

# Legislative Council,

Tuesday, 18th December, 1934.

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

## QUESTION—SLEEPERS.

*Charges at Albany and Bunbury.*

Hon. H. V. PIESSE asked the Chief Secretary: What are the charges per load for wharfage and shipping sleepers at Albany and Bunbury, respectively?

The CHIEF SECRETARY replied: Albany—Wharfage (including war surtax), 2s. 3d. per load of 40 c.f.; handling (in lots of 500 tons and over), 1s. 5½d. per load; handling (in lots of under 500 tons), 2s. 6d. per load. Haulage is included in the above charges. Bunbury—Wharfage (including war surtax), 1s. 7d. per load of 40 c.f.; haulage, 1s. per load. Handling is not carried out by the Bunbury Harbour Board, and therefore handling charges are included in the stevedoring charges.

## BILLS (2)—FIRST READING.

1, Farmers' Debts Adjustment Act Amendment.

2, Lotteries (Control) Amendment.

Received from the Assembly.

## BILL—AGRICULTURAL BANK.

*Second Reading*

Debate resumed from the 13th December.

HON. H. TUCKEY (South-West) [4.41]: The Bill, which is the result of a Royal Commission on the Agricultural Bank, is regarded by many as a remedy for the mistakes and failures of the past. I hope those people will not be disappointed, but

I feel it is somewhat experimental. The chairman and members of the Royal Commission have been severely criticised for their report which, they claim, was based entirely on the evidence. I do not altogether agree with the attack made on the Bank trustees. That attack should be directed at the Government and Parliament; to say that they are not mainly responsible for the heavy losses, is entirely wrong. The report of the Royal Commission discloses a loss of £12,000,000, and the Bank is saddled with the lot. Actually, nearly half the amount was lost on group settlement before the Government decided to hand over the scheme to the Bank. It is strange that this should have been overlooked. It was not until the scheme had got into a hopeless condition that the Government decided to hand it over to the Bank. Since the huge loss was disclosed, a great deal has been said about the personal equation of the settlers. This is a side issue, compared with the reasons for the losses in other directions. Who was responsible for the two sales of large quantities of agricultural farming machinery held on the Peel Estate, when Massey Harris steel ploughs costing £8 10s. were sold at 1s. each, and when other machines costing £50 were sacrificed for £5. Neither the settlers nor the Bank trustees were responsible for this and many other losses. On another occasion a huge stack of superphosphate was allowed to remain on the side of the main road for many weeks until the winter rains set in and completed the damage to the lot. It is considered in some quarters that a heavy writing down will solve the situation for the Bank. That is a mistake. There are scores of settlers who could not make ends meet under present conditions, even if they had their farms free of debt. Many of the properties are too small, and in other cases the land is unsuitable. In other instances, blocks will have to be linked up, and mixed farming encouraged. The commissioners will have a big responsibility to face, and will require sound practical knowledge of farming to assist them in their task. I am disappointed that nothing is to be done until the commissioners are appointed. This Bill merely authorises the appointment of a new management, and the giving to them of further control over settlers and their products. In many cases there has been too much control. The policy has been a very expensive one and unsound.

Clause 50 is very drastic and I am afraid will not make for the smooth working of the institution. The commissioners must have sound securities, but I do not think most of the farmers would agree to anything in the shape of confiscation. I will deal with other clauses of the Bill in Committee, and meanwhile support the second reading.

**HON. H. J. YELLAND** (East) [4.47]: This Bill is the outcome of the report of the Royal Commission. I wish to deal with that report, because we have not yet had an opportunity to do so. When the personnel of the Commission was announced, many people in the backblocks had the impression that a rather severe report would be brought in. As the evidence appeared from time to time in the Press, I think that impression became stronger. When the adverse report was made, people were not greatly surprised that it contained some of the scathing reproofs we find in it. If Shakespeare had been here and had read that report, no doubt he would have said, "Methinks he doth protest too much." The many protestations contained in the report go a long way to minimise the good which might otherwise have come from it. In his speech on the Bill, Mr. Cornell made certain statements which brought forth protestations from Mr. Hale. The chairman of the commission challenged Mr. Cornell, and anyone else, to produce evidence that the statements were correct. As a result of that challenge, I asked for certain papers to be placed on the Table of the House. In fairness to Mr. Cornell, to members of the commission, and to the trustees, I think it would be well for me to devote some little attention to the contents of those papers. I shall, therefore, deal with some of the information which has come to light as the result of a perusal of those documents. Mr. Hale has had several transactions with the Bank, and two of them come conspicuously into the limelight. One of them had to do with a Doodlakine property. I will not follow that up, because everything connected with it showed Mr. Hale's integrity, and everything was above board and clean. To a lesser extent that can be said of the other transactions concerning the property Mr. Hale offered to the department at Bannister. This was a 4,000-acre property. It was too big for one soldier settler, and would have necessitated an advance which was greater than

could be granted to an individual soldier settler. It could only be granted to two or more persons, and for that reason it became more difficult to dispose of it. I can find no serious fault with the transaction as a whole, but there are two or three little incidents which might be brought before the House. They give us some impressions which will help us to form an opinion of the report that has been placed before us. I wish to read one or two letters which have passed. The property at Bannister was offered on the 30th July, 1919, to two young returned soldiers named Nicol and Beeton, for £2,000. The offer was made by Mr. Hale. The department did not negotiate for the purchase of properties. Those who wished to acquire them negotiated with the vendors and placed their requests before the Soldier Settlement Board, who then weighed up the circumstances and agreed or did not agree to give a certain amount for the purchase. The Bannister property was held by Mr. Hale, and was offered to those two young men. After many negotiations, the department decided to purchase it on their behalf. I will now read a portion of Mr. Hale's letter addressed to those two young men on the 30th July, 1919. He said—

Re Bannister property, Litho. 379: In reference to your inquiries, I beg to inform you that I own the freehold of Avon Location 2296, comprising 4,038 acres. This property is situated about six miles north from the Crossman railway station on the Pinjarra-Dwarka railway line. Crossman is approximately 110 miles from Perth.

Mr. Hale makes the direct statement that he owned the freehold. I will refer to that later. He then went on to describe the property and did so very fairly. I have compared his description with that given by the inspector, and he has not in any way exaggerated the position. The application of those two young fellows was approved, but, because of a disagreement, they could not go on with it, and the whole transaction lapsed. Mr. Hale then offered the property to Messrs. Hancock and Grieve on the 3rd November, 1919. These two men had had no experience of poison land. Mr. McLarty made a report on poison properties generally. This will show the attitude of the Managing Trustees in respect to any land that was to be made available for soldier settlement. On the 14th November,

1919, Mr. McLarty wrote the following minute:—

I could not be prepared to consider the purchase of this property for other than local men who have a thorough knowledge of poison country, and some capital of their own. The property was regarded as doubtful owing to its being poison-infested, and the determining factor in granting the advance was that one of the applicants was a local man.

Mr. McLarty followed that up with a letter to Mr. Hale telling him of the position. He wrote Mr. Hale on the 25th November, as follows:—

With reference to your letter of the 19th inst., I beg to inform you that the above soldiers' application for an advance to purchase your land in the Williams district was carefully considered by the trustees, when it was decided not to proceed with the matter in view of the fact that the applicants had no experience of poison country. The trustees feel that in the circumstances the men would meet with disaster. We would, however, be prepared to give the matter further consideration if an application is made for the property by local men with a thorough knowledge of poison country.

That was a very reasonable attitude for the Managing Trustee to take up. Mr. Hale replied to that, and gave his opinion of Mr. McLarty. He said—

I thank you for your letter of the 25th instant, and thoroughly appreciate same. Will you permit me to say that it is only men like myself, who have been farming here for the last 10 or 12 years, and know the difficulties that have to be contended with, who realise the tremendously fine work you are doing on behalf of the soldiers, seeing that the men who are started, get a thoroughly good start. With regard to the block in question, taken on the whole it is a good block, and could be turned into a thorough grazing proposition. No doubt, as you say, to make a justifiable success of it, it would require men who could handle poison country.

Mr. Hale agreed with Mr. McLarty's opinion, but he also praised him for the splendid work he was doing in connection with soldier settlement. The application of Hancock and Grieve fell through because they were not men who knew poison country, and the trustees felt it would not be safe to allow them to go on with it. In February, 1920, negotiations were opened by Messrs. Charlton and Hewson, two other applicants. These negotiations were finalised, but eventually the Bank had to repossess the property because the men were not making a success of it. The sale of the property

was completed at £1,750. Mr. McLarty had recommended that it should be bought for £1,500.

Hon. G. W. Miles: Were those local men?

Hon. H. J. YELLAND: Yes. Mr. McLarty by this time had reduced the valuation to £1,500, and this is where it appears a little difficulty arose between Mr. Hale and the Agricultural Bank. Mr. McLarty wrote the following memo:—

Some time ago we agreed to advance £2,000 for the purchase of this property, but subsequently decided not to go on owing to the applicants having no experience of poison country. The present applicants have both had considerable experience, but whether they can lick this badly infested poison block into shape is another matter. It is noticeable that the local men fight shy of it. The place may possess elements of success for the right kind of man, but it should be bought at salvage rates.

That is the reason for the alteration in the price.

If it could be purchased for £1,500, it might be worth consideration, but the total advances should be limited to say, £2,500.

The difference between the total advances and the purchase money was made up by sustenance allowances, improvements to the property and the buying of stock, etc., until the soldier settler got on to his feet. It was arranged to compromise and the land was eventually sold for £1,750. On page 59 of the main file there appears a classification of the block and it shows the land to be hilly country with valleys through it, but there were certain parts of the hills and valleys that were badly infested with poison. As a matter of fact, 3,000 acres out of the 4,000 were so infested. Matters were settled in 1920. Then in 1921 the local road board discovered that there were a lot of back rates due and they went to the two young soldier settlers and made a request for payment. Naturally the settlers refused to pay and said that the purchase was made on a freehold basis and that the previous owner was responsible for the payment of those rates. Mr. Hale was thereupon asked to pay his share. His reply was—

Your letter of the 21st inst. to hand. You will remember that I was not the owner of this property, and was never rated for same during three or four years prior to Messrs. Hancock and Grieve acquiring it.

Hon. members will remember the previous letter I read in which Mr. Hale declared that he was the owner of the freehold. Now, two years later, we find that when the road board charge him up with the rates, he tries to get out of it by saying that he was not the owner. I mention this to show the inconsistency of the two letters.

Hon. T. Moore: Who owns the land?

Hon. H. J. YELLAND: Messrs. Charlton and Hewson. Those are really all the negotiations that took place. The whole thing is not very serious, looking at it from a general point of view, but when we come to reason the matter out and we view it from a distance, we get the real perspective which leads us to believe that there was an undercurrent in the mind of one of the commissioners and that that undercurrent affected to some extent his report.

Hon. L. B. Bolton: Who did pay the back rates?

