10, household furniture to the value of £10, implements of trade to the value of £15, and family photographs and portraits. It is unnecessary to make provision for the protection of wearing apparel, because that is already protected under the parent Act. It may be said that if this provision is inserted in the Bills of Sale Act it will prevent people from being able to borrow money. In my opinion, it would be a good job if many poorer people were unable to borrow money on terms imposed by financial firms such as the one I have indicated. In any case, such firms will not lend money unless they have security to the extent of ten times the amount of the loan. This provision will ensure that such firms cannot leave borrowers without sufficient chattels to carry on with. The Bill also makes provision for a penalty, should the lender seize the exempted chattels.

The Minister for Lands: Would you say that some family photographs are an asset?

Mr. CROSS: No. I assure the hon. member that some family photographs and portraits are sold in sale rooms for very little. They are not worth much. Never was a

measure of this description more desirable than it is to-day, because men are leaving on military service and, in my opinion, sufficient provision has not been made so far to pay them what I consider to be an effective wage. Their wives are left behind and will fall into the net; they will seek to borrow money and it is just as well to protect a limited amount of furniture. Certain members of both Houses have been shown advanced copies of the Bill and they approve of the principle. They said they had approved of the principle on a previous occasion. If the measure has the effect of preventing poorer people from mortgaging their all to certain financiers, it will have achieved a good object. I move—

That the Bill be now read a second time.

Question put and passed.

Bill read a second time.

#### *In Committee.*

Mr. Marshall in the Chair; Mr. Cross in charge of the Bill.

Clause 1—agreed to.

Progress reported.

### **BILL—RURAL RELIEF FUND ACT AMENDMENT.**

#### *Second Reading.*

Debate resumed from the 6th September.

**THE MINISTER FOR LANDS** (Hon F. J. S. Wise—Gascoyne) [7.49]: I intend to oppose the Bill, and I think the member for Katanning (Mr. Watts) realises that he is placing a very big responsibility on the Government at this stage by endeavouring to have such a measure passed into law. In normal circumstances the position would be difficult enough, but in existing circumstances the measure would impose a very severe burden upon the Crown. On that point there is perhaps a constitutional aspect that could be raised as to the privilege of a private member in introducing a Bill of this kind. I shall refer to that aspect a little later. There are so many overwhelming arguments against the Bill that I think we can defer reference to that point.

The mover is a legal practitioner who, by virtue of his profession, has had much experience of advancing and investing trust moneys and of the way such moneys are applied in the interests of farmers. He is

asking Parliament to brush aside contracts, many of which possibly he has assisted to make. The Bill seeks to give the Rural Relief Trustees power to fix values of all farm assets carrying an encumbrance, and in the event of their deciding that the debt exceeds the asset, no interest may be received by the encumbrancer for a fixed period on an amount determined by the trustees to be unsecured. At the end of that period, if the trustees decide that the debt still exceeds the value, that amount shall be written off.

Obviously, to give the trustees this power will have as a first effect the restricting of operations by merchants, the Associated Banks and those people who may be described generally as mortgagees. When the money is borrowed and loaned, there is considered to be adequate cover for the sum as an investment on the one hand and as something to be utilised in the interests of the farmer on the other hand. In the process of developing the property, something happens that might, in the opinion of the trustees, render the value of the security less than the debt incurred. If we are to give authority, particularly in relation to trust moneys, to reduce, by a stroke of the pen, a sum so loaned, we might pertinently ask, although it is possible to write off such sums, whether we can by legislation force these people to lend money again. That is perhaps the most important aspect of the effects this legislation would have. By a measure of this kind we could force people—

Mr. Hughes: Would it be a great disability if people refrained from lending money for a few decades?

The MINISTER FOR LANDS: In some circumstances it would be a great advantage if people were not able to borrow money, but in dealing with cases that would be affected by this measure, we have to consider the money that has been advanced to give farmers some prospect of success in their business. Although we can, by such legislation, force the cancellation of some of the debts and the writing off of some of the money so advanced, we cannot force the people concerned to lend money again.

Mr. Doney: They would not lend in any case unless the security was there.

The MINISTER FOR LANDS: Would such legislation be of any material assistance to the farmer if there was no prospect or

possibility of his getting a similar advance or any advance to carry him on? What would be the immediate effect in regard to seasonal advances? There would be no seasonal advances by firms, merchants or banks, and immediately those advances would become a State responsibility. There can be no question about that. If we are to force such conditions upon lenders of money, if we pass legislation so that there is no security for money lent and no guarantee that the original sum will be protected or secured to any greater degree than this measure will provide, would it be reasonable to expect them to lend further sums? Would not the farmers immediately become a charge upon the State? Perhaps it would be incumbent upon the Government, in many instances, to find the money to carry on those farmers from season to season.

Mr. Hughes: Would not that introduce a new social order?

The MINISTER FOR LANDS: Quite likely, but immediately the State's responsibility for seasonal advances would be in excess of half a million pounds. I think the member for Avon (Mr. Boyle) told a select committee that the amount involved in the then current season was a quarter of a million. The sum necessary to provide seasonal advances, I believe, would be at least four times the sum that the State now finds for that purpose for clients of the Agricultural Bank.

There is no doubt that in creating this partial moratorium for a certain section we should be adding materially to the responsibility of the State. Although Clause 8 provides that the measure shall not be binding on the Crown in any particular other than as is provided in the parent Act, there is a distinct and definite effect, namely, that money would be required from the Crown because of the passing of the measure. There is another point affecting the Crown. The Commonwealth Bank, as an ordinary trading bank lending money to farmers and not only advancing sums as an original mortgage, but also making seasonal advances, would be affected by the writing down in the manner prescribed by the Bill. That point should be considered from a constitutional aspect. Although pressure might be brought to bear upon private trading banks and upon people who in the ordinary way finance farmers to carry on from season to season, there is no doubt that this

measure would have the immediate effect of drying up the sources of those advances.

Such a happening would not bring to the farming community the benefit that is anticipated by the member for Katanning, but would give the farming community such a set-back that its effects would seriously shock the hon. member. I feel sure that in his wildest dreams he could not have anticipated the very serious reaction to the detriment of the farmers that would follow the passing of the Bill. I think he would be considerably worried if the Bill were passed. The very restricted amount of good that would be achieved for a few settlers would be snowballed in its detrimental effect on the whole of the farming community. In their seasonal operations, in the carrying on of their ordinary activities and in the further developing of their properties, the farmers would be seriously cramped and restricted. Therefore I submit that the hon. member would render a great disservice to the farmers, whom he hopes to benefit, if the Bill became law. I realise the point raised by interjection by the member for East Perth (Mr. Hughes). It would establish a new social order, and ultimately create some new benefit for the whole community. That may be something worthy of achievement in the long run, but we cannot get at it by a piecemeal attack upon that particular activity by such legislation as this. When we analyse all the repercussions rendered possible by the curtailment of finance through those institutions which are recognised as having the responsibility for assisting the farming community, and whose business it is to do so, we can imagine what a stampede there would be to withdraw money from all such avenues of investment. If that happened, the State's responsibility would become still greater. Apart from these points, I think the Bill would come within the category of very contentious measures. At this stage, when everything possible should be done to ease the position for the farmer, to make available to him all the moneys possible, where it is desirable to do so, we shall not be rendering him any good service nor shall we obtain any good results if we pass this Bill. Should we desire to support such a method, and thoroughly analyse and summarise the position of the farmers' debt structure as a whole, we must agree that the situation should be attacked on a Commonwealth-wide

basis. I do not think anything can be done of material good if we approach it in this fashion. It is questionable whether the Bill contains any merit whatever.

Mr. Doney: Have any of these disabilities occurred in Victoria?

The MINISTER FOR LANDS: Yes. If a Bill such as this were passed, it would have a very serious effect upon the finances of the State and upon the Treasurer, season by season.

HON. C. G. LATHAM (York) [8.3]: I know that the Minister for Lands, speaking on behalf of the Government, is aware of the conditions of those engaged in the farming industry, but apparently he is unaware of what is being done in other parts of the world, as well as in other parts of Australia, in respect to this matter. This is not new legislation. The dreadful effect the Minister invited members to expect for Western Australia has not resulted in Victoria. I propose to read an extract from the fifth report of the Royal Commission appointed by the Federal Government. This report is dated the 14th February, 1936, and the extract I am going to read appears on page 35. The matter deals with the Farmers' Debts Adjustment Act, and all States are referred to. With regard to Victoria the Commission, after setting out the powers of the board, said—

The board is empowered—

(i) To confirm any plan submitted to it agreed to by the farmer and his creditors. Any such plan may make provision for payments by the board to creditors and for the cancellation, by consent, of Crown debts; but no plan may be confirmed by the board unless the board is satisfied that the farmer will have, as the result of such plan, a reasonable prospect of successfully carrying on farming operations and that such plan is necessary to ensure that the farmer will continue to carry on farming operations and to give him a reasonable prospect of carrying on those operations successfully. Any such plan, if confirmed by the board, will be binding on the farmer and all creditors who have agreed.

