

Queensland



Parliamentary Debates  
[Hansard]

**Legislative Assembly**

**TUESDAY, 4 OCTOBER 1932**

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**TUESDAY, 4 OCTOBER, 1932.**

Mr. SPEAKER (Hon. G. Pollock, *Gregory*) took the chair at 10.30 a.m.

**AUDITOR-GENERAL'S REPORTS.****LOANS SINKING FUND.**

Mr. SPEAKER announced the receipt from the Auditor-General of his report on the transactions in connection with the Loans Sinking Fund of the State for the financial year ended 30th June, 1932.

Ordered to be printed.

**QUESTIONS.****DISMISSAL OF MESSRS. SWAIN AND DUFFY.**

Mr. KENNY (*Cook*), without notice, asked the Premier—

“ In view of the fact that the passing of the Prickly-pear Land and Forestry Administration Act in accordance with Government policy has resulted in the undeserved dismissal of Messrs. Swain and Duffy, members of the Forestry Board, and the infliction of unmerited damage to the professional career of Mr. Swain, does he propose observing the ordinary tenets of British justice by voluntarily paying compensation for terminating appointments made and accepted in good faith for a period of years from March, 1932? ”

The PREMIER (Hon. W. Forgan Smith, *Mackay*) replied—

“ The question is an assertion based on false premises.”

APPOINTMENTS TO GOVERNMENT POSITIONS  
SINCE 18TH JUNE, 1932.

Mr. TOZER (*Gympie*): I desire to ask the Premier whether he has an answer to the following question which I addressed to him on 15th September:—

“Since 18th June last, how many appointments have been made to Govern-

ment positions and in what departments, respectively—(a) permanent appointments, (b) temporary?”

The PREMIER (Hon. W. Forgan Smith, *Mackay*) replied—

“I lay on the table a return giving the information sought:—

APPOINTMENTS MADE TO GOVERNMENT POSITIONS SINCE 18TH JUNE, 1932.

Department.	REVENUE.		TRUST.		LOAN.		TOTAL.	
	Per- manent.	Tem- porary.	Per- manent.	Tem- porary.	Per- manent.	Tem- porary.	Per- manent.	Tem- porary.
Agriculture and Stock .. ..	2	1	2	2	..	..	4	3
Executive and Legislative .. ..	..	..	..	..	..	..	..	..
Chief Secretary .. ..	2	..	..	..	..	..	2	..
Home Secretary—								
Police .. ..	13	..	..	..	..	..	13	..
Charitable Institutions .. ..	14	..	..	..	..	..	14	..
Other Sub-Departments .. ..	2	..	..	..	..	..	2	..
Public Instruction .. ..	13	2	..	..	..	..	13	2
Justice .. ..	1	..	..	2	..	..	1	2
Labour and Industry .. ..	3	1	1	3	..	..	4	4
Public Lands .. ..	3	1	..	..	..	..	3	1
Mines .. ..	..	..	..	..	..	..	..	..
Treasury .. ..	4	..	2	15	..	..	6	15
Public Works .. ..	..	23	..	..	..	28	..	51
Main Roads Commission .. ..	..	..	4	..	..	..	4	..
Total (excluding Railways)	57	28	9	22	..	28	66	78
Railways .. ..	10	8	..	..	..	..	10	8
Grand total .. ..	67	36	9	22	..	28	76	86

NOTES.—

(a) Appointments of casual hands or of temporary employees for short periods of employment to cope with a temporary rush of work or to replace officers when on leave are not included.

(b) The permanent appointments do not represent additional employees as most of the appointments were made to replace officers who have been retired or have resigned. The increase in the number of temporary employees is mainly due to re-employment activities.

PAPERS.

The following papers were laid on the table:—

Orders in Council under “The Justices Acts and Real Property Fees Act of 1932.”

Order in Council under “The Supreme Court Act of 1921.”

FINANCIAL EMERGENCY RELIEF  
EXTENSION BILL.

SECOND READING.

The PREMIER (Hon. W. Forgan Smith, *Mackay*) [10.33 a.m.]: It is desirable that I should briefly review the financial emergency legislation passed in this State and the conditions which led up to the need and the urgency for such measures. It will be remembered that, owing to the fall in price levels, income in the Commonwealth of Australia diminished by £200,000,000 per annum, broadly speaking. The situation was then considered by the Australian Governments, and a certain course of action was decided upon. The action was based on a desire to bring costs into relation with the new price levels; but how far the Australian Governments have been successful in achieving that result, and how far action will still have to be taken, is rather difficult to state. The fact does emerge, however, that a continuance of the legislation has become necessary, and further amendments of the law are also required.

A period of deflation is one that is very difficult to deal with. Economists of considerable note are varied in their opinions as to what action should be taken. The Australian Governments were advised by various authorities within and without the Commonwealth, and they definitely and deliberately decided to pursue a policy of deflation, or readjustment of costs to income. I think that is a fair and reasonable outline of the position. I have always taken the view that a complete deflationist policy is impracticable, because the whole relations of trade and commerce are bound up with various bonds and contracts which make it almost impossible for a policy of deflation to be pursued with equity to all parties concerned.

The phrase “equality of sacrifice” that is so frequently used cannot possibly be put into operation unless there is an appropriate basis. There can be no consideration of equality of sacrifice where equality of income does not exist. In pursuing a policy of this kind the best that can be realised is a re-allocation of the burden and placing it on the shoulders of the people who are best able to bear it. In other words, where the sacrifice is urgent, it is necessary that it be carried out equitably and on the basis of the capacity of the individual, the company, or the organisation to make the sacrifice.

That being as it may, there can be no doubt as to the urgency of interest reduction in reference to any plan of this kind. Interest is a fixed charge on industry. It gives to the bondholder a lien on the product of labour of the entire nation, and it is a first

*Hon. W. Forgan Smith.]*

charge on production. It varies in accordance with the price level, and in accordance with the purchasing power of money. Obviously, if gold increases in value, the purchasing power of money appreciates, and price levels, or the products of labour, become depreciated in value, and the lien that the mortgagee rentier holds becomes proportionately greater.

One often hears the term "real wages." When that term is used in relation to wages, it is intended to convey the amount of goods and services that an individual can purchase on a given date for a given amount of value as compared with a certain index figure. If there be such a thing economically as "real wages," there is economically such a thing as "real interest." The problem in relation to interest that the Premiers set themselves to solve two years ago was to adjust interest in regard to national income, and in regard to the depreciated value of goods and services. Bearing in mind real interest, where depreciation of money values has taken place, obviously a reduction in interest becomes essential if the balance between what the rentier and industry itself receive is to be preserved. If the fall in the prices of goods and services is abnormal, the position obviously becomes more acute. In my opinion, that position was definitely reached in Australia when the relation of the price level to the charges made on industry was such that relief was essential, and had to be given. In many cases that was done drastically, and in a manner which formerly Parliaments had not thought of in dealing with such things. The value of money is subject to conditions over which Governments have little or no immediate control; and in normal conditions Parliament would not be called upon to deal with matters of this kind at all.

Interest can be regarded as the wages of capital. If wages or any other services can be fixed in the public interest, it is also reasonable that interest charges should be so fixed. This Bill does not propose definitely to fix interest charges; but it proposes to make effective that section of the Premiers' Plan agreed upon by the previous Government, but which has had very little operation in this State. It can be said with truth that less relief has been given in Queensland with regard to the interest burden on industry than has been the case in other States. Even in other States where more drastic action has been taken in the past that drastic action is being continued on the statute-book, and amendments are being introduced. So acute has the position become in relation to farmers' debts in New South Wales, Victoria, and South Australia, that proposals are being put forward of a far-reaching character to enable those farmers to carry on their industry. It is claimed that, if something is not done, these men will be driven to bankruptcy and off the land, with the result that the fruits of their labours of years will be sacrificed. With any legislation of this nature we have to deal with the facts as they exist—not with the point of view of endeavouring to make the facts conform to meet personal desires.

The Bill is in accord with the policy that the Labour Party put before the country at the recent election, when the question of interest was widely debated both on the public platform and in the public press. In

[Hon. W. Forgan Smith.

the policy speech that I delivered on behalf of my colleagues I had this to say—

"Whilst wages were arbitrarily reduced, a reduction in interest rates can only be effected for a limited period, and then only by cumbersome appeals to the Law Courts. . . . It will be Labour's duty to review the conditions of the Premier's Plan, and, where necessary, give relief from the interest burden where it is too great for industries or individuals to successfully carry. . . ."

This Bill is in accord with the pledge given to the people; it gives relief from interest to those sections of the people who require such relief; and it does it in such a way as to be fair and equitable to all the parties concerned. Bear in mind the proposition I enunciated at the commencement of my speech—that, if the mortgagee is able to continue receiving from industry the old interest rate based on the old price level when the price of goods and services has fallen drastically, the mortgagee is getting an advantage over the rest of the community. If, on the other hand, by a system of control such as is proposed under this Bill, the interest rate is brought into relation with the cost of other services, then the relative position of the two parties remains the same.

I put this forward at the introduction of this measure, and I may be pardoned for repeating it. If we refer to interest in terms of commodities, my case can be easily established. Take the case of a wheat farmer who borrows money on the price level existing for wheat five years ago. At the time he entered into his obligations the interest would be represented by one bag of wheat. To-day it requires three bags. The wool-producer is similarly circumstanced in that he has to provide three bales of wool where one was formerly sufficient. One might cite the position in many other essential industries, disclosing a similar state of affairs. It is obvious, therefore, that, if the farmer or other producer does not get relief, his interest burden is in excess of his capacity to pay. Only one course is open. He is forced into liquidation, a compulsory sale of his assets takes place, and subsequently there is a readjustment of capital value. The existence of bankruptcy laws in this and other civilised countries is evidence of the recognition that there is a period when capital and interest costs must be written down and a readjustment made. In dealing with this Bill and the measures contemplated I am always presupposing that the grazier, farmer, business man, or other individual is at all times a worthy citizen, willing to meet his obligations, reasonably efficient and industrious, and desirous of carrying on his business in a proper way. Granted that he is such an individual, it must then be considered whether the mortgagee shall have the right to drive him off the land by exercising his legal remedy of foreclosure. Remember, too, that he is a citizen who the public interests dictate should be kept on the land. That is the position as I see it; and it applies to industry generally. If, owing to no defects of character on the part of the individual concerned, the capital burden is greater than he can carry, it is in the public interest to bring capital costs into relation with the new price levels.

The New South Wales Government propose to extend the Moratorium Act beyond

April, 1933, which was the date fixed for the termination of that measure. That is evidence of the necessity of continuing such a measure. Similarly with regard to Victoria and the other States. Under this measure we prescribe that it shall operate until the end of 1933 or until such further period as the Governor in Council may determine. The position will be reviewed and dealt with according to the facts as they exist then.

I said a few moments ago that the methods adopted under the principal Act were inadequate to meet the needs of the situation. This Bill aims at correcting that position. The Right Honourable Winston Churchill, speaking on the Finance Bill in the House of Commons on the 12th May last, succinctly summed up the matter. In dealing with the general difficulty he had this to say—

“The money problem now dominated everything. No contracts, exertions, savings, sacrifices, loyalties, and goodwill would avail against wrongful distortion to the extent of 70 per cent. in the fundamental measure involved in the expansion of the purchasing power of gold.”

He was drawing attention to the inequity of the existing financial system. He described it admirably from his own point of view, and it is a confirmation of the contention that I put forward when commencing my speech.

The Bill extends and amends legislation enacted during the last Parliament embodied under the Purchasers of Homes Relief Act of 1930; Part VI. of the Financial Emergency Act of 1931, dealing with reduction of interest; the Mortgagees Relief Act of 1931, and the Lessees Relief Act of 1931. The original Act came into force on 18th December, 1930, and continued in operation until 31st December, 1931; but, under the power vested in the Governor in Council, that Act was extended to 31st December, 1932. It is obvious that, were amending legislation not introduced, the Act would expire at the end of the present year. This amending Bill continues the Act to 31st December, 1933, and retains the power of the Governor in Council to extend its operations in the same manner as is provided in the principal Act.

The Act of 1930 applied to a mortgagor who was a mortgagor at the date of the passing of the principal Act in 1930, and the amending Bill will apply to persons who are mortgagors as at the date of the passing of the new legislation. The Act of 1930 limited the scope to home purchasers on mortgage where the price involved did not exceed £1,250. The amending Bill extends the scope so as embrace the purchasers of homes of any value, provided the purchase money is covered under a mortgage. A condition of relief under the Bill is that the mortgagor's application must relate to a mortgage securing payment of moneys on account of the home actually occupied as the home of the mortgagor. A person who has already obtained relief under the principal Act of 1930 is permitted to seek further relief under the amending Bill. That amendment deals with “The Purchasers of Homes Relief Act of 1930,” which is amended by the present Bill. It extends the relief to that further period, and removes the limitation as to value. It applies particularly to the cases that were dealt with in the principal Act. The particular measure now under discus-

sion applies primarily to homes in which the mortgagor personally resides.

The other Act amended by this measure is “The Financial Emergency Act of 1931,” Part VI., dealing with relief from the incidence of private interest rates. The principal feature of the amending Bill in this respect is the wide extension of the application of the Act so far as the definition of “mortgage” is concerned. Under the principal Act of 1931 the scope for relief was severely restricted. The amending Bill proposes a wide and comprehensive definition of “mortgage,” to include an equitable mortgage where title deeds are deposited as security for an advance; and a hire purchase agreement is also included as a mortgage.

Mr. R. M. KING: What section of the Purchasers of Homes Relief Act is referred to?

The PREMIER: I shall refer to that when we get into Committee. I am about five laps ahead of the hon. member, and, in handling a Bill of this kind, he cannot reasonably expect me to retrace my steps and keep pace with him; but, being at all times naturally courteous and desirous of assisting hon. members of the Opposition, I shall explain to him fully that section when we come into Committee. The Purchasers of Homes Relief Act at the present time is confined to homes of a value not exceeding £1,250. That restriction is removed in the present Bill. If the hon. member cannot find the clause, or does not think it strong enough, I shall be pleased to assist him when we come to the Committee stage.

When I was interrupted, I was dealing with the more important question of the definition of “mortgage.” Hon. members will remember that in the Financial Emergency Act, piloted through the House by the present Leader of the Opposition, the definition of “mortgage” in the interpretation section was deliberately restricted. A mortgage for the purposes of the Act was defined; but the measure then proceeded to set out what should not be a mortgage for the purposes of the Act. That meant that a hardship was inflicted on considerable sections of the community, because the relief under that measure was confined to that class of debtor who had given a fixed mortgage for a fixed period of time; but a grazier, a sugar farmer, or another debtor who had given a floating charge over all his assets could not obtain any relief, the money being payable on demand. That is a method that is followed in a large number of our industries. The security is a mortgage security; but the amount of the debt is payable on demand; consequently, if that class of security is excluded from any relief that may be given, a distinction is made against a large class in the community in a manner which is not desirable. A mortgagor whose advance is payable on demand and who very likely will require relief in the same way as a mortgagor who has an advance for a fixed period is affected by the same economic causes. If there is a case for the relief of the one, there is a case for relief in general; this Bill, therefore, applies to all fixed money claims secured on mortgage, but it makes a distinction between ordinary mortgages and fluctuating overdrafts held by banks. In other words, where there was a fixed term mortgage in existence

*Hon. W. Forgan Smith.]*

on 1st July, 1931, that mortgage is subject to a reduction of 22½ per cent. in the interest rate. That is automatic, and is in accordance with the principle of the substantial reduction of interest which is an essential and integral part of the Premiers' Plan. That raises what obviously will be a ground of controversy in some quarters—the automatic reduction effected by statute. We take the view that this is a sounder method and will give more relief than the one now in existence. Under the existing law a mortgagor must apply to a court, the court varying according to the amount of the mortgage, the Magistrates Court having jurisdiction in respect of a mortgage for a given amount, and the Supreme Court having jurisdiction in respect of other amounts. Obviously an individual is not anxious to take his business to court and incur the publicity that would thus be given to his case. He also fears the possibility of reprisals. If he takes his mortgagee to court and obtains relief, pressure may be brought to bear on him in other directions. The undesirableness of these things would make him hesitate to make an application. This Bill makes the reduction automatic; but, whilst we affirm the principle that the reduction in the rate of interest shall automatically be 22½ per cent. in respect of mortgages in existence at the date I have mentioned, we have decided to give to the mortgagee the right to apply to the court on certain grounds set out in the Bill. If the reduction would bear hardly, or reductions have already been made, or there are other circumstances for the consideration of the court, the mortgagee may move the court on these grounds and have his case considered; but basically and under normal conditions the interest reduction will be automatic, and will apply to those mortgages which were in existence on 1st July, 1931. The position is this: With respect to mortgages as now defined which were in existence as at the date of the application of the principal Act, that is, on 1st July, 1931, and which are still in existence, an automatic reduction of the incidence of the interest rate of 4s. 6d. in the £1, representing 22½ per cent., will be applied, but will be inclusive of any reductions obtained either through the court or by private treaty, and so as not to reduce the interest rate below 5 per cent.

These provisions, however, do not apply to any fluctuating advance by way of bank overdraft secured by mortgage. Provisions are enacted enabling any mortgagee to apply to the court for an order modifying or excluding the operations of the provisions above described. Application must be made within three months of the passing of the Bill, and the court may make such order as it thinks just, if it is satisfied that—

- (a) The interest has already been reduced;
- (b) or the rate was fixed subsequent to 1st March, 1931, and that such rate was fixed by reason of anticipation of a general reduction of interest by legislative action, and thus provided for a lower rate of interest on such mortgage than would otherwise have obtained.

Mr. SPARKES: Will financial institutions like the New Zealand Loan and Mortgage Company be placed in the same position as banks?

[Hon. W. Forgan Smith.

The PREMIER: Does the hon. member advocate that procedure?

Mr. SPARKES: Yes; to a certain extent, because those financial institutions make advances in a somewhat similar manner to banks.