Hon. H. J. YELLAND: Eventually Mr. Hale had to pay them, although he repudiated his liability because he declared in his second letter that he was not the owner of the property. There are two points which appeal to me in this information which I have gathered from the files. One is that Mr. Hale changed the status of his claim on the property when a monetary demand was made upon him, and I leave members to form their own judgment in respect to that. The next is that Mr. Hale in his letter of 1919 that I read, commends Mr. McLarty for what he was then doing for the soldier settlers. Now I ask members to compare that commendation of Mr. McLarty's work with the report that has come forward from the same gentleman as the chairman of the Royal Commission that sat recently. We have read of the man who went to scoff and remained to pray. It seems to me we have here a man who in 1919 when he had property to sell, was prepared to cry "Hosannah," and in 1934 he cries "Crucify him," and from what has happened since it certainly looks as if he had been successful in this respect. I regret having had to draw attention to these transactions, but as Mr. Cornell made some passing references to Mr. Hale's transactions with the Bank, references which were challenged by Mr. Hale, I felt it was our duty to go farther into the details. Members will note that the Commission's report castigates two officers. I have

been personally acquainted with the officers of the Agricultural Bank, and one of the gentlemen in question I have known very intimately for over 25 years. I can say that I have never known him to do anything to which exception could be taken—I refer to Mr. Fauckner. I cannot speak of the other gentleman because I do not know what his transactions were. The fact remains that the Royal Commission suggested the removal of those two officers from the service. It is not generally known that the transactions Mr. Fauckner had with the Agricultural Bank were conducted while he was a member of another department. He was at that time in control of the group settlements which were under the Lands Department. Have we the right, I ask, to refuse to allow an officer of one department to carry on a business transaction with any other department? It seems to me that in castigating that officer in the way the Commission did, the Commission went out of their way to do something they had no right to do. They recommended for punishment a Government servant for having had business relations with the Bank while he was in charge of another department. It so happened, however, that at the time the Royal Commission carried on the investigation, that officer had been transferred to the Agricultural Bank. If there had been anything wrong in the transactions, we could rely upon it that the trustees of the Bank would have immediately called for a report, and perhaps placed the officer under suspension. But at the present time this officer is still carrying on his work in charge of one of the biggest of the Bank's country agencies. I do not, as a rule, care to refer to rumours or reports, but I have it on good authority that Mr. Hale in endeavouring to sell to the Bank the property that he owned, approached that very same officer, Mr. Fauckner, and requested that he should help to bring about the purchase. If that is so—and I have every reason to believe that the person who gave the information can be relied upon, although there is nothing on the files to that effect—it is difficult to understand a man like Mr. Hale going out of his way to castigate this officer for doing something which can be said to be less reprehensible than that suggested by Mr. Hale. It looks as if in the few years between 1920 and 1932 the person who in 1920 was a sin-

ner became a saint in 1932 or vice versa. Having read the facts from the files which I have quoted, the value of the Royal Commission's report has been, to my mind, reduced. Apparently the chairman of the Commission set himself out from the beginning to prepare an adverse report and in doing that he displayed vindictiveness against trustees and officers alike. At the same time, I admit there are commendable recommendations and on those recommendations the Bill we have before us has been prepared. The Bill itself is practically one for Committee and therefore I do not propose to occupy any further time in debating it. I merely draw attention to the four main points, all of which can claim the consideration of the Committee. The first is that the trustees are to be replaced by commissioners. This will mean that the position will be very much the same as it is today, although I think it will make for improvement. The removal of the staff from the Public Service Act I do not consider is right, and I hope the Committee will not permit that to be done. That can be debated in Committee. Much has been said about Clause 50. I have read the Act and compared the provision it contains with Clause 50 of the Bill, and I cannot see that there is anything to complain about. Clause 50 does not propose to give any more power to the commissioners than has been given under the existing Act to the trustees. Consequently it does not matter very much whether Clause 50 be passed or not.

Hon. J. Cornell: That is not as I read it.

Hon. J. M. Macfarlane: It may be so provided the new board extend the same consideration.

Hon. H. J. YELLAND: Yes, and adopt the same laxness that has been adopted by the present trustees.

Hon. J. Cornell: Under Clause 50 more than one year's current interest is involved.

Hon. H. J. YELLAND: That can be dealt with in Committee. Clause 64 providing for writing down is based on the report of the Royal Commission. On page 70 of the Commission's report under the heading, "State-wide scheme for relief and adjustment or conditioning of debts," the following appears—

If Parliament decides that a State-wide scheme for relief and/or adjustment or conditioning of debts is required in Western Aus-

tralia, then of all legislation, plans, and schemes considered by your Commissioners, the South Australian Act appeals most to them.

Hon. J. Cornell: One of the commissioners, Mr. Donovan, disagreed with that.

Hon. H. J. YELLAND: That is so. I have not had time to compare the provisions of the South Australian Act with Clause 64 of the Bill, but it is evident that the Commissioners had in mind the writing down of debts as necessary to the rehabilitation of the farmers. The Government have followed up the suggestion and Clause 64 is the outcome. I am in accord with the clause and hope it will become law. Any further remarks on the Bill I shall reserve until the Committee stage is reached. I have pleasure in supporting the second reading.

**HON. J. NICHOLSON** (Metropolitan) [5.18]: I had not intended to speak on the second reading, but in view of the fact that this has in a sense been made the battle ground for opinions regarding the attitude of one of the Royal Commissioners and for opinions regarding the trustees of the Agricultural Bank, I feel that in justice to those concerned in the criticism and charges levelled, it would be only fair to offer a few comments. Mr. Yelland moved to seek information relative to certain transactions between the Agricultural Bank and the chairman of the Royal Commission, Mr. Hale, and I think both he and Mr. Cornell will agree that it would be only fair to that gentleman, who holds a responsible position in the community and has been recognised as a man of undoubted integrity—

Hon. H. J. Yelland: Hear, hear!

Hon. J. NICHOLSON:—and a man upright in his dealings—the very letters read serve to prove that—to be afforded an opportunity before the debate closes to give some explanation. The matter is one of considerable gravity to any man, and when his honour is impugned, we as a House should not hasten the closure of the debate without affording him a chance to give an explanation. If the explanation were not made, members might be apt to judge wrongly.

Hon. J. J. Holmes: The closing of the debate will not prevent his making any explanation. Mr. Hale is not on trial. We are dealing with the Agricultural Bank Bill.

Hon. J. NICHOLSON: I realise that, but certain matters have been referred to that

are calculated to reflect on Mr. Hale, and it would be only fair if he were afforded an opportunity, through some member of this House, to offer an explanation.

Hon. H. J. Yelland: I agree with that.

Hon. J. NICHOLSON: I am regarding it simply from the standpoint of justice, and I am sure that no member wishes to do other than justice to all concerned. Everyone must regret the serious reflections that have been cast upon the trustees of the Agricultural Bank. Most of us have been associated with or have known them for years. They are men who have won for themselves the respect, not only of clients, but of all who came into contact with them. Their honour could not possibly be impugned, but one realises that the magnitude of the duties imposed upon them, which increased from year to year, was such as to bear down the strongest of men. Realising how great their duties were, it is remarkable that they were able to carry out all the tasks allotted to them. The amount of detail involved in dealing with the large number of applications and transactions placed before them from time to time would be immense, and it is a tribute that they were able to fulfil their duties with that thoroughness which apparently evoked the comment in the letter read by Mr. Yelland to-day. I am speaking only from the standpoint of seeking to do justice to everyone concerned. Certain views have been placed before us regarding the trustees, and now certain imputations have been levelled against Mr. Hale with respect to transactions with the Agricultural Bank.

Hon. W. J. Mann: That will not affect the passing of the Bill.

Hon. J. NICHOLSON: No, but I think it would be only fair to give Mr. Hale an opportunity to explain.

Hon. W. J. Mann: If Mr. Hale explained for months, it would not affect the Bill.

Hon. J. NICHOLSON: No, but Mr. Yelland mentioned that certain of the Commission's recommendations commended themselves to him, which shows that there was some value in them. Other members, however, may be adversely influenced against the gentleman mentioned in a way which would be unfair to him, and probably would not permit of their giving the Bill fair consideration. I intend to deal with only a few points of the Bill. Let me speak first of what appears to be a little inconsistency in

the measure. The Bill proposes to transfer the administration of certain other activities to the commissioners. Those activities include work under the Industries Assistance Act, the Discharged Soldiers' Settlement Act, the Group Settlement Act, the Group Settlers' Advances Act and the Wire and Wire Netting Act. If members refer to those Acts and the boards appointed under them, they will find that one of them provides for a board consisting of four members, whereas it is proposed to appoint only three commissioners. If under one of those Acts it is essential to have a board of four and no provision is made that three shall suffice, the question arises whether the appointment of three would be valid. That is a matter the Minister might consider before the Committee stage is reached. The personnel of the commissioners to be appointed will no doubt provoke discussion in Committee. I have heard that some amendments will be moved, and probably there will be room for discussion in that regard. One matter relating to financial provisions is intermingled to a certain extent with what Mr. Yelland spoke of in dealing with Clause 64, namely, the writing down. I am very apprehensive as to the wisdom of introducing into the Bill proposals for the writing down of assets in this way. Such writing down might possibly do great harm to the farming community. It is all very well to write down when it is found that nothing can be recovered from a derelict concern, but writing down as proposed should not be resorted to, because it is calculated to create a feeling of instability and insecurity, and above all a loss of credit to the State or country that does it. If writing down has to be carried out, then let it be done, but not in this way by Act of Parliament. It can probably be done in another way. I doubt whether it is in the best interests—in fact, after serious reflection I am inclined to believe that it is opposed to the best interests—of the farming community that this process should go on; for the simple reason that the very fact of debts on properties being written down in value passes on the load to the general taxpayer. Writing down is alluded to in another Bill relating to farmers' debts adjustment, which will come before us. My present remarks will apply with a certain amount of force to that other Bill. These proposals do not

tend to inspire people with the degree of confidence necessary to the granting of credit. It may be a good thing to require men to deal on a cash basis. However, we have not reached that stage in our affairs; indeed, we are far from it. It is on credit that we have managed to establish our trade, and such measure of prosperity as we had in the past years emerged largely from the credit system. The people of all countries have found that only upon that basis can commerce of any degree of magnitude be carried on.

The Honorary Minister: What method of writing down do you suggest?

Hon. J. NICHOLSON: That is a matter requiring a great deal of consideration. In the Bill the commissioners are given a certain power to write down under certain conditions. In the first place I call the attention of hon. members to Clause 8, which even gives a right for the aggregate indebtedness of the Bank to the Treasury taken over by the commissioners to be reduced by the Governor on the recommendation of the Treasurer, from time to time, by such sum or sums as after investigation and audit represent lost capital of the Bank. That to my mind is a most serious power, for if the commissioners do not exercise the care which is essential in the management of so huge a concern as the Bank is at present, we shall undoubtedly find that there will be much more lost capital, all of which will fall upon the shoulders of the Government or the taxpayers; and thus the capital will simply disappear without any benefit resulting either to the farmer or to anyone else concerned, but with grave results to the taxpayers, who will be left to carry the burden.

Hon. G. W. Miles: Surely there must be some power to write down.

Hon. J. NICHOLSON: I would be chary of giving any such power at all. We know that writing down was done in connection with group settlement some time ago, with the result that the load of debt written off has to be carried by the people of the State.

Hon. G. W. Miles: You will be a public benefactor if you will show how we can lodge that!

Hon. J. NICHOLSON: I think Mr. Angelo's suggestion is well worthy of consideration. The powers of the Agricultural Bank have certainly been extended far beyond the original intention when the

institution was created. That extension has proved unwise. Under the original intention, it was hoped that the small man could gradually get into a better position enabling him to transfer his liability to some other financial institution or to borrow money from some individual, thus being enabled to repay to the Agricultural Bank the money he had borrowed, which could then be made available to some other settler. That was a safer and wiser course for the State. Had it not been departed from, Western Australia would not be saddled with so huge a liability as it is carrying at present.

Hon. W. J. Mann: What brought about that liability? Government policy?

Hon. J. NICHOLSON: Government policy undoubtedly.

Hon. W. J. Mann: Had not the world's markets anything to do with it?

Hon. J. NICHOLSON: One cannot deny that the fall in prices has been a contributing cause.

Hon. G. W. Miles: The commissioners must have authority to write down in order that other institutions may take over the properties.

Hon. J. NICHOLSON: I would not leave the power of writing down to the commissioners at all. If any writing down is to be done, it should be done with the consent of Parliament.

Hon. G. W. Miles: It is to be done with the consent of the Governor.

Hon. J. NICHOLSON: That is a totally different thing from the consent of Parliament.

Hon. G. W. Miles: Parliament has to agree to it.

Hon. J. NICHOLSON: There might be a continuous policy of writing-down, to such an extent that the load of debt passed on to the general taxpayer would constantly increase. As Parliament is required to authorise the granting of funds, so the consent of Parliament should be obtained before writing-down is effected. There was no authority in the Agricultural Bank Act for writing-down when group settlements debts were written down. There is no reason why Parliament should not be consulted on a matter of such importance.

Hon. E. H. Angelo: Parliament might have to deal with a thousand cases.

Hon. J. NICHOLSON: I do not care how many cases may have to be dealt

with. The necessary recommendations could be made. These provisions are of a character that requires the most careful consideration in behalf of the safety, the credit, and the stability of the State. Unless we can maintain that credit, the reaction may involve disastrous consequences to Western Australia. I recognise the seriousness of the position with world prices as they are. We have been told repeatedly that we have reached the turning point; but I am afraid that, as things are at present, we are a long way indeed from that turning point, and that there is much more to be done. Various other clauses of the Bill can be dealt with more appropriately in Committee. I realise that it is the wish of members to consider the measure in Committee, and I certainly offer no opposition to that. However, I again repeat the suggestion that at least an opportunity should be afforded the particular gentleman I have mentioned to give some explanation for the benefit of the House regarding the matters to which allusion has been made.