We made that provision in our statute.

(ii) Alternatively to confirming a plan agreed to as above, the board may formulate a modified plan making provision for payments by the board to creditors in consideration of the adjustment of the debts of the farmer, for submission to the creditors. If such modified plan is agreed to by all the creditors present at a meeting, the plan if confirmed by the board, will be binding on all creditors whether present or not. If not so

agreed to but agreed to by a majority in number and value of the unsecured creditors present, the plan will be binding on all unsecured creditors, whether present or not, and all secured creditors who have agreed. In regard to secured creditors who have not agreed, the board may (a) suspend all rights and remedies of such creditors against the farmer for a period not exceeding five years; (b) reduce the interest payable to such creditors, and (c) at the termination of the period of suspension reduce the debt to an amount equal to the value of the asset by which the debt is secured, and extinguish the excess if any. This provision, however, does not apply to a mortgagee in possession.

Similar powers are sought by this Bill.

The Minister for Lands: Do you support that?

Hon. C. G. LATHAM: The legislation is not new. We have to support many things at present. The Minister will agree that this is being done in Victoria.

The Minister for Lands: That which you read out.

Hon. C. G. LATHAM: There is nothing new in it. I have before me an extract from the "West Australian" dated the 18th August, 1939, indicating what is being done in Canada. That is something even more vicious—if that is what the Minister would call it—than is proposed in this Bill.

The Minister for Lands: That is your word.

Hon. C. G. LATHAM: The "West Australian" said—

The Bank of Canada and Government officials are now creating a Central Mortgage Bank under an Act passed on the last day of Parliament, June 3. The Central Mortgage Bank is designed to bring the prevailing rate of mortgage interest down to 5½ per cent. on urban property and five per cent. on rural property, wipe out interest arrears, adjust the principal sum to not more than 80 per cent. of the property value generally depreciated since 1929 and make available new money for mortgage loans.

Sponsored in the House of Commons by Finance Minister Charles Dunning, the measure got speedy passage through that chamber after careful study before the banking and commerce committee. The Conservative (opposition) majority in the Senate, led by Mr. Arthur Meighen, one time Prime Minister, condemned the measure as an election Bill and approach to Fascism, but let it go through with some minor amendments.

The proposal is to set up a central mortgage bank, with officers from the staff of the Bank of Canada. Share capital will be £2,000,000 wholly owned by the Government and power is given to issue debentures up to

£40,000,000. Any established company in the business of lending money may become a member of the mortgage bank.

Member companies will be required to adjust their mortgages by deducting from the total all interest arrears in excess of two years, and further adjust the remainder so that principal and interest shall not exceed 80 per cent. of the appraised value of the property concerned, and reduce interest to 5½ per cent.

The bank will compensate the companies by delivering to them its own three per cent. debentures to cover half the amount written off in mortgage adjustments. "In other words," said Mr. Dunning, "the Dominion Government bears one-half of the loss taken by the companies in this adjustment over a period of 20 years."

Member companies may sell their own debentures to the central mortgage bank at face value up to the principal amount of their adjusted mortgages and draw interest at 3½ per cent.

The dreadful thing that the member for Katanning (Mr. Watts) is asking for does not appear to be so dreadful in Canada, where the wheat farmer is probably in the same financial position as is his compatriot in this State. It may be argued that this is an inopportune time at which to bring down such a proposal. The future the farmer has to face in this State is not any way encouraging. In the "West Australian" this morning we are told that the farmer is to get 2s. 7½d. a bushel for his wheat. I should like to know where that information came from. I made inquiries to-day and found that the statement was not correct.

The Premier: I do not know whence it emanated.

Mr. Patrick: I think it refers to old wheat.

Hon. C. G. LATHAM: It is extraordinary that these statements should be made. Unfortunately the Press can give publicity to them, and not only mislead the farmers but the creditors as well. At present there is no chance that farmers will get more than 1s. 10d. a bushel for their wheat, excluding the flour tax. We can say that because of the price that has been obtained for wheat. Something will have to be done to relieve the position. A conservative State like Victoria has had to do something, and has not experienced any great difficulty in doing it. It would be unwise for the creditor to stand by whilst the security he is holding is depreciating all the time. It must depreciate because the farmers have no money with which to maintain the security at a proper stand-

ard. It would be wiser to write off a portion of the security. That is not suggested in the Bill, because it provides that a revaluation shall be made at the end of five years, and if the property can then carry the additional amount, it will have to carry it. The hon. member explained the Bill very well and very reasonably. He said that there should be a valuation of the assets, and that we could take into consideration the liability that is carried. The amount by which the liability is in excess of the value of the asset would be written off, or suspended for five years, and interest would only be charged on the sum that was not suspended. There is nothing unreasonable in that. Not long ago money was borrowed from the public, and a contract made to pay interest at 6 or 7 per cent. Subsequently that rate was reduced to  $4\frac{1}{2}$  per cent.

The Premier: It was cut down to 4 per cent to preserve the capital.

Hon. C. G. LATHAM: Yes. This Bill proposes to preserve the capital for five years, and at the end of that time if the capital is not there the proposal is that it shall be written off. Strange to say, when Australia asked the public for a further loan, the money was over-subscribed. The bogeys that are built up seem to lack substance when we come to the real issue. I recall that members doubted the wisdom of what was done, and I can remember the former Minister for Mines becoming very disturbed about the matter. The main thing is to endeavour to re-establish the farmers in their industry. I ask the Government: Is there any reason at all why the man who lends money to the farmers should not bear his share of the losses that are sustained?

The Premier: Yes, he should.

Hon. C. G. LATHAM: Of course, he should bear his share.

The Premier: But do you think he will?

Hon. C. G. LATHAM: I believe he will.

The Premier: He will want security.

Hon. C. G. LATHAM: Banks that are operating here are branches of those established in the other States. We do not desire to treat the banks unreasonably, but we say that if the value of their securities depreciates 20, 30 or 40 per cent., we should suspend that proportion of the farmers' indebtedness and not allow the institutions to charge interest on it.

The Premier: But they will expect to base their mortgages on valuations.

Hon. C. G. LATHAM: But the banks are conservative and will not make advances unless there is a 40 per cent. margin in their favour. When there is a crisis such as that confronting the agricultural industry to-day, I do not think the banks would mind making a contribution towards the assistance of the farmer. I certainly appreciate the position of the banks. For a long time past we have listened to stories regarding their position here and elsewhere. But, after all, the money that the banks lend is taken from the deposits of the people.

Mr. Raphael: And the banks make a profit for themselves.

Hon. C. G. LATHAM: The shareholders' capital represents a small proportion of the money handled by the banks. Naturally the original shareholders profited considerably, but the man who buys bank shares to-day will not receive a high interest return.

The Premier: But the shares are always at a substantial premium.

Hon. C. G. LATHAM: But the premium on bank shares has not increased proportionately.

Mr. Raphael: How many times have the shares been watered down?

Hon. C. G. LATHAM: Quite a number of times since the original issue. I do not think the banks, or anyone who lends money, should be treated differently from those who supply commodities to industries. The storekeeper who sells groceries makes his contribution. We must remember that when a person has funds to lend, that money becomes a commodity from which that individual earns his income. In those circumstances, we ask nothing unreasonable or unfair when submitting the Bill for the approval of Parliament. I do not think there is any substance in the fear that the Minister has indicated. To-day very few banks are assisting their farmer-clients. Dozens of the latter have been advised to sell their properties because no further advances will be made to them.

The Premier: That is because of the writing-down legislation.

Hon. C. G. LATHAM: I admit it was not because the present legislation was mentioned. It was done a couple of times before.

The Premier: The banks have taken that action because of the general tendency to write down the value of farmers' securities.