The PREMIER: They will not be placed in the same category under this Bill. The hon. member for Dalby suggests that these institutions which make advances should be placed in the same category as banks; but the suggestion will not bear very close investigation. The financial institutions referred to are not compelled to assume the obligations of a public character imposed upon a banking institution. A bank must comply with the statutes deliberately framed for the protection of public interest, and the manner in which a bank can obtain funds and lend them is subject to statute law. In addition, a bank is liable to pay on demand a very large proportion of the funds available for loan purposes. On an examination of the suggestion of the hon. member for Dalby it will be found that no analogy exists. If these financial institutions are conducting their businesses in a manner similar to a banking institution, then that case can be argued; but I submit that financial institutions working on share capital and engaged in certain business are not in the same category as banks, which must conduct their business in accordance with a specially framed statute law.

Provisions are contained in the Bill enacting that there shall be no retrospective reductions. In other words, automatic reductions in the incidence of interest made under this Bill will apply only to interest accruing due after the passing of the Act. Institutions who have already reduced their interest charge in accordance with the Premiers' Plan have nothing to fear from this Bill. All fixed money claims shall be reduced by the stipulated 22½ per cent., but so as not to reduce the interest rate below 5 per cent. That is the basis of the scheme. If the financial institutions for whom some hon. members have so great a regard have reduced their interest charges in accordance with the scheme, then no further reduction can be effected, and they need have no qualms about the passage of this Bill.

The reduction will continue during the period of the mortgage unless the court otherwise directs. Any order of the court excluding or modifying the automatic reduction will continue during the period of the mortgage, unless the court otherwise directs. Every reduction of interest shall also relieve the guarantor to the extent of such reduction. A considerable amount of business is transacted upon the basis of guaranteed accounts. Any relief that the private debtor obtains in the way of interest reduction applies also to the guarantor, who is relieved by a similar percentage.

Preference shareholders are also dealt with in the Bill. A company or shareholder in a company may apply to the court within twelve months of the passing of this measure, or such extended time as may be prescribed by Order in Council, for an order reducing the rate of interest on preference shares. Application must be made to the Supreme Court, which may reduce the interest by 22½ per cent. or less. The court is granted discretion in the matter, and, in dealing with such applications, may have regard generally to the provisions of the

financial emergency legislation. All mortgages which come within the scope of the new definition, and which were entered into after 1st July, 1931, are subject to the following condition:—

“The automatic reduction of interest will not be applicable in these cases, but the mortgagors will be enabled to apply to the court for an order of relief.”

This also applies to bank mortgages on demand and to fluctuating advances by way of bank overdraft, whether or not such mortgages and advances were effected prior to 1st July, 1931, or otherwise.

Special provision is made for cases in which the rate of interest is not readily ascertainable; that is, in the case of instalment payments. The court will have power, on the application of either party, to make the requisite order in such cases and the necessary adjustments. There can be no doubt at all about the equity of such proposals. In the last few months I have seen contracts for sale and hire purchase agreements that have been entered into with people where the rate of interest has been as high as 14 per cent. and in some cases 16 per cent. Any number of those documents are in existence. They are, obviously, most inequitable, particularly having regard to the fact that it is a class of business frequently done among the poorer sections of the community and entered upon by people incapable of studying a document of that character and working out what the rate of interest is.

Mr. MAHER: It is a risky business.

The PREMIER: It is; and we are giving people protection in regard to some of the risk.

Mr. MOORE: It would be a good thing to stop it altogether.

The PREMIER: I have frequently advocated that myself. There are, of course, certain activities whereby business can be quite legitimately carried on under the system of hire purchase agreements or other types of contract of sale which are in existence; but there are cases where business of that character encourages people to enter into liabilities which are beyond their capacity to meet. In such cases the system is not conducive to sound and well-ordered business. This Bill deals with contracts of sale, and the court has power to make all necessary adjustments. Quite recently I had brought under my notice two cases of contracts of sale for the purchase of a home. In one case the purchasing price was £850. There was no provision preserving the equity of the purchaser, and the vendor entered into possession after about £450 had been paid off the liability. The other case was of a somewhat similar character, and also involved hardship. It might be a good idea for the Government to legislate for that class of business as part of the general law, but not as a part of this Bill. This legislation would preserve the equity of hire purchase agreements and any contract of sale, but will do away with difficulties such as those to which I have just referred.

“The Mortgagors Relief Act of 1931” is also amended by this Bill. The principal Act of last session conferred jurisdiction upon the court, enabling the postponement of the exercise of the power of sale by certain mortgagees under mortgages then existing

securing fixed liabilities. The Act came into force on 1st August, 1931, and provided that it should continue in operation until not later than 31st December, 1932. This Bill extends the operations of the Act to 31st December, 1933, and contains provisions for its extension by the Governor in Council for a further period subsequent to the date mentioned. Any mortgage to the Crown or anybody representing the Crown is exempt, but it shall apply to the Public Curator. That is a new provision.

A limitation of the principal Act was that mortgages payable on demand were specifically exempted. This Bill will include such mortgages as well as hire purchase agreements and equitable mortgages in the same manner as those instruments have been brought within the ambit of the interest reduction provisions of the financial emergency legislation envisaged in the Premiers' Plan.

The Act of 1931 applied to mortgages in existence at the commencement thereof. This amending Bill confers jurisdiction upon the court to deal with mortgages executed since that date and in execution at the date of the passing of this Bill.

Under the principal Act the rights of a mortgagee to exercise any power of sale, rescission, or entry into possession, conferred by such mortgage, were limited, in that notice was required to be given to the mortgagor of the intention of the mortgagee to exercise his powers referred to. The mortgagor could then apply to the court for an order seeking relief, and the relief which the court was empowered to confer was outlined in section 8 of the Act. In its absolute discretion, the court was empowered to order, subject to such terms and conditions as it might think fit to impose, that the mortgagee should not, before the date specified in such order (being not later than twelve months after the date of the mortgagor's application for relief) enact or exercise any power save by leave of the Supreme Court. At any time before the date specified in the order of the Supreme Court the mortgagor could apply for an extension of the order to date not later than twelve months after such specified date. The court was empowered to grant any such extension, and to impose such terms and conditions and variations in the terms and conditions of the original order as it might think fit.

The amending Bill provides that the rights of a mortgagee to exercise any power of sale, etc., or to issue any process of execution in pursuance of any judgment are limited in the following additional respects:—

“(c) Call up or demand payment from any mortgagor of the whole or any part of the principal sum secured by the mortgage; or

“(d) Appoint a receiver or take any step to have a receiver appointed.”

In effect, therefore, before exercising any of the powers just referred to, a mortgagee is required to serve notice upon the mortgagor, who, in turn, is eligible to apply to the court for relief, which relief may take the form of postponement of action for a time, or an extension of time for repayment of principal or a period when interest only is payable, the funding of arrears or relief from covenants. By “covenants” we have

*Hon. W. Forgan Smith.]*

in mind stipulations with regard to repairs, painting, etc., of buildings.

It will be seen that the moratorium provisions are continued and extended in many other directions hitherto not dealt with. Briefly stated, when this measure comes into operation no mortgagee may exercise his right to enter into possession without the mortgagor having a right to apply to the court for an order setting out the conditions under which certain things may be done.

Mr. MOORE: It could be done under the principal Act.

The PREMIER: But this Bill extends the provisions to other forms of mortgage not hitherto dealt with. This limited moratorium will apply not only to graziers and farmers, but to city businesses as well. Hitherto the relief granted under this legislation was restrictive in character. The Bill removes those restrictions, and affords similar advantages where conditions are the same. If it is deemed undesirable to foreclose on a farmer under certain circumstances, we think it is also inadvisable to foreclose on a manufacturer in like circumstances, particularly where the manufacturer is carrying on his business in a proper manner. The Bill contains special provisions in regard to cases occurring between 1st July, 1932, and the passing of this amending Bill. If, between the dates mentioned, any mortgagee has commenced any action, such as calling up a mortgage, entering into possession, etc., in respect of a mortgage to which the principal Act would have applied if it had been passed as now amended, the mortgagor can apply to the court for an order for relief to the extent the court deems fit. Such applications must be made to the Supreme Court, and must be made within one month from the passing of this measure or within such later time not exceeding three months as the court may direct. But in cases where the property in question has been sold pursuant to the mortgagee exercising his powers of sale and the transaction has been completed, no order for relief can be made. We cannot resurrect an old debt, but we are making provision to maintain those that are now in existence.

Section 13 of "The Mortgagors' Relief Act of 1931" provides that any mortgagor covered by the Act can apply to the court for a review of the conditions of his mortgage. In determining whether relief shall be granted to the mortgagor, the court is empowered to take into consideration certain factors. The amending Bill prescribes the following further conditions which the court shall consider in any such application:—

"The nature of the mortgage, including the nature of the security for the mortgage concerned.

"The extent to which relief has been granted pursuant to any order of the court or pursuant to any voluntary relief granted by the mortgagee."

Obviously there are types of securities that fluctuate in value, and the court should be empowered to deal with each case on its merits. If a matter is before the court where the security is of a fluctuating value, such as stock, then the court has power to take the circumstances into review.

The extent of the relief that may be granted on a mortgagor's application is outlined in  
[Hon. W. Forgan Smith.

section 13 subsection (3) of the principal Act, in the following directions:—

"(i.) An extension of the period of repayment of principal due under mortgage;

"(ii.) In respect of an agreement for the sale and purchase of land an extension of the period for payment of purchase money;

"(iii.) The making of interest only payable, and a period within which interest only shall be payable;

"(iv.) The funding of any arrears of instalments;

"(v.) Relief from such conditions as related to painting, repairs, and other conditions of the mortgage."

"The Lessees' Relief Act of 1931" is also extended by this Bill. The principal Act applied to leases entered into before 1st August, 1931, and was to be continued not later than 31st December, 1932. The amending Bill extends the operations of the Act to 31st December, 1933, with a proviso that the Governor in Council may further extend the Act with additions and modifications.

Leases from the Crown or anybody representing the Crown are not covered by the Act; but the amending Bill brings the Public Curator within the scope of the measure. The Government take the view that, where the Public Curator is not representing the Crown, but engages in business similar to a private company, the relief interest-payers can obtain from private companies should also be obtained from the Public Curator. Under the principal Act a lessee was allowed within six months after the passing of the principal Act to apply to the court for a measure of relief in respect of his lease. The amending Bill allows a period of eighteen months after 16th December, 1931—the date on which the principal Act was assented to—in which to apply for relief. The principal Act limited the period of relief to the period that the Act remained in force. That is to say, any relief obtained by a lessee from the court under the Act would automatically expire at the end of December, 1932. The amending Bill extends the period of relief to a period not greater than three years from the date of the order of the court granting the relief.

The Bill also contains provisions for a lessee who has already obtained relief to make a further application to the court; and the court is empowered to grant relief to the total extent of 4s. 6d. in the £1. As in the part of the Bill dealing with relief from private interest, provision is also made that any reduction made by the court shall not be retrospective; that is to say, it will only operate after the passing of this Bill. The Bill will also apply to leases entered into subsequent to 1st August, 1931, and in existence at the date the Bill is passed.

I have outlined in a fairly full and comprehensive fashion the main provisions of this Bill. It will be noticed that, while the rates of interest are reduced, quite a variety of subjects is dealt with; but the Government take the view that the Bill provides relief which is urgently required. The Government also claim that the circumstances of the country are such that the amounts payable in interest must be speedily reduced. That, briefly stated, is the aim and object of the Bill. It is desirable that not only shall interest rates be reduced in conformity

with new price levels, but it is also desirable that the further principle should be established that the men carrying on the industries of this State shall be protected in order that they may continue to be reasonably industrious and efficient; and for that purpose they shall not be foreclosed upon or driven out of their business, but, on the contrary, they shall be aided over the difficult period in a manner which is equitable to the parties concerned. I move—

“That the Bill be now read a second time.”

Mr. MOORE (*Aubigny*) [11.25 a.m.]: I recognise that under abnormal circumstances—and abnormal circumstances certainly now prevail—Governments take action which they would not take under normal circumstances. We have to recognise that the course of action adopted to-day is really only a continuation of the action taken by the Queensland Government before any other Government in Australia. Nine months before there was a Financial Emergency Act, or before there was any suggestion of a general reduction of interest, the late Queensland Government brought in a Purchasers of Homes Relief Bill and a State Housing Relief Bill, and took other action in the wool relief scheme to secure a reduction of interest, because we recognised that some relief should be given to persons in difficult circumstances. I have no great objection to the Bill. The Premier said that a large number of persons—I rather doubt the large number—did not take advantage of the opportunities we gave to secure relief. That is not the fault of the Government, but the fault of the individuals concerned; and, if the Premier is correct in his statement that a large number did not go to the court for relief because they would have to expose their business in open court, assistance, of course, could not be given. But we have to remember that it was optional for them to have their cases heard in chambers, so that in those cases there would be no publicity. In fact, when the Bill was originally being considered by this House, the present Home Secretary, the hon. member for Ithaca, was anxious that there should be publicity in all cases so that the prospect that a case would be heard openly would cause the mortgagee to be less anxious to go to court, and more likely to come to terms with his mortgagor. As a matter of fact, the great majority of the reductions of interest have been made by private agreement. We have to recognise, however, that it is a system that does not work both ways. When prices are bad and people are in difficulties, they demand reductions by Act of Parliament; but I have never heard any squeal coming from persons who had entered into obligations when times were not so good, but, when times became good and prices were big, thought that their mortgagees or bondholders should secure a better return. There is no occasion for sneering at the man who lends money, or for calling him a bloodsucker. He performs a very useful service in the community by enabling other persons to carry on their individual industries. In fact, it is due to the attitude and assistance of those who have lent money that we have been able to carry on our business in difficult times. We want to be quite sure that interference is not going to have a detrimental effect on industry. We have to recognise that there are many difficulties to be faced; and it is a debatable point just how far the Government should

interfere with private contracts. We know that there are cases of hardship; but there are cases of hardship in many other spheres of life besides the borrowing and lending of money; and we need to be perfectly sure that we are not taking any action which will make it impossible for the individual who has an inferior security to obtain money at all. We want to be quite sure that people and institutions will not raise the rates of interest in anticipation of similar measures to this being introduced later on. When the late Government passed legislation similar to that now before the House, it was the first of its kind ever passed in Australia, enabling a Government to interfere with private agreements and private contracts. We must be very careful and consider the effect of this legislation. The Lessees' Relief Act passed last year provides—

“This Act shall only apply to leases entered into before the first day of August, 1930, and existing at the time of the passing of this Act.”

The mortgagors' relief section of the Financial Emergency Act provides—

“This part of this Act shall apply to all mortgages existing at the coming into operation of this part.”

The Mortgagors Relief Act provides—

“This Act shall apply to all mortgages as hereinbefore defined, except mortgages executed after the commencement of this Act.”

The Bill provides that a mortgagee can advance as a reason why the interest rate should not be reduced the fact that he had reduced the rate of interest in anticipation of a general reduction by legislative action. Nobody anticipated that there would be any further legislative action, because the legislation referred to above specifically stated that the provisions were to apply to the mortgages existing at that time, and were not to apply to future mortgages. That being the case, it is useless to provide that a mortgagee may approach the court and advance the reason that he had reduced interest in anticipation of legislative action. He did not do it in anticipation of legislative action. It is necessary that legislation of this class should be equitable in its operation, and it should not interfere any more than is necessary with private contracts. It will always have a disturbing effect upon business; and that will make it more difficult to secure the necessary money to enable people to carry on. It will probably result in interest rates being increased rather than decreased, and we do not want to bring about that position. People will be afraid of further legislative action, and will invest in Government loans rather than risk their savings in the expansion of industry. That is a danger that must be faced. There are quite a number of people who are prepared to invest their money in mortgages, recognising the risk that will ensue; but, if they are to carry the added risk of further legislative interference with contracts, then they will restrict their operations, which will, in turn, retard the development of industry. They will confine their operations to investment in gilt-edged securities; and we should not encourage that kind of thing. We should encourage people to invest their savings in the development of this country.

*Mr. Moore.*]

The Premier stated that this Bill extended the operations of the Purchasers of Homes Relief Act, but he must have made a mistake. The Bill provides that sections 3 and 4 are renumbered. Subsection (3) of the Act referred to above provides—

“This Act shall apply only where the total contract price of the purchase of the land and improvements constituting the home of the mortgagor (including any deposit and/or mortgage or unpaid purchase money) does not exceed in the whole the sum of one thousand two hundred and fifty pounds.”

These are renumbered 4 and 5 in the Bill.

The PREMIER: If you will read that in conjunction with the new definition of “mortgage,” you will get your answer.

Mr. MOORE: I do not get the answer. The new definition of “mortgage” is merely extended; the first part is the same. It is extended a little to cover a wider sphere.

The PREMIER: No. The people who were excluded from the operations of the Purchasers of Homes Relief Act can now get relief as ordinary mortgagors.

Mr. MOORE: What objection is there to the present provision, which says that the law is to apply only in the case of homes that do not exceed a value of £1,250?

The PREMIER: To provide a cheaper and easier procedure.

Mr. MOORE: It is a most misleading procedure, and not an easier one. The definition of “mortgage” as contained in the existing law was one unanimously approved at the Premiers' Conference, after consultation with the parliamentary draftsmen of two of the Australian States and the Commonwealth Attorney-General and draftsman. It was a question of deciding upon a suitable definition to cover all requirements. A model draft Bill was submitted for consideration by the various officials at the Premiers' Conference, and a definition was ultimately agreed upon unanimously. If the definition was not suitable, or did not go as far as was deemed advisable, then it could be amended, but it was deemed advisable not to make it too wide.

I have no great objection to the automatic provisions of the Bill. When the legislation was first passed, the position was somewhat obscure, and it was necessary to proceed very carefully. We were anxious to cause the least amount of disturbance to industry by enacting the most suitable provisions.

I must congratulate the Premier upon one thing, and that is his adaptability. Last year when we introduced the Financial Emergency Bill, the hon. gentleman poured out the vials of his wrath in regard to some of its provisions. He said—

“I am definitely opposed to this clause because it affirms what we consider a very vicious principle. It re-enacts the Salaries Act passed last session, and legalises anything that has been done under it so that we are asked to reaffirm the principle of that measure. It also reaffirms the entirely wrong principle of fixing wages in the public service without reference to the Industrial Court. We on this side believe in the principle of Arbitration Courts and hold that Government employees should have their wages fixed on the same basis as employees outside the service.”

