

Legislative Assembly,

Tuesday, 30th August, 1938.

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

QUESTION—IRRIGATION AREAS.

Water Shortage at Harvey and Waroona.

Mr. McLARTY asked the Minister for Water Supplies: 1, Has the Government given consideration to the serious water shortage in the Harvey and Waroona irrigation areas? 2, If so, when can the farmers in those areas expect relief from the present water shortage?

The MINISTER FOR WATER SUPPLIES replied: 1, Consideration is being given to providing further water conservation in the South-West coastal terrain to meet additional requirements necessitated by the substantial change in purpose and use of irrigation water since the existing reservoirs at Harvey and Waroona were constructed. 2, Immediate temporary relief in certain parts can be expected with improvement in water duty by settlers, but permanent satisfaction to meet agricultural development in these areas can be ensured only after substantial storage works have been authorised and constructed.

QUESTIONS (2)—ABORIGINES.

Rations.

Hon. C. G. LATHAM asked the Minister representing the Chief Secretary: What was the expenditure in respect of rations supplied to aborigines during each of the years ended 30th June, 1936, 1937, and 1938?

The MINISTER FOR JUSTICE replied: Year ended 30th June, 1936, £13,600 17s., including freight; year ended 30th June, 1937, £15,443, including freight; year ended 30th June, 1938, figures not yet available. Full particulars are contained in the annual reports of the Commissioner of Native Affairs.

Mission Stations.

Hon. C. G. LATHAM asked the Minister representing the Chief Secretary: 1, How many applications were received from religious bodies for licenses to establish and conduct mission stations, as required by the recently gazetted regulations under the Native Administration Act, 1905-1936? 2, From which religious bodies were such applications received? 3, How many licenses were issued?

The MINISTER FOR JUSTICE replied: 1 and 2, No applications have been received in respect to the licensing of mission stations, nor has any request been made by the department for applications in that connection. The following applications have been received in respect of missionaries and mission workers:—(a) The Archbishop of Perth (Anglican) for the Australian Board of Missions, in respect to the Superintendent and seven workers at Forrest River Mission. (b) Bishop Raible of Broome (Roman Catholic) in respect to the Superintendent of Beagle Bay Mission and eleven workers, the Superintendent at Lombadina Mission and three workers. (c) The Church of Christ. A representative at Norseman on behalf of herself. (d) On behalf of the Ministers' Fraternal, Katanning, representing the Anglicans, Methodists, Presbyterians, and the Salvation Army. (e) On behalf of the Ministers' Fraternal, Narrogin, representing the Anglicans, Methodists, Presbyterians, Salvation Army, and Baptists. 3, None so far. In respect to the Ministers' Fraternals at Katanning and Narrogin it is considered that licenses under the regulations are not required, but permits to enter the local Native Reserve have been given.

ASSENT TO BILL.

Message from the Lieut.-Governor received and read notifying assent to Supply Bill (No. 1) £2,500,000.

CONSTITUTIONALITY OF SPEAKER'S POSITION.

Point of Order.

Resumed from the 25th August.

Mr. Hughes (East Perth) had raised a point of order that the House was not pro-

perly constituted for the conduct of business on the following grounds:—

In view of the fact that Mr. William Dartnell Johnson when last elected to the Legislative Assembly of the State of Western Australia was the owner of the lands comprised in certificates of title vol. 1027, folio 445, vol. 1037, fol. 268, and vol. 1021, fol. 895, and in view of the fact that there was and is still existing thereon mortgages to the Agricultural Bank involving the aforesaid William Dartnell Johnson in a contract to repay the principal moneys with interest thereon, thus constituting a contract between the aforesaid William Dartnell Johnson and the Crown in right of the State of Western Australia, and in view of Section 32 of the Constitution Acts Amendment Act, 1899, and Section 33 thereof, the election of the aforesaid William Dartnell Johnson as a member of the Legislative Assembly was void, the aforesaid William Dartnell Johnson is not and has not been since the last general election a member of this House, and in view of the fact that Standing Order 8 prescribes that only a member of the House may be appointed Speaker thereof the election of the aforesaid William Dartnell Johnson to the office of Speaker was invalid and of no effect and therefore the aforesaid William Dartnell Johnson is not Speaker of the Legislative Assembly of the State of Western Australia, but that office has been vacant ever since the retirement of the Hon. A. H. Pantou, and in view of the aforesaid premises the Legislative Assembly when presided over by Mr. William Dartnell Johnson, purporting to act as Speaker thereof, is not validly constituted for business and all business transacted under the purported speakership of the aforesaid William Dartnell Johnson is void and of no effect.

Mr. SPEAKER: Members will recall that at the last sitting of this House a question of constitutionality was raised by the member for East Perth (Mr. Hughes), who submitted it as a point of order. I thought it wise, in the circumstances, to defer dealing with the matter, and promised that it would be brought up again at this sitting. I question whether the point raised is a point of order. It treats with and covers a question as to whether a member of the Legislative Assembly contravenes Sections 32 and 33 of the Constitution Act, 1899, and is thereby disqualified from sitting as a member of such Assembly by reason of a mortgage entered into by him with the Agricultural Bank. On this matter there is a legal constitutional doubt. It is not original, and does not in any way approach the question from any new angle; neither does it advance the matter that has been the subject of debate and investigation by the Western Australian

Parliament for many years. There is no point of order in the matter submitted by the hon. member. There is a constitutional doubt, and may I say that it is an accepted Parliamentary practice to defer matters, upon which there is a doubt, for further consideration. I mention this because the House of Commons, in 1931, discovering a doubt under similarly worded sections, considered it necessary to pass special legislation to clarify or remove the doubt. Other Parliaments have recently given attention to such conditions as operate in Western Australia. As the matter has been raised here, no doubt it will be dealt with by the present Government in a manner similar to the action taken by the Government in the House of Commons. The second point mentioned is as to whether Parliament is validly constituted under a Speaker disqualified under Section 32. This is disposed of by Section 40 of the Constitution Acts Amendment Act of 1899, which reads—

The proceedings of the Legislative Council or Legislative Assembly shall not be invalidated by reason of the presence thereof of any person by this Act disabled or declared to be incapable to sit or vote in the said Council or Assembly.

MOTION—YAMPI SOUND IRON ORE DEPOSITS.

Commonwealth Embargo.

THE PREMIER (Hon. J. C. Willcock—Geraldton) [4.40]: I move—

That this Parliament of Western Australia emphatically protests against the embargo placed by the Commonwealth Government on the export of iron ore from Australia, in view of its disastrous effects upon the development of the State. We consider that the information available does not warrant such drastic action, and we urge the Commonwealth Government to remove the embargo.