Hon. C. G. LATHAM: But that has to be done. If those engaged in the agricultural industry were made completely bankrupt, where would the banks be then? Under existing conditions, many of the farmers would be just as well circumstanced if they walked off their properties and left everything behind. That is so because in many instances they possess absolutely no equity in their properties. I believe I know what will happen in the future. The prospects are that all the new season's wheat will be sold on the market at whatever price it will bring. I am not in a position to know whether the Federal and State Governments, either on their own initiative or in association, will make up the difference between the selling price and the cost of production, but I am confident that, in view of the position of the world market for wheat to-day, it will be impossible to sell Australian wheat at a reasonable price which will provide a margin over the cost of production. I am sorry the Government is opposed to the Bill. We have absolute confidence in the board that has been dealing with farmers' debts. No better work in this State has been done by any institution. The board has not been a source of worry either to the Government or to the farmer. All we ask in this legislation is to leave the matter to that body of sensible men. If a farmer makes an application for the adjustment of his debt and the board will not agree, the man's application will be set aside. As chairman of that board we have a man who has a record of years of administrative experience and ability. Associated with him is another gentleman acquainted with the farming and business point of view. In addition, we have an officer who has been long in the Public Service and in whom we have implicit confidence.

The Premier: The board is all right.

Hon. C. G. LATHAM: Then leave this matter to the board! We are asking for assistance to farmers whose position is absolutely hopeless and bankrupt. I believe if we investigate the matter thoroughly, we will agree that the farmers are merely being permitted to hang on. Their position is desperate because many of the country branches of the banks have notified their clients that no more financial assistance will be available to them. Certainly the situation cannot be made worse if we pass the

Bill, and I trust that the Minister will withdraw his opposition.

**MR. McDONALD** (West Perth) [8.21]: I confess that this legislation has given me more anxiety than any other introduced during my period in Parliament. I have some appreciation of the position of farmers and some realisation of the difficulties with which they have been confronted, and are confronted with to-day. I also have an appreciation of the importance of this legislation when the long view is taken of the position, and when we consider the interests of the State as a whole as well as those of the farming community. In a very reasonable speech the Leader of the Opposition made reference to the work of the board. I recollect that the chairman of that body, when giving evidence two years ago before the Royal Commission expressed his view in opposition to this type of legislation.

The member for Katanning (Mr. Watts) has based his Bill on a variety of precedents. He mentioned New Zealand as affording one example of debt reduction. The New Zealand Government has taken extreme steps in that direction and its legislation does not merely relate to farmers but applies, as I understand it, to all forms of mortgages affecting every type of property. It must be understood that New Zealand was confronted by a situation very different from ours. Rural land in the Dominion had attained fabulous values. Owing to prosperous times, land had been sold and resold on many occasions.

The Premier: And at increased prices each time.

Mr. McDONALD: That is so. In the end, the present holder held his land at a price that covered not merely the cost of development but the profits of a long series of former owners of his particular property. In such instances, the vendors would take mortgages to secure the unpaid balances of the purchase prices and many farms carried up to 10 or 14 mortgages. The result was that, in the end, New Zealand farm property had reached a stage at which drastic legislation became essential. In consequence, the New Zealand Government passed an Act providing for the writing down of first, and other mortgage debts. It carried out the task with a completeness which, whatever we may think of the actions

that have distinguished the New Zealand Government, enabled the legislation to be applied not only to mortgages affecting farming properties but to all other forms of mortgage as well. That position is peculiar to New Zealand. It remains to be seen in the course of time whether, taking the long view of it, that legislation will prove to be in the best interests of the Dominion. Whatever we may think of the bold experiment that the New Zealand Government has undertaken in all sincerity, the fact is undoubted that a great loss of capital has resulted. In fact, I do not think any capital will be introduced into New Zealand for many years to come. The effect is that the people of the Dominion will have to survive and exist on such resources as are to be found within their own borders. Western Australian farming land is in an entirely different position. There have been few dealings in Western Australian wheat farming or other properties. They have not been loaded with the profits of a series of sales. Our rural lands, especially our wheat areas, carry a price that is extremely low compared with the level in other countries. In those circumstances we cannot rely too much on the example provided by New Zealand.

A further precedent quoted by the member for Katanning (Mr. Watts) related to the position in the Australian States, including Victoria, which is the only Australian State that has written down first mortgage debts. I have obtained copies of the legislation passed in the other States and I do not think any State, apart from Victoria, has passed legislation under which first mortgage debts have been written down. There is legislation in New South Wales but, as I read it, the effect is to authorise the Rural Bank, which is a State institution, to make advances to pay off the amount sought to be written off the principal of the first mortgage debt.

Hon. C. G. Latham: Tasmania passed an Act in 1935.

Mr. McDONALD: Yes, but not to write down first mortgage debts. Whether we like it or not, the first mortgage is the primary means of introducing capital into the country. The ordinary retail trader sells commodities without taking securities. The country storekeeper, the machinery merchant and others have no security over land. They sell their commodities at prices

that will cover the possibility of bad debts, as they estimate the position to be. They sell on terms or credit and allow from 10 to 25 per cent. interest on the actual cash value of the article, thus making provision for possible bad debts. In consequence, should those debts be written down, a margin has been provided beforehand in order to avoid any undue loss. On the other hand, the man who invests on first mortgage says to his client, "I want a low interest rate, say  $4\frac{1}{2}$  or even up to  $6\frac{1}{2}$  per cent., according to your security. I am not making any provision for bad debts because my bargain is based on the security, and in return for the security, I give you a low rate of interest." The farmer says, "In return for your low rate of interest, I give you a first security over my land."

Mr. Hughes: Plus the personal covenant.

Mr. McDONALD: Plus the personal covenant which, in the case of farmers is worth nothing, except in about 1 per cent. of instances. We therefore perceive the difference between writing off the debt of a first mortgage and that of a trader who has made provision for bad debts.

I turn now to the position in Victoria. In that State, in 1935, a Bill was passed upon which the hon. member has largely framed his measure. I went to considerable trouble two years ago, and also lately, to ascertain how the Victorian statute has operated. The position in Victoria was similar to that in New Zealand. In Victoria, where land values are stable and rural lands are very much sought after, there were many dealings in prosperous times with profit to the vendors. The result is that four or five years ago the owners of wheat farming lands held properties for which they had paid anything up to £20 an acre owing to the profit taken by preceding sellers, and the capitalisation was such that the holders had not much chance of success. It became desirable, therefore, on account of inflated land values—inflation due to a series of sales—to take steps somewhat similar to those adopted by New Zealand. In Victoria, when the Farmers' Debts Adjustment Board commenced operations, the farmers who made application for debt adjustment, valued their liabilities at £19,200,000, and their total assets at £16,100,000. In other words, their liabilities exceeded their assets by about £3,-

000,000, and the amount they received from the Federal Government for debt adjustment was £2,500,000. On the farmers' own figures, in order to write down the liabilities to a sum equal to the assets, the board had in hand sufficient money to pay approximately 16s. 8d. in the pound of the amount written off. That was the position in Victoria, and the result was that when the board came to write down debts it was able to offer the first mortgagees very favourable terms. An example that was submitted to the Royal Commission or on some other occasion, was as follows:—The first mortgagee wrote off £1,850, and in return for that the debt adjustment board paid him £1,300 cash. He was therefore quite prepared to write off a certain sum of money because he received a cash payment that bore a fairly large ratio to the amount written off. Victoria occupied a peculiarly favourable situation on account of the comparatively small excess of liabilities over assets, and the large amount that was received from the Federal Government for debt adjustment. That favourable position enabled the writing down of first mortgage debts on terms that would be regarded by the first mortgagees and other creditors as not unreasonable.

In this State, on the other hand, we have had from the Federal Government—or will have had—a total of £1,300,000, or about a half of the amount received by Victoria. Moreover, whereas the excess of liabilities over assets in Victoria, on the farmers' own values, was about £3,000,000, we, with only half the amount received by Victoria from the Federal Government would be called upon to deal with a far greater excess of liabilities over assets. Also, the Victorian Government realised—as was stated by the Minister for Lands—that there would be a cessation or a stringency in credits as a result of writing down, and that the State would have to go to the assistance of farmers, even in Victoria, where capital supplies are plentiful and farmers are much more well-to-do than they are in this State. I telegraphed to Victoria within the last two or three weeks, and asked the board to wire me stating how much money had been found by the State for seasonal credits to farmers whose debts had been adjusted entirely excluding all moneys received from the Commonwealth. I have the reply from the Victorian Board

and signed by the Under-Secretary for Lands. The figures relate to the seasonal credits given by the State of Victoria from its own funds to farmers whose debts had been adjusted. They are as follows:—1935, £420,000; 1936, £440,000; 1937, £269,000; 1938, £11,000; 1939, £186,000. So in that State, where the debt position is comparatively easy owing to the much more stable values of farming lands, the Government was compelled to make available to farmers seasonal credits totalling as much as £440,000 in one year. I also asked the board whether it had found any other moneys from the State finances to assist farmers whose debts had been adjusted, and the reply was that sums had been granted that were called "improvement advances." These were as follows:—1935, £110,000; 1936, £133,000; 1937, £71,000; 1938, £53,000; 1939, £46,000. So we perceive that Victoria, in connection with its writing down proposals has had to find as much as £551,000 in one year—1936—from its own moneys to assist farmers whose debts had been written down. Before the Royal Commission of this State, as the Minister for lands said, a witness whose statement is authoritative expressed the opinion that the State would need to find under this legislation, a quarter of a million pounds a year for seasonal credits. Judged by the Victorian example, that seems a moderate estimate.