[Mr. Moore.

It seems rather extraordinary that, when the hon. gentleman is bringing down this amending Bill, he should not alter all those other sections whose enactment he then so strongly condemned. It only goes to show that he has altered his mind. Responsibility has shown him that what our Government did then was justifiable and right. If not, there would be an amendment of those sections just as there have been amendments of other sections of this and other Acts. When one takes into consideration the expressions of members of the Government party when on this side of the House and their condemnation of the inequity of the action of the Government of the day, it does seem strange that, if those sections were so bad, they have not taken the trouble to alter them. This all shows that in difficult times Governments must do things that are unpopular, but which are in the interests of the whole community, and that, when a party is weighted with responsibility of government, it is compelled to legislate not for a section but for the whole community. It is difficult to make a general rule as regards a reduction of interest and whether it should be made compulsory, because the conditions are so different. What might be quite fair in some cases might be quite unfair in others. We quite recognise that there are poor people who have been left a cottage, or perhaps a house, and are unable to live in it and let it for income purposes, and that it is in some cases their whole source of income. The fact of having such a property might deprive them of the right to receive the old age pension; but it is much more harmful to that section of the community to have a drastic reduction of 22½ per cent. applied to them than it is to the person who is leasing a house as a business proposition. It must be recognised that exactly the same principle applies in these cases as others. These people will be hesitant, through ignorance probably, of going to a court for fear of exposure. All these things would be better left as they are. They could then be dealt with by a judge in chambers, where both sides could put the facts of their case before him. We have to recognise not only the rights of the borrower but also of the people who lend. They also have rights.

It is all very fine to sneer at financial institutions. The Premier said that I was a friend of financial institutions. I quite admit it. I recognise that some of these financial institutions have been of great benefit in developing many portions of our State, particularly the pastoral districts, which could not have been so developed but for their operations. They assisted in every possible way in stocking pastoral properties and carrying them on. All of these institutions are not in the same position. Some of them are working on 4½ per cent. and 5 per cent. debentures and paying the interest to their debenture-holders overseas. If they are not solvent, then they will not be able to meet their obligations. I am not quite clear as to how far this Bill goes—whether it goes as far as the Act in New South Wales, and whether it applies to debentures held overseas by the head offices of the financial institutions which have branches in Australia. If so, then I fear that the operations of the measure will interfere with our credit. These debentures are held overseas on a definite understanding; and, if we interfere by compulsion with the rate of interest, it will make further money

for the development of this country exceedingly difficult to secure. I am unable to gather from the Bill how far it goes in that direction. Does the fact that a company may have an office in Brisbane mean that this provision for the compulsory reduction in the rate of interest on debentures applies? Debentures in some cases are the first claim on a business. We must also recognise that many of these financial institutions occupy similar positions to banks. Individuals are granted overdrafts, interest on which is reckoned on the daily balance only, and they draw cheques against the institution in exactly the same way as they would on a bank. It seems to me that those people who are carrying on business in that way are just as much entitled to similar conditions to banks. The differentiation makes it difficult, not only for them but for those who are anxious to secure financial accommodation with which to carry on their activities. That is the most important point. Are we not going to make it more difficult for people to secure financial accommodation if we interfere in this way? The matter requires serious consideration before we go too far. It must be recognised that people who have been thrifty and have savings to invest look to the safety of the investment. That is the reason why we are not justified in going so far in regard to preference shares. After all, preference shares are issued as the outcome of an agreement between two classes of shareholders. More capital is required for a business, and the ordinary shareholder considers the advantage of getting the additional capital. Moreover, the amount of dividends that the ordinary shareholder may receive is not fixed. With the preference shareholder, however, the return by way of dividends is definitely stipulated. In many cases the ordinary shareholder gets considerably more in dividends than the preference shareholder.

Mr. WATERS: Not in the general run of business.

Mr. MOORE: In many cases he does. The ordinary shareholders are the persons who make the application for the new money, believing that they may get a greater return by extending the operations of the company. The limitation of dividend in the case of the preference shareholders may extend for three or four years, whereas there is no limit to the amount that can be paid to the ordinary shareholder. One aspect of the matter which must not be overlooked is that there are many companies in Australia whose preference shareholders are citizens of this country, but the ordinary shareholders are resident overseas. It will certainly be to the disadvantage of the Australian shareholder if this provision in the Bill is allowed to operate. These are matters which require to be carefully considered before any action is taken.

The Bill stipulates that the reduction of interest shall apply during the continuance of the mortgage unless the court otherwise directs. In the case of a lease the maximum period is three years. I cannot understand why the distinction is made. There should be a maximum fixed. After all, this is only emergency legislation designed to deal with emergency conditions. It should not be possible for a court to give a reduction of interest for the whole period of the mortgage. Some limitation should be imposed. If necessary, a further application could be

made to the court at the expiry of a specified period, as in the case of the leaseholder.

I cannot see the object of allowing a mortgagor and a mortgagee who have already submitted their case to a court and who have been given a decision in the matter to resubmit that case. Either that means that there is new evidence to be brought forward—which is unlikely, because conditions have not materially altered in the interval—or it is a direction to the court that it has not done its duty and should grant a further reduction. It seems to me that, if the court has given a decision, that decision should stand. If later on the same conditions operate as those which justified a reduction, then that reduction may continue to operate; but to say to people that they may go to the court again, probably in the hope of getting a further reduction, is to incur extra expense and to suggest that the court had not carried out the duties imposed upon it. That seems to me to be a redundancy in the Bill.

The reduction of interest on overdrafts is being brought under the Act, but I do not think it is going to make very much difference. Most of the banks have reduced their interest by 18 per cent., and further reductions are anticipated. We have to recognise that at the time the original Bill was introduced it would have been most inequitable to reduce the rate of interest on overdrafts by 22½ per cent. All the banks had definite agreements with their clients at fixed rates of interest; and you could not compel the banks to reduce their interest rates on overdrafts until their agreements had expired. That was recognised at the Premiers' Conference; and, when South Australia passed a Bill not in conformity with the agreement arrived at at the conference, Mr. Theodore was most insistent that it should be altered, because, he said, the banks had made agreements, and, if they were to bring in legislation which would alter those agreements in any way, it would act detrimentally to the Commonwealth and make the position much more difficult.

There is not very much more in the Bill. It practically provides an extension of the time that the principal Act shall operate. It certainly widens the position a little bit in some cases; but I do not think that the definitions of "mortgagee" and "mortgagor" are any better than those in the present Act except that they contain a lot more words. The original Act makes it perfectly definite that the mortgagor is the person who owes something to the mortgagee; and, if you put in a whole lot more words and make all sorts of conditions, it does not make any difference in the liability, and it does not make any difference to the mortgagee. It is redundant, and makes it much more difficult for people to understand.

It may be quite all right to give protection in regard to some hire purchase agreements. That refers particularly to machinery, which people purchase on terms to assist them in making their living, such as harvesting machinery, etc.; but it is a very moot point whether it is desirable to interfere with hire purchase agreements that apply to luxuries. A great deal of our trouble at the present time is that people have purchased all sorts of expensive things that they really cannot afford because the terms and conditions were favourable. I do not know that people should be protected

Mr. Moore.]

when they have purchased things of that sort. I have seen people purchase pianos, wireless sets, motor cars, and other expensive luxuries on the hire purchase system. If people like to purchase things like that, it is their look out; and I do not know that they are entitled to a great deal of protection; but I do think that people who purchase machinery to enable them to carry on their business and extend their operations are entitled to every protection we can give them. It would be a great deal better if a lot of people got a severe lesson in regard to the purchase of luxuries on terms. People who sell luxuries on the hire purchase system induce people who cannot afford it to undertake responsibilities that they would never dream of undertaking under ordinary conditions. I have had several cases brought before me where people have purchased expensive motor cars when they have no possible hope of paying for them, even if conditions had remained normal. They placed a rope round their necks and mortgaged their homes with the definite idea of purchasing luxuries.

I do not think there is anything further in the Bill that I need to go into now; but there are some matters upon which I would like to get more information at the Committee stage. The only thing I am surprised at is that, when the Act is being amended, it appears that the person who lends money for the development of this country is not being given one fraction more consideration than sellers of luxuries. But what is more conspicuous than anything else is the fact that the principles of the Act to which exception was taken by hon. members opposite on the last occasion, when they poured out their vials of wrath against those principles being put in, are not being altered by this measure. The Premier got quite heated on that occasion about the question of the reduction of endowment to universities and hospitals.

The PREMIER: The clauses you put into the Bill on the last occasion enable the Governor in Council to do anything he wants to do.

Mr. MOORE: There was nothing in the Salaries Act about continuing the reductions; but the Premier is continuing the principle we introduced.

The PREMIER: We stopped the rot.

Mr. MOORE: He is carrying on in exactly the same way. All the things they complained about when we introduced them they are continuing. The unemployment relief tax is being carried on in the same way as before, and the Government have increased the tax.

One of the definite promises made by the Government during the election campaign was that the first thing they would do would be to restore the 44-hour week and put all those people who they said were industrially outlawed back under protection of the Industrial Court. We limited the operation of the Act to one year, as we recognised that the matter would have to be dealt with later on, and then the Act was extended for another year. I think it is right that it should be made to operate for only a limited period. The only thing I hope is we are not going to have a continuation of this measure. If people think that at the end of each year the Government are going to extend it for another year and that it is also going to

[Mr. Moore.

apply to mortgages made after the passing of the Act, there will be such a feeling of insecurity created that it will create grave disquiet, and it will have the effect of raising the rate of interest. The Bill should follow the same line as we specifically set out last year, and not apply to any contracts made after the passing of the Act. The Bill is applicable to mortgages existing at the time of its passage. This is having a most disturbing effect on the community, and making it more difficult to get money. We want to make it more easy for people to secure money, and more attractive for them to invest their savings in undertakings for the development of this country rather than put it into investments that will not assist in that direction. Anything tending in the opposite direction is detrimental to the community as a whole. We need to make it perfectly clear that, when this Bill is passed, persons who have worked on the basis of its provisions will not be affected by another similar measure in twelve months' time. They know the position now; and we must remember that it will make it very difficult if a feeling of insecurity is caused. It will not induce people to lend money to persons in this country if they know that the contracts they enter into may be absolutely broken by the persons who borrow their money. That is one of the main objections to the Bill; and we should not do anything that will make it appear that people who enter into contracts need not keep them.

HON. W. H. BARNES (*Wynnum*) [12.2 p.m.]: The Premier this morning stressed the necessity for equality of sacrifice; but it is very difficult to get at what equality of sacrifice really is. The hon. gentleman endeavoured to make it appear that a certain section of the community did not realise the necessity for it. I take it that it is quite impossible to have equality of sacrifice all round. In some cases sacrifice simply cannot be made under any circumstances, simply through inability or lack of means to give it. There is no doubt that the Premier is becoming more and more adept in trying to use one section of the community against the other. He argues, as it were, "We on this side are the only people who have any feelings of compassion for the people who are needy, and hon. members on the other side are devoid of any regard for the sufferings of humanity." The way in which the hon. gentleman stresses that point of view is simply wonderful.

Following the Leader of the Opposition, let me say at the outset that the Loan Council and the Premier's Conference opened a very dangerous door indeed in opening the door to measures of this character by compelling the bondholders to take less interest. I was a party to it; but the circumstances which existed in Australia at the time were such as to make it necessary. I would say to the Premier that his is a Government controlled very largely by outside influences—influences not swayed by the Government—and I would ask him whether, having taken one step, it is not possible that those influences may require him to take many more?

The Bill opens up another very dangerous door. If Australia is going to recover financially—

Mr. G. C. TAYLOR: You are an optimist.

HON. W. H. BARNES: I am glad the hon. member realises the exact truth. If Australia is going to recover financially, it will recover not so much by Government help as by the efforts of private enterprise and the assistance of people who are prepared to invest their money in helping the industries of the State. Governments should be allowed to carry on their normal work, and seek to lift Australia out of the depression by giving free rein and encouragement to the enterprise of its people. There is a feeling of uncertainty in the minds of prospective investors as to what is to happen next. That must be detrimental to the very best interests of Australia. I speak as an Australian and one who is most anxious to help Australia.

The Premier also used a very dangerous contention when he suggested that interest rates should be determined in accordance with the price secured by the borrower for his products. He referred to wheat, and suggested that, if the price of wheat per bushel fell in the market, there should be a corresponding reduction in the rate of interest upon the loan involved.

Mr. BEDFORD: Of course.

HON. W. H. BARNES: Who is prepared to lend money under those conditions? It is not possible to lend money unless the rate of interest is fixed. I do not argue that the rate of interest should be high. If the rate of interest were 5 per cent., and wheat realised 4s. per bushel, then, according to the Premier, if the price of wheat fell to 3s. per bushel, the interest rate should be reduced to 2½ per cent. Who would lend money under those conditions? That would tend to the serious embarrassment of the borrower. To carry the contention to its logical conclusion, it would be necessary to increase the rate of interest to 7½ per cent. if wheat rose to 6s. per bushel.

We must be very careful in this Assembly to see that we do not seriously embarrass those engaged in primary industries. We are all agreed that the primary producer must be protected as far as possible. We cannot hope to get very far if he is not protected. The Government have stressed the necessity for placing people on the land. The Secretary for Labour and Industry has stated that 1,000 people are to be placed on 1,000 farms. If we are to recover, then the recovery must take place first in the country. To-day there is a tendency for people to migrate to the city under the belief that the city provides greater opportunities for employment. This morning the Premier stated that a number of people experienced considerable difficulty in meeting their financial obligations; and he referred to the fact that outside organisations were pressing for payment. I would remind him that, as Treasurer, he is subject to considerable financial embarrassment in his position by the inability of people to meet their liabilities to the State.

The PREMIER: That is part of the embarrassment of a Treasurer now. If the people paid the whole of their obligations to the Crown, the Budget position would be a good deal better.

HON. W. H. BARNES: There is no need for the Premier to tell me that. My experience at the Treasury taught me that, generally speaking, there is a greater desire to push Governments for concessions than there

is to push private individuals. If the proposals submitted are carried out, then it will be necessary to extend them in other directions.

The Premier made reference to the very heavy interest charges which are made by some people. The Leader of the Opposition also made reference to people who bought motor cars on long terms. If I had my way, I would legislate to prevent people from mortgaging their homes in order to purchase motor cars. One of the banes of our society is the good salesman who, when times were good, induced people to enter into contracts for the purchase of motor cars, which in turn meant the mortgaging of the homes of the buyers. It is disastrous and very much against the best interests of the community that any citizen should mortgage his home in order to buy a motor car.

The provision that brings the Public Curator within the scope of the Bill is only fair. After all, the Bill very largely carries out what was done by the party with which I am associated when we introduced legislation in 1930 and 1931 prior to the Premiers' Conference which suggested that it should be passed. That legislation was in anticipation of the financial needs of the people and for the general good of the community. Our legislation in 1931 in this connection was very largely based on the principle of the New Zealand Act, and strove to assist people who were in very great need.

What is the reason to-day for the position in which we find ourselves financially? Is it not very largely the result of the low prices ruling for our primary produce and stock? Hence the necessity for this legislation. Australia would be in a very much better position to-day and would be very much surer of her future if there was some assurance that prices of produce would increase.

We have to face this difficulty in another direction. There is a trend right through the world to-day not to increase but to decrease prices. Very frequently the buyer has been most considerate in that he has not advocated a greater reduction in prices because he has recognised that this is a time of crisis. There will be no real financial recovery until prices improve. The Act which was introduced by my leader gave a very wide scope, and left it optional to the party concerned to apply for relief. It provided that persons desiring relief in respect of amounts of more than £2,500 must make application to the Supreme Court, but, if relief were needed in respect of amounts of £2,500 and under, application was to be made to a magistrate. There is no doubt that, while other States have passed similar legislation, Queensland was the first State to move in the way of protecting her people in this direction.

A great deal has been said this morning about publicity. In similar legislation in South Australia a penalty was imposed for anything in the nature of publicity.

A useful provision in the Bill is that which protects persons who are jointly liable with others. There are a number of very useful and helpful clauses in the Bill. The widening of the definition of "mortgage" is a wise move, provision being made to assist those who were not helped in the past. The measure is more a lawyer's Bill than a layman's Bill. Very largely it is a Committee Bill,

*Hon. W. H. Barnes.]*

and there are matters on which we may obtain information at the Committee stage.

Can the Premier tell us what effect the existing and the proposed legislation will have? Will it have the effect of restricting advances? I take it that no hon. member desires to hinder a person who desires to obtain financial accommodation from banking institutions. Perhaps the hon. gentleman will tell us shortly whether this legislation will have the effect of tightening up or loosening money.

The public will no doubt welcome the Bill. They will feel that it is giving relief from many of the difficulties which exist. I take it that the Premier will be prepared to accept amendments which are considered fair and equitable. With that proviso I shall be prepared to support the Bill.

Mr. WATERS (*Kelvin Grove*) [12.18 p.m.]: I welcome the Bill, because it is very necessary and desirable that in a time of national crisis interest rates should be treated in the same manner as the late Government treated their employees when they subjected them to an automatic reduction in wages without recourse to a tribunal. The late Government were not concerned about the capacity of those people to meet the obligations entered into under contracts when conditions were different; they inflicted upon them the cut in salaries and wages that the Premiers' Conference ordered. In this particular measure the Government seek to right the wrongs of the late Administration. They propose to carry out that essential part of the Premiers' Plan which provided that interest should be reduced by 22½ per cent. Personally I am in favour of a uniform rate of interest being charged. I trust that one effect of this measure will be that a uniform rate of interest on mortgages and bank overdrafts will operate, as I believe that will be for the benefit of the public and be more desirable in the long run.