**THE CHIEF SECRETARY** (Hon. J. M. Drew—Central—in reply) [5.43]: In the first place it is advisable that hon. members should not view this Bill in the same light as they would have viewed it in former days. It will be necessary for them to remove themselves from the atmosphere which prevailed during the period when Governments and members of Parliament were prepared to settle the lands at almost any cost, and when legislation was passed liberalising the Agricultural Bank to an extent which perhaps was never sanctioned in any other country. Even if we were still willing to continue such a policy, we have not the funds to scatter broadcast that we had in the prosperous times. And, in the second place, the outcome of the investigation of the Royal Commission must make us realise, if we give the matter serious thought, that if we were to go on as we have been going for many years past, it would be not very long before there would be no Agricultural Bank left to render help to the agricultural industry. That much can be said without casting any reflection on the officers who have controlled that institution for many years past.

The two main objects of the Bill are to relieve the farmer who is financially over-

burdened—and who is worthy of relief—from at least a portion of his load of indebtedness; and at the same time to improve the securities of the Bank without injury to the farmer, and to safeguard those who control the Bank against political pressure by giving the commissioners security of tenure over a long term of years. All these things were considered necessary by the Royal Commission which made an exhaustive inquiry into the whole situation. As has been stated by several members, this is mainly a Committee Bill. I recognise that fact, and in my reply I shall make an effort to confine myself to the principal objections raised against the measure. Many of the objections seem to be due to misunderstanding. There has been an onslaught on Clause 50. There appears to be a feeling that in that clause there is something novel in principle, something which would be drastic in its operation, and something which is not just where the rights of others are concerned. What does the clause do? It applies where one year's interest is overdue. It applies also where any instalment of principal or interest is refunded to the borrower.

Hon. W. J. Mann: That is serious.

**THE CHIEF SECRETARY**: I am aware that in Clause 50 a certain class of advance is protected. The Bill shows it is not one to affect permanent improvements or to purchase machinery, or plant or stock. And hon. members may wonder what form of advance this is. It is an advance which may be necessary to enable the settler to buy seed wheat, fertiliser or for sustenance purposes—in other words, it is what is known as a "seasonal advance," and not in accord with the general policy of the Bank, which is to advance for developmental purposes. With regard to refunding interest, this might occur: The settler had paid his interest some months before. He approaches the commissioners and satisfies them that he needs the money back to buy fertiliser or seed wheat or for sustenance. The Bank, in a case like that, have power to refund his instalment of principal and interest, and the amount becomes a first charge against his crop as well as against his major sources of income, including wool and wool clips, increase of progeny of stock and butter fat. But, after all, Clause 50 covers only one year's interest overdue, or an instalment of principal and interest refunded to the farmer or a seasonal advance to enable him to continue



operations. The first charge goes no farther. Unless this assistance were forthcoming, he could not continue, and the Bank would have to step in. Notwithstanding the charge, the commissioners have power under Subclause 4 to waive their rights if they consider it advisable to do so. If a settler requires fertiliser or sheep or anything which the Bank does not usually provide, he will have to approach the commissioners, who, if satisfied the proposition is a good one from the settler's standpoint, could be expected to waive, and, in their interests, would waive their rights. But all such transactions must come before the commissioners and receive their sanction. As far back as 1925, the trustees of the Agricultural Bank asked for the protection which the present Bill gives. It was not until 1930 that something was done in this direction. Legislation was then passed—Section 37A of the Act—retrospective in its effect and giving a first charge over crops. For many years, however, farmers operating under other Acts have been working under provisions far more drastic than Clause 50 of the Bill. Parliament endorsed those provisions, and there has never been a word of complaint about them.

Hon. A. Thomson: You must have been lucky in your district.

The CHIEF SECRETARY: I have heard no criticism here. I have heard other comments on administration and criticism of other sections of the Act, but none respecting the matter I have been dealing with. For example, under the Discharged Soldiers' Settlement Act, 1919, the administrators had very great powers—not merely a mortgage over the soldier's land but a charge on his crop and chattels, and, not merely for one year's interest or for seasonal assistance, but for the whole of the moneys advanced to him and the whole of the interest due.

Hon. J. Cornell: You have lent more capital to them than you provided for the ordinary Agricultural Bank client.

The CHIEF SECRETARY: That does not enter into the principle.

Hon. J. Cornell: You bought stock for them.

The CHIEF SECRETARY: The Industries Assistance Act takes a first charge for all interest and advances over the lands, crops, produce, live stock and the progeny thereof, the chattels, implements and machin-

ery of the person receiving help. So this provision is by no means novel.

Hon. J. J. Holmes: But was not the Bank the only creditor in those instances?

The CHIEF SECRETARY: No, many of these settlers dealt with private banks as well. Many Industries Assistance Board settlers, and perhaps many soldier settlers, have dealt with private banks as well, and also with other firms.

Hon. J. J. Holmes: Do you mean that these people have been clients of the Agricultural Bank and of private banks or outside firms at the same time?

The CHIEF SECRETARY: I understand so.

Hon. H. V. Piesse: The transactions have been mostly with stock firms.

The CHIEF SECRETARY: It will be seen that the present measure does not go as far as either the Discharged Soldiers' Settlement Act or the Industries Assistance Act. While those Acts impose a charge for the whole amount advanced, Clause 50 imposes a charge only to a limited extent, as I have already explained. There are approximately 2,400 soldiers farming under the Discharged Soldiers' Settlement Act, and 553 unfunded debtors under the Industries Assistance Act, whose goods and chattels are extensively encumbered without any serious detriment to credit. I have already referred to Subclause 4 of Clause 50, which gives power to waive or postpone the charge, wholly or in part. A further explanation is necessary. This gives legislative sanction to what, in practice, has been found necessary in past years. Under it, the Commissioners will be able to allow suppliers of such essentials as super, sacks, insurance, etc., to take a prior charge over their customers' crops and wool. For years past, the Bank has been providing highly developed properties for stock merchants to trade on. Its only remedy—an unpleasant one to exercise—lay in the enforcement of the mortgage. In the administration of the Act, the Commissioners will naturally be vitally concerned in seeing that no obstacle is placed in the way of legitimate credit, but they must be in a position to exercise effective control over the mortgagor's incomes if they are eventually to rescue the Bank from its present financial difficulties. A borrower who is meeting his payments to the Bank will not be affected by the charge, and has no reason to fear. It is said that the Associated Banks

are not in favour of Clause 50. I do not know why. They have a second mortgage. If the mortgagor fails to pay up his interest, the holder of the second mortgage must pay it in order to protect his security. Even if the overdue interest were not demanded, its accumulation would tend to depreciate the security. But the banks have co-operated with the Agricultural Bank in the past and there is no sound reason why they should not do so in the future. The Agricultural Bank guarantees super. The Associated Banks provide working capital. In all those cases, the banks have been allowed to recoup their advances first. The same thing can be done under this Bill. The most important feature of the Bill is the constitution of the Commission and the powers of the Commissioners. The measure aims at placing them more completely free of political control by ensuring them a longer tenure of office than the present Trustees enjoy. The amendment proposed by Mr. Thomson would have the opposite effect. Commissioners appointed on a two years' probation might feel that their prospects of re-appointment for the longer term would be influenced by the amount of political support their policies gained or lost to the Government. The term of seven years was recommended by the Commission and endorsed by the Government. The board of four members provided for under the Discharged Soldiers' Settlement Act will be automatically repealed, and their powers vested by this measure in the new commissioners. The duties of the old board are now very limited, but due consideration will be given to the interests of the 2,375 soldier borrowers of the Bank when the new board of commissioners is being constituted. There was no limit in the Bill to the amount which could be expended in buildings, but as the moneys would have to be supplied by the Treasury, which would have representation on the new board, the difficulties surrounding the raising of funds would in itself prove an effective check on any extravagant expenditure. What provision, it has been asked, has been made for the appointment of a deputy in the case of absence of a commissioner? None is necessary. Power to do so will be found in Section 3 of the Interpretation Act, so an amendment will not be required. The proposal of Mr. Thomson to empower the Bank to grant over-

drafts on a fluctuating basis for seasonal requirements is contrary to the principle of the Act, which aims at restricting the function of the Bank to the lending of money for the purpose of development. Members will be able to foresee the troubles likely to arise from this class of business from the experience gained as a result of the operations of the I.A.B. and from their knowledge of the obstacles encountered in the effort to close up its operations. During the debate Mr. Mann made the following statement—

Last week-end I was informed on fairly good authority that an order had been issued that the proposal to send men adrift and repossess their farms was to be strictly enforced, and that no further requests for the granting of an additional period should be conceded. That is hearsay. I hope it is not true.

I submitted Mr. Mann's remarks to the Acting General Manager of the Agricultural Bank, and he has replied:—

No such order has been issued. The policy of the Trustees is to extend to all deserving borrowers the most helpful consideration the funds of the Bank will permit. No debtor who has been maintaining a conscientious endeavour to meet his obligations is being unduly pressed for payment.

An attack has been made on Mr. Hale, the chairman of the Royal Commission which investigated the position of the Agricultural Bank. I do not know Mr. Hale; I have never met him, but I must resent some of the statements made, in some instances without foundation, reflecting on his character. Mr. Yelland called for the papers, a great heap of them which took two or three days to collect from the various departments. Mr. Yelland gave those papers close study and was honourable enough to say in his opening remarks to-day that he found there had been no serious fault committed by Mr. Hale. But afterwards the hon. member made some discoveries, not of a very startling nature. He discovered that in the first place Mr. Hale had offered some land for sale and had said he was the owner of it. Towards the end of the negotiations—I do not know how long they lasted—he said he was the mortgagee. But I can see nothing seriously wrong in that, for had he foreclosed in the meantime he would have been, not only the mortgagee, but the owner also. It is a point not worth serious attention. On another occasion a property was pur-

chased and the man who occupied it discovered that certain rates had not been paid when it was bought. Mr. Hale was approached. He had first objected to the payment of the rates—probably he wanted to make some investigation—but eventually he paid them. Is there anything in that which would reflect on anybody's character? Lastly Mr. Yelland said he had heard that Mr. Hale had endeavoured to influence an officer of the Government to induce him to purchase the property.

Hon. G. W. Miles: Mr. Yelland should not have used that statement, for it was only hearsay.

The CHIEF SECRETARY: Is it right for a member of the House to repeat hearsay when it constitutes a calumny on persons outside? If members come into the Chamber and repeat tittle-tattle from outside the Chamber reflecting on public men of the community, no one's life will be worth living. No member should make here a statement reflecting on another man's character, unless he can prove it. So, after all, I agree with Mr. Yelland's original contention, namely, that the papers showed that Mr. Hale committed no serious fault.

What will be the position in reference to the staff? That is a question on which hon. members seek information. At present the inspectors are appointed by the Trustees, and the clerical officers and district managers by the Public Service Commissioner. The Bill provides that all appointments shall be made by the commissioners, but it protects the rights of officers whose services, for any reason, may not be required by the commissioners. There would be nothing to prevent the staff, who number about 260—with a further number in country districts—from forming a union of their own, or from joining the Bank Officers' Association and approaching the Arbitration Court to fix their conditions of service. Clause 73 gives the usual protection to the officers of the Bank. It has been framed on the lines of many Acts dealing with the exercise of public authority. In a big institution it is necessary, to have some notification of the cause of the action, so that those in control may make inquiries and ascertain the truth or otherwise of matters which may be the subject of serious complaint. As time goes on after the cause of the complaint arises, it will become in-

creasingly difficult to make proper inquiries, and it would put the person who desired to take action against the commissioners in a more favourable position than any other class of litigant. A time limit is therefore essential.

A very important feature of the Bill is the power to write down debts, suspend and postpone payments and to enter into voluntary arrangements with other parties for the conditioning of accounts. It is not, however, the intention of the measure to make these provisions compulsory.

Hon. J. J. Holmes: It is contended that this provision gives them authority to write down the other fellow's debts without writing down their own.