The next question to consider is: Have we any chance of adopting the Victorian system in this State? Unfortunately we have not. Our Act excluded first mortgagees from the debt adjustment. They have been untouched except so far as they have been voluntarily written down by agreement of the first mortgagee.

Mr. Patrick: They could have suspended.

Mr. McDONALD: They could. Whether they have done so, I do not know; but the principal has not been written down. The statement issued by the board showing the position at the 30th June last, indicated that it had paid out £1,064,000 in debt adjustment. That is to say, of the £1,300,000 it is due to receive from the Federal Government for debt adjustment, the Board had expended the best part of nearly £1,100,000. It has spent nearly all the money it is to receive for debt adjustment. The remaining £200,000 which has not yet been spent will, of course, have been earmarked for the adjustment of un-



secured debts on the same terms as have been applied to the unsecured debts already adjusted.

Hon. C. G. Latham: Our Bill does not say that.

Mr. McDONALD: What I am pointing out is that the hon. member's Bill does not refer to any payments being made to creditors for debts written off. The hon. member, in support of his Bill, referred to the example of Victoria, but I have shown that Victoria commenced by applying all of the £5,200,000 received from the Federal Government to the adjustment of all the farmers' debts, including first mortgage debts, whereas we have spent and earmarked all our £1,300,000 for the purpose of adjusting debts excluding first mortgage debts. If, therefore, under the Bill we now proceed to write down first mortgagees' debts, we will not be able to give them any compensation at all. The unsecured creditor who, by the rate of interest included in his price, has made provision for bad debts, will obtain 5s. or 5s. 2d. in the pound for every pound written off, but when we wrote off, as we would under the Bill, £1,000 worth of first mortgage secured debts in respect of which the lender had made no provision at all for bad debts, we could offer him nothing at all.

Hon. C. G. Latham: Do you think the banks make no provision for bad debts?

Mr. McDONALD: I am not dealing with banks only. I will tell the hon. member how these debts are made up. I wish to convey the fact that we cannot compare the operation of this measure with that of the Victorian Act. If I can be assured that the terms of debt adjustment that have been applied by the Victorian Board can be applied here, I will support the Bill. The creditors and the banks in this State, I feel sure, will be glad to accept the Bill if, in the writing down of first mortgage debts, the terms of payment or recompense applied in Victoria are to be applied here. But it cannot be done unless the State is prepared to find the money and also a considerable sum for seasonal payments. The trouble is a many-sided one. The debts owing on mortgage in this State by wheat farmers, according to the Commonwealth Royal Commission, amount approximately to £16,000,000 and about half that amount is owing to the Associated Banks. The sum of £3,300,000 is owing to Government organisations in various ways, and £1,300,000 of first mort-

gage debts is owing to trustee companies and financial institutions, apart from banks, and people who lend policy holders' money to farmers on first mortgage. These are trust funds representing the savings of the people, and £2,900,000 is owing to private mortgagees. So it is a many-sided business, this matter of dealing with various private people who lend money, or insurance societies or trustees and bodies of that kind. The hon. member referred also to the report of the Commonwealth Royal Commission. I too would like to refer to that report, because it is authoritative. On page 235 the Commissioners have this to say—

Farmers' debts are the assets of other sections of the community, and the number of creditors runs into many thousands and includes shareholders and depositors in banks, shareholders and policy-holders in assurance companies, beneficiaries under trust deeds and estates, employers and employees in manufacturing and mercantile firms, and a large number of private individuals, including retired farmers who depend in whole or in part upon returns from money owed by farmers under various forms of security.

After reviewing the whole position exhaustively the Royal Commissioners came to the conclusion that the debt structure of the wheat industry was so great that some form of writing down was necessary in the interests of the wheat farmers. But the first thing they had to decide was how to carry it out and they came to the conclusion that the only way was on a basis of Commonwealth legislation. On page 237 of the report this is set out—

The scheme of financial readjustment is based upon anticipated Commonwealth legislation. The Commission was forced to this recommendation after having investigated the possibilities of legislation by the States with such Commonwealth support as might be necessary because it was advised that the readjustment of debts in accordance with the ability of debtors to pay is, properly speaking, under the Constitution a matter for Commonwealth legislation. Furthermore, uniformity of action in this matter is most desirable. The Commission suggests that the Commonwealth should take steps to obtain the full co-operation of the States with a view to utilising State administrative machinery and personnel as far as practicable; and thus avoid overlapping wherever possible.

After recommending their scheme of writing down, somewhat similar to the hon. member's scheme, the Commissioners then proceed to state what finance was necessary and this is what they had to say on page 246, under the heading of "Finance required to

implement the Commission's recommendations," the items being summarised as follows:—

- (i) Contribution through home consumption price—up to £3,500,000 annually.
- (ii) Administration (charged to revenue), say £350,000 annually.
- (iii) "Revolving" fund on loan—£3,000,000 or less.
- (iv) Temporary machinery loan—£1,200,000 or less.
- (v) Long-dated loans for permanent improvements, say £1,000,000.

That is what they consider necessary in the way of finance from the Commonwealth under a debt adjustment scheme. The Royal Commission's report was based upon a sound foundation. What the Commissioners said was this: the rehabilitation of the wheat industry from the debt point of view was necessary, not only for the sake of the wheat farmers, but for the sake of the nation. They said that the mortgagees must be prepared to give up without compensation the amount of their debt in excess of the value of the security. The Commission then went on to say that in return for this sacrifice by the mortgagees, the nation, because it was a national matter, would safeguard the position of the farmers and safeguard the position of the mortgagees by making their securities of value, by providing all these moneys, by providing a guaranteed price and making available some million pounds of Commonwealth money for seasonal credits and for the purchase of machinery and improvements. The mortgagee had to give up a certain amount of his debt, but in return the nation would protect his security. That is a fair thing. I do not think any mortgagee would raise any objection to a proposal of that kind.

Hon. C. G. Latham interjected.

Mr. McDONALD: There is some prospect of a home consumption price or assistance to farmers in the amount they will receive for their wheat.

Mr. Hughes: An amount of 17s. 6d. in the pound was wiped off.

Mr. McDONALD: The average price paid for the unsecured amount in cash is 5s. 2d. or 5s. 4d. I have been told that some of the unsecured creditors undoubtedly suffered by that, but I have also been told that in the case of some others it was money from home.

Mr. Patrick: It improved the security.

Mr. McDONALD: Undoubtedly. What I desire to say is that if the Bill is based on precedent, whether it be New Zealand or Victoria or the Commonwealth, it does not measure up to the suggested precedents they are entirely different.

Mr. Patrick: What about Canada?

Mr. McDONALD: I would agree to Canada's proposals without even asking for an adjournment. Canada's is a wonderful scheme. What does it mean? It means that a man has a first mortgage of £10,000 on a farm worth £8,000. His debt is written down from £10,000 to £6,000 because the debt is to be 80 per cent of the depreciated value. What then is the position of the mortgagee or the bank? The sum of £2,000 is written off. In any case it may not have been recoverable. Then another £2,000 is written off which makes the security virtually gilt-edged because there is a 20 per cent margin where there was none before; and in return for £4,000 the mortgagee gets £2,000 of Government bonds guaranteed by the Government of Canada. If that were offered to the secured creditors of Australia there would be no difficulty in that respect. But that is not being done here. Mortgagees would be delighted to take 50 per cent. of the amount written off and receive Government bonds bearing interest at three per cent.

Mr. Patrick: You are objecting to writing anything off here.

Mr. McDONALD: Yes, I am objecting in the first place because the precedents cited by the hon. member, although interesting and instructive, are not relevant. I am not seriously concerned about some writing off if the position is going to be preserved, but I do not see how that can be done unless provision is made to carry on farmers, and provision is made by the Commonwealth or by the State Parliament to enable farmers to carry on. The mortgagee is the person who gets very little sympathy from anybody.

Mr. Cross: He is not entitled to it.

Mr. McDONALD: I often think it would be a good thing if people never lent money; I have no time for the unfair money lender, none at all, but when we are asking for money from the general taxpayer, or whether we are going into business or buying a farm, then the mortgagee or the lender is a fine fellow, but when we have it, he is a poisonous creature.