It was rather refreshing to hear the Leader of the Opposition admit that he was a friend of the financial institutions. His speech certainly suggested that. He said there was not any squeal in good times from those people who at present are seeking relief; and there was never any squeal in the good times from the friends of the Leader of the Opposition when prices were rising, although wages increased at a very slow pace. In those days the workers lost a good deal through the fact that a certain time had to elapse before the index figures showed a sufficient rise to justify the workers again approaching the Arbitration Court. In those days the workers did not squeal, although the friends of the Leader of the Opposition and financial institutions generally were getting the best end of the stick.

The Leader of the Opposition uttered another gem of wisdom when he said that the progress of our civilisation had been made possible by the savings of the thrifty. He went on to suggest that it was a debatable point whether a Government should interfere with private contracts. There has never been any regard by the exploiting class as to whether contracts between employees and employers should be broken at will. I think the hon. gentleman's solicitude for private contracts is rather out of date.

The principal feature of this Bill is that it provides for an automatic reduction of interest. After the principal Act had been

in operation for a certain time, as a member of the Trades and Labour Council, I accompanied a deputation to Mr. Moore, the then Premier, to ask for an automatic rate of interest. At that time I pointed out that people were loath to place their private sufferings before any magistrate as a certain amount of publicity would result from it; but Mr. Moore, as the executive head of his Administration, refused the request, and contended that the facilities then available were sufficient to cope with all requirements. It would be interesting to know the number of cases in which interest was reduced voluntarily and the number of cases in which it was reduced as a result of applications to the different tribunals during the currency of the Moore Administration. On investigation it would be found that very few contracts indeed were altered during the late Government's term of office beyond those relating to house purchasers. I found when going round from door to door during the election campaign that it was a very sore point with people that, although their wages had been smashed in quite a number of instances by more than 22½ per cent., they still had their fixed obligations and claims to meet. On account of the fear of reprisals against anyone seeking relief they were loath to do something which might have a boomerang effect, and perhaps mean the losing of their property at a later date through being unable to meet their commitments.

The Leader of the Opposition suggested that we would prejudice credit overseas if we interfered with mortgages in connection with companies with their head offices in Brisbane which issued debentures overseas. We have heard that cry ever since the Labour Party has been in existence, and have been told that we ought to be very touchy about interfering with the financial people on the other side of the world. But, despite the cries about that class of mortgagee, capital will be found for this country just the same as in the past.

The hon. member for Wynnum asked what would be the effect of this legislation. What has been the effect on the money market in Queensland of the legislation which the Moore Government introduced in relation to mortgages on house properties or mortgages given for general developmental purposes? If the hon. member had read the reports issued by the Commonwealth Bank Board, he would have found that the Bank Board points out that, since the Bank of England has reduced the rate of interest, the prices of Australian stocks have risen in England. The board attributes that to the fact that the higher rate of interest that is given by Australian Governments in connection with loans gives a better margin to the investor than the ordinary short term loans, which I understand bore a rate of 2½ or 3 per cent. interest. The same position should operate in Queensland. The Financial Emergency Act has reduced the interest on Commonwealth stocks to approximately 4 per cent., and has had the effect of making that particular class of loan not so attractive a proposition as was the case when a higher rate of interest was paid. The effect is that people who wish to get a higher rate on their money will lend it on mortgage on properties which will return a higher rate of interest than the prevailing bank rate. I might point out to the hon. member for Wynnum that, since his legislation has been in operation and

[*Hon. W. H. Barnes.*

the Financial Emergency Act has come into force, a mortgage must obviously be a more attractive proposition to an investor than Commonwealth stock. A land agent told me the other day that he has been rushed by people for investments. He engages in building houses and selling them on mortgage, and he has had to refuse capital from a number of people because he could not find them suitable properties in which to invest their money. He pointed out that the wail of the Tory press while the late Government were in office that capital would leave Queensland if we became the Government has had a bad effect. This agent has had a greater amount of money available for investment since the advent of the Labour Government to office. The position, I think, is due to the cumulative effect of the Commonwealth conversion loan. The difference between interest paid on Commonwealth stock and ordinary mortgages is in most cases more than 2 per cent., and reaches 3 per cent. in the case of house properties. At the present time the average rate in respect of mortgages on house property is 7 per cent. and 8 per cent., which accounts for the fact that this is always a good field for investment.

The Leader of the Opposition complained that the Bill would permit a person who has already obtained relief to approach the court again to obtain the full relief provided in accordance with the Premiers' Plan. In nearly every case considered by the Supreme Court of Queensland the full relief of 22½ per cent has been granted. That completely destroys the contention of the Leader of the Opposition.

He also stated that the banks had reduced their interest charges. The interest charges have been reduced in certain cases, but not to the full extent anticipated by the Premiers' Plan. I have in my hand a circular issued by the Brisbane Permanent Building and Banking Society, which I take it was forwarded to all clients of the institution. The circular states that from 1st October, 1931, the rate of interest would be reduced from 8 per cent. to 7 per cent. The Toowoomba Permanent Building and Banking Society has not brought down its interest charges in conformity with the Premiers' Plan.

Mr. MOORE: That is a mutual society, and I think it charges only 4 per cent.

Mr. WATERS: There are a number of cases in which the rate is 7 per cent. and 8 per cent.

Mr. ROBERTS: The rate of 6½ per cent. is the highest.

Mr. WATERS: The document that I read stated that the interest charge would be 7½ per cent., the amount having been reduced from 8 per cent.

Mr. MOORE: You do not understand the position. The lending rate is about 4 per cent.

Mr. WATERS: The Brisbane Permanent Building and Banking Society has reduced the rate of interest from 8 per cent. to 7 per cent., or a reduction of only 1 per cent. All institutions should be compelled to act in conformity with the Premiers' Plan. The Leader of the Opposition stated that a reduction in interest charges by 22½ per cent. on

a rate of 8 per cent. would make building societies insolvent.

The PREMIER: It was a very dangerous thing to say.

Mr. WATERS: If the Leader of the Opposition has not the capacity to work out the percentage reduction, he should not make such an inane and foolish statement.

Mr. MOORE: One institution did go insolvent.

Mr. WATERS: I understand that one of the directors of that institution was a member of the party opposite. That probably was a reason why it got into difficulties.

Mr. R. M. KING: It paid all its debts, anyhow.

Mr. WATERS: The Bill is a comprehensive one, whose details have been fully explained by the Premier. I felt that I had a duty to my electors to support the measure, particularly in view of the fact that hundreds of purchasers of homes are being denied the relief previously provided for.

Mr. MOORE: They are not denied relief. They have not applied to the court for it.

Mr. WATERS: I hope that the passage of the Bill will bring to these people the relief which was denied them by the late Administration.

Mr. NIMMO (*Oxley*) [12.37 p.m.]: I have risen not so much to oppose this Bill as to offer criticism of some of its provisions. I consider that a necessity exists for the Bill, and that its introduction by the Government is a great compliment to the legislative ability of their predecessors. This Bill will become known as the "Trinity"—three Acts in one. The Moore Government passed this legislation in 1930, before the Premiers' Plan was operative. As many of its provisions will remain unaltered by this Bill, that fact is surely a tribute to the Moore Government for its forethought in protecting the people of this State. That legislation was regarded as model legislation by the other States. The passing of time brings with it a change of conditions; and there is no doubt that, had the Moore Government been returned to power again, it would have been necessary for them to introduce amending legislation very similar to this Bill.

I compliment the Premier on his thoughtfulness in bringing this measure down. Many of its provisions are just, and will be in the best interests of the people. We tread on dangerous ground when we set out to break contracts, but it must be recognised that we are passing through parlous times; and it is necessary to do certain things under those conditions which would not ordinarily be done. The legislation brought forward by the Moore Government educated the people to the necessity for the relief being granted in regard to certain financial commitments. Had the 1930 Act been of such an advanced nature as this Bill, a terrific outcry would have resulted. Fixed deposit rates would have been automatically reduced. They have since been reduced voluntarily. The Premier does not wish to penalise any member of the community. He knows very well that, if this Bill, which compulsorily reduces interest rates by 22½ per cent., had been brought in in 1930 whilst banks were paying interest on fixed deposits up to 5½ per cent., many of the contracts which were for two years would

*Mr. Nimmo.]*

have been broken. Those rates have now been reduced to  $2\frac{1}{2}$  up to  $3\frac{1}{2}$  per cent. This Bill will not press hard on any particular individual.

The hon. member for Kelvin Grove pointed out that Australian stocks had appreciated very much in London, and claimed that this result was brought about by the reduction in the interest rates on the Commonwealth loans. I take up a different attitude. Australian stocks have appreciated because more confidence is being inspired in Australia. We have got rid of both the Scullin and Lang Governments, whilst throughout Australia, with the exception of Queensland, Nationalist Governments are in power. Even this Bill will inspire a certain amount of confidence because it has not gone too far.

The PREMIER: If you take the price of our stocks in London, it will be observed that Queensland stocks have appreciated to a far greater degree and much more rapidly than the stocks of other States since the present Government took office.

Mr. NIMMO: The stocks issued by all States are guaranteed by the Commonwealth. When the New South Wales Government defaulted in the payment of interest on overseas loans, the Commonwealth Government paid the bondholders' interest.

The PREMIER: You cannot argue that that had no effect on Australian stocks. The liability is a State liability, but it is contingently a Commonwealth one also.

Mr. NIMMO: That is because our loans are now floated by the Loan Council with the guarantee of the Federal Government behind them; therefore, there should not be any difference in the quotations of the stocks of the various States.

The hon. member for Kelvin Grove also referred to the fact that there was a rush on the part of investors to secure mortgages on household property, because such investments carried with them 2, 3, and 4 per cent. more interest than is given under Commonwealth loans. That is wrong; and all those people who rushed into those loans thinking they were going to get from 2 per cent. to 4 per cent. more than from Commonwealth loans will realise on the passing of this Bill that they will actually get less. I have taken the trouble to take out the figures showing the return from a loan of £500 on a freehold property. Taking the interest rate at 7 per cent. per annum, allowing for the  $22\frac{1}{2}$  per cent. reduction—and it is a big reduction, because the Federal Government also impose a 10 per cent. reduction, making  $32\frac{1}{2}$  per cent. altogether—and allowing for the unemployment relief tax and income tax, that loan shows a return to the lender of just under 4 per cent.

This Bill is necessary because it will protect in cases in which there has been a big writing down of capital. A lower rate of interest will save the situation so far as many properties are concerned. For example, the owner of a £5,000 farm may find it exceedingly difficult, if not impossible, to pay 7 per cent. interest. That is beyond the capacity of his farm to produce. An interest rate of 5 per cent. will enable him to carry on.

The Premier said that Queensland has had fewer reductions than other States, and that there are cumbersome appeals to the court. In my opinion, Queensland has had all

[Mr. Nimmo.

the reduction necessary in the best interests of the country. There were no cumbersome appeals to the court. I went very closely into the position of those of my constituents who were hard pressed financially in meeting obligations under loans, etc.; and in almost every case it was sufficient for the borrower to take up the matter with the mortgagee, who agreed to a reduction and thus obviated the necessity of approaching the court. I cannot recall many instances where a lawsuit has taken place in order to avoid reductions. As a matter of fact, nearly every financial institution or lender of money realises that it is necessary to nurse the borrower. What common-sense person would think of dispossessing a defaulting borrower who was endeavouring to make good? I am pleased to see the proviso that, so long as a person is paying his interest, he cannot be dispossessed. If a borrower were allowed to go on defaulting in the payment of interest, it would be detrimental to his own interests, so that the interests of all parties are being protected.

The Premier suggested that the principal Act was inadequate; but, as I pointed out earlier, the conditions have changed. I am sorry that some attempt has been made to make political capital out of a measure which is really compulsory to-day.

I notice that the Premier still retains the regulation-making power in this Bill. At the Committee stage I shall make a strong plea for the deletion of that provision, because I consider its retention is likely to lead to a loss of confidence in this State. Where the parties know definitely what the law of the country is there is no necessity for the regulation-making power such as is sought in this Bill.

A very wise provision is that mortgages entered into before 1st July, 1931, shall come under the operation of the  $22\frac{1}{2}$  per cent. reduction, but that, in respect of mortgages incurred between that date and the passing of this Bill borrowers will have the right to apply to the court. That is a very wise provision, and one that will give general satisfaction.

I am opposed to the proposal to exempt the Crown, as I think it should come under the operations of the measure. A large number of workers in the city have built homes under the provisions of the Workers' Dwellings Act and the Workers' Homes Act, and they are entitled to some relief, as the Government are now getting the money at a lower rate of interest. The financial institutions borrowed money at a fairly high rate of interest, and it will hit those institutions pretty hard if their interest is compulsorily reduced by  $22\frac{1}{2}$  per cent. The Government should set an example; all those people who borrowed money from the State to build homes in prosperous times have still to pay the same rate of interest. They should be brought under the operations of this Bill so that they can get some relief.

The PREMIER: Don't you know that there is a 5 per cent. limit in the Bill, and 5 per cent. is all the Government charge?

Mr. NIMMO: Many people would prefer to borrow at  $6\frac{1}{2}$  per cent. outside, because there are fairly drastic provisions imposed under the Workers' Dwellings Act. Some relief should be given to the purchasers of workers' homes. Again, those people who

have borrowed money through the Agricultural Bank should also be brought under the operations of the measure. Some of them are paying 6 per cent. and  $6\frac{1}{2}$  per cent., and they could very well be given the relief which is being extended to other people. I am pleased that the Public Curator is brought within the scope of the measure. When the original Bill was going through, I did not notice that the Public Curator was exempt from its provisions. The Public Curator has loaned money to a large number of workers in the city to build homes for themselves. Under the present measure these people get no redress, yet the private lender of money has been forced to give relief.

The Premier evidently overlooked one clause which provides that any reduction of interest may be extended to the end of the mortgage.

The PREMIER: I mentioned that.

Mr. NIMMO: I think there is an anomaly there. I shall bring it up when the Bill is in Committee. Some mortgages may be for a period of ten years; and, if the interest were reduced to 5 per cent., it could be continued at that rate for the full term of ten years. There is no equity in that, and it would be better to allow the reduction for a year or two and then give the mortgagor the right to apply again.

The PREMIER: The clause reads: "to the end of the mortgage or such other period as the court may determine."

Mr. NIMMO: The provision should be altered so that the reduction will continue for one or two years only, with the right to make a further application.

It is only right that the rate of interest allowed to preference shareholders should be reduced; but we have to be very careful in this regard, because during the period of high prosperity many people bought preference shares and were satisfied with a 5 per cent. or 6 per cent. dividend, although ordinary shares were paying 10 per cent. The preference shareholders were satisfied to take the lower rate for a period of ten or twelve years; and now because there is some little trouble their interest is going to be reduced while the ordinary shareholder will be able to get the same rate of dividend. Some provision should be made whereby the ordinary shareholder should receive from 1 per cent. to 2 per cent. less than the preference shareholder until the preference shareholder gets his full dividend, and then, of course, the ordinary shares could advance to any limit. If that is not done, profits that are made will be taken by the ordinary shareholder.

I hope provision is made in the Bill in connection with interest which cannot be seen. For instance, very often an article is sold, and a price is asked for it very much more than its value, and it is explained that interest is included in the price. Those people want to be got at first.

I was hoping that a proviso would have been put in the Bill to protect the purchasers of homes. There are thousands of people who have bought homes on terms with payment of a fair deposit, and who have been paying the instalments of purchase money for many years; and, while they are paying the instalments, the vendors, perhaps, mortgage the properties. We should provide

that a caveat may be placed on the deed of a property sold on terms, so that the vendor cannot raise further money by mortgage on the home while the purchaser is paying off the instalments; or the title deed can be held in escrow until the completion of the contract. I have purchasers in my electorate who have paid off three-fourths of the purchase money, and the vendors have gone to the bank and borrowed as much money on the property as has been paid off. We should give relief in this direction.

Clause 21 is dangerous, as it leaves too much to the imagination; that is, if your property was in course of being sold before the passage of the Bill. It needs some alteration. We want to give more time—say three months after the passing of the Bill—which would be a reasonable time. When a property is sold and the documents are in course of completion, there is always a period of six weeks or two months before the deeds can be finalised. Under this clause the sale can be called off and everybody left high and dry. I hope the Premier will see that protection is given in this direction.

I think the Bill is necessary, and it is one which I think the Moore Government would have brought in if they had been returned to office. Everything in connection with the Bill is quite all right, provided certain amendments which we shall move are accepted. I thought there would have been no necessity for a Bill of this nature from the Labour Party. We know that the Labour Party went to the country at the last election promising to raise a loan of £2,500,000, which would place everything on a good basis; but that loan has not materialised, and the Government bring in this Bill, which is going to reduce income tax. One can realise how much less the Treasurer is going to receive in income tax from people formerly paying at a high rate who will now pay on a lower scale. We all expected that the £2,500,000 revival loan, the promise of which secured the return of the Labour Government to power, would have been obtained, and that there would have been no necessity for this Bill. We were told in 1930 that a similar measure to this was necessary owing to the deflation policy of the Moore Government; but we were told that the £2,500,000 revival loan would provide work for everybody. The Secretary for Labour and Industry thought he was going to have a lovely time spending that £2,500,000.

Mr. SPEAKER: Order! The hon. member is getting away from the provisions of the Bill.

Mr. NIMMO: Yes, Mr. Speaker, I get carried away sometimes. That was one of the promises made by Labour at the last election. We have this Bill now brought forward to give relief to purchasers of homes. If all the promises put over at the last election had been carried out, there would have been no need for the Bill.

Mr. SPEAKER: Order!

Mr. NIMMO: I am sorry that I am transgressing. I am trying to keep to the Bill, and to point out that there would have been no necessity for it if the Government had carried out their election promises. There is no doubt that conditions to-day are worse than they were when the Moore Government were in power.

*Mr. Nimmo.]*

Mr. KENNY (*Cook*) [2 p.m.]: I am very surprised that the Government should introduce this Bill when I consider the answer to a question given by the Premier some few weeks ago, in which he said that it was unnecessary to go on with the proposal to raise a loan of £2,500,000, as he had promised the people at the elections. He said that the State had arranged for sufficient funds, and that there was money on hand to cope with the unemployment problem.