The purpose of the motion is to enable members of this Parliament to express their views on what the Government considers to be a most iniquitous abuse of power by the Commonwealth Government. The prohibition on the export of iron ore from Australia has struck a terrible blow at the welfare of this State. I believe that members of the Federal Government, and many people in the Eastern States, do not appreciate just how serious this blow really is to Western Australia, and it is hoped that the motion, and the discussion upon it, will

assist to engender a better understanding of the issues involved and their effects. The embargo arose directly as the result of the development of the iron ore deposits at Koolan Island. It is undeniable that, had the Yampi Sound deposits remained unexploited, the question of the curtailment of the export of iron ore from Australia would not have arisen at this stage. I am quite confident that the terms of the motion will commend themselves to members of both branches of the Legislature. The Government invites members to express their opinions and to demonstrate the views of all sections of the people of the State regarding what I may term the wholly unwarranted interference with the development of Western Australia by the Federal Government through placing an embargo on the export of the iron ore. The Government invites members to urge, even at this late stage, that that decree be rescinded.

I propose to show some of the far-reaching effects the action of the Federal Government has had on this State. The most important, to my mind, is the death-blow that has been delivered to the hopes of an immediate and extensive development of the North-West. Ever since Western Australia has been occupied the North-West has presented one of our most difficult problems. The pastoral industry, which has undertaken the development of that portion of the State, has been hampered by the difficulties of distance and isolation. Pastoral pursuits in that area necessarily involve very large holdings settled by a small number of people. I do not think it is quite realised how sparsely settled is that part of the State. There is only one white person to every 62 square miles of the Kimberleys. That fact will help towards a realisation of the necessity for closer settlement in that part of the State if we are to do something towards its development. In this instance, with the development of the iron ore deposits at Yampi Sound, we had an opportunity to establish an industry that would have had a tremendous economic effect on the lives of the people of Western Australia. And when that industry is in the process of being established, with one fell swoop and one savage blow, our hopes of development are dashed to the ground. We have always felt the necessity for the establishment of some large-scale industry in the North-West to provide the nucleus of a larger popu-

lation. By the extent of its ramifications, the effects of such an industry would be felt throughout that part of the State. The Wyndham Meat Works were established over 20 years ago, and to some extent have removed the element of isolation in the North, and have been responsible for the successful exploitation of the cattle industry in that part of the State. That is a comparatively small factor in development when considered in relation to the production of iron ore from the huge deposits at Yampi Sound. The State lacks the necessary financial resources with which to develop the North-West, and the Commonwealth Government not only refuses assistance to develop industries but in this particular instance, it has strangled the proposal to establish an industry within the State borders.

I have endeavoured to arrive at figures showing the actual losses the State will suffer following upon the loss of the iron industry. The figures I shall quote are based on the export of only 1,000,000 tons of iron ore per annum for 15 years, which was the latest proposition submitted by the company, supported by the State Government but rejected by the Commonwealth Government.

The amount of royalty lost will be £250,000.

Wages lost, which would have been paid to Western Australian workers, reckoning 200 men at an average of £6 10s. per week, approximately £1,000,000.

Purchase of mining stores, etc., would have meant at least £50,000 to the State.

The arrival and departure of 120 ships a year would have involved the spending of, say, £90,000.

Harbour and light dues payable would have amounted to £60,000.

In addition dividend duty would have been payable on the profits of the company. All this, together with the indirect results of a large industry, represents a great loss to the State. This shows the benefits that the State would have received by its establishment and the advantages to be derived from the circulation of so much money are obvious to everyone. It is unnecessary for me to amplify the position at this stage from that particular standpoint. However, this

is far from being the whole story. The North-West would undoubtedly have developed other industries because of the increased facilities and amenities that would have been available. There was every indication that a valuable trade would have been developed in the export of cattle. Iron ore is a very heavy product and ships could not be loaded to full capacity, with the result that each ship would have had ample space for the export of cattle on the hoof. Probably 500 or 600 cattle could have been shipped away at a time. There would have been a big demand for the cattle and that in itself would have constituted an important phase of industrial development in the North-West.

Mr. Seward: Have you any idea where those markets would be?

The PREMIER: We have it on the authority of the Japanese people that they are now importing chilled beef from South America and that it would be, competitively speaking, a much better proposition to import live cattle from the North-West from which there would be a direct sea trip of ten or twelve days to Japan, compared with a much longer journey for the chilled beef from the other side of South America.

Hon. C. G. Latham: The cattle would be in very poor condition when they arrived in Japan.

The PREMIER: I do not know that that would be so. The Minister for Agriculture has just returned from the North by the boat that arrived this morning.

Hon. C. G. Latham: There were no cattle on that boat.

The PREMIER: Yes, I think there were. I think that was the reason why this ship spent a couple of days at Derby; 360 cattle were shipped and the journey took over a week, which is not much less a period than would be occupied in taking stock to Japan. Live cattle to-day are transported by sea from Derby to the metropolitan area in eight days.

Hon. C. G. Latham: In less than that.

The PREMIER: In seven or eight days. I think the Phillipine Islands are only seven or eight days' sail.

Hon. C. G. Latham: From Wyndham.

The PREMIER: Yes. It is only three or four days' further sail to Japan.

Hon. C. G. Latham: I think the cattle were in low condition when they arrived.

The PREMIER: The hon. member may think so, but probably the morning after to-morrow he will be eating some steak cut from the beasts which arrived here to-day.

Hon. N. Keenan: The temperature is very different.

The PREMIER: The temperature is tropical. Derby is within the tropics.

Hon. N. Keenan: But the whole passage would be a tropical one the other way. The ship would cross the equator.

The PREMIER: Derby is in the tropics. I do not think that would be an insuperable obstacle.

Hon. C. G. Latham: I think there is a great deal more talk than reality about shipping cattle.

The PREMIER: I do not know. I understand that negotiations were proceeding in regard to contracts for the supply of live cattle for Japan.

Hon. C. G. Latham: With the present company operating at Yampi?

The PREMIER: Yes, according to a Press statement.

Hon. C. G. Latham: I noticed the other day a report that the company was not intending to deal in cattle.

The PREMIER: Of course it was not going to deal in cattle. The company intended to deal in iron ore; but if there were a direct line of steamers from Derby to Japan and if advantageous freight rates could be secured, and such could be secured, because the ships would have to make the passage in any case, it would not be very difficult to build up a trade in cattle in the way I have indicated. Of course, members can cast doubts on that, but it has been stated by the people in Japan. We know the source of the statement. We know also that people living in equatorial countries do not desire fat meat. In fact, if fat meat were shipped to Java the people would not buy it. People living under such climatic conditions cannot assimilate fat meat. If the cattle did lose something in condition while being transported to Japan, that would not be a detriment to their sale in that market. I was surprised when I went to Java to find that the beef sold there had not a shred of fat on it. Had it been fat meat, it would not have been sold. The sheep we ship to Java must be store sheep, because the people will not have fat sheep.