Hon. C. G. Latham: That has not been said in this House?

Mr. McDONALD: No. Many mortgagees have been nursing farms for years without getting interest, and getting deeper and deeper into debt; that is to say, the debts have been getting larger because they have been keeping farmers on the properties in the hope of their pulling through. I suggest with all humility that when we approach this subject some consideration for their position is desirable, and especially when we are considering legislation of this type. May I tell the hon. member, whose activities on behalf of the farmers are meritorious—he is perfectly entitled to bring this Bill before us—that I would like to see something done to ease the debt structure of the farmers. First of all, if the Government considers itself in a position to provide for the writing-off of debts on similar terms to those obtaining in Victoria, and with the like protection to the farmers for seasonal credits, I will support legislation on the Victorian lines or on these lines with a similar provision for the debts which are written off and for seasonal credits for the mortgagor. It is for the Treasurer to say whether he can find the funds, which I estimate will run into some millions; or perhaps I ought not to say millions: perhaps £1,500,000 might do the job.

Hon. C. G. Latham: Very nearly.

Mr. McDONALD: I should say a million for writing-off on the Victorian scale or perhaps £1,200,000; and we will say, taking the mover's estimate, £250,000 a year for seasonal credits. That would be anything from £1,250,000 up to £1,400,000 or £1,500,000.

Hon. C. G. Latham: You are not justified in saying that that amount will be required for the coming year.

Mr. McDONALD: No. For the first year, and perhaps £200,000 or £300,000 for the next five or seven years.

Hon. C. G. Latham: You are anticipating low prices for the farmer, then.

Mr. McDONALD: I am not doing that at all. I am rather inclined to look at realities in connection with this matter. I am merely trying to see that we do not make the position worse by trying to make it better. I am oppressed by the fact that at the present time all Governments and all private people would be faced with extreme difficulty in meeting unexpected demands or making new

arrangements for money. While the present system obtains, unsatisfactory as it is, I think mortgagees as a whole will endeavour to maintain the farmers on the land and to assist them to carry on. I will support, as I said, a writing-down on terms and with the safeguards obtaining in Victoria, the precedent quoted by the member for Katanning. I will also support a writing-down of debts on the basis laid down by the Commonwealth Royal Commission, and on the funds being found which the commission declared would be necessary as a complement to that writing-down. If the Treasurer and the Minister for Lands in their conferences with the Federal Government and the Governments of the other States can bring that scheme to the forefront as a Commonwealth scheme, and can assure the providing of the money which the Commonwealth Royal Commission declared would be needed by the Commonwealth, I am prepared to see that scheme for debt adjustment brought into force. May I, just before I stop from what has been a rather long reference to the Bill I am afraid, refer also to the interjection of the member for East Perth (Mr. Hughes). I would not be alarmed at some measure Australia-wide in order to ease liabilities on the people, provided the measure was Australia-wide, provided it was applied uniformly over the whole of the Commonwealth, and provided its benefits were not confined to any one section but given application to all people who are labouring under hardships arising from debt, and further provided it was applied with due regard always to the fact that the debt which is owed by one man, and often perhaps a man who has not been very prudent or even very deserving in his affairs, frequently represents the life's savings of another man, who has denied himself in order to make himself self-supporting during his later years. We have to take that man into account also. But I am not alarmed, as the member for East Perth says, at the consideration of something to ease debt structures throughout the Commonwealth, although I think it is something which should be applied with very great hesitation, in view of the experiences of some other countries.

Mr. Marshall: With great caution.

Mr. McDONALD: We can make things worse by trying to make them better. Be-

fore finishing I would like to say that I am very far indeed from regarding the present position as hopeless. I am told that of the wheat farmers in Western Australia the great majority are not worried about this form of legislation, but are carrying on successfully.

Hon. C. G. Latham: Did I hear correctly?

Mr. McDONALD: Yes, I heard that. That is what has been told to me.

Hon. C. G. Latham: It was a mortgagee who told you that.

Mr. McDONALD: It was a mortgagee who told me that; but in this Chamber I have been able to speak as a wheat farmer myself, though I cannot do so at present. In my opinion Western Australia has wheat lands which are valued at very low prices—I should say some of the lowest prices in the world.

Hon. C. G. Latham: And we are in greater difficulties than any other community in the world.

Mr. McDONALD: No.

Hon. C. G. Latham: No?

Mr. McDONALD: I say, no.

Hon. C. G. Latham: You were not too successful with your farm.

Mr. SPEAKER: Order!

Mr. McDONALD: I was very successful with my farm.

Member: But you sold out.

Mr. McDONALD: I sold out.

Mr. SPEAKER: Order!

Mr. McDONALD: I farmed well, and that was recognised.

Hon. C. G. Latham: The farm farmed you, I suppose!

Mr. McDONALD: In my opinion the present condition is one that will improve very materially with any reasonable sequence of good seasons and with reasonable prices. I think the position will right itself, though I do not like saying that. I do not like saying to the farmers, "Let the position right itself." I realise the difficulties represented by the debt structure; and I would be glad to support any measure for assisting the farmers if I felt satisfied in my own mind that in supporting it I would be doing the right thing. I would much prefer to cross the floor and vote with the member for Katanning if I thought that would be doing the right thing. But I have my doubts on the matter. I might per-

haps suggest—I do not know whether this is possible—that if the Minister for Lands and the Government at this present time, when large sums are being found by the Commonwealth, thought it possible, they might take the opportunity to consult the Federal Government and the Governments of the other States as to whether some feasible and sound scheme could be devised to assist some of the farmers in respect of their debt structures. If that could be done, I should be pleased to see it done. But as things are now, unless the Government can undertake to find what appear to be essential moneys for credit facilities for farmers, in view of the existing conditions I feel that I would not be justified in supporting the second reading of the Bill.

MR. HUGHES (East Perth) [9.11]: I do not think the banks will ever have their case more ably stated in this Chamber than it has been stated by the member for West Perth (Mr. McDonald).

Mr. McDonald: Even the banks are entitled to have their case stated.

Mr. HUGHES: Of course they are entitled to have their case stated; and they are also entitled to have all the protection they can get in order to secure the assets in which they have invested their money. But in my opinion we have to adopt a new outlook on the relation of debtor and creditor. I consider that at present we extend too much sympathy to creditors. Many debtors are in debt because creditors have urged them to get into debt. It is almost impossible to live in this community and keep out of debt, because those people who have commodities to sell indulge in high-pressure salesmanship and persuade persons to enter into credit obligations far beyond their capacity to meet.

Mr. North: There is also talk about sales resistance.

Mr. HUGHES: Yes. There is no doubt that the financial institutions, the banks and the rest, made it unduly easy for people to incur liabilities.

Mr. Patrick: Especially when prices were high.

Mr. HUGHES: When prices were high, the banks were urging people to get into debt. I can remember that when one bank opened a branch in Western Australia for the first time, it was vying with the other banks in granting overdrafts to

people who were already involved beyond their capacity to pay. But so soon as the crisis came, that bank did not take the reasonable position and say, "We induced these persons to get into debt, and therefore we ought to stand up and write off some of their obligations." All they did was to shout about security and the sacredness of contracts. I consider this to be the true position with regard to people who invested money in mortgages on farms. When a loan was made, it was made on this implied condition that the farmer was carrying on an industry and that his ability to pay interest and principal depended on a continuance of the position as it stood when the loan was made. I do not believe that any mortgagee made his loan on any other understanding than that the farmer's ability to pay depended on his getting a continuance of the prices for his commodities that obtained at the date of the loan. Although that condition is not written in the contract, it represents the basic principle upon which the contract was made. Naturally that contract applied in a similar manner to people in the metropolitan area, especially people on low wages who saved up a certain amount of money and paid a deposit on a house, and had a certain amount on first mortgage and a certain amount on second mortgage, both the mortgagees knowing that the purchaser's capacity to pay the interest on the mortgages depended on his continuing in work and receiving wages. So that there were three parties concerned. There was the first mortgagee, the second mortgagee and the purchaser.

When the depression came, something over which nobody had any control, the purchaser's equity was wiped out over-night. Over-night he lost all his interest in the property. As the depression continued, bit by bit the second mortgagee's interest was wiped out, until finally hundreds of properties were transferred to the first mortgagee, who lost nothing. Thus we have three people interested in a property; and, instead of there being some scheme whereby the loss, over which nobody had any control, should be borne by the three people interested, one lost everything, the second lost either the whole or part, but the third lost nothing. Had the loss been due to any action of the borrower, it might well have been said that he did so-and-so, and it is only right that he should bear the brunt of

his own action. But the consequences were not the fault of anyone. What could have been fairer than that, in such circumstances, there should have been a proportionate writing down, so that all concerned would have borne an equal share of the loss? Even if the ratio of loss was greater in the case of the mortgagor than in the case of the second and first mortgagees, that would have been fairer.