I take it that the necessity for introducing this Bill is that the people of Queensland are still in the unfortunate position in which they have been for the last few years. On the hustings hon. members opposite had very much to say about the miseries of the people. They pointed out that the Moore Government had found it necessary to introduce a moratorium. We heard them talk about children going to school starving. We heard a good deal about the necessity for soup kitchens. Yet the Government now find it unnecessary to raise the £2,500,000 they said they would raise to revive industry and remove all these troubles. It is, therefore, very surprising to see the hon. gentleman introducing a measure which really extends the operation of the measure passed by the late Government.

I do not agree with the hon. member for Oxley that, had we been the Government, we would have been introducing the same measure. I do not think we would, because there are some things in this Bill to which I do not subscribe. I admit that parts of it are very desirable, but there are other parts in respect of which we must be very careful. The late Government were the first in Australia to see the need for a measure such as that we are discussing to-day and to pass it; and the Premiers of the other States and the Prime Minister of the Commonwealth, when framing the Premiers' Plan, followed the lines adopted by them. The action which our Government initiated was taken as far back as 1930, and shows quite definitely that our Government appreciated the position; and the present Government, although their members then condemned the Moore Administration, have now shown that they agree with their action. Every other Government in Australia realised the soundness of the legislation of the Moore Government. However, I take the stand that in moratorium legislation any Government must be very careful, for the simple reason that we do not know how far-reaching its effects will be on the State and the people. That being the case, it behoves a Government introducing such legislation to be sure of the steps they take; and for this reason many of the clauses of this Bill must be seriously scrutinised. In interfering with contracts we must recognise that there are two parties whose interests must be considered. On one side we have the mortgagor, and on the other the mortgagee. I agreed with the late Government, and I agree with this Government, that some action became necessary for the protection of mortgagees and persons who have entered into contracts for the purchase of homes and other contracts as a result of which they have given mortgages over their property and life's savings. It is necessary to protect them from others who may take advantage of their unfortunate position, in which they may find it impossible during a period of depression to meet their commitments in respect of interest and redemption. The late Government passed legislation for

that purpose, and it was to continue for twelve months. It was recognised that it was a case of emergency, and the position had to be treated as urgent. When we considered the contracts in operation at the relevant date, it was not anticipated that the provisions of the measure would be extended for a further period of twelve months. It must not be forgotten that the mortgagee has rights, too. There are many mortgagees who depend for their livelihood upon the interest to which they are entitled under various mortgages. The legislation passed by the late Government provided a measure of relief for certain mortgagors; but the Bill permits mortgagors who have already obtained relief to approach the court for further relief. It might be desirable that further relief should be extended to these people; but the court will have to be very careful to see that an injustice is not done to the mortgagee, who has certain commitments to meet. There is a certain type of people who will refuse to honour any monetary liability once moratorium legislation is enacted. These people will decline to carry out the implied covenants of a mortgage, such as painting, repairs, the destruction of noxious weeds, and the payment of rates and taxes. If it is intended to extend the operations of this moratorium legislation for a period of two or three years, then the Bill should provide that the relief shall be granted only in respect of interest payments, and that all implied covenants shall be faithfully observed.

Mr. W. T. KING: What do you mean by "implied covenants?"

Mr. KENNY: The payment of local authority rates is one instance. I could also refer to covenants relating to repairs, painting, the destruction of noxious weeds, and insurance of the property. These liabilities must be undertaken by the mortgagee if the mortgagor fails to honour them. The mortgagee should be compelled to pay the local authority rates, or the onus should be placed upon the local authority to collect the rates, otherwise a mortgagor might enjoy the beneficial provisions relating to interest rates over a period of years and decide to turn the property over to the mortgagee without having carried out the implied covenants. The building might then be in a state of bad repair, urgently in need of painting, noxious weeds might have grown up, and the rates might still be unpaid. The mortgagee would probably be compelled to pay arrears of rates up to two and three years. He might be compelled to incur expenditure of hundreds of pounds in eradicating a luxuriant growth of noxious weeds. The Premier should seriously consider that aspect of the matter when the Bill is in Committee. The court should not be called upon to consider these matters, which vitally concern the mortgagee.

Mr. W. T. KING: That protection is generally given in the mortgage itself.

Mr. KENNY: That is so, but the court is to be empowered to relieve the mortgagor of these obligations. He need not pay his rates; in fact, he need not carry out any of the implied covenants of the mortgage. I repeat that these matters should be adequately dealt with in the interests of the mortgagee. We must also look at the effect this legislation is going to have on the credit of the business section. For instance, a number of business men may be receiving

[*Mr. Kenny.*]

credit from a financial institution. It might so happen that one of those businesses is very inefficiently managed. In that case there is only one redress for the mortgagee if he desires to protect his asset, and that is to take advantage of the provisions of the mortgage with the object of having the business efficiently managed. If the mortgagee is denied the right to look after his own interests, then the Government will be striking at the very root of credit, and such a restriction will have a considerable effect on the expansion of business. I know the effect that it will have on people who are desirous of obtaining credit to carry on their business or to expand their activities. There are a large number of men to-day with small savings whose object it is to get off the labour market and strike out on their own. This legislation will not enable them to get the necessary credit to do so. That is an aspect which the Government cannot possibly overlook. The Premier would be wise to view this legislation from that point of view.

There is another point to which the Leader of the Opposition has referred; but I do not think the Premier was in the House at the time, and that is the bearing of this Bill on overseas interest. We must consider the position of people overseas who have their capital invested in Australia and are remitted the interest. The adverse rate of exchange will bring a 6 per cent. investment down to a minimum. That will not enhance our possibilities of securing further capital from overseas to develop and expand our industries. It will have a restricting and crippling effect on the inflow of capital. That is another aspect to which the Premier should give attention. He should also tell us whether the Bill will apply to overseas interest. I am not sure from my reading of it that it does so apply.

The hon. member for Kelvin Grove advanced a very intelligent argument when he advocated a flat rate of interest. I am wondering whether the hon. member is advocating that principle. If he does, then I would advise the House not to vote for it. I am opposed to the enactment of a flat rate of interest. For instance, if one was to borrow £300 for a period of twelve months, interest to be paid at the rate of 8 per cent. and the amount to be repaid in monthly instalments, the rate of interest would not be 8 per cent. but 19 per cent. I do not know whether it is the intention of the Government to introduce a flat rate of interest in connection with mortgages. If it is, then God help the people so far as any relief they will obtain by this legislation is concerned! No doubt the hon. member for Kelvin Grove does not know what a flat rate of interest is.

Mr. WATERS: I know what a flat is, and you are one.

Mr. SPEAKER: Order!

Mr. KENNY: You have only to look at yourself in a looking-glass to see that you are a flat.

Mr. SPEAKER: Order!

Mr. KENNY: I am sorry, Mr. Speaker, that I did not address the Chair; but it is so evident that the hon. member is a flat that I could not resist replying to his interjection. He may not know what a flat rate of interest means. I have told him my idea

of a flat rate of interest. He may argue that he does not mean that at all, and that he means that simple interest at the rate of 5 per cent should be paid for every advance. If that is so, what about the greater risk that the investing public take in certain cases? Is any person likely to get an advance when his security is risky? We know that in many instances mortgagees advance money on propositions not quite sound in themselves, and the mortgagees take a risk on the type of person to whom they are advancing the money. If, however, we reach the stage when a flat rate of interest operates, it will be disadvantageous for prospective borrowers. I trust the Government will pay no attention to the suggestion made by the hon. member for Kelvin Grove.

One aspect of the Bill to which we must pay attention is that relating to hire purchase agreements. We must consider whether it is desirable that hire purchase agreements should come within the ambit of this legislation. It is desirable that some hiring agreements should be subject to the operations of this measure. We know, for example, that people who cannot afford to do so are purchasing motor cars when they have no possibility of completing the payments. Advertisements appear in the press that motor car tyres may be purchased without any deposit, the payment being extended over a period of some months. If a person is not able to purchase tyres except in those circumstances, he is not in a financial position to run a motor car. We have had the anomalous position of people mortgaging their homes in order to purchase motor cars. Very often unemployment comes their way; and in some instances the extraordinary position arises of men engaged on relief work borrowing money with which to buy petrol so that they may drive to work in their motor cars. When hire purchase agreements reach that stage, we have gone from the sublime to the ridiculous. In some instances the operations of this law could be applied to hire purchase agreements with advantage. There is, however, the other side of the picture, where it is undesirable to introduce this measure. Take the purchase of sewing machines. It might safely be said that 60 per cent. of sewing machines would not have been purchased if a cash transaction had been insisted upon. Businesses which make sewing machines—and indeed other machinery—available under those circumstances naturally look for a higher rate of interest. It is apparent, therefore, that the operation of this legislation may have the effect of restricting credit and preventing people from buying sewing machines and other articles under hire purchase agreements, in which case it may be a disservice to the people concerned. Of course, it may be argued that such a course of action will prevent people from getting into debt; but there are businesses which desire to assist the community to acquire such articles as sewing machines on comparatively easy terms.

We should regard this emergency legislation as such, and it should not have far-reaching effects. We should keep the legislation within bounds so that it will not react against industry and against the State. What is the position of companies in liquidation which are endeavouring to pay their creditors? The alteration of the Act will place

*Mr. Kenny.]*

the onus on the liquidator to go to the court and prove that he should not secure the money advanced. That being the case, it is going to act very detrimentally on quite a number of people to-day. Take as an instance the Primary Producers' Bank, now in liquidation. What will be the effect of this measure on the liquidators of that bank? What is going to be the effect on the farmers who received advances from that bank? I wish the Premier to take particular notice of the position of companies in liquidation, and let hon. members have some information in that connection in his reply.

The Premier admitted that there was less done in regard to moratorium legislation in Queensland than in any other State of the Commonwealth. He thereby admitted that we had very sound government during the last three years in Queensland, as it has not been necessary to bring forward moratorium legislation to such an extent as was found necessary in the other States of the Commonwealth. It is pleasing indeed to see that the Premier is following in the footsteps of the late Government, and is continuing the legislation they passed; but he must be very careful that he does not spoil the legislation already enacted and thereby defeat his own ends.

The Premier also told us of the great disabilities the farmers of Queensland were suffering under; and he said that the Bill will give relief to deserving settlers throughout Queensland. I maintain that the Bill will not give relief to all the people who deserve relief. It will not give relief to the farming community in Queensland, because a number of farmers have received advances from the Agricultural Bank, and there is no provision in the Bill which will enable a man who has received such an advance to go to the court and get a reduction of interest. That should be provided for in the Bill.

Mr. SPEAKER: Order! The hon. member will not be in order in asking at this stage that certain provisions be placed in the Bill. He must discuss the provisions that are in the Bill.

Mr. KENNY: I cannot see how the farming community is going to get the necessary relief, because the Bill provides that it shall not apply to the Crown. Any Government department carrying out the same class of business as private institutions should come under the provisions of the Bill.

Mr. WATERS: How do you know the Government are not going to do that?

Mr. KENNY: I ask the Premier to tell us what relief the farmers are going to get in this regard. If necessary, when we get into Committee, I will move an amendment to give relief to farmers who have received advances from the Crown through the Agricultural Bank. Those farmers are now receiving prices for their commodities much lower than they have been for years. They have been suffering under great difficulties for many years. While we are giving relief to people who have obtained advances from outside institutions, there is no provision for the relief of those who have got advances from the Government institutions. Under the regulations in force the Agricultural Bank cannot take over a mortgage from a private institution. Thus the farmer is penalised in two directions. I would be

glad if the Premier would indicate that some relief will be given in this connection.

The Bill deals with bank overdrafts other than those obtained from the Agricultural Bank. In our desire to assist borrowers from banks and institutions we must be careful that we do not restrict credit, and thereby prevent people from obtaining advances from banks and financial institutions. The Bill applies to all advances from outside banks with the exception of unsecured and fluctuating advances, of which there are very few being made to-day. In dealing with fluctuating advances the Bill is going to cripple the man who is depending on an unsecured advance for a week or two at a time.

Mr. W. T. KING: For what reason?

Mr. KENNY: For the simple reason that banks will not take the risk when we have such a provision as this in the Bill. When the fluctuating advance is down at the lowest ebb, if this provision is adopted, the tendency of the bank will be to say to the debtor, "You cannot increase your overdraft above the amount it stands at to-day." In such a case, instead of helping the mortgagor, we are going to place a greater burden upon him and upon industry generally. We are striking at a vital point when we touch the fluctuating overdrafts made by any banking institution.

There is another provision in the Bill which I do not like. The Governor in Council has authority to amend the legislation and add to it in any way at all; and, that being so, there is not much use in Parliament discussing the Bill. If the Government hand over to the Governor in Council the power to amend legislation we put through, or practically bring into existence fresh legislation by adding to it, where is Parliament getting to? Where are the people who enter into contracts and are liable under this moratorium legislation going to get to? This is going too far, and the Premier would be wise to omit the clause handing over to the Governor in Council the power to alter or amend this legislation.

There is another clause in the Bill which I cannot understand. Provision is made that between 1st July, 1932, and the passing of this measure a mortgagor can approach the court for relief in regard to his contract. Take, for instance, the period of time before a contract can be completed and the certificate of title obtained. If we include a provision in the Bill to give a person an opportunity of going to the court to get out of a contract which he entered into fully understanding the state of affairs at the time, that is carrying this moratorium legislation too far. The Premier would be wise to wipe out the clause to which I refer. I would like to hear the Premier on that particular phase of the measure also when he replies.

As I said in my opening remarks, some of the clauses of the Bill will be beneficial and I can support them; but there are others which I am strongly of opinion should not be brought forward at all to-day, and in many instances it would be better if the Premier contented himself with re-enacting the legislation passed by the late Government, as this extension may have a detrimental effect on the very persons the hon. gentleman wishes to serve.

[Mr. Kenny.]

Mr. TOZER (*Gympie*) [2.30 p.m.]: The Bill is practically a re-enactment of four Acts at present on the statute-book; and it is certainly a compliment to the late Government that their measures should thus be taken as the foundation of a Bill such as this. The present Government no doubt will get the credit for having brought in this legislation, whereas the foundation was laid by the late Moore Government.

The Premier referred to equality of sacrifice, and said there was none unless there was equality of income. He referred also to what he called the deflation policy of the Moore Government, but went on to mention the loss of national income in Australia to the extent of £200,000,000. He thereby recognised that there had been a loss in income which accounted for the depression, therefore, neither he nor his followers nor anybody else can rightly blame the Moore Government for that depression. It came, and, as a result, the Premiers' Plan had to be introduced. I am very pleased to see that the Premier has subscribed to our policy. There is not the slightest doubt that before the election he and his party were not in favour of it; but in this Bill the Premier has told us that he is now in agreement with it. He has recognised that it is the only thing for Australia, and that the legislation of the Moore Government was the right thing at the time. He is now amending and extending it; but in extending it he will have to be careful to see that he is still doing the right thing. We may be doing the wrong thing by extending the provisions of those Acts. The late Government considered that they had gone quite far enough, and that it would not be advisable to make the legislation applicable to so many other cases.

If I remember rightly, the main contention of hon. members on the other side then was that bank interest should be included. I notice that this Bill provides that the reduction of 22½ per cent. shall not apply to bank interest. Most certainly there is a provision later on that a mortgagor who is not satisfied with his treatment may apply for a reduction; but what would be the position of a mortgagor working on an overdraft who went to a bank and said that he was going to take the bank to the Supreme Court? At times he would be working on an overdraft, and at other times he would be free; and it would never do for him to fight the bank, because on the first occasion when his overdraft came down a limit would be put upon him and he would get no further advance, so that he would be practically cutting his own throat.

I cannot see any advantage in this Bill for the mortgagor in respect of an overdraft. There would be some justification for this Bill if all mortgagors were entitled to the benefit of a reduction in interest, although, of course, it would amount to repudiation. If a contract is entered into and it is afterwards deliberately broken, there must be repudiation except in certain circumstances provided by law where bankruptcy proceedings can be taken. A man may be compelled through force of circumstances to break a contract which he is unable to fulfil; but, if he is able to pay and he is a man of honour, then he should meet his obligations.

This Bill does not provide any benefit for the ordinary mortgagor in respect of an overdraft unless he applies to the court for

relief. I am sure that every honourable man objects to repudiation. Unfortunately, Australia was compelled by the force of financial and economic necessity to take certain action. Australia had practically reached the position of a bankrupt, and was unable to pay 20s. in the £; in fact, Australia was unable to pay the whole interest burden. The Premiers' Plan was then formulated, and a reduction in interest rates was agreed upon, so that Australia might be placed in a better financial position. It was then found necessary to introduce legislation to extend relief to certain sections of the community; and it is now proposed to extend and to amend slightly the legislation that was carried out in conformity with the Premiers' Plan. The basic legislation in this direction was passed by the Moore Government. It is proposed to extend and to amend the Purchasers of Homes Relief Act of 1930, which gave certain rights to the purchasers of homes. Amongst other things they had the right to approach the magistrates court for relief. That provision is being extended.

I am decidedly against that phase of the legislation which really permits legislative action by Order in Council.

Mr. W. T. KING: Where is that?

Mr. TOZER: It is in the Bill. The hon. member should read the Bill.

Mr. W. T. KING: I have read it.

Mr. TOZER: Then read it again.

Mr. W. T. KING: I have read it again.

Mr. TOZER: Then read it again, and read it until you get it. The Bill provides that the Governor in Council may extend the provisions of the Bill, together with additions, amendments, or modification. That provision applies to the Purchasers of Homes Relief Act and to the Financial Emergency Act. The Bill goes further still, and provides that all Orders in Council, regulations, and rules of court are to be read as one with the Act, they are to be judicially noted, their validity shall not be called into question, and they shall not be challenged in any proceedings whatsoever. How much further could a Government go than that? A person should have the right to challenge a rule of court or regulation which is ultra vires; and, notwithstanding the provision I have referred to, I am of the opinion that a person will still have the right to challenge a rule of court or regulation that is ultra vires. Why should any Order in Council be above challenge on the ground of its legal validity? Mistakes can be made with Orders in Council. No one is perfect. Mistakes are made; and, if mistakes are made, why should there not be power for an individual to test the legality of an Order in Council and have it declared ultra vires if it is bad in law? That is a part of the Bill to which I certainly object.