Hon. C. G. Latham: They are stores when they arrive there, anyhow.

The PREMIER: In fact, quite a lucrative business was built up in goats. I went to Singapore on a vessel that carried 300 or 400 goats, which were taken off there because the people preferred lean meat. People may think that only the best meat is required in those countries, but the fact remains that that is not so, as the people cannot assimilate fat meat. Therefore, one of the objections raised to the export of cattle to those countries is removed. The Government was so concerned and so interested in this aspect of the matter that it undertook aerial and other surveys in the North with a view to developing the trade. We were assured there was more than a possibility, there was a strong probability of a direct line of steamers running to Japan by which live cattle could be shipped. Inquiries were made and the matter was gone into sufficiently to know whether there was anything in it or not. One of the reasons why the Government purchased the "Koolama" was to cater for the trade requirements of the North.

It is not only the State that suffers from the loss of development. Just as sparseness of population is a drawback of the industries of the North, so is it a great problem from a defence point of view. Every Australian will agree that the North-West is one of the most vulnerable parts of Australia. As I have told the House, there is one person in every 62 square miles of that territory, so much organising would be required to get an army big enough to resist an invasion there. From time to time we hear of Japanese poachers. We hear of unwarranted landings by foreign people on Australian soil, with risk to us of ill-health and contagious diseases, because quarantine restrictions cannot be enforced against those people in that district. Smallpox could be introduced into the North-West of Australia without our knowing anything about it, as there is but little population in the North, which is not likely to become further populated if industries are strangled in the way in which this industry has been.

Hon. P. D. Ferguson: One settlement at Yampi Sound would not obviate that risk.

Hon. C. G. Latham: But it would increase trading along the coast.

The PREMIER: Of course it would. It would be in the centre of the coast line between the Northern Territory and Broome,

where all these unwarranted landings by foreign people are now taking place. If we could get 1,000 people established at Yampi Sound, other industries would follow.

Mr. Stubbs: Is there an ample water supply?

The PREMIER: Yes. Everything needed to sustain life is there. Once a comparatively large town is established in any district, it is surprising to note what other industries become established in and around it. Markets would be opened up for necessities required by the people residing in the town.

One of the greatest needs of the State at the present time is to widen the basis of its economy. We are so dependent upon primary production and so lacking in other industries that we are exceedingly vulnerable to fluctuation in prices, which seem inevitable in connection with our primary products. We are facing such a position now. The disastrous fall in the price of wheat is threatening the whole economy of the State. The prices of wool and wheat are falling, and those two industries form such a large proportion of our export trade that, if the prices become unremunerative, the State will be in a very precarious position. For that reason, we need diversity of industries. Here is an excellent chance of establishing another industry that would not be affected by price fluctuations; yet it is apparently to be strangled at its birth.

Economists and statesmen throughout the world are agreed that one of the prime causes of the world's economic ills and dangerous national rivalries is the restriction placed on international trade. In Australia it is necessary to have an export trade so that we may be able to pay for our imports and our interest on overseas loans. We must have it, and here was another opportunity to commence an export trade that would have developed a beneficial effect on the economic life of Western Australia, and indeed on the whole of Australia. The Federal Government was aware of this position four or five years ago, and to encourage international trade, it sent an economic, or what was called a goodwill mission, to Japan. Sir John Latham, who was then Deputy-Prime Minister of the Commonwealth, undertook to lead this mission, and in Japan he preached the gospel of goodwill and told the people there that he was sent directly as an envoy of the Commonwealth Govern-

ment to endeavour to establish trade relations with that country. He told the Japanese that we were prepared to trade with them if they would trade with us, that the hand of goodwill would be extended to them in every possible direction. Thus we could improve our trade relations. I had occasion to visit Japan about six or eight months after the goodwill mission had been there and everywhere I went, knowing that I was an Australian, the people referred eulogistically to the excellent work that had been done by Sir John Latham on the occasion of his visit. The outcome of the mission was that Japan increased its trade with us. Naturally that country had every cause to think that the Commonwealth Government would encourage trade rather than put obstacles in the way.

Mr. Doney: You are talking about the position as it was a few years ago; there have been some big changes there since.

The PREMIER: There have been changes everywhere lately.

Mr. Doney: But marked changes over there.

The PREMIER: Yes. The necessity for carrying on international trade is more pronounced than ever because it prevents misunderstandings.

Mr. Doney: I will not question that.

The PREMIER: In spite of the encouragement given by the Commonwealth Government to the Japanese people, in spite of the necessity for building up exports, and in spite of the fact that the Commonwealth Government had previously abandoned its trade diversion policy as a disastrous failure, and in spite of the fact that it had received every encouragement to proceed with its developmental work, the company is now definitely prohibited from operating at Yampi by the embargo that has been placed on the export of iron ore by the Commonwealth Government.

Mr. Marshall: Is it an embargo or a prohibition?

The PREMIER: An embargo on the export of iron ore.

Mr. Marshall: I should say it was prohibition.

The PREMIER: It means the same thing.

Mr. Marshall: I do not know about that.

The PREMIER: An embargo means that you are not allowed to do certain things.

Mr. Doney: An embargo may be partial.

The PREMIER: Well, then, perhaps it is prohibition. An embargo means that an obstacle is placed in the way of a person doing anything, and if it is possible to jump over the obstacle one can perhaps get over the embargo. Time and again statements made from Canberra assured the company that there was no fear of an embargo. What faith can people have in a pronouncement of that kind? We sometimes hear the bogey raised that overseas people will not invest capital in Australia because of labour troubles. I do not know what we could call this embargo! If a company is encouraged to come here to develop trade, and after spending all the necessary money to secure that development, a total prohibition is imposed, what encouragement, I ask, is that to any other nation or people in any other part of the world to come here and spend money in the hope of establishing trade in the future?

Hon. C. G. Latham: You know that Japan undertook to take 108,000 bales of wool from us after that?

The PREMIER: Naturally the people expected that there must have been some profoundly good reason for the imposition of the prohibition.

Hon. C. G. Latham: Call it embargo.