Mr. F. C. L. Smith: But the second mortgagee got 15 per cent. interest as against 5 per cent. received by the first mortgagee.

Mr. HUGHES: The second mortgagee did not get 15 per cent. He got probably 7 per cent. or 8 per cent.

Member: Probably 20 per cent.

Mr. HUGHES: No.

The Premier: The man who bought the equity got 20 per cent.

Mr. HUGHES: Yes. He first discounted the equity by a third, which raised his rate of interest from 7 per cent. to 10 per cent. Whereas he received 7 per cent. from the mortgagor, he was really getting 10 per cent. because he bought the equity at a discount of 30 per cent. The unfortunate mortgagor, who had perhaps taken years to save up the purchase price of the land, lost all his interest over-night. I agree with the member for Brownhill-Ivanhoe (Mr. F. C. L. Smith) that it might have been fair to fix a ratio in writing down; I suggested on one occasion that the ratio should be 5, 4 and 3. The member for West Perth (Mr. McDonald), from the way he spoke, would lead one to conclude that the unsecured creditors had had a rosy time, because they had made provision for bad debts against the writing down.

Hon. C. G. Latham: And also the farmer.

Mr. HUGHES: In reality, when their debt was written down they lost nothing. I know this fact concerning the farming community, that frequently a farmer carried on his operations, thus protecting the security of the first mortgagee, by incurring liabilities to the country storekeeper and wages men.

Hon. C. G. Latham: Perfectly true.

Mr. HUGHES: The first mortgagee stood by and allowed the farmer to incur debts to the country storekeeper and wages men which he knew the farmer was unable to pay, and thus the position of the first mortgagee was protected. When the writing down did occur, although the

average amount written off the unsecured creditors' debts was less than 15s. in the pound, I myself know of instances where wages men got half-a-crown in the pound on unpaid wages and the storekeeper was paid the same composition. I know of a country storekeeper who was regarded as being comfortably off, but who became bankrupt a couple of years after the depression. Farmers incurred liabilities with him to keep their properties intact for the first mortgagee, and then were unable to pay their store accounts. The storekeeper had to walk away from his business without a penny after years of labour; he was unable to get more than 2s. 6d., 3s. 6d., and 5s. in the pound from his debtors. First mortgagees have really not suffered at all in consequence of the depression; but in a national calamity of that kind the burden should be distributed equitably between the people concerned. Why should one class say, "We are not going to bear any portion at all of the national calamity. We insist upon the other people bearing the whole burden"?

While it is the practice to make some provision for bad debts, the banks of Australia have made provision for reserves against a rainy day. In the current Year Book, No. 31 of 1938, at page 827, appears a statement concerning the cheque-paying banks of Australia. Their capital reserves for 1937 are set out. The first group comprises private banks, except a French bank and the Yokohama Specie Bank. The total paid-up capital of those banks in round figures was £38,000,000. Their reserves amounted to £30,000,000; and the balance on their profit and loss account amounted to another £2,000,000. These banks have therefore in reserve £32,000,000 against a total paid-up capital of £38,000,000. The dividends paid to their shareholders last year ranged from as low as  $4\frac{3}{4}$  per cent. up to 7 per cent. and 8 per cent. Those are very high rates of dividends for banks to pay which take no risks.

Mr. Seward: They are not the real dividends.

Mr. HUGHES: They are.

Mr. Seward: No.

Mr. HUGHES: Of course they are.

Hon. C. G. Latham: What rate of dividend did the Bank of New South Wales pay last year?

Mr. HUGHES: If banks are paying a dividend of 6 per cent. and a person pays

25s. for the shares, it cannot be said that the rate of dividend is not still 6 per cent. The face value of the shares is £1 and the banks are paying a dividend of 6 per cent. A man who pays 25s. for a £1 share—

The Premier: Plus a share in the reserves.

Mr. HUGHES: If he holds the shares until the bank is ultimately wound up he will receive a proportion of the reserves. The 6 per cent. dividend is paid on the capital of the bank. The fact that the investor has paid more than the face value of the shares does not reduce the dividend paid. It simply means that he does not get the same return as does the original shareholder. What causes people to pay more than the face value of shares? When high rates of dividends are paid, people will pay more than the face value of the shares because the investment is the best offering. We know that the shares of some companies are nominally worth £1, but that they fetch £3 15s. on the market because of the high rate of dividend paid.

The Premier: Some companies are paying smaller dividends and placing some of their profits into reserves.

Mr. HUGHES: Yes; but the fact remains that some banks before 1929 paid a dividend as high as 14 per cent. Notwithstanding, they have since accumulated in reserves nearly as much as their total capital.

Hon. P. Collier: The money paid into current accounts at the banks equals 15 per cent. of their fixed deposits.

Mr. HUGHES: It is about £2,000,000.

Hon. P. Collier: The banks pay no interest on money standing to the credit of current accounts, yet they lend that money at bank rates of interest. That is where the profits come from.

Mr. HUGHES: That is so. The banks state they intend to write down their mortgages, but add that the time is not yet ripe. When are they going to do it? I heard of that on the Terrace five or six years ago. It was said then that of course the banks would meet the situation when it arose. I suggest that the time has arrived and that, in fact, they should have done it before. What I have said applies to the ten banks mentioned in the Year Book. The Commonwealth Bank, in its short life, with a capital of £4,000,000, has accumulated £2,500,000 in reserves, although it pays away portion of its profit each year.

The Premier: No.

Mr. HUGHES: Yes. I can recall when the Yokohama Specie Bank was opened in Sydney; it is not so long ago. It then had a capital of £10,000,000 and it now has £13,000,000 in reserve and £1,750,000 to credit of profit and loss account. Really, therefore, it has £15,000,000 in reserve, in addition to its capital of £10,000,000. I doubt whether this bank has been trading in Australia for more than 20 years, and it paid a dividend of 10 per cent. last year. If the records be consulted, it will be found that year after year this bank has consistently paid a dividend of 10 per cent. Like the Australian banks, it is holding in reserve an amount almost equal to its capital. Why should not they, in a crisis, either apply or be compelled to apply some of the funds they have built up to the reduction of debts? Where would the banks be with their securities if the farmers, when the depression came, instead of running into debt to the farm labourer and wages man, had said to the mortgagees, "The position is that we cannot carry on without incurring debts. You take the farms and look after them for yourselves"? Where would the banks and the mortgagees have been? They would have had to provide the money to carry on the properties. Only by sacrificing other sections of the community have their securities been kept intact. Therefore, on the merits of the case, it seems to me that we are merely trying to do something equitable by saying to those people, "You have been protected at the expense of others and ought to bear some portion of the loss." The Premier, I think, raised the question that if we started interfering with these matters, nobody would lend money. I do not believe there is anything in that contention.

The Premier interjected.

Mr. HUGHES: When these debts were incurred, the primary industries were regarded as the equivalent of city real estate as security. Therefore the mortgagee who lent on farming property made an error, just as did the unsecured creditor who gave the farmer credit. Why should not the mortgagee bear some proportion of the loss for his error of judgment? Why should other people be told, "By giving credit to the farmers, you made a great mistake and must accept half-a-crown in the pound"? Why should not the other party be asked to bear some of the loss, particularly the banks

which have built up large reserves to meet just such a contingency as this?

Strange to say, right through the depression, the reserves of the banks have been increasing. They have grown each year. I do not think the Bill would have any effect in the direction of stopping the lending of money. There was put on the statute-books of all the States of Australia the Mortgagees' Rights Restriction Act. First of all, the mortgagee's interest was reduced by 22½ per cent., then the mortgagee's right to realise his security was taken away, but this did not make the slightest difference to the lending of money on mortgage. Notwithstanding the experience of the restrictions under that legislation and the knowledge that, in the event of another crisis, further restrictions will be imposed, the lending of money on first mortgage has continued as before. It made not the slightest difference to people who had money to lend on first mortgage. That was only to be expected. On what other security would those people lend their money?

The Premier: They were prepared to lend money to the Commonwealth at 3 per cent. because they could not get another investment.