The CHIEF SECRETARY: Nonsense! It gives the Agricultural Bank power to write down its own debts, but no power to write down the debts owing to the private banks. If there is any doubt on this point, I will be prepared to move in Committee the necessary amendment to make the meaning quite clear. One hon. member said that if the commissioners decide to write down debts due to the Bank, they can demand that the other creditors shall also write down what is owing to them. Clause 64 paragraph (c) governs the whole situation. That makes it clear that it will be a condition of making any reduction or adjustment that the other creditors shall agree to reduce and adjust their claims to the satisfaction of the commissioners. It will be for the other creditors to say whether they will do so or not. That is as far as the clause goes in that direction. The members of the Royal Commission estimated that the total amount of the farmers' indebtedness approximated £34,000,000. Of this amount sixteen and one-half millions are owing to the Agricultural Bank and its allied activities. Of course, not the whole of the balance is owed to the Associated Banks. Surely, it could not be expected that the commissioners, as first mortgagees, should write down their debts unless the other creditors were prepared to bear a share of the loss. What would it mean? It would mean, for a start, that the second mortgagees would have their securities improved, perhaps, considerably, without effort or sacrifice on their part. Other creditors, too, would be in a better position than before without moving a finger to help. Nor would

it be in the interests of the settler. He would be rid of some of the burden of money he owed the Agricultural Bank, but his other liabilities would remain untouched. He would still be working for his creditors. If the farmers' total debts are estimated to be 34 millions, as stated by the Royal Commission, it follows that there must be an all round writing down if they are to have any chance of surviving financially. The Bill plainly indicates that there must be a mutually binding scheme or arrangement entered into by all parties if the object of the measure is to be achieved.

Question put and passed.

Bill read a second time.

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

#### *In Committee.*

Hon. J. Cornell in the Chair; the Chief Secretary in charge of the Bill.

Clauses 1 to 4—agreed to.

Clause 5—Commissioners of the Agricultural Bank of Western Australia:

Hon. A. THOMSON: I move an amendment—

That in paragraph (c) after "commissioners," in line 7, the following words be added:—"But any such appointment shall be subject to the approval of Parliament."

These words are taken from the Government Railways Act, and govern the terms of the appointment of the Commissioner of Railways. Parliament should have the same say in respect to the appointment of the commissioners of the Bank.

The CHIEF SECRETARY: I oppose the amendment. These appointments would probably be made when Parliament was not sitting. There is only one precedent for the course suggested by the hon. member, and that is in connection with the appointment of the Commissioner of Railways. Members of the Commonwealth Bank Board are appointed by the Governor-General on the recommendation of the Executive Council, and parliamentary sanction is not required. Any political discussion on the appointment of the commissioners of the Bank would not be in the best interests of the institution.

Hon. A. THOMSON: In addition to the many powers conferred upon these com-

missioners they will have the administration of funds ranging between £14,000,000 and £16,000,000. Parliament should have the right to approve of these appointments. My amendment will apply to two only of the commissioners.

Amendment put, and a division taken with the following results:—

Ayes	..	..	..	14
Noes	..	..	..	10

Majority for .. .. 4

#### AYES.

Hon. E. H. Angelo	Hon. J. Nicholson
Hon. L. B. Bolton	Hon. H. V. Piessé
Hon. J. T. Franklin	Hon. H. Seddon
Hon. E. H. H. Hall	Hon. A. Thomson
Hon. V. Hamersley	Hon. C. H. Wittenoom
Hon. J. J. Holmes	Hon. H. J. Yelland
Hon. W. J. Mann	Hon. J. M. Macfarlane (Teller.)

#### NOES.

Hon. A. M. Clydesdale	Hon. G. W. Miles
Hon. L. Craig	Hon. R. G. Moore
Hon. J. M. Drew	Hon. T. Moore
Hon. G. Fraser	Hon. H. Tuckey
Hon. B. H. Gray	Hon. H. S. W. Parker (Teller.)

Amendment thus passed.

Hon. H. V. PIESSE: I move an amendment—

That paragraph (d) be struck out and the following inserted in lieu:—

(d) Subject as hereinafter mentioned, one of the two members appointed by the Governor, and as determined by the Governor, shall hold office for the term of seven years, and the other shall hold office for the term of four years from the date of their appointments respectively, and each member shall on the expiration of his term of office be eligible for re-appointment for either four years or seven years as the Governor may determine, but so that the respective terms of the two members holding office for the time being shall not expire simultaneously.

On the second reading I stated that when directors of any bank or company were appointed, it was considered essential for the well-being of the institution that all should not retire at the same time. I consider four years would be a reasonable period for the first appointment because it would give the Government an opportunity to secure the services of a man who might have to leave some remunerative engagement to take up this post in the Bank, and it would be difficult for such a person to leave his employment unless he was assured that his new appointment would be for a reasonable period.

The CHIEF SECRETARY: I oppose the amendment because it would not improve the position. In fact, it would create an undesirable distinction between the members of the board.

Hon. H. V. PIESSE: Perhaps the person chosen might not be suitable for re-appointment. The Government of the day would have every opportunity of studying his work. At the end of four years the policy of the Bank would be established and a lot would depend on the competence of the men chosen and the Treasury officer.

Hon. H. SEDDON: The principle advocated by Mr. Piesse is embodied in the Commonwealth Bank Act, which provides for the appointment of its directors for varying periods up to seven years. The idea, of course, is to preserve a continuity of policy and ensuring the retention of a section of the board familiar with what has been going on.

The CHIEF SECRETARY: Mr. Piesse said that at the end of four years the Government would be able to determine whether a particular member was competent or not. Even before the expiration of the four years that could be determined, and if it was discovered that a commissioner was incompetent there was provision in the Bill to deal with him.

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

Ayes	..	..	..	15
Noes	..	..	..	11
				—
Majority for	..	..	..	4
				—

#### AYES.

Hon. L. B. Bolton	Hon. J. Nicholson
Hon. L. Craig	Hon. H. V. Piesse
Hon. J. T. Franklin	Hon. H. Seddon
Hon. E. H. H. Hall	Hon. A. Thomson
Hon. V. Hamersley	Hon. C. H. Wittenoom
Hon. J. J. Holmes	Hon. H. J. Yelland
Hon. J. M. Macfarlane	Hon. E. H. Angelo
Hon. W. J. Mann	(Teller.)

#### NOES.

Hon. A. M. Clydesdale	Hon. R. G. Moore
Hon. J. M. Drew	Hon. T. Moore
Hon. C. G. Elliott	Hon. H. S. W. Parker
Hon. E. H. Gray	Hon. H. Tuckey
Hon. W. H. Kitson	Hon. G. Fraser
Hon. G. W. Miles	(Teller.)

Amendment thus passed.

Hon. A. THOMSON: I move an amendment—

That paragraph (i) be struck out.

Paragraph (i) is not necessary because paragraph (c) sets out that the commissioners shall be persons who, in the opinion of the Governor, have a sound knowledge of the rural industries of the State and are suited to control the administration of the business of the commissioners. Paragraph (i) states that no person shall be appointed to hold office who is, or becomes, an officer of any bank, firm, or institution carrying on the business of making advances, etc. We should not narrow the choice of the Governor in the making of these appointments.

Hon. R. G. MOORE: I intended to move an amendment to paragraph (i) which would have been to strike out the words "who is or becomes an officer of any bank, firm or institution." We should see to it that no person occupies a dual office, and we could provide that the person appointed to hold office as a member should not hold office in any other bank or institution carrying on the business of making advances.

Hon. A. THOMSON: I ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Hon. H. J. YELLAND: Mr. R. G. Moore's object might be attained by substituting "permitted" for "appointed."

The CHIEF SECRETARY: One of the objects is to prevent the Government from appointing a man who is a director of a bank that makes advances to people engaged in rural industries.

Hon. G. W. Miles: Paragraph (h) covers that by stipulating that the commissioners must devote the whole of their time to the work.

The CHIEF SECRETARY: Speaking personally, I think a man should be permitted to resign an existing office in order to accept appointment as a commissioner.

Hon. R. G. MOORE: Mr. Yelland's suggestion will not meet my object. I move an amendment—

That in line 1 of paragraph (i) the words "shall be" and in line 2 the words "who is or becomes an officer of any" be struck out, and the words "shall hold office in any other" inserted in lieu of the words in line 2.

Amendment put and negatived.

Hon. H. J. YELLAND: I move an amendment—

That in line 1 "appointed" be struck out, and "permitted" inserted in lieu.

If that be carried, I will move to insert before "bank" the word "other."

Hon. H. SEDDON: Will the amendment meet the position? The desire is that the choice be not limited so far as to exclude a suitable person who may hold office in another bank at the present time.

Hon. V. HAMERSLEY: I think the amendment would suffice. Anyone holding office in another bank could be appointed, but he would not be permitted to hold the office of commissioner unless he resigned the other post.

Hon. L. CRAIG: The word "appointed" or the word "permitted" would be confusing. The paragraph would be clearer if we provided that no person shall hold office, etc.

Amendment put and passed.

Hon. H. SEDDON: I move an amendment—

That in paragraph (i) the words "is or" be struck out.

Hon. G. FRASER: What about a person who is already an officer of another bank? With the words "is or" deleted, he could remain in that position after becoming a commissioner.

Amendment put and negatived.

Hon. A. THOMSON: Paragraph (h) requires the commissioners to devote the whole of their time to the work. The subsequent paragraph is quite unnecessary. I move an amendment—

That paragraph (i) be struck out.

The CHIEF SECRETARY: The protective provision in the paragraph is very necessary. Without the restriction, the commissioners could become directors of other banks.

Hon. G. W. MILES: Would not paragraph (h) prevent that?

The CHIEF SECRETARY: No. The commissioners might in some way become connected with other financial institutions rendering assistance to rural industries.

Hon. J. M. MACFARLANE: I agree with the amendment, provided other words, as suggested, are added. It is to be definitely laid down that no commissioner shall hold office in any other financial institution.

Hon. J. J. HOLMES: The clause is badly drafted. The striking-out of "is or" will permit any person already appointed to the

Agricultural Bank to become an officer of a private bank, financial firm, or financial institution.

Hon. G. FRASER: The clause would read properly if the words "or becomes" were struck out, instead of the words "is or." If a man holding office in a private bank were appointed to the Agricultural Bank, he would have to resign from the private bank.

Hon. W. J. MANN: The clause, as amended, is quite satisfactory. It deals with the present, and makes provision for the future.

Hon. J. NICHOLSON: The clause is open to doubt. Mr. Seddon's amendment should be agreed to. The clause might be amended to read "who becomes, or continues after the date of his appointment to act as, an officer of any bank" and so forth.

The CHIEF SECRETARY: I move—

That further consideration of the clause be postponed.

Motion put and passed; the clause postponed.

Clause 6—Take over the Bank:

Hon. A. THOMSON: This provision needs to be clarified. Under Section 5 of the Discharged Soldiers' Settlement Act returned soldier settlers are placed under a board, one member of which is to be a returned soldier. That Act is not repealed by the Bill. Therefore I assume that while the commissioners will take over the general administration of the Discharged Soldiers' Settlement Act, soldier settlers will remain under the control of the Minister, and the board now in existence will continue to function.

The CHIEF SECRETARY: The board in existence to-day would not continue to function. The Discharged Soldiers' Settlement Act would be administered by the Bank commissioners, who would have sole control over that Act and the Industries Assistance Act.

The CHAIRMAN: On the point raised by Mr. Thomson, a decision can be obtained not under this clause, but under Clause 36.

Hon. A. THOMSON: It seems to me that dual administration is provided. However, there will be an opportunity to recommit the Bill. I move an amendment—

That the following be inserted to stand as paragraph (m):—" (m) In the case of the ill-

ness, suspension, inability, or absence of any member, the Governor may appoint some other person to act as deputy of such member during such illness, suspension, inability, or absence; and every such person shall, while he acts as such deputy, have all the powers and perform all the duties of and be subject to the same disabilities as such member."

My amendment is adapted from the Discharged Soldiers' Settlement Act. Under the clause as it stands, in case of absence through illness or suspension and so forth, the whole responsibility would fall on one commissioner.

Hon. H. SEDDON: I draw the Chairman's attention to Section 34 of the Interpretation Act.

The CHIEF SECRETARY: Subsection 4 of Section 34 of the Interpretation Act already includes ample provision to cover the point raised by Mr. Thomson, and there is no necessity for the amendment.

Hon. A. THOMSON: If that be so, why was a similar provision inserted in the Discharged Soldiers' Settlement Act? If it is not necessary, I shall not press my amendment.

The CHAIRMAN: I will regard the amendment as not moved.