The PREMIER: I would prefer to call it an embargo. The only reason advanced by the Commonwealth Government is that the reserves of iron ore in Australia are so small that the situation is alarming. And so the total prohibition was put on the export of iron ore from Australia. In arriving at that decision the Commonwealth acted on the advice that there were only two satisfactory deposits of iron ore in Australia—at Iron Knob and at Yampi, the former estimated to contain between 150,000,000 and 200,000,000 tons and the latter between 63,000,000 and 90,000,000 tons. The official estimate of a former State mining engineer, the late Mr. A. Montgomery, was that at Yampi there were 97,000,000 tons, and that that total could be multiplied manifold if the probable underground reserves were taken into consideration. There is a considerable difference between the estimates of the late Mr. Montgomery and Professor Woolnough who is the Commonwealth Government Geologist. Looking at official publications for some years back to ascertain the probable iron ore reserves of Australia, I find that a statement was published by Imperial Mining Re-

sources Bureau in 1922 showing that Australia had actual known reserves of 345,000,000 tons, and probable reserves of over 500,000,000 tons. Western Australia alone was estimated to have 156,000,000 tons, with probable reserves of 450,000,000 tons. I believe those figures are substantially correct.

Hon. C. G. Latham: It all depends upon the quality of the ore.

The PREMIER: The authorities do not say so. The Commonwealth Government stresses as important the accessibility or inaccessibility of the ore.

Hon. C. G. Latham: It can have too much manganese.

The PREMIER: That would be a fault.

Mr. Seward: Not at all; it would be most important.

The PREMIER: The Minister for Mines will be able to give the House some information on the subject of the known ore reserves in Western Australia. The Federal Government has made no allowance for possible future discoveries. There must be ever so much iron ore in Western Australia that has not been found or reported. So far as I know nobody has ever set out to search for it. It is not like gold, silver, copper, tin or lead. In the past there has been no market for iron ore, and if someone came to Perth to-morrow and said, "I can tell you where there are 100,000,000 tons of iron ore," what could be done? I am not aware of what could be done, because there would be no sale for it.

Mr. Stubbs: Perhaps it would have no value.

The PREMIER: It might have some potential value, but no present-day value. We are asked to agree to this prohibition—

Hon. C. G. Latham: Not agree to it.

The PREMIER: No; the prohibition has been imposed upon us in order to save the iron ore deposits of Western Australia for future generations.

Mr. Stubbs: At the direction of the Old Country?

The PREMIER: The Old Country said it was not interested, and the hon. member is aware that Malaya is exporting millions of tons of iron ore to Japan, at the present time. Even the same Nippon company is the exporting company. If iron ore suddenly became valuable and people set out on a prospecting expedition to ascertain what our resources were, we might discover

that we had ten times the number of deposits that we now believe to exist. When the embargo was first imposed, some prospectors brought samples of iron ore to my office and said they knew where there were hundreds of millions of tons of it, of which there were no official records. We know that Western Australia is an ironstone country.

Hon. C. G. Latham: The ironstone is of very low grade.

The PREMIER: We can reasonably assume that there must be a great deal of ore of better quality, but no one has ever been interested in the search for it.

Mr. Stubbs: It cannot profitably be mined if it has to be transported a long distance to the coast.

The PREMIER: The distance from the coast would not be a great bar if there were a necessity for the ore in the future. The construction of a hundred miles of railway might even be necessary.

Mr. Seward: But that would increase the cost.

Hon. C. G. Latham: The point is, why should we export that which we can commercially use, and keep that which we cannot commercially use?

The PREMIER: There is no need to send away all the best, and at Yampi there was no proposal that all the best should go. In every young country it is important that the resources should be developed and that we should retain the capital from those resources for the development of the country. What are we developing this country for? We are exploiting all the wealth-producing possibilities of the State so that capital might be found for the development of further industries.

Hon. C. G. Latham: The export yields a royalty of 3d. a ton.

The PREMIER: I have explained that there is a quarter of a million pounds involved in that item. The officer who prepared the estimate submitted a very moderate figure.

Hon. C. G. Latham: It was £187,500.

The PREMIER: That is, if the royalty remained at 3d.

Hon. C. G. Latham: It was arranged for.

The PREMIER: One of the means of preserving the economic welfare of a country is by placing a high export duty or a royalty on goods that are sent from the country; that is, if such exports become an economic

danger. If such an alarming shortage as was forecast should occur, we would very quickly impose a royalty of much more than 3d. a ton. In South Africa, the Government demands a royalty of 20 per cent. of the value of gold exported. Any country is entitled to some benefit from wealth that is obtained from within it and is exported. Should a profitable market for iron ore suddenly appear and people be able to sell the commodity in large quantities, a number of new discoveries would undoubtedly take place; or re-discoveries of deposits, known to individuals but never reported, would be made. When an estimate of our probable iron ore reserves was being prepared, allowance was not made for further discoveries, or for that scientific progress in the substitution of other metals for iron ore that is so noticeable at present. If such a great necessity exists for the conservation of iron ore in Australia, why is it that the export of pig iron and scrap iron is permitted? This material could be used over and over again. I have before me a copy of "Economic Notes" sent to me from Melbourne. The publication is issued by the Victorian branch of the Economic Society of Australia and New Zealand and the Faculty of Commerce of the University of Melbourne.

The pamphlet contains a long article about wasting assets, written, I understand, by Mr. W. Prest, Senior Lecturer in Economics at the Melbourne University. In that article Mr. Prest discusses the matter we are now considering. Members will observe that we in Western Australia are not alone in thinking that this embargo is deplorable. We have supporters in the Eastern States and in other places who think that the policy of the Federal Government is disastrous.

Hon. C. G. Latham: There is no similarity between the scrap iron you mentioned and iron ore.

The PREMIER: There is a distinct similarity, because scrap iron is re-converted into iron. If we had 100,000,000 tons of scrap iron, our reserve of iron would be increased by that quantity, because scrap iron can be used again. Iron is not like wheat, oil or coal, which, once used, are not recoverable.

Hon. C. G. Latham: Well, it has a very low value, because thousands of tons are

lying about still, in spite of the quantity that has been exported to Japan.

Mr. Cross: That is all the more reason why we should export it.

The PREMIER: Scrap iron is sometimes necessary so that iron ore might be effectively smelted. Let me quote from the article to which I referred a few moments ago.

The fundamental criticism of all conservation policies, however, is that there are too many unknowns in the equation

$$\frac{\text{Total Resources}}{\text{Annual Output}} = \text{Length of life.}$$

In the present case, the Commonwealth Government has announced that a detailed survey of Australian iron ore reserves will be made, and the embargo may be reconsidered if additional reserves are discovered. But the future course of demand can never be predicted, as the recent history of the British coal industry shows. The fall in the demand for coal has falsified all predictions of the future trend of output and exports, and hence of the probable length of life of the coalfields. It is not unlikely that in the future the demand for iron may suffer from the competition of light alloys in the same way as the demand for coal has suffered from the competition of oil and water power.