Mr. HUGHES: Yes, and when the depression came, Commonwealth bonds of a face value of £100 were bought for as little as £47. Insurance companies bought them because they knew the drop represented only a passing phase. On the bonds they bought for £47, they are receiving 4 per cent. interest to-day. Yet they say they are getting only 4 per cent. on money they have lent to the Commonwealth. In reality they are getting 8 per cent. because they bought the bonds for £47. As they were able, because of a national calamity, to buy £100 bonds for £47, would it be unreasonable to say, "As you are mortgagees in certain cases, and as you are really getting 8 per cent. on those bonds because of advantageous buying during the depression, you should rebate some of the money that is owing to you"?

Hon. P. Collier: And they got not only 8 per cent., but also a document worth double the money they paid for it.

Mr. HUGHES: That is so. Would it not be fair to say to those companies, "As you got all those advantages as a result of the depression, which brought privation, starvation and destitution to thousands of fellow

citizens, you must disgorge some of it and bear your share of the sacrifice"? Would it be wrong to say to them, "Where you are a mortgagee and have lent money to a farmer or a pastoralist, give him some of the benefits you have reaped from the double rate of interest on the bonds you bought"? It was not that the security appreciated as a result of a national misfortune. They were in a position to buy, and they knew that the value of Commonwealth bonds would recover.

Mr. McDonald: Would you reimburse the man who sold at £47?

Mr. HUGHES: I should feel inclined to return some of the money to that man, though this could not very well be done. If we approve of the insurance companies' retaining the profits they made as a result of the national calamity, and not bearing any portion of the burden at all, we have to remember that in the next breath we are saying to the trader, "If you make additional profit during a national calamity—the war—we will take it all."

Mr. Doney: What has the Premier say to that?

The Premier: The fact is that securities went down in value and £30,000,000 was borrowed at 3 per cent. to buy them.

Mr. HUGHES: The first mortgagees are being asked by the member for Katanning to bear some of the losses. Admittedly it is hard on any man who is required to give up part of a debt owing to him. If a man has lent £20, to ask him to accept £15 in settlement seems hard, but everyone has had to do it. I wish to show that even the banks and the financial institutions such as insurance companies, which to a large extent are mortgagees, should bear some of the loss, and by so doing they would not in reality be sacrificing anything because of the additional profits they made through the advantageous position they occupied during the depression.

I believe that some hope of a revision of the credit system of Australia is dawning. What the member for West Perth (Mr. McDonald) said is right. What we really want is a comprehensive, Commonwealth-wide debt-revision scheme, so that in doing justice to one section of the community, we shall not be doing an injustice to another section. By means of a scientific and comprehensive scheme, we should make an equitable debt adjustment whereby all would bear their fair share according

to their ability. Certain statements have recently been made by the Assistant Federal Treasurer, Mr. Spender, about using the credit of the nation. In other words, he has in mind the idea of reflating the currency—using the credit. If the war continues for long, Mr. Spender realises that we shall not be able to indulge in the macabre orgy of borrowing that marked the last war, and that in order to meet the needs of the nation, we shall have to reflate the currency.

Hon. P. Collier: Of course that will have to come if the war goes on.

Mr. HUGHES: Following on Mr. Spender's statement, we had remarks by the ex-Premier and Treasurer of New South Wales, Mr. Stevens, along similar lines.

Mr. J. Hegney: He has been following Mr. Davidson, of the Bank of New South Wales, for a long time.

Mr. HUGHES: Mr. Stevens said we had to use the national credit to ensure that every man had work.

The Premier: We have been doing that for a couple of years.

Mr. HUGHES: Now we find the member for West Perth making a very able speech on behalf of the banks and getting into line with Mr. Spender and Mr. Stevens. So I say that hope is dawning, even in our generation. This policy has been forced upon them. The unfortunate part is that people will have had to suffer untold privations before the new ideas are accepted. The only way in which we could get a revision of the credit system or a new scheme of finance was through the holocaust of war. That is the pity of it. The result will be good, but the cause is disastrous. Boiled down, all that the member for Katanning is trying to do is to get something equitable between people having various interests in the farming industry, and I propose to vote for the second reading of his Bill.

*[The Deputy Speaker took the Chair.]*

MR. WATTS (Katanning—in reply) [9.44]: I should like to thank the member for East Perth (Mr. Hughes) for the excellent exposition he has given the House. This has saved me much effort, because some of the things I desired to say have been expressed by him much better than I could have presented them. Now I wish to turn to the observations of the Minister for Lands.



I was somewhat surprised at the short time he occupied in his speech against the Bill, and as I listened to him, I felt that he was, at heart, probably not so much opposed to the measure as his observations appeared to indicate. I had in mind certain observations made by the hon. gentleman in his speech on the Address-in-reply, when he drew attention to the extraordinary, parlous financial position of those engaged in the pastoral industry in certain parts of Western Australia.

The Minister for Lands: The two proposals are not parallel.

Mr. WATTS: Although at the time he did not suggest any compulsory action he made it quite plain that there was a good deal of room in those areas for action such as this measure contemplates. He made it clear, too, that it was high time the financial institutions concerned in the industry—which industry this Bill would also affect—should recognise the need for the writing down of first mortgage liability. The only reason why action has not been taken in that direction is that the financial institutions have not seen fit to take it. There comes a time when one has to consider this point; shall we make them take action or sit back and wait, as they no doubt are waiting, for something to turn up? I prefer that some action should be taken on a basis as equitable as possible. It was suggested to me in a great number of places in the country that this Bill should not place a period of suspension before the time of writing down. There is not any period of suspension in the New Zealand legislation. As I was anxious as far as possible to meet the objections concerning the actual writing down, and as I was prepared to allow a lapse of time to minimise, if it could, the writing down that might ultimately take place, I preferred to continue to subscribe to a proposal which involved a period of suspension of from three to five years at the discretion of the trustees. There is ample evidence to prove that the moneys which would be represented by any amount that was actually written off would, after a lapse of that time, be definitely proved to have been lost because there would be no assets to represent them. It is not a principle of law that a debt shall be allowed to hang over for an indefinite period without some action being taken to recover it. We have for that purpose various statutes of limitation. It

seems to me that if after a period of suspension of three or five years, as may be determined by the trustees, there was no evidence forthcoming that the value of the property had appreciated to an extent sufficient to enable it on a productive basis to carry the debt, it would be definitely certain that it should be written off, and that there would be no justification for continuing longer to impose upon the mortgagor the liability to pay interest on the excess amounts, and for the repayment of that portion of the principal. When I sat with the member for West Perth (Mr. McDonald) on the select committee that dealt with a previous Bill of this nature, to which he referred, the question of restriction of credit was brought before us, as it has been brought before the House tonight, by almost every witness who appeared as representing financial institutions of one kind or another. I endeavoured, in dissenting from the very short report of that committee, to give to the House my reasons for so doing, reasons that had either occurred to me, or were given to me by witnesses appearing before the committee. I pointed out that according to the report of the Banking Commission, which had just completed its labours, 47 per cent. of the moneys invested by banking institutions in Australia was invested in farming securities.

The DEPUTY SPEAKER: Order! The hon. member may not break new ground in the course of his reply. If he is replying to some statement made by a previous speaker, well and good.

Mr. WATTS: I am replying to the remarks of the member for West Perth.

The DEPUTY SPEAKER: The hon. member may proceed.

Mr. WATTS: I contend that, as that amount of capital is invested in these securities, the institutions concerned cannot decline to carry on any section of those who are indebted to them. Other points have also to be considered. In the first place, this Bill would provide that a lesser proportion of the farmer's returns should be absorbed in interest. This would have the effect of causing no interest to be payable on the suspended amount. I submit that that saving of interest would be serviceable towards helping the farmer to carry on. I have not found

amongst country storekeepers, who have had their debts written down by 14s. or 15s. in the pound, any attempt to restrict the credit of those with whom they have to deal if they are to carry on their business. They are aware that if they are to maintain a turnover in their business they must keep their customers on the land. I contend that the same arguments must apply to the institutions that have 47 per cent. of their capital invested in farming securities.

Reference was also made by the member for West Perth to the necessity for some Commonwealth fund, which I think was mentioned as being £3,000,000. Since the Royal Commission to which the hon. member referred made its report the Commonwealth Government has provided a very much larger sum, £12,000,000, under the Loan (Farmers' Debt Adjustment) Act of 1935. Had legislation similar to that been incorporated in the original Rural Relief Fund Act, or, as I first suggested, had it been incorporated in the legislation that was proposed in the following year, we should not now be in the position referred to by the member for West Perth. To indicate to the House what the intentions of the Federal Parliament were in 1935 when it passed the Loan (Farmers' Debt Adjustment) Act, I should like to refer to Subsection (3) of Section 6 of that Act. This states—

No grant shall be made under this Act to a State unless or until there is in force in the State legislation constituting an authority empowered on application being made to it and at its discretion to take action having the effect of suspending either wholly or in part the rights of any secured or unsecured creditor to a farmer against that farmer.