Hon. E. H. ANGELO: Paragraph (h) empowers the commissioners, with the approval of the Treasurer and the consent of the Governor, to release payment of the whole or any portion of the indebtedness of a borrower. The commissioners should not possess such power. The mere fact that an advance has been made on a property, suggests that it must possess some value. I agree that the commissioners should be able to write off the amount in excess of the value of a property, but I cannot imagine that a property would possess no value. I move an amendment—

That in line 3 of paragraph (h) the words "the whole" be struck out, and after "indebtedness," in line 5, the words "in excess of the value of the security" be inserted.

Hon. L. CRAIG: Some properties represent liabilities.

Hon. E. H. ANGELO: I cannot imagine properties, on which advances have been made, possessing no value at all.

Hon. L. CRAIG: You should look at some of them.

The CHIEF SECRETARY: It is absolutely necessary that the words proposed to

be struck out remain part of the paragraph. Before the commissioners assume control, they will require to know the exact position. There are many estates that are worthless, and the whole of the indebtedness on them should be written off. Some of them have been abandoned for years. As the discretion is left with the Treasurer, he is not likely to agree to writing off the debt if there is hope of securing some return. The man who incurred the indebtedness may have been dead for years, and it would be unfair to load the commissioners with it.

Hon. J. J. HOLMES: Will the commissioners fix the value of properties?

The CHIEF SECRETARY: They will have nothing to do with it; there are officers appointed to assess the values.

Hon. H. V. PIESE: I oppose the amendment. There are many outlying properties that are quite worthless.

Hon. H. J. YELLAND: I do not know that it matters much if the words remain in the paragraph or are struck out. The commissioners have power to write down any portion of the indebtedness, and that might mean writing down the lot, if they thought fit.

Hon. E. H. ANGELO: If we are to follow the usual way of doing Government business, I agree that it does not matter very much. In any business concern the whole of the indebtedness would not be written off. It would be included in a separate account for bad debts. Sometimes such amounts can be recovered, and the properties are again taken into profit. If the commissioners thought fit they could write the indebtedness down to, say, £5, which would constitute the equity, and then if, for instance, the debtor won a sweep, they could recover from him.

Hon. W. J. MANN: I oppose the amendment. Many properties at present standing on the books of the Agricultural Bank have no value whatever. There are some blocks not far from Northcliffe where no one has resided for seven years, and no one is likely to take them up again. It should be possible for the commissioners to wipe off the whole of the indebtedness on such blocks.

Amendment put and negatived.

Clause put and passed.

Clauses 7 to 11—agreed to.

Clause 12—Borrowed moneys a charge on assets and revenue:

Hon. J. NICHOLSON: I take it the Loan Council will have some voice regarding these transactions.

The CHIEF SECRETARY: The Loan Council may enter into it with regard to the rate of interest to be fixed. It is the desire of the Government to work harmoniously with the Loan Council who, naturally, will be consulted. The Loan Council would be displeased if in connection with the debentures a higher rate of interest were provided than the Commonwealth are prepared to pay on their loans.

Hon. G. W. Miles: The commissioners will borrow by the issue of debentures only, I presume, with the consent of the Loan Council?

The CHIEF SECRETARY: Other boards in the Eastern States have borrowed without the consent of the Loan Council. There has been friction, but that was on account of higher rates of interest being paid.

Clause put and passed.

Clauses 14 to 17—agreed to.

Clause 18—Sinking fund payments continue notwithstanding purchase of debentures:

Hon. A. THOMSON: If the commissioners purchased debentures and cancelled them, it seems absurd to compel them to continue to pay interest and sinking fund charges on the cancelled debentures. In effect, it would mean the payment of double interest and sinking fund charges. I would like an explanation of the clause.

The CHIEF SECRETARY: There is nothing in the clause to indicate that these debentures will be cancelled. The hon. member wishes to delete the clause and so relieve the commissioners of the obligation to contribute to the sinking fund. The clause is based on sound financial practice, in order that the funds shall be maintained intact so as to give confidence to those who invest in debentures. Those debentures will be held, and at an opportune time released again, but there must be contributions to the interest and sinking fund. I hope the clause will be agreed to, because we must have the Bank on a sound basis. We have a precedent for this clause in the Finance and Development Act, passed by this House.

Hon. A. THOMSON: Let us assume that I borrow £10,000 from a bank and undertake to pay a certain amount in interest and sinking fund. If I reduce my indebtedness by £5,000, surely I should not have to continue to pay interest and sinking fund on the £5,000 I have paid off. It seems to me this clause makes the commissioners pay double interest as well as sinking fund. When the debentures are cancelled, there should be no more interest and sinking fund paid.

Hon. H. SEDDON: The idea in the clause is the same as that provided for in the Financial Agreement. When bonds are purchased under the Financial Agreement, provision is made for one-half per cent. sinking fund to continue, and also for 4½ per cent. interest to be paid to the owners of the bonds. The principle in this clause is exactly the same.

Clause put and passed.

Clauses 19 to 23—agreed to.

Clause 24—Register to be kept:

Hon. J. NICHOLSON: This provides that there shall be kept a register of debentures, and that within a reasonable time after the sale of any debenture there shall be made in the register an entry specifying the number, date and amount of the debenture. I think that instead of "within a reasonable time" we should insert the word "forthwith."

The CHIEF SECRETARY: This is copied from Section 26 of the Finance and Development Act. I have no doubt that in practice the entry will be made at once.

Clause put and passed.

Clauses 25 to 30—agreed to.

Clause 31—Staff not under the Public Service Act, 1904:

Hon. H. J. YELLAND: I move an amendment—

That in line 3 the words "the immediate control of the commissioners and" be struck out.

This amendment, if carried, will reverse the intention of the clause, which is that the staff shall be removed from the Public Service Act.

The CHIEF SECRETARY: I cannot accept the amendment. We are appointing commissioners for seven years, and they



must be given a free hand to select, maintain and even discharge members of their staff if they are not giving satisfaction. We have had to do that under the Trading Concerns Act, where it has been found necessary to remove the main body of the various staffs from the control of the Public Service Commissioner, in order that they shall concentrate upon giving satisfaction to their superior officers. Under the Bill before us the commissioners will be appointed to set things right in the administration of the Bank. Yet at once some members would tie their hands in such a way that if anything goes wrong the commissioners must approach the Public Service Commissioner and say, "Please investigate this matter of Jones, who has been doing something wrong." And then, after the Public Service Commissioner has investigated the matter, there will be an appeal to the Public Service Appeal Board. It would be impossible for the commissioners to discharge their duties efficiently.

Hon. L. B. BOLTON: What would be the position of surplus officers? Would they have the right to appeal against their dismissal? Would positions be found for them?

Hon. H. J. YELLAND: There is a lot to be said for the views expressed by the Chief Secretary. The effect of his remarks, however, is that there are no men in the service capable of carrying out this work. I disagree with that.

The CHAIRMAN: I will allow a general discussion, under this amendment, upon the whole of Part IV, which deals with the control of the staff of the Bank.

Hon. H. J. YELLAND: The commissioners will select the various officers they wish to retain. Those who are not retained must be distributed to other parts of the service. Will that be fair to the other members of the service? The Public Service Commissioner is called upon to find positions for surplus officers according to the classification of the positions they have just vacated. Those officers may be appointed to positions which others have been working up to, and regard as theirs by right. The moment the Bank takes over its staff, the officers will no longer come within the scope of the Public Service Act. After they have been in the Bank for some time, they may be dismissed, and will have no right of appeal.

The HONORARY MINISTER: Provision is made in the Bill that if a member of the staff is engaged by the commissioners and is subsequently not required, he shall be transferred back to the Public Service, where he will have the same rights that he would have had in any case. It will be left to the Public Service Commissioner to say what position he will fill. The commissioners will not want to be responsible for anyone except the officers they have chosen. The men who are transferred back to the Public Service will lose none of their original rights. No member of the Bank staff need be afraid of what may happen to him. The commissioners should not be prevented from discharging from the Bank any unsuitable officer, more especially when that official will immediately go back to the Public Service. No doubt many of the Bank officials would prefer to be under the control of the commissioners to being under that of the Public Service Commissioner. The commissioners will recognise merit and choose the men they want. Surely we can rely upon them to do a fair thing by their staff. They should not be hampered by being obliged to refer all such points to the Public Service Commissioner.

Hon. H. SEDDON: I am surprised at the remarks of the Honorary Minister. He says that the Public Service Act, if applied to the officers of the Bank, would interfere with the efficiency of the institution. Inferentially his remarks would apply to any other Government department. It is a very sweeping statement. This part of the Bill means that new appointees to the Bank will be prevented from joining the public service, and will not be permitted to have the rights of public servants. Such officers would have to form a union of their own, and register at the Arbitration Court. Meanwhile, however, they will be in an awkward position. We will have two classes of employees in the one department, one receiving the privileges of the Public Service and the other not doing so. That will not be a satisfactory state of affairs. An officer may be brought in from outside and then there will be surplus officers to be absorbed in other departments. For the past few years those other departments have been reducing hands. Now we are putting further surplus officers upon the Public Service Commissioner to absorb. The Government have power to in-

struct the Public Service Commissioner to declare certain officers or certain positions to be excess officers or excess positions and they can call upon the Public Service Commissioner to retire the excess officers. That has been done in the near past.

Hon. T. Moore: The clause does not say that the commissioners will go outside for officers; they are not likely to do that.

Hon. H. J. YELLAND: One reason for appointing the Public Service Commissioner in 1904 was to prevent the dispersal of favours to outsiders by bringing them into the service through the heads of the various departments. The position is different to-day.

Hon. E. H. ANGELO: By a vote this evening the Committee determined that the Bank had to be carried on by a new board of commissioners to clean up the awful mess it had got into through its activities in the past. Having done that, the Committee should not now hamper the commissioners in their work of cleaning up. The commissioners are to have every say as to who shall assist them to carry out the unpleasant task that lies before them. For that reason I shall oppose the amendment.

The CHIEF SECRETARY: I cannot peep into the future as Mr. Yelland has done and I cannot foresee that the commissioners will dismiss wholesale the officials of the institution. It is unlikely that they will do so. Naturally if they find that some are unsuitable for the work, they will consult the Public Service Commissioner. I fail to see that there will be any surplus officers at all.

Hon. E. H. HALL: No member of this Chamber can come to any other conclusion than that the Ministers in this House, after what they have said, must recommend to their colleagues in the Government the abolition of the office of the Public Service Commissioner. It was a most surprising statement that the Ministers made. I agree with those who say that if we are to give the Bank commissioners the powers proposed, and expect them to do what they should do, then we must give them a free hand, but I do draw attention to the admission made by Ministers and therefore the sooner they take steps to abolish the office of Public Service Commissioner the better.

The HONORARY MINISTER: I take exception to the remarks of Mr. Hall and I can only express the hope that he has not made them for the purpose of publicity.

Hon. T. Moore: Nothing else.

The HONORARY MINISTER: I am not going to allow him to draw inferences from something I did not say.

The CHAIRMAN: The Minister said that Mr. Hall's remarks were made for publicity. That is a reflection on the Chair, and I ask the Minister to withdraw it.

The HONORARY MINISTER: If you desire me to do so, I will withdraw what I said.

The CHAIRMAN: The words were offensive to the Chair.

The HONORARY MINISTER: If they were offensive to the Chair I withdraw them.

Hon. J. Nicholson: Don't we all speak to the public here?

The HONORARY MINISTER: Mr. Hall should not put a wrong construction on my remarks. All that I said was that the Bank commissioners should have the right to select their own staff from those already engaged in the Bank, and that if any of the officers there did not come up to the standard demanded by the commissioners, then the commissioners should have the right to say so. The position would then be no different from what it is to-day, even if the officers remained under the Public Service Act. If they did remain under the Public Service Act and the Bank commissioners considered certain officers were incompetent, they should call upon the Public Service Commissioner to deal with them and the probabilities are they would then become surplus officers. One would imagine from the remarks of Mr. Yelland that the Bill provided that the whole of the staff of the Agricultural Bank were going to be dismissed.

Hon. H. J. Yelland: I never suggested that.

The HONORARY MINISTER: I cannot see anything wrong with the proposal contained in the clause. The hon. member knows that no officer will be called upon to forfeit his privileges, because it is provided that those privileges shall be protected. All that the clause will do will be to give the commissioners a free hand to select their staff.

Hon. G. W. Miles: And they should have that power.