Members will recall that some years ago it was stated that the outlook of the coal industry of Great Britain was very serious. The statement was made that the coal resources were being utilised to such an extent that the supply would last for no more than a hundred years. Some justification for those gloomy prognostications at that period might have existed; but with the growing use of fuel and the utilisation of hydraulic power for the generation of electric current and allied purposes, it has been found that, instead of the coal resources of Great Britain being likely to last only for a comparatively short time, the life of the mines is lengthened because there is less demand for the product. A similar possibility exists with regard to iron ore. Should substitutes for iron be extensively used in the future, we should not need all the iron ore available to us. Yet we are expected to cut our throats; we are expected not to do any trade in iron ore because 150 years hence some people in Australia might want this commodity, and because it is thought no more reserves will be found throughout the length and breadth of the Commonwealth. The article continues—

Moreover, there is a special characteristic of the demand for iron ore which requires

consideration in this connection. Iron is not a volatile substance like coal or oil. It does not disappear in the process of consumption. It has been estimated that the loss of iron due to "wear or tear" is only about 3 per cent. per annum of the total amount in use. The great expansion of the iron industry dates from less than 50 years ago, and it is only now that the first great wave of "scrap" is beginning to return to the furnaces. Thus, the exhaustion of iron ore reserves may be a less serious matter than the exhaustion of coal or oil reserves.

The Minister for Works: That is a very important point.

The PREMIER: Those are the remarks of the Melbourne Senior Lecturer in Economics. The article contains more than I have read, but that is the particular portion I desire to quote at this stage.

Hon. C. G. Latham: He knows as well as we do that steel is extensively used in buildings to-day, whereas a couple of decades ago it was not used at all.

The PREMIER: That is the point Mr. Prest makes in his article. When steel buildings are pulled down, the steel used in their construction—unlike bricks and mortar, which crumble away to nothing—is recast and used again. That is the point he makes, and it is very important. He declares that only 3 per cent. of the iron in use is lost each year. A steel building can be pulled down in 50 years' time and the material of which it is constructed will be available for use once more. The material can be used over and over again.

Mr. Hughes: That applies to other elements.

The PREMIER: Once coal is burnt and is used to generate energy, its value is gone and cannot be recovered. Again, once oil has been used in a motor car, it is of no further value. On the other hand, a motor car that is imported, or even made here, can be pulled to pieces when it has served its purpose, and the material can be converted into scrap iron and used again.

Hon. C. G. Latham: You know that that material is of very little value. A good deal of it is tipped into the ocean.

The PREMIER: That is being done now because it is not necessary once again to use the material in those cars. The point is, however, that, should the necessity arise, further use could be made of the material. The question I am asking is this: If it is so necessary to conserve all our iron ore for

use in two hundred years' time, why should we send away any manufactured iron at all? Why export pig iron if we are going to be in dire need of it in the future? The conservation of our reserves is not so important as is suggested. The embargo is based on entirely wrong premises and, in the interests of the people of Australia, should never have been imposed. It is not warranted, and its imposition is an unjustifiable abuse of power. Such action should not have been permitted, and I have been surprised at the number of people in this State and elsewhere that hold the same view. Those people say that the embargo is as silly as the trade restrictions imposed by the Federal Government two or three years ago and now generally admitted to have been the most egregious blunder made by that Government. Everybody admits that, even the Government itself, which withdrew the restrictions. The same action should be taken with regard to the iron ore embargo.

Mrs. Cardell-Oliver: Why did the lumpers refuse to handle Australian scrap iron?

The Minister for Mines: The hon. member had better give notice of that question.

The PREMIER: Perhaps the lumpers considered that the Lyons Government was correct in asserting that we needed this iron for ourselves. The lumpers may have given credence to the contentions of the Federal Government.

Mr. Seward: I am afraid the lumpers did not think that.

The PREMIER: They had it on the authority of the Lyons Government that the iron was needed and took the action they did from patriotic motives.

Mr. Doney: You do not think that is the reason for their action, do you?

The PREMIER: They may have taken the contention of the Lyons Government seriously.

Mr. Sampson: They wanted to take over the government of the country.

The Minister for Mines: They were all patriotic.

Mr. Hughes: You do not read your paper or you would know that they are always against the Lyons Government.

The PREMIER: Let us consider the most pessimistic contention advanced by the Federal Government, that about 250,000,000 tons of iron ore are available. All the company wanted to do—and it was

backed by the State Government—was to be allowed to export 15,000,000 tons. The argument is that in 100 years' time we will be using 6,000,000 tons of iron ore a year, but all we wanted to export at this stage was 15,000,000 tons, which is roughly a little over two years' supply. But we have to suffer all the disabilities of strangling a new industry, which promised to have an important effect on the economic development of the State, and particularly that part of it where the deposits exist, because in 100 years' time somebody might be short of two years' supplies. That is surely illogical and absurd. No country that refused to permit the export of valuable commodities because those commodities might be needed at some distant date would make any progress. Suppose somebody had prevented Carnegie from establishing his steel works at Bethlehem, or wherever it was; or that someone had prevented Ford and the other motor car manufacturers from producing cars, what would have been the effect on the economic development of the United States? The development of that country would have been retarded by 50 years. But for the industrial development that has taken place, the United States would not be anything like the country it is.

Hon. C. G. Latham: The development has taken place within the country.

The PREMIER: No. The United States has a tremendous export trade.

Hon. C. G. Latham: In raw material?

The PREMIER: The hon. member probably drives a motor car that comes from America. If he does not, I do.

Hon. C. G. Latham: Is there a tremendous export of raw material?

The PREMIER: No, not raw material.

Hon. C. G. Latham: Then that is a different matter. Nobody would object to motor cars being manufactured here.

The PREMIER: If the material were absolutely necessary for our existence, we would have to disapprove of exporting any of it whatever—whether manufactured or not. Similarly, other countries would have to close down on the export of everything they produced. Oil, for example, comes from the Far East and from America. If the people in those two places said, "We do not think we have enough oil for our own requirements; we might be a bit short in 30 years' time, and we had better close down on the export now," what would be the re-

sult? Yet that is equivalent to what the Commonwealth Government has done in regard to the proposed exploitation of the natural wealth of our country. Because of some industry to be established 250 years hence, we are to refrain from exploiting this natural resource. The thing is absurd, illogical and ridiculous.