I know that the Rural Relief Fund Act of 1935 makes some provision for suspension which, broadly speaking, has never been exercised. I am convinced that the opinion of the Federal legislature was that quite different powers should be given to the State trustees, or whatever they may be called, to deal with this matter. I admit that in the following year the Section of the Act to which I refer was altered to provide that only reasonable facilities for debt relief must be given to the farmer. At the time there was clearly in the minds of those who passed the measure, the necessity for some action being taken in regard to secured creditors. The funds were then available, but this House did not take advantage of that cir-

cumstance. Financial institutions were therefore, not compelled to do any writing down such as may ultimately take place under this measure.

I should like to quote from the answer given to the select committee in 1937 by Mr. B. R. Fitzhardinge, one of the chief officers of the Bank of New South Wales in Western Australia. I refer to question 301—

Suppose a loss is suffered in regard to any writing-down of liability to the bank, would it be possible to deal with that loss without any actual loss to shareholders' capital or depositors' funds?—I should say so. Even if we lost the whole £10,000,000 it would not matter very much.

I may safely apply the observations I have just made to that aspect of the question. The member for West Perth drew attention to certain references to Victorian legislation alleged to have been made by me. When I moved the second reading of the Bill the only observation I made in regard to the Victorian legislation was this: "The State of Victoria, I suppose, previously furnished the best example of somewhat similar legislation." That is all I said on that point. The 1937 measure embodied many of the proposals contained in the Victorian Act. Those proposals were strongly criticised by the Minister for Lands—they were largely methods of procedure—on the ground that they were cumbersome, and they were not repeated in this measure, nor did I refer to them except as I have just stated. With regard to the time being inopportune, I would point out that it was inopportune in 1936 and again in 1937, and that it does not require a declaration of war to make it inopportune now. It was inopportune in the past, and according to the Minister for Lands is equally inopportune to-day. In my view the time is more than opportune; it is over-ripe for action to be taken, namely, the necessary suspension and ultimate writing-down of the excess debts of farmers. We are told by the member for West Perth that the reason why the legislation in New Zealand was passed was that at that time land was valued at fabulous figures. I am not in a position to question the observation of the hon. member, but I do know that the value of properties in Western Australia, on which a great number of mortgages was given, was 100 per cent. higher than are the values prevailing to-day. In consequence, although possibly in a lesser degree, the necessity

arises—in just the same manner as it would have arisen in New Zealand under the position as set out by the member for West Perth—for us to do what is indicated by this Bill. We have smaller figures in Western Australia, but we have had a great decline in value. This decline is not the fault of the mortgagor or the mortgagee. It has, however, led to the mortgagor losing a great deal of the equity in his property and in many instances the loss so sustained is in excess of the full value of the property. The decline in certain cases represents many thousands of pounds in the value of the securities held by the mortgagee, compared with the original purchase price of the property. I have come to the conclusion that when neither party is at fault, so far as any action that may be taken is concerned it is time for us to agree that both parties should share the loss on some equitable basis, because by a set of fortuitous and calamitous circumstances outside their control they find themselves in their present position. I would like also, before concluding, to refer again to those observations of the member for West Perth in which he quoted a writing-off in Victoria of £1,850 on which an amount of £1,300 was paid out of the Rural Relief Fund. I reiterate now, as I did to the hon. member when the matter was quoted in 1937, that that large commitment out of the Government funds was necessitated, as I understand the position, by the trustees' intention in that State to reduce the liability to approximately two-thirds of the value of the property. In consequence, the trustees were obliged to pay an amount equal, broadly speaking, to one-third of the value of the property in order to achieve that result. They realised—as I, in point of fact, realise—that it is difficult to carry on upon a property the liability on which is equal to the full value of the farm. But in this measure there is no suggestion that the liability should be written down to two-thirds of the value. I have been obliged to rest content with a writing-down to the full value of the property; but I mention that matter in order to show that the member for West Perth failed, I fear, completely to understand the situation of the State of Victoria as it was put before the Royal Commission in question.

*[The Speaker took the Chair.]*

Mr. McDonald: He understood it only too well.

Mr. WATTS: However, it was not quoted to this House to-night. In conclusion—I do not desire to detain the House longer—I wish to reiterate this point of view. There is at present considerable evidence that numerous farmers, when it comes to a question of setting assets against liabilities, are insolvent. As I said before, if ever the opportunity comes to dispose of their properties for the amount of liability—notwithstanding the fact that they may have been hard workers, notwithstanding the fact that they may have increased production, notwithstanding the fact that they have done absolutely their best in every way, striving as they could, with low prices, to carry on in an intelligent and satisfactory manner—there is always the ever-present risk that any one of those men may be put off his property if a buyer can be found to pay somewhere near the amount of the liability to the bank. A period should be put to any possibility of that risk. I consider that those who have carried on and borne the heat and burden of the day during the last seven, eight or nine years, who have applied themselves intelligently to the development and working of their properties, and who have found themselves unable to make ends meet through nothing but a collapse of prices, should receive the benefit of legislation such as this. I regret that the Minister does not see eye to eye with me in this matter—eye to eye with me and those associated with me. At one stage I thought, after hearing what he had to say regarding the pastoral industry, that he would be prepared to give consideration to this Bill upon its merits. His chief objection to it as far as I see, apart from the question of restriction of credit, is an imaginary proposal that the Crown would have to provide funds because of what is in the Bill. Well, because of what is in the Bill the Crown will not have to provide funds unless in the discretion of the Government at some later date it sees fit to do so. But there is nothing in the Bill to make the Crown do it; and I do not believe, as I have tried for the last half hour to explain, that any such funds will be required. I simply place the measure before the House asking those hon. members who believe that some curb is necessary to be placed on some institutions, and who believe it is essential that some effort should

be made really to rehabilitate the farming industry, to consider whether the benefits to be gained are greater, as I believe they are, than any possible losses. If members believe that, I ask them to vote for the second reading of the Bill.

**MR. SPEAKER** [10.5]: Before putting the second reading of the Bill, I wish to mention that there is certainly in my mind still a doubt whether the Bill is in order. I am at present unable to satisfy myself that the measure does not propose to place an impost on the Crown. At this stage I shall not rule the Bill out of order; but if it survives to the third reading, I shall give a ruling.

Question put and passed.

Bill read a second time.

*House adjourned at 10.6 p.m.*

## Legislative Council,

*Thursday, 12th October, 1939.*

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

### MOTION—RAILWAYS, GOODS RATES BOOK.

*To Disallow By-law.*

Debate resumed from the previous day on the following motion by the Hon. A. Thomson (South-East):—

That Railway by-law No. 55—Goods Rates Book—dated the 1st March, 1935, made under

the heading of the Western Australian Government Railways, as published in the "Government Gazette" on the 29th September, 1939, and laid on the Table of the House on the 3rd October, 1939, be and is hereby disallowed.

**THE CHIEF SECRETARY** (Hon. W. H. Kitson—West) [4.35]: Mr. Thomson, in presenting his motion, did not provide any substantial reason why it should be agreed to. He certainly suggested that the Government was profiteering in imposing increased freights at the present juncture. Apart from that, he said nothing to justify the endorsement of his proposal. Because freights or prices of articles are increased, it does not necessarily follow that profiteering has been indulged in. Most decidedly there can be no justification for claiming that the railways have resorted to that practice by increasing freights at present. As a matter of fact, no alterations in railway fares and freights have occurred for many years other than by way of reductions. Requests to the department have always been for concessions of one description or another. On the first occasion that there is any increase in freights, Mr. Thomson charges the Government with profiteering! I can understand that he was actuated in making his allegation by the fact that those increases were promulgated immediately after war was declared, but members will understand that the decision to raise those rates was not arrived at as a result of the declaration of war, nor yet was that decision made only within the last few days. Members, too, will recollect that the railways showed a large deficit on the operations for the last financial year. In fact, the adverse balance for 1938-39, as indicated in the Commissioner's report that I have tabled to-day, amounted to £313,220. In another place the Premier explained, as he did 12 months before, that a large proportion of the railway deficit was caused by very considerable increases in the basic wage during the past 18 months. Twelve months ago, when introducing his Budget, the Premier pointed out that there had been an increase in the basic wage and although it had an adverse effect on the railways, the Government did not, for the time being, propose to make any alterations in the rates. The intention was to wait for a few months to clarify the position. As I have already indicated, the ensuing 12 months ended with an ad-