Part III. of the Bill is an extension and amendment of the Financial Emergency Act of 1931. The definitions of "mortgage" and "mortgagor" have certainly been enlarged; but they practically cover the definitions provided in the original Act. The definitions certainly bring in hiring agreements, fluctuating loans, and documents extending loans. That has the effect of making the definitions broader and more definite. Once the Act has been passed,

*Mr. Tozer.*]

I see no objection to the proposal to enlarge the definition of mortgagee and mortgagor. The new definition certainly covers any document of any kind given as a security.

Provision is also made in connection with these documents for a reduction in the rate of interest by 4s. 6d. in the £1. That reduction is only in conformity with previous legislation. Once the objection to the charge of repudiation is overcome no particular objection can be offered to that proposal. In making advances financial institutions take into consideration the class of applicant before agreeing to any application. We have both banks and financial institutions which grant loans. We also have private individuals who make loans; and we must take into consideration not only the mortgagor but also the mortgagee. Banks—and the same remark applies to other institutions and private persons making advances—take into consideration not only the security offered but the nature of the security and the person to whom the money is being advanced. In many instances no advance would be made against a security if the person making the application was not a man of good repute and somebody who could be trusted. I have known where a man obtained an overdraft of £1,700 on his own personality, there being no uncalled capital. Although the banking institution accepted that man's word, he spoke on behalf of four other men. In another case, in which there was no uncalled capital, an advance of £6,000 was made on the application of a man, who certainly had four directors behind him; but, on this individual assuming the responsibility of his co-directors, his application was granted. That proves that banks will take into consideration the man making the application quite outside the security altogether. When we come to deal with the security of a real property mortgage, then, with all due deference to hon. members opposite, a freehold security is always accepted in preference to a leasehold security. Banking and financial institutions prefer not to lend on leasehold properties whereas they will lend on freehold securities.

The SECRETARY FOR PUBLIC LANDS: You are absolutely wrong.

Mr. TOZER: I am absolutely right because I have actually had the experience of the two titles. In so far as the perpetual leasehold is concerned, financial institutions take into consideration the improvements only on the lease. They value the improvements on the land and make advances against two-thirds of their value. A leasehold title is not popular, the freehold title being considered the better security.

Then the fact that no person is anxious to lend money on stock or personal property must be considered. That will be accepted as collateral security, but in most cases only in that way. In considering those matters, therefore, it cannot be satisfactorily argued that interest should be on a flat rate. I have heard a flat rate defined in two ways. The hon. member for Cook gave one definition when he pointed out that most financial institutions and business concerns add interest to the capital item, and divide the total by the number of months over which repayment will be made. It may happen under those circumstances that what is in theory a flat rate of 8 per cent. may in actual practice prove to be anything up to 15 per cent. If the hon. member for Kelvin Grove means

that the rate of interest is to be the same in all cases, that is a different matter altogether, because regard must be had to the character of the borrower and the nature of his security.

In nearly every town there are one, two, or more men who lend money. With the reputation they have, and the assets they have, they are able to borrow money from the banks at a certain rate of interest; and they lend the money at a higher rate of interest to those who want it. It is all very well to say that these people are interest-mongers and to vilify them; but those men are necessary in the community. We know, for example, that on many occasions people are pushed for money and find it impossible to get it from the ordinary financial institutions. These people may want to borrow money on their furniture or other articles of personal property, or even on promissory notes. The lenders are willing to take the risk, but they charge a higher rate of interest. That is recognised in the Money Lenders' Act, which provides that, where a person is lending money at an interest rate in excess of that stipulated, he has to register as a money-lender. All these matters must be taken into consideration if repercussions are to be avoided. We are out to help the people; but I take it that the Government should first ask themselves whether this legislation will affect the interests of the people detrimentally. Some of the large financial institutions can borrow overseas. They have substantial assets on which money can be borrowed. They get it at 4 per cent. or a little over; but they cannot afford to lend it out under 6 per cent. If all interest is going to be reduced to 5 per cent., then it is going to affect these people. These people are helping to build up Queensland to-day, and we do not want to do anything that will affect them. They do not take any unfair advantage, and they are really an asset to the community. If they are not in a position to lend at 5 per cent., it would stop that class of business. I really think that, when interest goes over 5 per cent., it becomes too much for the individual to pay. I remember on one occasion a man who had good security came to me; he wanted £5,000, and he offered 10 per cent. interest. I said, "You are making a mistake; you cannot afford to pay 10 per cent." He said, "That is my business. You attend to your own." He said, "Your business is to get the money for me, and I am willing to pay 10 per cent. interest." I was not able to get the money, and I passed it on to someone else, who got the money for him. I afterwards met this person, and he said to me, "You remember I wanted £5,000 at 10 per cent. interest." I said, "Yes." He said, "I knew what I was doing, and by that transaction I made considerably more than 10 per cent." We have to take these things into consideration. We should not say that no interest shall be more than 5 per cent., because you must take into consideration what the money is to be utilised for, the nature of the security, and the person who wants to borrow.

I should like to know whether there is to be an automatic reduction of interest on all mortgages by 22½ per cent. I understand that there is to be a reduction of 22½ per cent. on all mortgages with the exception of fluctuating advances from banks. In order to make the Bill effective all mortgages should be included.

[Mr. Tozer.

I should also like to know what a flat rate really means, and I understand that in that connection there is to be no automatic reduction.

Of course, a reduction in connection with preference shares appeals to everyone who has ordinary shares; but what about the pre-preference shares? We do know that there are companies with ordinary shares, preference shares, and pre-preference shares. Does the word "preference" include "pre-preference"?

The PREMIER: Yes.

Mr. TOZER: I quite understand that, so far as ordinary shares are concerned, the preference shareholder has a pull. If he put his money into the concern in the first instance, I cannot see any objection to it. If he has paid up the full value of his shares, and there is a re-issue of capital and he gets preference shares I see no objection; but I do object to anyone getting preference shares if he has not put his money into the concern. In later years in any company I have been interested in we have always taken the stand that the system of preference shares is not a good thing. We believe in every one coming in equally; and, if shares have been paid up and fresh capital issued previously, then, of course, when they have paid up the same amount, they came in on the same terms as the others.

The trouble I see in connection with preference shares is that the company or a shareholder concerned has to move in the matter and go to the Supreme Court. Personally, I think that will be a blot, because no one with any experience of going to the Supreme Court wants to go there again. This Bill is brought in with the object of helping the small man, and not the rich man with a big interest. No man with an ordinary small holding in a company is likely to go to the Supreme Court in connection with an application like this. The costs are certainly left in the discretion of the judge, who may or may not award costs; so that, if you are not absolutely successful, the chances are that you will get no costs awarded. Even if you do get costs awarded, they are not likely to be the whole of the costs; party and party costs are not solicitor and client costs; and the person who goes to court on his own will find that he will have to pay more than he will get by an order of the court, so that the ordinary person is not likely to move in the matter. The only thing, then, will be to get the company to go to the court; but the company is generally controlled by directors and men who have pre-preference shares or preference shares, and they are not likely to move in the matter. The only way will be to get certain shareholders to combine, and then they will have to fight their own company. I do not think that provision will be of any use at all. It would be far better to have something definite to the effect that the preference shareholders' interest has to come down the same as that of other mortgagees. It is useless to include a provision in the Bill enabling those concerned to act if they think fit, and then to say, "We gave you power to do it, but you have not done it." We have to take into consideration what the costs will be, and the ordinary person is not likely to take the matter on if he is going to lose money by doing it. Of course, the memorandum and articles provide for preference shares,

so that, if we place the decision in the hands of the Supreme Court, we are practically giving the court power to amend, vary, or alter the articles of association of a company.

We have to consider whether this legislation will be of benefit to the community as a whole, or to only a section of the community. Is it, on the other hand, only being brought in as propaganda, so that the Government can say, "We have brought in this measure and reduced the rate of interest." It is only human nature for all mortgagors to say, "We quite approve of it, and we think there should be a reduction of interest." But we have to take into consideration that the mortgagors entered into a definite contract when they borrowed the money and knew what interest they were going to pay. Generally the mortgage is only for a certain period and limited as to time. In many cases, if a man considers that the rate of interest he is paying is too high and he can borrow at a lower rate, he will do so and pay off the mortgage at the higher rate. It is all very fine to say that his contract should be altered because money can now be obtained at a lower rate; but we have experienced times when interest rates have gone up, and when mortgagees who have lent money at 5 per cent., 6 per cent., and 7 per cent. could command 10 per cent. In that case there is no move on the part of their mortgagors to pay the extra interest, and they never ask for it. The mortgagor is only a mortgagor because he is short of cash, and he, therefore, tries to get the money at the lowest rate he possibly can. As a general reduction of interest is part of the Premier's Plan, and as legislation has already been passed to reduce interest on certain mortgages, this measure is only a further compliance with the plan; and I cannot see any objection to it, except in respect of certain clauses with which we can deal in Committee. We can then show what we think is detrimental, and I trust that the Premier will accept any reasonable amendments.

The PREMIER: I always accept any amendment that is reasonable.

Mr. TOZER: When we suggest amendments we think they are reasonable; but perhaps hon. members opposite and we look at things in a different light, just as mortgagors and mortgagees do. I trust, at any rate, that some of our amendments will receive consideration, and that the Bill will be amended for the benefit of the whole community.

Mr. W. T. KING (*Maree*) [3.3 p.m.]: I have listened with a great deal of attention to the speeches of the hon. member for Cook and the hon. member for Gympie. The latter took exception to my interjection in regard to the provisions in respect of Orders in Council. Anybody reading the Bill can see for himself that what I said is correct. I can forgive the hon. member for Cook, but I can hardly forgive the hon. member for Gympie, who is trained in the law, but who has placed a wrong interpretation on the clause. I propose to show the effect of the operation of the provisions on page 2, page 12, and page 20, which has not been taken into consideration by the hon. member in dealing with that question. There is nothing there to prove that we are taking power to legislate by Order in Council. I said quite definitely

*Mr. W. T. King.]*

in this Chamber a while ago that I would never countenance anything being done by Order in Council that should be done by parliamentary action. I shall always adhere to that principle, and that is the attitude I adopt to-day. I propose to read the parts of the Bill on which I rely, and I leave it to the judgment of hon. members to say whether my interpretation or that of the hon. member for Gympie is the right one. The clause reads—

“Provided that the Governor in Council may from time to time, if in his discretion he thinks fit”——

Mr. SPEAKER: Order! What would be the use of having a Committee stage for the Bill if hon. members are permitted to deal with the Bill clause by clause on the second reading stage?

Mr. W. T. KING: I admit that I am not in order in reading a clause of the Bill at this stage. The Bill does not give the Governor in Council power to legislate by Order in Council.

The PREMIER: The Bill does not give the Governor in Council any power that he is not able to exercise already under the principal Act.

Mr. W. T. KING: The only power given to the Governor in Council is to extend the time of the operation of this law by Order in Council.

Mr. R. M. KING: With additions or amendments.

Mr. W. T. KING: It may be necessary to add to or amend this legislation from time to time, and that can be done only by this Parliament. The Governor in Council is given power by Order in Council to extend the operations of the law, together with those additions or amendments that may be made for a further period of time. The Governor in Council has power only to extend the law as it now exists, or as it may be added to or amended; and the extension of the time of operation may be effected by Order in Council. That is the only power given to the Governor in Council. I hope that I have made myself clear on this point. The Bill definitely provides that the Act shall operate for a specified period. If this Parliament decides that it is in the interests of the people of Queensland to continue the operation of the law beyond the specified time, and if in the meantime additions are made to the law or it is amended in some way or another, then the law as added to or amended may be continued in operation by the issue of an Order in Council.

Mr. TOZER: Could the Act be repealed by Order in Council?

Mr. W. T. KING: There is no legal machinery which will permit of the repeal of the Act by Order in Council. I ask the hon. member for Gympie to bring his legal knowledge to bear on this subject. I have already pardoned the hon. member for Cook for his error of interpretation. I repeat that the Order in Council can be utilised only to extend the duration of this law. No attempt is being made in any part of the Bill to legislate by Order in Council. The Labour Party is distinctly opposed to that procedure; and we emphatically demonstrated our opinion upon this matter when another Bill was under discussion. There

[Mr. W. T. King.]

is no power to legislate by Order in Council, as the hon. member for Gympie would have us believe; and the hon. member for Cook is unable to discover any such power, even though he employ his well-known microscopic vision.

I have been very amused to hear the opinions expressed by hon. members opposite concerning this Bill. We find some hon. members opposite blessing the Bill in full, others blessing it half-heartedly, and others who do not want to bless it at all; but the probabilities are that, when the Bill is put to a vote, it will receive the endorsement of all sections of the Opposition.

It has been said that contracts have been entered into, and that these contracts should not be broken by legislation. Under ordinary circumstances contracts should be honoured. When a person signs a contract, that contract should be carried out by him, if the circumstances are favourable; but, if, after a lapse of time, conditions and circumstances fluctuate, then the Legislature should possess the right to bring in amending legislation with a view to placing that contract in the same position under the conditions as when it was first entered into. That is to say, if at the time the contract was entered into, 8 per cent. was considered to be a fair and reasonable rate of interest in view of the earning power of labour and money, and conditions altered which would make that 8 per cent. an exorbitant rate, then the Legislature should modify that contract by legislation to relieve the person or persons interested to the extent of the fluctuation in the conditions. In that sense the spirit and essence of that contract is observed. It is a figment of imagination to contend that a contract has been repudiated when it is only been varied in order to conform with the altered conditions of the times.

The hon. member for Gympie said that the Government were really extending the benefits of the Premiers' Plan. I deny that that is so. Nevertheless, the hon. member went nearer the truth in that respect than any other member of his party. What we are doing is carrying out the Premiers' Plan to its full intent. When the Moore Government introduced legislation to give effect to the principles of the Premiers' Plan, they should have automatically reduced interest rates by 22½ per cent. That is what is intended by this Bill. We are simply carrying out the Premiers' Plan to its logical conclusion by placing the earning power of labour and the earning power of money in parallel positions. If the hon. member for Gympie had considered the question a little more and cogitated over it a little, he would have admitted that we are doing the fair and correct thing, and doing that which should have been done by his own party when they occupied the Treasury benches.

To my way of thinking, the present financial position in Australia can only be controlled by high prices, high wages, and a proper control of currency as advocated by an Australian statesman to-day. What we legislators must be concerned about is to see that factors do not arise during our parliamentary term which will take away from us the power conferred on us by the electors. We should see to it that the currency system shall not be so improperly controlled as to

vitate the beneficial effects of any legislation which the electors have empowered us to enact. No more urgent need exists at the present time than for the people of Queensland and of the Commonwealth generally to take a determined stand to see that the financial institutions, which are really governing the country from their own high pedestal, do not in any way invade the domain of the people whose interests we were elected to safeguard on 11th June last.

In this Bill we are giving relief to a purchaser of a home. I am glad that relief will be given; and I am pleased that the court is to have the discretion to extend the relief for the full period or such shorter period as may be deemed desirable. I am sure the court will give a fair and equitable judgment on these matters, and that the Bill from every point of view is an admirable one and one that will be blessed by many thousands of people.

Digressing from the main principles of this Bill, I should like on some future occasion to see legislation introduced to deal with contracts of sale. At the present time it is hard for purchasers to trace the activities of prior sales in respect of land which they have purchased under contracts.

Mr. SPEAKER: Order! That matter is not concerned in this Bill.

Mr. W. T. KING: I shall not pursue that line of argument.

I cannot understand the objection raised by some hon. members opposite to the inclusion of hire purchase agreements in this measure. I value the provision in the Bill, because I consider that any agreement that implies a sale upon which money is earned should be brought within the ambit of this measure. By so doing we are fulfilling our duty as legislators for the benefit of Queensland.

The hon. member for Gympie, when speaking of preference shares, blew both hot and cold. He suggested that it was not fair to give a company the right to go to the court and ask for relief in that matter. We think that in the circumstances the court will be the best tribunal to determine what, after all, is a complicated matter.

The hon. member for Cook said that in his opinion there should be an implied clause, and that the court should not do away with that clause—

Mr. KENNY: I said "implied covenant."

Mr. W. T. KING: The hon. member should know that a deed of mortgage may contain clauses dealing with the payment of rates, painting, or the eradication of noxious weeds, etc. The provisions relating to these matters must be carried out; and the hon. member has a poor idea of the integrity and ability of the judicature of Queensland when he suggests that such clauses, when fair and equitable, would be eliminated.

The hon. member in his wildest imagination cannot think for a moment that the court would eliminate these very essential covenants from an agreement. The court could eliminate the clause providing for the payment of interest; but I respectfully suggest would not. The mind of the court is reasonable, fair, and judicial; and, acting upon these particular factors, it would naturally bring in a fair and equitable verdict. If the hon. member only pursued the matter a little further, he would certainly find that what I am telling him in

connection with this matter is perfectly logical and perfectly accurate. Then the hon. member said that, because a business is inefficiently managed, it could not get more money to manage it. What does he mean? Manage it efficiently, or manage it inefficiently? Then he says it will prevent the owner of the business from getting extra credit. We say that at the present time men have borrowed money, and they are paying a higher rate of interest than they should pay; and we are bringing in this measure to help them in every detail; and no one can argue a case against it with any degree of sincerity at all.

I have dealt with the Bill as a whole and have pointed out certain phases that appeal to me. On the whole, I think the Bill is for the benefit of Queensland; and I have not been able to see any argument put forward by hon. members opposite as to why it should not be passed through this Chamber. I think that it is a Bill which will have a very happy effect on the financial, industrial, and general position of Queensland.

Mr. G. P. BARNES (Warwick) [3.23 p.m.]: The introduction of this Bill was certainly not unexpected, and I am not going to say unnecessary in given directions. While the Act of 1931 went a considerable distance in helping us during a difficult period, a lot of water has passed under the bridge since then, and the necessity exists for going a bit further than the present Act allows.