The Prime Minister and several of his senior Ministers expressed themselves on the subject not long ago. There must have been some extensive propaganda going on to induce the Commonwealth Government to impose the embargo, because when Western Australia attempted to develop the iron deposits there was no hole-and-corner business about it. The then Minister for Mines, Mr. Munsie, communicated immediately with the Commonwealth Government, giving all details of the proposal. This is not something that the Commonwealth Government subsequently discovered we were keeping back from it. All information bearing on the matter was sent to the Federal Government, and no objection reached us from that quarter. In point of fact, the Commonwealth agreed to the proposal. Let me inform the House what has been said by members of the Federal Government. On the 10th September, 1936, in reply to a question asked in the House of Representatives, Mr. Lyons said—

The control of the development of the deposits was a matter for the Western Australian Government. The only power the Commonwealth Government had was to refuse a permit for the export of the ore, but the Commonwealth Government felt no more justified in prohibiting the export of iron ore to Japan than in prohibiting the export of wool.

That is in the Federal "Hansard." But propaganda was at work. Next, a Press message from Canberra, dated the 3rd March, 1937—16 or 17 months ago—stated the following:—

It is considered in official quarters in Canberra that supplies of iron and iron ore for all Imperial purposes from the existing sources are more than adequate. No fears are held that the shortage in Britain will continue, as the supplies in Australia and elsewhere in the Empire are more than adequate for any possible demand, and the adjustment of any shortage in Britain can easily be effected through the ordinary channels of trade.

Someone said Britain was a little short of iron ore on account of the manufacture of armaments.

Hon. C. G. Latham: That is a Press comment you have just read.

The PREMIER: It is a statement by the Commonwealth Government published in the Press. On the 22nd May, 1937, Sir George Pearce stated—

The Commonwealth Government considers that any effort to restrict Japan's access to the iron deposits at Yampi would be dangerous. It would strengthen Germany in her claim for the restoration of colonies, by enabling her to demonstrate that the Empire was restricting access to the natural resources of the Dominions. Moreover, since one of Japan's chief sources of iron at present is British Malaya, and since the British Colonial Office has made no effort to restrict purchases for Japan in that Colony, it is evident that the British Government is in agreement with the policy of the Commonwealth that restrictions should not be imposed on foreign customers.

Hon. C. G. Latham: We are now suffering one of the penalties of Sir George Pearce's going out of political life. He is no longer at Canberra to maintain the rights of Western Australia. The embargo was put on since he went out of the Government.

The PREMIER: It was imposed before Sir George Pearce left Parliament. Sir Earle Page, Deputy Prime Minister of the Commonwealth, who has been in England lately and saying all sorts of things about the necessity for trade between England and Australia, who has been at Home to see that our primary producers have a market for their products, regards this as a kind of international trade which we should be permitted to do. He stated on the 27th May, 1937—

The Commonwealth did not enter into the picture at all except to grant permission for four Japanese experts to supervise the quality of the ore that was bought, exactly the same as Japanese wool buyers came to Australia for a similar purpose. Australia exported lead, zinc, spelter and other metals, and it would be just as feasible for someone to ask the Government to prevent their export to other countries.

Again, Senator McDonald, who is now a member of the Federal Cabinet, said on the 5th August, 1937—

I refuse to believe that the Commonwealth Government would wilfully hamper this phase of the development of the North-West, unless there is some relationship between the reported decision and the conditions that have followed Japan's penetration into China.

Hon. C. G. Latham: He was not a member of the Federal Cabinet then.

The PREMIER: He was not in the Cabinet when he said that, but he has entered it since. I have stated that we as a Government kept the Commonwealth Government fully advised of everything done in connection with the export of iron ore. The Commonwealth Government had all that information, and knew that people were embarking upon the expenditure of a large amount of capital. We considered it important that if there was to be any embargo or disturbance, it should have been made known at the time, instead of waiting until all the capital expenditure had been incurred to learn that the export would not be permitted.

There was some propaganda about this matter in the Eastern States. There were influences at work to prevent the export of iron ore altogether. The Prime Minister thought the matter sufficiently important to be dealt with in a statement which he made in the Federal Parliament on the 31st August, 1937—

I wish to dispel any misapprehension that might exist in regard to the attitude of the Commonwealth Government in connection with the export of iron from Yampi Sound. A preliminary survey of the potential supplies of iron ore has revealed the existence of very considerable deposits, sufficient for all our requirements for a great many years ahead.

This is the important point—

The Commonwealth Government is aware of no reason why it should intervene.

That is a statement made less than 12 months ago by the Prime Minister in the House of Representatives. To use the vernacular, he let people climb the tree and then chopped it down underneath. That is what has been done. The statement I have quoted was made not by a junior Minister or an irresponsible Minister—however, I will not mention Mr. Hughes. I have quoted statements made by responsible Ministers—Sir Earle Page, Sir George Pearce and, on two occasions, the Prime Minister. On the 31st August, last year, 12 months ago to-morrow, Mr. Lyons said—

The Commonwealth Government is aware of no reason why it should interfere.

Hon. C. G. Latham: I suspect those trade unionists have put the screw on him.

Ministerial Members: Oh!

Mr. Marshall: Try to be serious.

The PREMIER: I think the Leader of the Opposition, during his visit to the Eastern States, saw some newspaper comments to

the effect that the Commonwealth Government was not whole-heartedly backed up by everybody in this matter.

Mr. Withers: The Eastern States have always been against Western Australia.

The PREMIER: There was a conspicuous absence of comment on the matter. The Press was muzzled on this subject. I have endeavoured to get Press comments through various sources, but I have not been able to obtain many. Since that definite statement of the Prime Minister, there has been no alteration or change in the quantity of ore available. We have received no additional information since then.

Mr. Warner: Have you any information as to what passed between the Commonwealth Government and the British Government?

The PREMIER: No, except that I read a statement made publicly in Great Britain that the Imperial Government had no interest in the matter and was not advising the Commonwealth Government with regard to it. I mentioned 10 minutes ago that the British Government is in control of Malaya.

Mr. Warner: The British Government may be indirectly in control of this matter too, and of the Prime Minister of Australia.

The PREMIER: In my opinion, the Prime Minister of Great Britain has much more influence on a Colony such as Malaya than under the Statute of Westminster he has on a Dominion. If he has any influence at all on the trade of the Commonwealth since the passing of the Statute of Westminster, he has a hundred times as much influence on the trade of a Colony which is directly under the British Government, as Malaya is. The report that the Federal Government is obtaining will, it is anticipated, take about two years to prepare. That is about the time the preliminary work at Yampi will require—before export commences. Why could not the Commonwealth Government have waited until the report had been received? Only a couple of years would elapse, and then we would have all possible information in regard to our known ore reserves. Why should not the Commonwealth Government have delayed the embargo until then, seeing that there would be no export in the interim?

Hon. C. G. Latham: I do not think there would be any likelihood of any intervention then.

The PREMIER: In the last 18 months a lot of machinery has been sent to Yampi,

and members would be surprised at the quantity now at Fremantle.