The HONORARY MINISTER: If the staff do not come up to standard, they can go back to the Public Service. Every man is not fitted for the position he is holding in the service to-day. We have many square pegs in round holes and I do not say that in a detrimental spirit. Many officers are called upon to fill positions for which they have had no training.

Hon. E. H. H. Hall: Whose fault is that?

The HONORARY MINISTER: The fault of the system.

Hon. E. H. H. Hall: Why don't you alter the system?

The HONORARY MINISTER: Are we not doing so?

Hon. E. H. H. Hall: You are continuing a system for which you have no time.

The HONORARY MINISTER: We are trying to alter the position in respect of the Agricultural Bank, but what applies to that institution might not apply to many other departments in the service. A different class of business entirely is being carried out by the Agricultural Bank. The hon. member has had experience of one or two departments and he should know that. Officers who may not give satisfaction in one department may give entire satisfaction in another. All we desire to do here is to give the commissioners and opportunity to do their duty for which we appointed them.

Hon. H. SEDDON: In the event of outsiders being appointed to positions in the Bank, will those persons be eligible to join the public service and get the privileges enjoyed by existing officers of the service?

The HONORARY MINISTER: I should say no.

Hon. L. B. Bolton: Such persons must be under the Public Service Act at the present time.

The HONORARY MINISTER: Yes. I should imagine that the conditions to be offered by the commissioners would have to be attractive to induce officers to accept them.

Hon. G. W. MILES: I welcome the Bill, and particularly this clause. The commissioners will have an opportunity to work on business lines and to select their staff. It

is a pity the same principle does not apply to the Railway Department, for which an appeal board is provided.

Hon. E. H. H. Hall: Do not you believe in that?

Hon. G. W. MILES: No; the Commissioner of Railways should have control of his staff. I congratulate the Government on giving the commissioners the powers contained in the clause.

Hon. H. J. YELLAND: How can there be any co-ordination if we have two sets of officers, one under the Public Service Act, and the other outside the Act?

Hon. G. W. Miles: Are not the taxpayers to be considered? You are talking of the Civil Service all the time.

Hon. H. J. YELLAND: The appeal board was established not in order to get men back into their jobs, but to prevent victimisation. We propose to deprive officers of the Bank of the protection enjoyed in the past, and to give *carte blanche* to the commissioners, who could sack all the present officers and appoint a new staff.

Hon. R. G. MOORE: I oppose the amendment. One of the points stressed during the debate has been that the commissioners should not be hampered in the matter of staff. If they are free to appoint officers on merit, they are more likely to get results. The commissioners will have a big task and they should have the first and last word as to those who shall hold positions in the Bank.

Hon. T. MOORE: Would not the commissioners be more likely to get men from inside the service than from outside? Where else would they get officers? I consider that a bogey has been raised. The Civil Service Association have not taken exception to this proposal. It has been suggested that the officers are at fault for the state of affairs existing at the Bank, but I take it the men have done the work allotted to them. I expect few changes of staff under the commissioners.

Hon. J. J. HOLMES: In my opinion the Public Service Act is not worth the paper it is printed on. The Act provides that before an officer can be retired his office must be abolished, he must have committed an offence, he must produce a doctor's certificate showing inability to carry on, or he must have reached the age fixed by the Act. Yet an officer holding a statutory appoint-

ment—Chief Protector of Aborigines—was retired from office without any one of those conditions having been fulfilled. That was an office which the Imperial Government had insisted on our maintaining so long as there was a native left in the State. The Government have power to retire any officer whenever they think fit. The commissioners will require an efficient staff, and I am prepared to vote for the clause so that they cannot afterwards claim that they could not make a success of the institution because they were restricted in the appointment of officers.

Hon. W. J. MANN: I move—

That the committee do now divide.

Motion put, and a division taken with the following result:—

Ayes	..	..	..	..	21
Noes	..	..	..	..	5

Majority for .. .. 16

#### AYES.

Hon. E. H. Angelo	Hon. J. M. Macfarlane
Hon. C. F. Baxter	Hon. W. J. Mann
Hon. L. B. Bolton	Hon. T. Moore
Hon. J. M. Drew	Hon. H. S. W. Parker
Hon. C. G. Elliott	Hon. H. V. Piessé
Hon. J. T. Franklin	Hon. H. Seddon
Hon. G. Fraser	Hon. A. Thomson
Hon. E. H. Gray	Hon. C. H. Wittenoom
Hon. E. H. Hall	Hon. H. J. Yelland
Hon. V. Hamersley	Hon. R. G. Moore
Hon. W. H. Kitson	(Teller.)

#### NOES.

Hon. L. Craig	Hon. H. Tuckey
Hon. J. J. Holmes	Hon. J. Nicholson
Hon. G. W. Miles	(Teller.)

Motion thus passed.

Amendment put, and a division called for.

The CHAIRMAN: Before appointing tellers, I desire to indicate to the Committee that I vote with the "Ayes" in order to place on record my view of the proposal. I am not concerned about the good men. Good men can get a job anywhere, at any time. I am concerned, however, with those whom the commissioners might consider not to be good men. To say that an officer in the accounts branch of the Agricultural Bank whom the commissioners do not deem to be good enough to remain there, can go back to an accounts branch in another department of the Public Service is absurd, because the accountancy work elsewhere would not benefit. I rest content with the reason I have expressed.

Division taken with the following result:—

Ayes	..	..	..	..	8
Noes	..	..	..	..	19

Majority against .. 11

#### AYES.

Hon. C. F. Baxter	Hon. J. Nicholson
Hon. L. B. Bolton	Hon. H. Seddon
Hon. J. Cornell	Hon. H. J. Yelland
Hon. V. Hamersley	Hon. E. H. Hall
	(Teller.)

#### NOES.

Hon. E. H. Angelo	Hon. W. J. Maun
Hon. L. Craig	Hon. G. W. Miles
Hon. J. M. Drew	Hon. R. G. Moore
Hon. C. G. Elliott	Hon. T. Moore
Hon. J. T. Franklin	Hon. H. S. W. Parker
Hon. G. Fraser	Hon. H. V. Piessé
Hon. E. H. Gray	Hon. H. Tuckey
Hon. J. J. Holmes	Hon. C. H. Wittenoom
Hon. W. H. Kitson	Hon. A. Thomson
Hon. J. M. Macfarlane	(Teller.)

Amendment thus negatived.

Clause put and passed.

Clause 32—Members of staff engaged and subject to dismissal by commissioners:

Hon. H. J. YELLAND: Certain activities which are not known as Agricultural Bank activities are to be transferred to the control of the commissioners. The privileges granted to Agricultural Bank officers should be extended to officers engaged in the cognate activities. I move an amendment—

That after "Bank," in line 2, there be inserted "or transferred activities."

The CHIEF SECRETARY: I would like a definition of the term "transferred activities." I object to the amendment. The clause is perfectly right as it stands. Are the officers referred to in the employ of the Bank now?

Hon. H. J. Yelland: No. They are under the Lands Department.

The CHIEF SECRETARY: The matter is one for the consideration of the commissioners when appointed.

Hon. H. J. YELLAND: Without the amendment the commissioners will not be able to consider the cases of these officers, but will be restricted to officers of the Agricultural Bank. The term "transferred activities" is defined in Clause 4. We should protect all the officers concerned. The carrying of the amendment will involve a consequential amendment in this clause, and consequential amendments in Clauses 33 and 34.

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

Clauses 33 to 35 agreed to.

Hon. H. V. PIESSE: I desire to move a new clause, to stand as Clause 36, to provide that "the commissioners shall appoint and at all times have upon the staff of the Bank an officer who is a discharged soldier within the meaning of the Discharged Soldiers' Settlement Act, 1915, to assist the commissioners and other persons who are discharged soldiers within the meaning of the Act, in transactions between the Bank and such persons." It is reasonable that that privilege should be retained for the returned men.

The CHAIRMAN: The suggested amendment would really be a new clause, and as such would have to be considered at the end of the Bill. I suggest that the hon. member test the feeling of the Committee on recommendation as to whether the activities mentioned in Clause 36 shall be transferred, and if so if the representation of the returned soldiers shall be retained.

Hon. H. V. PIESSE: I will accept that suggestion.

Clause 36—Administration of certain Acts transferred to commissioners:

Hon. A. THOMSON: Will the Minister explain what is the intention of the Government regarding the Discharged Soldiers' Settlement Act? The Bill does not provide for the repeal of that Act. The clause merely says that the commissioners shall administer the Discharged Soldiers' Settlement Act and shall exercise all the powers, functions and rights vested in the Discharged Soldiers' Land Settlement Board. The Discharged Soldiers' Settlement Act provides for a board consisting of four members, who shall include a representative of the returned soldiers. I take it that the commissioners will have to administer the Discharged Soldiers' Settlement Act in accordance with the terms of that measure, and, therefore, the returned men must have representation.

The CHIEF SECRETARY: Mr. Thomson may have that opinion, but that is not the intention, nor is it the effect of the clause, which means what it says. The Acts mentioned in the clause will be administered by the commissioners.

Hon. G. W. Miles: Then the soldiers will have a representative. Is that so?

The CHIEF SECRETARY: The commissioners will have sole control.

Hon. G. W. Miles: In that event, will it not be necessary to repeal the particular section of the Discharged Soldiers' Settlement Act that deals with the board of four?

The CHIEF SECRETARY: Not if the Bill be passed.

Hon. J. NICHOLSON: I raised this point during the second reading debate. I consider the section of the Discharged Soldiers' Settlement Act dealing with the board of four should be repealed so as to extend greater validity to the powers of the commissioners. I suggest that the Chief Secretary take an opportunity before the Bill reaches its final stages to go into that matter.

The CHIEF SECRETARY: I have already conferred with the Crown Law authorities on that point, and I am advised that the commissioners will solely administer the Discharged Soldiers' Settlement Act.

Hon. V. Hamersley: And the soldiers will not have a representative on the board.

The CHIEF SECRETARY: To emphasise what I have said, the Parliamentary Draftsman informed me that the intention was that the commissioners should have full responsibility, and in the conduct of their affairs should not be hampered by any such provision. The Minister for Lands has already stated that the interests of the soldier settlers will be given consideration when the commissioners are selected. I cannot go further than that.

Hon. A. THOMSON: Can the Chief Secretary indicate what the intentions of the Government are? I have a recollection that prior to his departure for the East, the Minister for Lands held a conference with the executive of the Returned Soldiers' League and later made a statement in the Press that he was inquiring into the matter of representation. I do not know whether the Chief Secretary can give the Committee any further information. Branches of the Returned Soldiers' League in my province are anxious to know whether the protection they were accorded under the Discharged Soldiers' Settlement Act will be continued. I believe that until the section of that Act to which reference has been made is repealed the returned men are entitled to representation.

Hon. J. J. HOLMES: I think the Chief Secretary is right, and that under the clause it is within the powers of the commissioners to take over and carry on the activities of the several boards administering those other Acts.

The CHAIRMAN: There is no doubt this clause will over-ride existing Acts. I have seen Bills ruled out of order for lesser infringements of the Standing Orders.

Hon. H. V. PIESSE: I still have the right to place this clause before the Committee?

The CHAIRMAN: Not as a new clause. It will have to come at the end of the Bill.

Hon. A. THOMSON: I move an amendment—

That in line 5 the words "the Discharged Soldiers' Settlement Act, 1918, and its amendments" be struck out.

At the same time I ask your ruling, Sir, whether it is in accordance with the rules of the House that the Bill should over-ride the Discharged Soldiers' Settlement Act without repealing it.

The CHAIRMAN: The proper time to have raised that question was on the second reading, when the hon. member could have asked whether the clause was foreign to the Title of the Bill. However, I again suggest to the Committee that they pass the clause and re-commit it, in the meantime drafting a provision that, notwithstanding the transfer of the activities of the Discharged Soldiers' Settlement Board administration to these proposed commissioners, it be a condition of the transfer that the representatives of the discharged soldiers shall continue to function as before. Then if the major issue is defeated, Mr. Piesse can move his minor issue, which is that some provision be made on the staff.

Hon. A. THOMSON: I will accept your advice, Sir, and withdraw my amendment.

Amendment by leave withdrawn.

Hon. J. J. HOLMES: The Bill is for an Act to consolidate and amend the law relating to the Agricultural Bank, but now we find that it goes further and interferes with the administration of other Acts. Does it follow that because we missed that point on the second reading it cannot be raised now?