During the elections questions arising out of loans by various institutions and private people were asked on many occasions. No matter which party might be in power, an amendment of the Act was necessary, because there has been a general desire that interest rates be reduced by 2½ per cent. Pretty well all we have been doing in this direction has been based on the decisions of the Premiers' Conference.

Whether there is a coincidence in the matter or not I do not know; but we have to remember that in Victoria they have had to face a further reduction of interest. I notice that the banks are named in this connection; and, whilst no information has come forward here as yet, one can readily believe that what applies in Victoria also applies to Australian conditions generally. A paragraph in this morning's "Courier" reads—

"As from 1st October, the Associated Banks of Victoria made a further reduction in the overdraft rate. This cut is supplementary to that made in October, 1931. The extent of the change is not mentioned. Probably it is not at a general rate. The banks concerned are the Bank of Australasia, the Union of Australia, the National of Australasia, the English, Scottish, and Australian, and the Commercial of Australia."

That is good news, and it is a move which is quite in keeping with the introduction of this measure. It is also right to mention that, generally speaking, we should be gratified at the news which comes from abroad regarding the success of the flotation of the first Australian conversion loan at Home. In bringing in this Bill we are doing something in keeping with what is taking place in our own land regarding reduced rates of interest and with what is taking place abroad.

Mr. G. P. Barnes.]

I have always maintained that interest is the wage paid to capital; and that, when wages generally suffer, it is fair and right that the capitalist's wages should come down also. Consequently, I am free to admit that the course taken in order to secure to the people of the land a reduced rate of interest is distinctly on right lines and in keeping with the actual downward trend of values; and we cannot hope for some time to come that either ordinary wages or interest rates will regain the rates which have been enjoyed during the last ten years.

Having said that, I have placed myself right in connection with the advocacy of many of the clauses of the Bill and with the general principles of it; but there are points on which I want information, and which the Premier did not make clear when he spoke. How is it that this principle is not made to apply to the Government in connection with the Agricultural Bank, for instance? Surely the Government should be an example in that direction; but they are to be relieved of any responsibility when cuts are being made to meet the peculiar exigencies of present conditions! How can we merely call upon the general community to do it? I trust that the Premier will explain this matter more fully.

Then there is a degree of doubt in one's mind as to the actual position of the banks. They are included in the Bill so far as mortgages are concerned; but the statement has been made by several hon. members to-day that banks are excluded from the conditions which apply generally in connection with the Bill. If the banks are exempt in that respect, they should certainly not be so. They are the great money-lenders of the country; and, judging from newspaper reports particularly, and the quotation I have given with respect to the Victorian banks, they desire to be brought into line with other sections of the community.

The most prosperous time so far as I can remember in connection with land settlement in and around my own town and district was when the ruling rate of interest was 5 per cent. I am looking forward to the time when money will again be obtainable in the neighbourhood of 5 per cent. or 5½ per cent., or, at any rate, not dearer than 6 per cent.; but I am quite aware that we cannot lay down a general rule.

The hon. member for Gympie set out most clearly the conditions which govern money lending; and, whilst I look forward to cheap money, I know as a result of lifelong experience that many a man has been saved by being able to obtain money at an enhanced rate of interest owing to the doubtfulness of his security or for some other reason. We have ample evidence that there is justification for advances of that nature; and I hope that the provisions of the Bill will be sufficiently elastic to allow circumstances of that kind to be considered; otherwise many a man will go down. In some cases the lender takes a very considerable risk; and we must have regard to the general nature of the security; and in matters of that kind the Bill might be made considerably clearer.

A matter I wish to speak about more particularly is hiring agreements. The hon. member for Maree would seem to convey that hon. members on this side are against the practice. We are not; but we are out to see that these hiring agreements are fair and reasonable. For my part, the aspect of

them to which I am most opposed is the practice of charging a flat rate of interest on the whole of the purchase price throughout the term of the agreement. Do hon. members appreciate the fact that a purchaser by hire agreement usually pays interest from beginning to end on the original amount involved in the contract? Suppose he buys an article for £100 and he goes on paying £10 a month, the rate of interest being 10 per cent., if he pays £10 off, he does not pay interest thereafter on the balance. He pays actually on the £100 throughout. That is most unfair and unjust.

Another feature of such an agreement is that the article does not become the purchaser's until the last shilling has been paid. If he defaults and the article is sold at a loss, he may be called upon to foot that loss. The whole system requires investigation and regulation. It has far-reaching effects, especially in these days when so much is being done to push business. A salesman presses a new tool on a man for his farm, or a motor car, and he is often induced to buy because of the representations made to him. We should lay down conditions to protect that man against himself. Many a man does not get a fair deal; therefore, I urge that the most serious consideration should be given to the question. Especially should the rate of interest be made to apply to the balance owing, and not to the original price. I need not stress that subject any further. I hope that in Committee the Bill will be regarded as a people's Bill, and that amendments to further the general interest of the community in times of distress will be received favourably by the Premier.

The Premier is to be congratulated upon having built upon the foundation of good measures passed by the previous Government.

Mr. MAHER (*West Moreton*) [3.36 p.m.] : What surprises me a good deal in connection with the presentation of this Bill by the Premier is his zeal to reduce interest rates in conformity with the Premiers' Plan and his anxiety to oppose the plan when the Financial Emergency Act was introduced into this Parliament in 1931; and particularly his anxiety to oppose that portion of the plan which had relation to a 20 per cent. cut in controllable Government expenditure such as wages, salaries, etc. He argued on that occasion that a cut in wages represented deflation; but may I now ask, by the same token, does not a cut in interest represent deflation? If the hon. gentleman could logically argue that, in subscribing to the terms of the Premiers' Plan by reducing the salaries and wages of the public service, the Moore Government were guilty of deflation, then I take it he can also logically argue that to subject bondholders and lenders generally to a cut in interest rate by Act of Parliament in accordance with that plan is also a process of deflation. If there was any evidence that mortgagees were not playing their part, or if it could be shown that they were using their powers to make it difficult or to oppress borrowers, then the Bill would be very welcome indeed in present conditions. The farmers, graziers, and business men generally throughout the State are entitled to all the help they can get just now; and cheap money is one of the most useful forms of assistance that trade and industry can have. In fact, it is the prime requirement. Money, however, is a marketable commodity; it rises and falls in

[*Mr. G. P. Barnes.*]

price according to the demand. I am one of those who believe that the less legislative interference we can have with money movements and with interest charges the better for us all. I do not think there is any hon. member opposite who would favour the introduction of a Bill, even under the present drastic conditions ruling in the country, to alter the system whereby sheep and cattle are sold at public auction. They recognise the fundamental fact that cattle or sheep submitted to auction bring the market price. So it is with money. If money is scarce, the price rises. That was amply illustrated during the past few years, when nations throughout the world embarked upon big borrowing schemes. Queensland adopted the same attitude, and borrowed very heavily in the markets of the world. The demand on the money markets of the world by the debtor countries had the effect of causing a scarcity of this commodity, with tragic consequences to the trade and industry in the countries concerned.

The natural outcome was that Governments as well as traders had to pay the increased rate of interest, until finally peak rates were touched in the prosperous period of 1926 and 1927. To-day we are faced with a reversed position owing to the fact that all debtor countries have more or less exhausted their credit. That has brought about easier money in the world's markets, providing an easier flow of money for trade and industry by virtue of the fact that Governments are not able to get hold of it because their credits are exhausted.

The tendency to-day is for cheaper money. On all hands there is evidence that money is becoming more easily obtainable. The propitious rate of exchange on money entering Australia is practically an invitation to British capital to enter this continent for investment. The rate is now 25 per cent., which is a big consideration, and must have the effect of attracting capital. Never before in our history have we been so badly in need of capital to develop and stimulate industry. Government interference and meddling with the price and free movement of money might have the effect of making investors cautious. That has been our great difficulty in Australia. Since the advent of the Labour Party in Australian politics savage attacks have been made by its leaders and supporters in Parliament against the capitalist and investors generally.

We hear a great deal about taxing the big financial institutions. That is practically telling the investor that he is not wanted in this country; therefore, no blame can be attached to him if he invests his money in China, Argentina, Japan, or some other country which appreciates the man with capital to invest. Hon. members opposite may laugh; but it is a sad fact that we are frightening from this country the man who has money to invest.

**THE SECRETARY FOR PUBLIC LANDS:** What is the cause of the financial trouble in England?

**MR. MAHER:** There are various factors, chief of which is the depression arising out of the war.

**MR. GAIR:** Do you put China and Japan before Australia?

**MR. MAHER:** I do not; I put Australia first. That is why I advocate the encouragement of men with capital. Men of straw are

of no use to us. The men we want are those who will come and assist us to develop our industries by investing their wealth and stimulating our wealth production. That is the greatest hope for this State; but my friends opposite do not seem to realise the advantage of attracting the investor.

"The Financial Emergency Act of 1931" served a very useful purpose. It would be physically impossible to ascertain with any degree of accuracy the large number of borrowers who received assistance as a result of its enactment. The mere fact that an effort has been made by the Premiers to reduce the rate of interest and that provision to do so was made here by Act of Parliament had the effect of bringing the mortgagors and mortgagors together throughout the State. I know scores of cases in which substantial interest reductions were received as the result of private treaty. If that was so in my electorate, I suppose the movement was general throughout the other electorates; therefore, it is not unreasonable to assume that 80 per cent. of mortgagors must have received substantial interest cuts from the lenders in consequence of the legislation passed by this Parliament last session. In my experience the mortgagor is a reasonable enough person. He realises the peculiar position ruling in the country to-day, and even self-interest would dictate his extending a helping hand to the mortgagor. He recognises that the mortgagor's source of income has fallen heavily, and that, if he does not grant assistance, his own investment may be endangered. Self-interest alone, therefore, dictates that he come to reasonable terms with the borrower.

**MR. W. T. KING:** A little legislation will help.

**MR. MAHER:** A little legislation may just be the last straw that breaks the camel's back. Government meddling in these matters may cause a great deal of disturbance.

The Moore Government paved the way in 1931. As an illustration, the following extract from "The Queensland Magistrate" published last year is interesting:—

"The operation of the Purchasers of Homes Relief Act, Financial Emergency Act (Part VI.), and the Mortgagors Relief Act of 1931, has proceeded very smoothly and has not caused any marked interruption in the ordered progress of affairs in the sphere within which the effects of such unusual legislation has been felt. The people who have had recourse to the court appear to have accepted its determinations in an admirable spirit . . . generally there was revealed a disposition to put up with the sacrifice entailed.

"From the information I have been able to gather personally and through the officers of the Magistrates Court. I can definitely say, however, that the fact that the Acts were in operation induced a considerable number of mortgagors to make arrangements to grant relief to mortgagors without invoking the assistance of the court. The number of withdrawals of applications was in almost every case prompted by amicable arrangements being entered into by the parties."

That is an accurate report of what happened in the courts where these cases were dealt with. It helps to show that the legislation

*Mr. Maher.]*

which was sponsored by the Moore Government has had the effect desired under the Premiers' Plan.

The indications in every direction are that money is getting cheaper and easier to get. The following extract from the "Daily Mail" emphasises that point:—

"Commenting on the announcement made in the "Daily Mail" on Saturday that the trading banks with Australian head offices in Victoria were making further reductions in interest rates on advances as from 1st October, Mr. M. C. Haymen, chairman of the Associated Banks (Queensland), said the aim of all banks was to supply cheaper money so as to assist both primary and secondary industries."

Anyone with banking experience knows that for some considerable time past the Commonwealth Bank has been charging only 5 per cent. on overdrafts; indeed, the general price of money in the associated banks and in the hands of money-lenders is somewhere in the vicinity of from 6 per cent. to 6½ per cent.; and, if the Victorian banks are reducing the rates to conform to those charged by the Commonwealth Bank, we are getting nearer to cheap money in this country. As further illustrating that, we need only remember that this week a New South Wales loan of £13,000,000 is being converted in London at a rate approximating 3½ per cent.

I noticed from a report in the newspapers a few mornings ago that at a meeting of the Cotton Board held in Brisbane on the 20th ultimo, it was stated that the Commonwealth Bank had agreed to ½ per cent. decrease in the overdraft rate in terms of the Rural Credit Advances Department of that bank. Apart from that, we have the fact before us that the banks, realising the need for cheaper money, have reduced the fixed deposit rate, which, in turn, has had the effect of reducing the rate for advances. The rate prior to 1931 for fixed deposits was—

- 3 per cent. on fixed deposits for three months.
- 3¼ per cent. on fixed deposits for six months.
- 3¾ per cent. on fixed deposits for twelve months.
- 4 per cent. on fixed deposits for twenty-four months.

Whereas, the rates applying at 30th June last were—

- 2½ per cent. on fixed deposits for three months.
- 3 per cent. on fixed deposits for six months.
- 3¼ per cent. on fixed deposits for twelve months.
- 3½ per cent. on fixed deposits for twenty-four months.

That paves the way for cheaper money by way of overdraft. I am inclined to the opinion that in bringing down a Bill of this kind the Government are really going to achieve nothing more than check the natural movement of money. As further emphasising the trend of things, let me say that Australia's overseas trade for the year ending 30th June, 1932, for the first time since 1921, shows a substantial surplus of exports over imports. The value of exports amounted to £85,000,000, and the value of imports to £45,000,000; so that we have that big accumulation of credit in London, which has

[Mr. Maher.

improved Australia's position tremendously. That, taken in conjunction with the slight improvement in commodity values in every direction overseas and the general feeling that the worst phase of the depression has passed, seems to lend colour to my argument that we are in for a period when money will be very much cheaper and industry will be advantaged greatly thereby.

The Premier stated this morning that something like 12 per cent. to 14 per cent. interest is usually charged in hire purchase agreements, the calculation being made on a flat rate rather than allowing for the amount paid and charging interest on the balance. But it has to be remembered that this is a very risky class of business; and if the interest charges were restricted to what Parliament considered a fair thing, it would only have the effect of causing the vendors of the goods or chattels covered by these hire purchase agreements to increase the price of the articles they have for sale. Although it is popular in some quarters to condemn the hire purchase system, a great deal of good has been accomplished under that system. Many farmers would never have had the opportunity of starting out on their own had it not been for the opportunity of purchasing farming machinery on the hire purchase system. In the same way many young couples would not have been able to commence life together had they not had the opportunity of purchasing furniture on time payment.

We are all anxious to keep the interest rate down; but we have to take several things into consideration. A farmer might buy a plough, harvester, or binder, and be neglectful of it, and, before paying off the amount involved, it may have greatly depreciated in value through lying out unprotected in the weather. The vendor should be given reasonable protection in that respect. The question of hiring agreements, however, should be dealt with in a separate measure, and it is one which is worthy of a good deal of consideration by Parliament.

The subject of preference shares is hardly one which should be meddled with by any Government. After all, it is a matter for the shareholders to deal with. In the desire to float a company and raise capital to carry its operations to a successful issue it generally becomes necessary to hold out some bait to investors. The intending shareholder has the option of investing his money on a preference basis or as an ordinary shareholder. If the ordinary shareholder is prepared to concede the preference shareholder the right to a definite return of 6 per cent. or 8 per cent. out of the profits of the company, surely it is not the function of Parliament to interfere with such an arrangement!

Mr. W. T. KING: That is for the court.

Mr. MAHER: It should not be the function of the court either. What right has the court to interfere with a matter of that kind? It is a private agreement between two sets of shareholders of a company. In good times, will the court give the preference shareholder the right to say to the ordinary shareholder that he must not get a return of 15 per cent. or 20 per cent.? If the profits will stand it, there is no limit to the amount of dividends which the ordinary shareholder can receive. While times are prosperous, the ordinary shareholder takes his dividends of 10 per cent. to 15 per cent.; but, when times get bad, he

desires to compel the preference shareholder to disgorge a portion of his preferential rate. I do not think it is the right function of Parliament or the court to interfere in a purely domestic concern affecting the rights of two sets of shareholders in a public company.

The hon. member for Maree and other hon. members have dealt with another clause of the Bill granting to the Cabinet the right to extend the provisions of this measure by Order in Council. I cannot see the wisdom of granting that power.

Mr. W. T. KING: It does not do that. The measure operates for twelve months, and it gives the right to extend it beyond twelve months.

Mr. MAHER: It goes further. Clause 4 states that the Governor in Council may—

“extend the provisions of this Act together with any additions or amendments thereto or modifications thereof for such time as shall be expressed in any such Order in Council.”

Whatever merit there may be in the argument that the provisions of the measure may be extended by Order in Council, there is certainly no merit in taking away from Parliament the right to deal with the question of additions to or amendments of the measure.

Mr. W. T. KING: It does not do that.

Mr. MAHER: Everything points to the factors I have mentioned regulating the price of money by natural means; and it is rather a pity that the Government should have disturbed the minds of investors by an endeavour to fix the price of money in the special circumstances ruling in the country to-day.

At 4 p.m.,

The CHAIRMAN OF COMMITTEES (Mr. Hanson, *Buranda*) relieved Mr. Speaker in the chair.

Mr. SPARKES (*Dalby*): It is not my intention to discuss the Bill at any great length at this stage. Whilst we all realise that any reduction of interest must be of benefit, at the same time it must also be realised that different circumstances obtain at different times. I am aware that the Bill is a very important one; and I am rather pleased to see that it is not so drastic as to remove personal covenants, as the New South Wales Act does.