Hon. C. G. Latham: I read in the paper the other day that the warden had decided to recommend the cancellation of the leases.

The PREMIER: That was a long time ago.

Hon. C. G. Latham: No, recently.

The PREMIER: No.

Hon. C. G. Latham: Then I shall have to get the date. The last case would have been within two months.

The PREMIER: The Leader of the Opposition was one of the Parliamentary party that visited the Big Bell, and must have realised that not many people would be required on the preparatory work of opening up a big proposition.

Hon. C. G. Latham: I am agreeing with you there.

The PREMIER: Only two years will be required to get authentic information regarding the iron ore reserves of Australia and why could not the Commonwealth Government have waited until then?

Hon. C. G. Latham: The company would have been that much further advanced with its expenditure.

The PREMIER: It would have been a good thing for the State had the production of iron ore at Yampi been advanced to that stage. If we are committed to pay compensation for all the expenditure incurred and for the machinery purchased, much of which machinery is lying at Fremantle at present, the extra amount that would have been involved by waiting would be comparatively little, and we would have had the development of this mining area in the North. The latest modified proposal was the export of 15,000,000 tons spread over 15 years. The Commonwealth authorities could have said, "You have permission to export that quantity, but if we ascertain by investigation that the position is alarming, then an embargo will have to be imposed." At such a stage the Commonwealth authorities might have been justified in stepping in and prohibiting the export of iron ore. Personally I have no doubt that if the Commonwealth conducts this investigation and sends out prospectors to ascertain exactly what the iron ore reserves of Australia are, it will be found that we have sufficient to last for hundreds of years. There is just as much warrant for

my making that statement as there is for other people's saying the opposite.

Hon. C. G. Latham: You mean in co-operation with the State Government.

The PREMIER: Yes, we offered the Commonwealth all possible assistance.

Hon. C. G. Latham: Has the investigation been started yet?

The PREMIER: Yes, Dr. Woolnough went to Yampi. He had not been there before, but he discounted the figures of the ex-State Mining Engineer, Mr. Montgomery, who had been there. Our Government Geologist accompanied Dr. Woolnough and the exploratory work was started. The Commonwealth authorities are paying the men who are still employed at Yampi.

The Minister for Mines: They are digging tunnels to find out how much iron ore there is.

The PREMIER: The Commonwealth is now paying the workmen who were employed by the company, so that those men have become employees of the Commonwealth.

Hon. C. G. Latham: Were not some of the men put off?

The PREMIER: Some of them were put off. The company was busily engaged in bringing the deposits to a productive stage, whereas the Commonwealth, for exploratory purposes, would not need the services of all the men previously employed. Consequently a number of men have lost their work. I think I shall have to make representations to the Federal Government, as requested by the union concerned, to assist in finding employment for the men who were deprived of their work as a direct result of the action of the Commonwealth. Should the survey reveal that the position is not alarming, Yampi will be closed down; the people who were undertaking its development will have become discouraged, and there will be no chance of reviving interest in the deposit. After the experience of the company, nobody would care to take up the proposition again. If, after a company has spent so much money on development, some Government can step in and put a stop to operations, it will be very difficult to get anybody else to embark upon such work again.

Hon. N. Keenan: The Commonwealth Government has promised full compensation, and the company will lose nothing.

The PREMIER: Full compensation! I do not know that the Commonwealth will pay full compensation. The company was

encouraged to believe that if it developed the deposits it could do as much trade as it liked. The file before me definitely proves that. The company could have exported 50,000,000 tons of iron ore.

Hon. N. Keenan: That would be prospective profit.

The PREMIER: Yes, and the company should be compensated for that. Companies do not undertake the development of iron ore deposits for pleasure; they do so in order to make a profit.

Hon. C. G. Latham: Would you suggest that the company should receive compensation after spending £150,000 if half a million was required to get the iron ore ready for export?

The PREMIER: The hon. member had better ask the member for Nedlands to give him a legal opinion.

Hon. C. G. Latham: I should want to know what he would charge.

The PREMIER: I think he would tell the hon. member that such a claim would be quite legitimate and that the company was entitled to receive compensation.

Hon. C. G. Latham: For necessary works constructed.

The PREMIER: For probable profits. If the hon. member was knocked down by a motor car he might take an action for special damages—not damages for medical attention, but special damages—because of inability to perform his duties in Parliament.

Hon. N. Keenan: No, special damages are the actual damages and they are paid for. General damages might include what the Premier has suggested.

The PREMIER: I should have said general damages. That is what often happens in cross-examination; one elicits a fact already well-known. If the Commonwealth found there was plenty of iron ore in Australia, the embargo would be removed and the Eastern States companies would be free to continue their business, as in fact they are doing now. Special consideration was extended to the proprietors of Iron Knob.

Hon. C. G. Latham: You ought to be fair.

The PREMIER: The hon. member has not successfully accused me of being unfair. If he would wait until I had finished my remarks he would find that I was perfectly fair. I was saying that those people were continuing their development and trade to the extent of their unfulfilled contracts, the not inconsiderable quantity of 150,000 tons.

Hon. C. G. Latham: Provided they cease exporting in December.

The PREMIER: The investigation has been in hand for two or three months and six months would have elapsed before exportations were discontinued. The embargo, however, will close down Yampi for two years. I had intended to refer to the wharf labourers, but the member for Subiaco has left the Chamber.

Hon. C. G. Latham: She will read your remarks.

The PREMIER: I intended to develop the point regarding scrap iron and pig iron, but perhaps I have already said enough on that aspect. One of the arguments advanced in favour of the embargo is that iron ore should not be supplied to a potential enemy. Some say that the ostensible reason given for the embargo is not the real reason; that the real reason is international complications or defence considerations. I do not think that is a logical argument. If we object to supplying a potential enemy with iron ore, why not, as Sir George Pearce and other people have asked, object to supplying the same nation with wool? Soldiers have to wear woollen clothes; an army must be clothed. We do not object to selling our wheat to Japan; in fact, we are definitely anxious to do so. Every member of this House, particularly members on the Opposition side, would give a whoop of satisfaction if the Press to-morrow announced that Japan was prepared to buy 2,000,000 tons of Australian wheat.

Hon. C. G. Latham: That could not kill our people.

The PREMIER: No, but it would feed the soldiers who possibly would kill our people.

Hon. C. G. Latham: If they also had the iron.

The PREMIER: Japan has plenty of iron. The small quantity that we would supply from Yampi would make very little difference. If that is the real reason for the embargo on the export of iron ore, an embargo should be placed on the export of wheat, wool, tin, lead and other commodities that we may still export. Everyone in Australia would be highly pleased if tomorrow there was an announcement that 3,000,000 tons of wheat and 2,000,000 bales of wool had been bought in Australia by Japan.