The CHAIRMAN: It might be said that "or for other relative purposes" covers the point, although I have seen Bills ruled out

of order for a lesser infringement of the Standing Orders.

Clause put and passed.

Clause 37—Power to make advances:

Hon. A. THOMSON: I move an amendment—

That after "lands" in line 2 of paragraph (b) the words "and/or superphosphates and/or chaff or wheat bags" be inserted.

I think it is very necessary that we have those words in this provision.

The CHIEF SECRETARY: The amendment cannot be accepted, for it would undermine the whole principle of the Bill to insert a provision relating to seasonal credit, except under Clause 50. The mixing of seasonal credit functions with developmental functions would spell disaster to any financial institution controlling the industry. Also it is contrary to the recommendations of the Royal Commission. Under paragraph (e), advances may be made by the commissioners for "any other necessary purposes." Again, in Clause 50 such advances could be made. It is only in exceptional cases that anything of this sort should be done.

Hon. A. THOMSON: I was surprised to hear the Chief Secretary say it is not the policy of the Bank to assist in the way I have indicated. The commissioners have not yet been appointed, so it seems premature to say what their policy will be. A man with an overdraft from a private bank can get his super and wheat and chaff bags in accordance with the terms of his overdraft. The Bank will only make advances for machinery, stock, or plant, and possibly for some other purposes as the commissioners may think fit. In the past super has been held up from the settlers until it was too late to use during the season for which it was required. If private firms can advance money for the purchase of super and bags, the Bank ought to be placed in the position to grant a similar facility for the protection of its own assets.

The CHIEF SECRETARY: It is not to be the general policy of the Bank to advance money for super or seed wheat, except under Clause 50. The intention of certain members seems to be to deprive the Government of their security over the growing crop in the event of advances being made under Clause 50.

Hon. H. V. Piesse: I think the Minister for Lands said that advances for super could be made under the Industries Assistance Act.

The CHIEF SECRETARY: In these cases a first mortgage would be given to the private bank which was doing the business, and the Agricultural Bank would waive its rights and protect the Associated Bank.

Hon. A. THOMSON: If my amendment to Clause 50 is agreed to the Agricultural Bank will have first claim upon the assets. It is not intended to interfere with the securities of the Bank. If by providing super to farmers the Bank could effect a saving of 15s. a ton it would greatly help the industry. There is nothing mandatory about this amendment.

The CHAIRMAN: I suggest that Mr. Thomson should strike out the words "and or" with which his amendment begins, and insert in lieu thereof the words "and to buy."

Hon. A. THOMSON: I accept your suggestion, and amend my amendment accordingly.

The CHIEF SECRETARY: If Mr. Thomson's amendment be agreed to, the commissioners will have no first claim over the crop. The security is to be on the land, which may be heavily mortgaged, and the Government recognise it is unsound to still further mortgage the land, except in the directions indicated in the clause. Now it is proposed to cover super, wheat bags, and so forth, in which there will be no security.

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

Ayes	..	..	..	..	9
Noes	..	..	..	..	14
					—
Majority against	..	..	..	..	5
					—

#### AYES

Hon. C. F. Baxter  
Hon. L. B. Bolton  
Hon. V. Hamersley  
Hon. W. J. Mann  
Hon. H. V. Piesse

Hon. A. Thomson  
Hon. C. H. Wittenoom  
Hon. H. J. Yelland  
Hon. E. H. Hall  
(Teller.)

#### NOES.

Hon. E. H. Angelo  
Hon. L. Craig  
Hon. J. M. Drew  
Hon. J. T. Franklin  
Hon. G. Fraser  
Hon. E. H. Gray  
Hon. J. J. Holmes

Hon. W. H. Kitson  
Hon. J. M. Macfarlane  
Hon. G. W. Miles  
Hon. R. G. Moore  
Hon. T. Moore  
Hon. H. Tuckey  
Hon. H. Seddon  
(Teller.)

Amendment thus negatived.

Clause put and passed.

Clause 38—agreed to.

Clause 39—Persons over 16 may obtain advances:

Hon. A. THOMSON: I move an amendment—

That after "may," in line 2, the words "with the consent in writing of his legal guardian" be inserted.

The amendment speaks for itself.

The CHIEF SECRETARY: Mr. Thomson's amendment, if agreed to, would create a most invidious position. At present, under the Land Act, a minor, provided he is over 16 years of age, may apply for land and is capable of disposing of land. Mortgages have been taken by the Bank from minors. A difficulty has arisen because there is no provision enabling the Bank to deal with freeholds held by minors. A lad over 16 years of age can take up C.P. land and mortgage it, but if he converts it into freehold the Agricultural Bank cannot assist him. In the past past the trustees have recognised the desirability of allowing sons of group settlers, who have obtained freehold land, to mortgage their properties to the Bank. To emphasise the anomalous position that Mr. Thomson would set up, it is merely necessary to point out that a minor may have a valuable holding that is freehold and, owing to the inability of the Agricultural Bank to assist him, he may go to an unscrupulous moneylender, or some institution that lends money, to obtain an advance, without the consent of his legal guardian. Yet if he goes to the Agricultural Bank he is saddled with the necessity for getting the consent of his legal guardian. In view of the provisions in the Land Act, it would create an absurd position if the whole of the legislation affecting the matter were not brought into line.

Hon. R. G. MOORE: It may be that a man, legally an infant, has an interest with another man in the land. Could he, under the clause, go along and mortgage the land without the consent of the other party?

Hon. J. NICHOLSON: An infant when holding land with another person is in the same position as he is when holding land by himself; in other words, he has a tenancy in common. If the land is held on a joint tenancy, a single joint tenant cannot mortgage it, but if it be held on a tenancy in

common, each of the parties can mortgage or transfer his own undivided share. The amendment proposed by Mr. Thomson would only lead to confusion.

Hon. A. THOMSON: I will withdraw my amendment.

Amendment, by leave, withdrawn.

Clause put and passed.

Clauses 40 to 43—agreed to.

Clause 44—Terms of repayment:

Hon. A. THOMSON: I move an amendment—

That after “years” in line 9, the words “from the time of the first payment” be inserted.

Let us assume the commissioners give the borrower ten years before starting to repay his principal at the rate of 10 per cent. When the time comes it will impose a very heavy burden on him to have to pay, not only his interest, but 10 per cent. of the principal as well. The object of the amendment is to give him 30 years from the time of his borrowing in which to pay off his principal.

The CHIEF SECRETARY: I am advised that the amendment is quite unnecessary. The borrower could always apply for a new loan within the £2,000 limit. It is undesirable that the Bank's business should be of a fluctuating nature, like that of an overdraft. Its constitution does not provide machinery for conducting business on those lines.

Hon. A. Thomson: You are not speaking to the amendment I moved.

The CHAIRMAN: I have put before the Committee the amendment appearing on the notice paper.

Hon. A. Thomson: That is not the one I moved.

The CHIEF SECRETARY: I hope the hon. member will not spring fresh amendments on me at this hour of the night.

The CHAIRMAN: The hon. member will have to move the other amendment on re-committal.

Hon. A. THOMSON: I move an amendment—

That the following be added to the clause:—  
“Any advance paid off at an earlier date than provided by the term of the advance may be re-advanced for a term to expire not later

than the date of repayment provided in the original term of the advance, if in the opinion of the commissioners such re-advance is desirable.”

The CHAIRMAN: That amendment is already before the Committee.

The CHIEF SECRETARY: I have stated my objection to the amendment.

Amendment put and negatived.

Clause put and passed.

Clause 45—Interest payable half-yearly:

Hon. A. THOMSON: I move an amendment—

That after “prescribed” the following words be inserted:—“but the rate shall not exceed by more than one per centum the rate of interest payable for the time being on funds raised by the commissioners.”

I confidently expect the Government to accept this amendment because their supporters have frequently urged that the non-success of the farmers has been due to the high rates of interest charged. We have been told that the Bank can administer its affairs at one per cent. above the cost of the money. In New Zealand a national mortgage corporation with a capital of £1,000,000 is to take over existing State mortgages to the value of £50,000,000 held by the State Advances Office, the Rural Intermediate Credit Board, and the Lands Department. I quote the following from a Press message of the 5th December:—

The guiding principle of the new corporation will be service, not profit. Its primary object will be the lending on long-term mortgages on land, and also on the security of stock and chattels. The rate of interest where land is the security will not be more than one per cent. in excess of the rate payable on bonds. In the case of stock and chattels, the margin will be 2 per cent.

That is what we want here—service, not profit.

The CHIEF SECRETARY: To limit the interest charges to one per cent. above the rate paid by the commissioners would be unbusinesslike. Such a course of action has meant losses to the Bank in the past. The Bank has been lending money on a margin of  $\frac{1}{2}$  per cent., although the cost was 11s. 9d., without making allowance for bad debts. The rate of interest to be charged will be prescribed by regulation, and if members consider the rate too high,



they may move that the regulation be disallowed. There will be no secrecy about the charge. It will be known to all, and Mr. Thomson may object to it if necessary.

Amendment put and negatived.

Hon. H. V. PIESSE: Is there any objection to changing the dates for the payment of interest from January to March, and July to September? The Minister for Lands told the member for Pingelly in another place that he would look into that matter.

The CHIEF SECRETARY: I cannot answer that question off-hand. It would perhaps be difficult to obtain a correct reply just now.

Clause put and passed.

Clause 46—Interest on interest in arrear:

Hon. A. THOMSON: I move an amendment—

That the following proviso be added:—  
“Provided that, if in the opinion of the Commissioners the nature of the operations conducted by the borrower is such that payment of interest half-yearly will impose hardship or loss on the borrower, the Commissioners may for any period not exceeding six months waive their right to charge interest on interest in arrear as provided for in this section.”

Farmers receive their income only once a year, and because of that find themselves obliged to pay interest on interest. It is only fair that they should pay the interest annually, to avoid that double interest.

The CHIEF SECRETARY: This is a most unbusinesslike proposition. Interest on interest is charged by other financial institutions, and it is a proper method to adopt.

Hon. G. W. MILES: The hon. member wants to make a privileged class of the clients of the Bank.

The CHIEF SECRETARY: We want to place the whole business on a sound footing.

Hon. A. THOMSON: I am surprised at Mr. Miles's interjection. I am not asking that farmers shall not pay interest, only that they shall not be charged interest on interest. There is nothing mandatory about the proviso.

Hon. G. W. MILES: I agree with the Chief Secretary. This is an unbusinesslike proposition. Members who do business with private banks are charged interest half-

yearly, and if they do not pay interest on the outstanding interest, it is added to their liability. It is ridiculous to make a privileged class out of clients of the Bank.

Amendment put, and a division called for.

The CHAIRMAN: I give my vote with the ayes.

Division taken with the following result:—

Ayes	..	..	..	12
Noes	..	..	..	15

Majority against .. 3

AYES.	
Hon. C. F. Baxter	Hon. H. V. Piesse
Hon. L. B. Bolton	Hon. A. Thomson
Hon. J. Cornell	Hon. H. Tuckey
Hon. E. H. H. Hall	Hon. C. H. Wittenoom
Hon. V. Hamersley	Hon. H. J. Yelland
Hon. R. G. Moore	Hon. T. Moore
	(Teller.)

NOES.	
Hon. E. H. Angelo	Hon. J. M. Macfarlane
Hon. L. Craig	Hon. W. J. Mann
Hon. J. M. Drew	Hon. G. W. Miles
Hon. C. G. Elliott	Hon. J. Nicholson
Hon. J. T. Franklin	Hon. H. S. W. Parker
Hon. E. H. Gray	Hon. G. Fraser
Hon. J. J. Holmes	
Hon. W. H. Kitson	(Teller.)

Amendment thus negatived.

Clause put and passed.

Clauses 47 to 49—agreed to.

Clause 50—Statutory charge:

Hon. A. THOMSON: I move an amendment—

That in Subclause 1 the words “on any account,” lines 1 and 2, be struck out.

The object is to restrict the commissioners' lien, as far as may be, to those matters in respect of which they have advanced money. This is only reasonable. If the amendment is carried, I propose to move further amendments. The clause as it stands is a dragnet provision.

The CHIEF SECRETARY: The amendment would deprive the Bank of interest due under the Industries Assistance Act, for instance; so I am advised by the Crown Law Department and the Agricultural Bank. A second mortgagee has his rights; but if interest is overdue under the first mortgage, he must pay that interest in order to protect his own securities. The passing of the amendment would injure the Bank.