I think it is agreed by members on both sides of the House that this reduction in interest is designed to assist borrowers. I want to point out the position in the primary producing industries in respect of advances made by such institutions as Dalgety's and the Australian Mercantile Land and Finance Company. One hon. member on the other side referred to interest rates of 12 and 14 per cent.; but we know that such institutions as these do not do that sort of business at all. Whilst admitting that a reduction in interest would be beneficial, it is at the same time well that we should admit the amount of good that these institutions have done to the primary producing interests in Australia. In Queensland alone they have capital invested running into tens of millions, I suppose; and I would like to see these institutions placed on the same footing as banks. Hon. members opposite rightly contend that a wage-earner should be paid according to the conditions of his work. For instance, a man on surface work, who

sweeps up the street, perhaps, and does not take much risk, does not receive the same amount of pay as the man who goes underground and takes grave risks in mining. If that is the consensus of opinion—and I think it is—the same principle should apply to these institutions to which I refer. More or less their advances are made in respect of livestock, which, in view of seasonal conditions, represent a much bigger risk than is taken by ordinary banks or societies like the Australian Mutual Provident Society, which confines its advances to freehold and will not touch leasehold. The institutions I have in mind are practically banks. People bank with them and draw cheques on them, and perhaps never bank with any other institution during the term of their natural existence. If a drought comes, they have to feed the stock and carry on the borrowers. The Australian Mutual Provident Society—a very fine institution—demands at the end of each six months a payment of interest in cash—admittedly about 5 per cent.—but these other institutions make those payments for their clients. I sincerely hope that the Premier will put them on the same footing as ordinary trading banks. They derive their money in many cases from overseas. It is only right to tell hon. members—and I believe I am well within the mark—that money that such institutions advance costs 4 per cent. on the other side, but, by the time it comes out here and is ready to advance, it costs 6.9 per cent. If those institutions are forced to lend money at 5 per cent., it is obvious that they will lose at once; and it is only natural to suppose that they will send their available money elsewhere. Suppose, then, that Jones comes and applies for an advance, he will not get it.

I give the Premier credit for endeavouring to assist a certain section of the people; but he must take care that the very people he is endeavouring to assist are not injured by being unable to borrow the necessary funds because of certain conditions imposed on the institutions from whom they hope to obtain money. I am also well informed when I say that practically every one of these institutions is charging only 6 per cent. If one institution charged 7 per cent. and another charged 6 per cent., and an automatic reduction was made in the interest charge, the institution charging the higher rate would enjoy an advantage, because both would be subject to a reduction of 22½ per cent. That appears to me to be very unfair.

Mr. W. T. KING: What do you suggest?

Mr. SPARKES: I suggest that these institutions should be placed in the same position as banks.

The PREMIER: They will be placed on exactly the same basis provided the terms of security are the same.

Mr. SPARKES: The Premier does not appear to view the matter from the viewpoint of the borrower. I am sure he will admit that these institutions have materially assisted the primary industries in Australia.

The PREMIER: Yes. I am not attacking them. I am attacking nobody. I am merely seeking an equitable grading down.

Mr. SPARKES: A person who risks his life in a hazardous undertaking or occupation is certainly entitled to a greater amount of remuneration than that paid to the individual engaged in a comparatively safe

*Mr. Sparkes.]*

calling. Following that argument, these financial institutions assume a greater financial risk than banks.

The PREMIER: The class of security determines the rate of interest. If there was a greater risk in one form of security than in another five years ago, it would be reflected in the rate of interest, and the reduction in the interest charge being the same, the ratio would remain.

Mr. SPARKES: Practically all these big institutions have reduced their interest rate to 6 per cent.

The Premier also stated this morning that mortgages entered into after the passage of this Bill will not be subject to these provisions. There is no assurance that a mortgage contract providing for an interest payment of 6 per cent. or  $6\frac{1}{2}$  per cent. will not be legislatively interfered with in twelve months. It is not possible to give that assurance. I am in thorough accord with the moratorium portion of the legislation; but I warn the Premier that he will have to be very careful in the administration of this law to see that the primary producers whom he is anxious to assist are not made to suffer.

I have practical knowledge of instances where banking institutions and other bodies have turned down applications for loans which had been advanced by the very institutions I am referring to. It is their business to take these greater risks. I do not want the interest rate to be so legislated for as to make the money obtainable by these institutions dearer than the rate the Bill provides they shall advance it at. If that is so, then these institutions will be driven out of the State. Who is going to suffer if this capital is withdrawn from the use of our primary industries? That is where the Bill adversely affects our producers. I hope that the Premier will consider very carefully the desirability of making no distinction between the banks and the companies I have mentioned. With the exception of the name, they are banks in every particular. When the Primary Producers Bank failed last year, settlers in the St. George district were deprived of their capital in the midst of their shearing operations. What happened? The very institutions which the hon. member for Kelvin Grove condemned went to their assistance. I hope that nothing will be done by any provision in this Bill which will adversely affect these institutions from operating and benefiting the primary producer.

Mr. R. M. KING (*Logan*) [4.13 p.m.]: I recognise that the Bill has been pretty fully debated from all its aspects. There is a saying that "imitation is the sincerest form of flattery." I would take this opportunity of congratulating the Government on imitating the policy put forward by the Moore Government to give financial relief in certain cases. Speaking generally, I have no very great objection to this Bill. I recognise that the relief measures introduced by the Moore Government were necessary. I also recognise that, whilst the present Government said during the elections that they were not in accord with that legislation, they have adopted it, and are now extending its provisions.

The main objects of the Bill appear to be, first of all, to extend and define the terms "mortgage," "mortgagee," and "mort-

gagor" to include hire purchase agreements within the term mortgage, and automatically to reduce the rate of interest by 4s. 6d. in the £1, but not to bring it below 5 per cent.

The Bill also provides that the Public Curator as an instrument of the Crown is subject to the operations of the Act. A further provision extends the period of the operation of the relief given under the Bill; and provision is also made with regard to the dividends on preference shares.

These seem to be the main objects of the Bill. The Premier, to whom I listened carefully, said it was necessary to introduce the Bill on account of the small number of cases in which relief had been given under the previous legislation. That was not the fault of the legislation. The legislation was there.

The PREMIER: It was due to the limitations.

Mr. R. M. KING: I will not admit that. The legislation introduced was general enough to give an immense amount of relief to those who were anxious to obtain it, so that it was no fault of the legislation if people did not avail themselves of its provisions.

This Bill will compel people to take advantage of the provisions in many cases where the relief has not been asked for and is not desired. It is forcing something on the people which has not been requested. Although I quite agree that, probably through ignorance or other causes, a number of people did not avail themselves of the existing legislation, on the other hand, a number of people are not anxious for that relief. The Premier is not correct in his surmise that there have been only a few cases of relief. I suggest that there have been many thousands of cases. Probably not many have been granted by the court: but, where the court has dealt with those cases, it has invariably viewed the matter sympathetically and granted relief. In thousands of cases relief has been given as the result of private negotiation between the mortgagor and the mortgagee. These are cases which neither the Premier nor I would know anything about because they did not come before the court. It would be interesting to find out how this legislation will work out. It is problematical whether it will be as beneficial or as widely availed of as the Premier thinks.

This Bill applies to two classes of transaction. In respect of mortgages completed before 31st July, 1931, the interest will be automatically reduced by  $22\frac{1}{2}$  per cent., but so that the reduction will not bring the rate below 5 per cent. Private negotiations have resulted in a reduction having been made in quite a number of cases; yet the person to whom relief has already been given may still apply to the court for further relief under this measure. But any further relief granted will be inclusive of the relief that has already been granted so long as the rate does not come below 5 per cent.

Then we come to those mortgages which have been executed since July, 1931. In those cases the mortgagor can apply for a reduction.

Although, probably, these measures are intended to give relief, we have to regard them from another point of view. We have to consider that, if this relief is given to

[*Mr. Sparkes.*]

any great extent, it will seriously affect industry; and I am afraid that it is going to be a serious tax on industry in general. If we could get information from the Registrar-General's office as to how many mortgagees have been registered since the present Act came into force on 1st July, 1931, I venture to say that there has been a considerable decrease, showing that investors are not prepared to lend money on mortgage, especially on freeholds, when the interest is liable to be reduced at any time. I would like the Premier to consider this position, that, whereas this particular measure is limited to a certain period, there is no reason why the Government should not come along next year with a proposal to reduce interest still further and to extend the time, and say that it will apply not only to mortgages executed since 1st July, 1931, but to all mortgages effected right up to the time of the passing of the legislation. What I complain of is that there is no feeling of security; and I think that is going to have a very detrimental effect on industry generally, and on the expansion and development of trade. The legislation that has been passed in connection with relief by the reduction of interest is reflected in the big increase in the value of Government stock, simply because people who had money to invest prefer that form of investment, knowing that it is a safe class of security, and cannot be attacked to any great extent, as already it is down to 4 per cent. Any restriction placed on the lending of money frightens people so that they will not lend; and that is going to have its effect on the development of trade and industry.

Mr. WATERS: Most of the homes in Brisbane have been built under mortgage.

Mr. R. M. KING: That is so; and this legislation is going to affect that class of transaction, unless the houses are built under the Workers' Dwellings Act or through the State Advances Corporation. You will not find financial institutions and investors lending money on freehold for the purpose of erecting homes, because the security is too insecure and the incidence of taxation is too uncertain. Under those circumstances they certainly will not embark on investments of such a precarious nature.

Trustees and money-lenders, for instance, can do much better than by lending money at 5 per cent. on freehold security. Why should they accept the worry and the responsibility of paying two income taxes, municipal rates, insurance, and land tax? All these charges would come on the mortgagee in case of default if he had to take possession and be added to the mortgage debt. The margin is not sufficient. As a matter of fact, money-lenders with money to invest, instead of lending on the security of houses, as mentioned by the hon. member for Kelvin Grove, are looking now for a far bigger margin of security. Up to a few years ago they used to lend up to 6½ per cent. of the value of such properties. So long as they had a third margin, they were quite satisfied with the security. They will not lend now beyond 40 per cent. of the total value of house property, and this Bill is going to restrict them still further in their operations.

Hire-purchase agreements are included in the Bill. Whilst I have no great objection

to that, I hope that this Bill will not restrict the operations of the people who sell these goods and give credit to the farm community or people who buy machinery on time payment.

The PREMIER: You do not agree with the Leader of the Opposition, who said that the opportunities for hire purchases should be restricted.

Mr. R. M. KING: That is not so. The suggestion was made that they should be restricted so far as a flat rate of interest is concerned, but it was not suggested that there should be any restriction in regard to implements of trade and industry. Unfortunately, under this form of purchase, people are induced to buy more than they can afford to pay for. They buy luxuries on the hire-purchase system, and in trying to meet the instalments in connection therewith they let their ordinary payments to the butcher and baker go. That is a well-known fact, and hon. members opposite know that these things are happening.

I think it is dangerous to include the provision with regard to preference shares.

The PREMIER: I have had a great many requests to make an automatic reduction.

Mr. R. M. KING: I do not think it is right to include such a provision, and it is dangerous. There may be a certain amount of justification in some cases, but, generally speaking, it is undesirable. There does not appear to me to be any relationship of mortgagor and mortgagee between ordinary shareholders and preference shareholders. We know that preference shareholders are asked to become shareholders by being given a special inducement, in the form of a security in regard to the return they are going to get on their outlay. They may get much less than the ordinary shareholder, and in many cases they do get less; yet they advance their money at a fixed rate of interest to enlarge the operations of the business, from which the ordinary shareholder derives, in many cases, a greater benefit than the preference shareholder. I am very sorry to see that provision in the Bill.

There is another matter I would like to deal with. In many mortgages we find covenants dealing with what is generally known as a penal rate of interest. An ordinary bill of mortgage, for instance, in the first part describes the mortgagor and the land which is to be mortgaged. The first covenant provides for the repayment of the principal money at a certain time, and the second covenant for the payment of a specific rate of interest on certain dates. It may be paid quarterly, half-yearly, or yearly—usually quarterly. Then the mortgage goes on to provide that the mortgagor shall pay the usual sums for insurance and so forth; and generally at the end there is a clause which provides that, if he observes all the covenants of the document and if before the due date he pays interest at a lower rate than the interest provided by the mortgage, it will be taken in full satisfaction of the interest at the rate thus provided for. That is to say, the payment of the interest at the lower rate will be taken in full satisfaction of the interest at the penal rate. If there is a reduction in the interest of such a mortgage, is the reduction to be in the penal rate or in the interest rate which is substituted for it if it is paid before the due date? It is a difficult position, and I just bring it before

Mr. R. M. King.]

the Premier so that he may consider it before we get into Committee. It will require a little consideration. Sometimes it is stated the other way—that, if the mortgagor does not pay on the due date, he must pay more—and sometimes in the way I have outlined.

There is one other matter with which I wish to deal—the point raised by the hon. member for Cook and the hon. member for Gympie and replied to by the hon. member for Maree. The hon. member for Maree took the hon. member for Cook and the hon. member for Gympie to task—especially the hon. member for Gympie, of whom he was very condemnatory because he had had a legal training. He was somewhat lenient to the hon. member for Cook because he had not had such a training. If the hon. member for Gympie and the hon. member for Maree and I were sitting on the Full Court—and I also have had a legal training—the hon. member for Gympie and I would have to overrule the hon. member for Maree. The hon. member's position is untenable. The very words of the clause show it. They are copied from a section in the Purchasers of Homes Relief Act. This clause gives the Governor in Council power to do practically anything except repeal the Act. I expect that you, Mr. Deputy Speaker, will not allow me to quote in detail, but it provides that the Governor in Council may—

“extend the provisions of this Act together with any additions or amendments or modifications thereof.”

If the hon. member for Maree were correct, the clause would give the Governor in Council power to extend the provisions of the sections—not of the Act—and I, therefore, submit that the Governor in Council can do practically anything he likes except repeal the Act. He can extend its provisions together with any additions he thinks fit, or any amendments or modifications he thinks fit.

At 4.35 p.m.,

Mr. SPEAKER resumed the chair.

Mr. W. T. KING: An Order in Council can be issued only to extend the duration of the law.

Mr. R. M. KING: That is perfectly ridiculous. If the object of the Order in Council is only to extend the duration of the law, it would apply only to the clause, and not to the whole Bill. The Bill provides that an Order in Council may be issued to extend the operations of the Act.

I have no desire to debate the matter any further. Some of the provisions have not been asked for, and the Bill extends certain relief that is not desired.

Mr. WIENHOLT (*Fassifern*) [4.36 p.m.]: I appreciate very much the clear speech delivered by the Premier, in which he set out the policy and the intentions of the Government in connection with this matter. I might observe the golden rule by saying first of all just what I am in accord with. I am sure it is the desire of the Premier and of every hon. member that there should be cheap money, with its natural result—lower interest. That will be very helpful to our industries and to Australia as a whole, because we have borrowed heavily and have become a debtor country. I was particularly struck with a financial report from England published in the papers a few days ago in which the writer stated that there

was a glut of money for high-class securities. It would be a very fine thing for Australia if we could take advantage of that position for our present debt conversions.

Coming down to the smaller, if not less significant statement of the hon. member for Kelvin Grove, that hon. member stated that he had been informed by a land agent that he was able to obtain considerably increased amounts of money for investment on mortgage. That is a very good sign. It would be to the advantage of industry generally and to Governments if we could take advantage of that cheap money. If advantage can be taken, then a benefit all round will accrue accordingly.

In speaking of interest rates the Premier referred to what might be called a sliding scale. He pointed out that, if one bale of wool or one bag of wheat paid for a certain amount of interest at a certain date and later it required two or three bales of wool or three bags of wheat to pay the same rate of interest, then the thing had lost its equity, and that it was right and proper to restore the position. If that argument is sound, then it must apply the other way, too. The hon. member for Maree used the same argument. Can we conceive of the Premier introducing a Bill into this House to increase interest rates automatically if wool, minerals, cattle, or wheat appreciated in price? The thing is impossible. The balance is not true. The Premier also quoted the remarks of Mr. Winston Churchill; but I am sure that Mr. Churchill meant that the ratio had lost its balance in relation to the gold standard. Mortgages in this country are not paid in gold, and will never have to be paid in gold.

The PREMIER: No. The hon. gentleman must recognise that the monetary policy has undergone some change.

Mr. WIENHOLT: The Premier knows that money appreciates or depreciates. It has appreciated, and it is now depreciating very fast. The Premier's policy as reflected in this Bill might be all right if there is never to be another mortgage.

The Leader of the Opposition, too, will remember that just for a fraction of 1 per cent. I asked him not to throw away the wonderful record of national financial integrity which we always possessed until last session. That matter might have appeared an arguable one; but it seems to me that, when cheap money was becoming hopeful, we should not have enacted legislation just in order to repudiate a miserable £231,000. In that respect we were like a runner who tripped just as he was about to breast the winning tape. What I want to think out is: How can a Bill of this sort affect unemployment? Will it increase unemployment; or will it help our unemployed? I for one would rather see our surplus money go into industry, enterprise, and development than go into Government loans. It would be better still if we welcomed fresh capital coming here, because outside fresh capital places no extra liability on our shoulders, and does more than anything else to relieve the serious unemployment we have before us.

The interference with preference shares seems to me to make for serious complications ahead. How deep and how wide those complications may be I cannot visualise. I must leave that to others who are abler exponents of the subject than I am. We

[Mr. R. M. King.]

must realise that there is a very close bond of trade between us and the old country; and any undue interference with preference shares and the rights of preference shareholders in these companies, some with their headquarters here and some with their headquarters at home, will bring serious complications in the future—much greater than we can foresee. I did not gather from the hon. member for Maree exactly what limit there is going to be—whether there is to be power to alter preference share rates permanently or not. There is also the question of accumulated dividends which have not yet been paid.

This Bill reduces the interest on many mortgages automatically to 5 per cent. Now, let me roughly compare Commonwealth 4 per cent. loans—they are about par, and are on the up-grade now—and mortgages returning 5 per cent. The Commonwealth investment is exempt from unemployment relief tax as well as State income tax, and from any increase in the Federal tax, while the mortgage returning 5 per cent. has to pay unemployment relief tax, State and Federal income tax, and any further increases that may occur. We are all pleased to see Commonwealth stocks appreciating. That is a good thing. One could not wish it otherwise; but it is this fear of increasing taxation on other investments that is possibly helping to drive the price of these stocks up. It seems to me that, if we pass this Bill, it would be wise for this Parliament to hold in its own hands very definite power to provide exactly the time to which the compulsory deductions shall continue. We should hold in our own hands very strictly the limiting and defining the extent to which the compulsory deductions shall be made, and allow it to rest solely with this Parliament as to how they shall be altered or cancelled in the future.

Question—“That the Bill be now read a second time (*Mr. Smith's motion*)”—put and passed.

Consideration of the Bill in Committee made an Order of the Day for to-morrow.

The House adjourned at 4.46 p.m.

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