Amendment put and negatived.

Hon. A. THOMSON: I move an amendment—

That in line 2 of Subclause 1 after "commissioners" the following words be inserted:—"in connection with advances made under Section 37 (b), (c) or (e), and such interest is overdue for a period of at least 12 months."

It is fair that the commissioners' claims should be in respect of accounts in connection with which they have made advances.

Hon. J. Nicholson: What about paragraphs (a) and (d) of Section 37? Should they not be covered?

Hon. A. THOMSON: If Mr. Nicholson thinks that will improve the position, I will agree to their being included. At the same time, permanent improvements affect the land, which is the permanent asset, but, when we come to the other provisions, it is rather different, and really bears out what the Minister mentioned on an early amendment when he pointed out that the commissioners could advance for super and so forth under the provisions of paragraph (e).

The CHIEF SECRETARY: The amendment is a sugar-coated pill, the sugar coating applying to the first part. It should be pointed out that the amendment applies to interest overdue for 12 months and it would mean that, in the interim, the commissioners must sit still and do nothing. I cannot agree to the amendment. I suspect what looks so fair.

Hon. V. HAMERSLEY: I am not surprised at the number of amendments proposed in regard to Clause 50. To provide that advances and so forth shall be created a first charge having priority over all other encumbrances is serious. There are a number of people who have made advances in good faith to help the settlers who occupy land that is mortgaged to the Agricultural Bank. This clause should receive most careful consideration.

The CHIEF SECRETARY: Evidently Mr. Hamersley misunderstands the clause. It will apply when one year's interest is overdue. The second mortgagee can protect his interest by paying what is due, either interest or instalments, for the year. All that the Bank will take is a lien over the crop or stock for the time being to cover the year's interest and, perhaps, instalments. The commissioners could foreclose or seize some of the property to cover the

amount of arrears. Instead of taking either step, they merely take a lien for the amount of the year's interest that is overdue. No one else may be content to supply the farmer with super, seed wheat or sustenance, but the Bank will do that. What will happen is that the Bank will approach one of the private banks, and will waive its rights. That has been done in the past and it will continue.

Hon. H. V. PIESSE: If any mortgagee has advanced money this year for putting in a crop and has paid for super and taken a lien, the moment this Bill is passed, this clause will supersede that man's bill of sale. And the same thing will apply to wool.

The CHIEF SECRETARY: If the Bank had not been called upon to provide assistance for the farmer, and if the farmer had paid his interest, the man who provided the accommodation will be protected. But the interest due to the Bank must be paid.

Hon. G. W. Miles: But you must protect any existing bill of sale for, say, super.

The CHIEF SECRETARY: It would be protected. Whoever supplied the super should approach the commissioners first and get a waiver.

Hon. H. V. Piesse: But as to last season's stuff, the crop being taken off now?

The CHIEF SECRETARY: They would not be protected.

Hon. H. V. PIESSE: This certainly covers everything under the Soldiers' Settlement Act, but Parliament has allowed super to be advanced and a bill of sale has been registered for that purpose. But this clause supersedes all that.

Hon. H. SEDDON: When the interest becomes due, a first charge is created. A person might be assisting a settler, not knowing that there has been delay in the payment of interest, not knowing that charge is thereby being created, and he finds to his dismay that this is an encumbrance, but not registered.

Hon. J. Nicholson: It extends also to instalments of principal.

Hon. H. SEDDON: Yes. A bank holding a second mortgage may pay any instalments of principal or interest, and the commissioners may refund that money to the borrower, and immediately that is done there is a prior charge created against the

very person who advanced the money to keep the first mortgage good.

Hon. T. Moore: What about Subclause (4)?

Hon. H. SEDDON: Under that, the commissioners will still be in pride of position. That amendment was put through at the beginning of the depression and it has done more than anything else to interfere with the commercial stability of the country. I regard this as a most dangerous clause, but I do not ask the Committee to do anything more than protect the interests of the encumbrancers.

Hon. L. B. BOLTON: I support Mr. Seddon who has pointed out the great danger of Clause 50 if passed in its present form. Not only is 12 months' interest to be paid, but also for 12 months' instalment. We know how difficult it is under existing conditions for Bank clients to pay their interest, much less their instalments. Notwithstanding Subclause 4 the commissioners would have the right to take the interest from the proceeds of the crop when some other institution or individual had financed the putting in or taking off of the crop, and the Bank would have the right to any progeny of stock for which advances had been made by stock firms.

Hon. V. Hamersley: It would dry up all credit for the farmers.

Hon. L. B. BOLTON: Yes, and would be a most serious thing.

The CHIEF SECRETARY: This is a vital clause. Both the principal and the interest due to the Agricultural Bank must be protected and must be paid. Anyone having dealings with Bank clients should ascertain their financial position. The Bank must be conducted in future on business lines. Why did not those who were assisting the farmers protect themselves?

Hon. V. Hamersley: The Bank would have a prior claim.

Hon. G. W. Miles: Do you agree with Mr. Seddon's amendment?

The CHIEF SECRETARY: I would like to give it further consideration.

The HONORARY MINISTER: The only instalment referred to in the clause is where the Bank has made a refund to enable the farmer to carry on.

Hon. J. Nicholson: That is where the danger comes in, and it is essential to state conditions as intended.

Hon. C. F. Baxter: The Bank would have priority over all other encumbrances.

The HONORARY MINISTER: The instalment mentioned is not the ordinary instalment. It would apply where an advance had been made to enable the farmer to carry on. In that event surely the Bank would be entitled to the protection given under the clause. The maximum interest that could be claimed would be one year's.

Hon. J. Nicholson: On any account.

The HONORARY MINISTER: No, on any charge under this clause.

Hon. J. Nicholson: Read the clause.

The HONORARY MINISTER: The clause contains exceptions.

Hon. C. F. Baxter: We are aware of the exceptions.

Hon. J. Nicholson: Refunded advances and also other advances are included.

The HONORARY MINISTER: The clause deals with refunds.

Hon. J. Nicholson: And also other advances.

The HONORARY MINISTER: The special advances would be made to enable the farmer to carry on for the season.

Hon. J. M. Macfarlane: That would be when the farmer was in difficulty.

The HONORARY MINISTER: If the Bank advanced or refunded money for that purpose, surely it would be entitled to a first charge over the crop.

Hon. C. F. Baxter: Why should it?

Hon. A. Thomson: Accept my suggested amendment and that will be safeguarded.

The HONORARY MINISTER: If a farmer requires assistance to put in his crop and the Bank provides the money, surely it is entitled to a lien to the extent of one year's interest on the amount advanced for the special purpose.

Hon. L. Craig: I agree if prior encumbrances are protected.

The HONORARY MINISTER: The wording of the clause is sufficient.

Hon. C. F. Baxter: It is not.

The CHIEF SECRETARY: I move—

That the further consideration of the clause be postponed.

Motion put and passed.

Progress reported.

# **BILL—FINANCIAL EMERGENCY TAX ASSESSMENT ACT AMENDMENT.**

## *Assembly's Further Message.*

Message from the Assembly received and read notifying that the amendments made by the Council to Clause 2 of the Bill were in direct contravention of Subsection 3 of Section 46 of the Constitution Acts Amendment Act, 1899, as amended by the Act of 1921, wherein it is enacted that the Legislative Council may not amend any Bill so as to increase any proposed charge or burden on the people, and therefore it was outside the powers of the Legislative Assembly to consider the same; the Legislative Assembly, therefore, requested the Legislative Council again to consider the Bill.

The PRESIDENT: With reference to this message, I point out that the Legislative Assembly informed this Chamber in message No. 47 that it had agreed, subject to further amendments, to the very amendment which it now says is out of order. I merely wish to say I do not agree with the view expressed in the message. To my mind the amendment referred to is within the constitutional powers of the Legislative Council to make.

The HONORARY MINISTER: I move—

That consideration of the message be made on Order of the Day, in Committee, for the next sitting.

Hon. J. CORNELL: What would there be to consider in Committee? You, Mr. President, have ruled that the amendment is one that the Council may make. I submit, therefore, there is nothing to take into Committee. Unless the House disagreed with your ruling the only course to take would be to inform the Legislative Assembly by message of our ruling, and return the Bill to that House.

Hon. J. J. Holmes: Do you move in that direction?

Hon. J. CORNELL: I leave that to the President.

The PRESIDENT: I suggest the best course to pursue would be to postpone the consideration of this message until to-morrow. It is a very important matter, and the exact way in which to deal with it can in the meantime be considered by mem-

bers. The only point that has arisen is whether the message should be considered, as other messages are considered, in Committee. As much speaking may be involved, I suggest it be considered in Committee, when members can speak more than once.

The Honorary Minister: We have to find a way out of the difficulty foreshadowed by Mr. Cornell.

Hon. J. Cornell: It is for another place to find a way out.

The PRESIDENT: In the terms of the motion this message will be considered in Committee at the next sitting.

Hon. J. J. HOLMES: I do not see what we are to do to-morrow. You, Sir, have ruled that the House is within its rights in making the amendment. All we have to do is to send a message to another place that this is your ruling, and leave them to take the next step.

The HONORARY MINISTER: I hope that no such action will be taken. Surely we can find an alternative to that. This is neither the time nor the place to debate it. We might well adopt your suggestion, Mr. President, and deal with the matter to-morrow in Committee. If there is nothing for us to discuss then, we will not discuss anything.

Hon. J. CORNELL: If this question is referred to the Committee, as Chairman of Committees I shall not know how to act. The position is unprecedented. The House has amended the Bill, and another place has disputed our right to do so.

Hon. G. W. Miles: They accepted our amendment at one stage.

Hon. J. CORNELL: The position is absurd.

The PRESIDENT: All this discussion is out of order inasmuch as it is a discussion upon a motion before the House. Members should not speak more than once to that motion. For this reason I suggest the matter be considered in Committee to-morrow, when members may speak more than once, and decide upon the form of message to be sent to the Assembly.

Hon. J. J. HOLMES: There will be nothing before the Committee to-morrow. The House is sitting now. You, Mr. President, have given your ruling, and that ruling should be sent back to another place now.

Hon. G. Fraser: You are going in for direct action.

Hon. W. J. MANN: What are the courses open to the House? Are we going to accept your ruling, or move to disagree with it?

The PRESIDENT: It is competent for the House to dissent from my ruling.

Hon. J. CORNELL: You have not actually given a ruling, Mr. President.

Hon. C. F. BAXTER: There is really nothing we can do beyond what you, Mr. President, have already suggested; but probably it would be as well to carry the motion and let the matter stand over until Wednesday's sitting. We are quite within our rights in maintaining our stand, and there can be no change in the meantime. If another place has made a mistake, we should not condone that mistake. I consider that hon. members would be well advised to carry the motion moved by the Honorary Minister.

Question put and passed.

## **BILL—FINANCIAL EMERGENCY TAX.**

### *Assembly's Message.*

Message from the Assembly received and read notifying that it had made the amendment requested by the Council.

*House adjourned at 12.13 a.m. (Wednesday).*

## **Legislative Assembly,**

*Tuesday, 18th December, 1934.*

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

## **QUESTION—OLD MEN'S HOME.**

### *Quality of Meals.*

Hon. N. KEENAN asked the Minister for Health: 1, Has his attention been called to the fact that at a general meeting of the inmates of the Old Men's Home called on Tuesday, the 4th December, a resolution was unanimously passed to protest against the unfitness for human consumption of the meat served for dinner on Sunday, the 2nd December? 2, Is he aware that very grave dissatisfaction exists amongst the inmates of the Old Men's Home at the quality of meals supplied to them, and that this dissatisfaction has been much intensified by the occurrence of Sunday, the 2nd December? 3, Is he prepared to appoint some independent person to inquire into the grievances of the inmates of the Old Men's Home? 4, If yes, will such appointment be made at an early date, and will the inmates be given reasonable notice beforehand of the date and place fixed for the inquiry?

The MINISTER FOR HEALTH replied: 1, I am informed that there was no general meeting of inmates as suggested, and consequently no resolution of protest. Some question was raised regarding certain corned beef supplied, and this is being investigated. It should be remembered that all meat supplied to this institution is subjected to special inspection by qualified meat inspectors, in addition to usual abattoir inspection. 2, I am not aware that dissatisfaction