Hon. C. G. Latham: We would not mind so long as Japan had the credits.

The PREMIER: If the financial arrangements were satisfactory and the orders were placed, everybody would whoop with joy. Yet those other commodities are as important in the national economy during war time as is iron. Napoleon is credited with having said that an army marches on its stomach.

Hon. C. G. Latham: High explosives were unknown in those days.

The PREMIER: Napoleon meant that unless soldiers were well fed and well clothed the best service could not be expected of them. Starving men certainly cannot fight. I have read quite a lot about Napoleon, and almost everything he said appears to have had considerable significance. An army marches on its stomach; it could not subsist on the iron used in the manufacture of rifles, swords or cannon, but could subsist on the wheat and wool supplied by this country. Perhaps I might remind the Leader of the Opposition of another saying attributed to Napoleon, namely, "Divide and conquer." If we could divide the hon. member's party from the party on the cross-benches, probably we should conquer. That is another maxim the hon. member might bear in mind. If we are justified in placing an embargo on the export of iron ore, we should supply no more wheat and wool. In the unlikely event of our becoming involved in war with Japan, it would be better for us to have the iron ore deposits at Yampi at the productive stage. If they had been thoroughly developed before the outbreak of war, they would be of tremendous advantage to the Commonwealth. The Nippon Mining Company, the people who contracted with Brasserts for the supply of iron ore, is a big organisation with, I understand, a capital of over £20,000,000. The company controls plenty of money. These people do not think there will be war. Immediately a state of war became apparent, and if that affected the relations between Australia and Japan, they would lose all the money they had put into the business.

Hon. C. G. Latham: There is a war up some river, is there not?

The PREMIER: Influential mining companies with a capital of £20,000,000 or £30,000,000 generally have some idea of coming events. Those controlling the companies do not think there will be a war, otherwise they would not desire to pour

money into Australia. If war did occur that money would be confiscated the day after the declaration of war. And yet, it is said that the real reason for the embargo is that there may be war, and that we should not allow Japan to get hold of our ore.

Mr. Lambert: You can only sustain confiscation by force.

The PREMIER: War is force. Everything about war is force. If a country wins a war it can take possession of the other country, or do anything with it. There is no law about war. Might is right. If a state of war occurs the conquering country can do anything.

Mr. Hughes: Those who won the last war have had to pay for it.

The PREMIER: Everyone is paying for it. We are paying the price, and, if we go on paying the price at the present rate, in a few years this may mean our downfall.

Mr. Seward: Where does this company operate?

The PREMIER: All over the world, and it has a big place in Tokio. One of the propositions, I understand, was that foundries were to be erected at Kobe, some 600 or 700 miles south of Tokio; also at Nagasaki, and other centres. The company has big interests in copper and other minerals.

Hon. C. G. Latham: There is the Nippon Shipping Company, too.

The PREMIER: I think they are all interlocked and all have command of considerable capital. The Commonwealth Government has promised to pay compensation to the company. That may lighten the blow to the Japanese concerned, but no amount of money can adequately compensate the State for the loss of this business. Any monetary compensation would be inadequate. Under workers' compensation a widow is compensated for the loss of her husband. It does not matter how much we give the widow for the loss of her husband; although it is possible to give her something to help her to sustain her loss, no one can compensate her for the loss of one who has been a constant companion. Perhaps the most ludicrous feature of the whole position is that the people of this State, in common with those in other parts of Australia, will be called upon to contribute towards this compensation. The Commonwealth Government will pay the compensation, and we, as a part of the Commonwealth, will have to pay our share. We shall have to pay

compensation for something that will do almost irreparable harm to Western Australia. It is ludicrous that what amounts almost to a death blow to our industrial life should call for a contribution from us. We shall have to pay as well as suffer for this heavy blow to our economic development. We shall have to pay for having ourselves stabbed in the back. It is asking for too high a standard of altruism to expect us to go on in this way, to have to pay for being deprived of an unrivalled opportunity to exploit the mineral wealth of the North-West. The whole thing is absurd.

Mr. Lambert: It is a pity the Government did not have some conception of that when it pulled up the line to the manganese deposits.

The PREMIER: I assure the House and the country that the Government has no brief either for the Yampi Sound Company or for Japanese interests. Our only concern is that they receive a fair measure of British justice. What we are concerned about is that Western Australia should not be deprived of the benefits to be derived from the exploitation of the iron ore in the North-West. If the interests of Australia are in jeopardy the whole nation should assist in bearing the burden. This State is to be deprived of the opportunity of having its iron deposits worked. When it comes to the question of internal use we are not allowed to supply any of the ore. The Broken Hill Proprietary declares it has enough iron ore of its own and does not want any from Yampi Sound. We have this great latent industry here and nothing can be done to assist Western Australia in exploiting the production of its iron ore for the benefit of the people of Australia. We are asked to make a sacrifice for the benefit of the whole of the people of the Commonwealth, but we are denied the benefit of producing ore for the people of Australia. The decision completely disregards the interests of this large but non-influential State. We have not much influence in the matter of votes in the Federal Parliament. Western Australia comprises one-third of the whole of the Commonwealth, and if we had one-third of the voting power in the Federal Parliament this kind of thing would not be done against the interests of the State. We should not have to make this sacrifice for the benefit of whatever the future may hold, nor should we have to

make it in the interests of the people of other parts of Australia. Evidently we can be allowed to remain poor forever, and an industry of a similar type can still be encouraged in the Eastern States. The situation reminds me of the man who makes provision for his old age. He takes out insurance policies to such an extent that he has no money left with which to buy bread. All his money goes in insurance premiums, to keep him when he gets old, and meanwhile he has not enough left to live on until he does get old.

Hon. C. G. Latham: And he dies before the policies are due.

The PREMIER: That is what we shall do. If we are not allowed to develop our country as we desire, we, too, shall die. If this ruthless policy of stifling our industry at birth is continued, there will be no future for us, because we shall not be here. We shall not be able to live. We have a big chance of developing an important section of our State, but for that section there will now be no future. Under the principles of international trade we find embargoes, quotas, prohibitions, duties, and many other things that tend to restrict trade. I think we shall soon seriously be discussing in this State a limitation of the area of land to be devoted to wheatgrowing.

Mr. Seward: That is being done now.

The PREMIER: It is being done altruistically, and the possibility only is being considered. If we go on as we are going now we may well be asked to limit the area that is devoted to wheatgrowing in this State.

Mr. Thorn: That is because there is too much wheat.

The PREMIER: Because we cannot sell our wheat.

Hon. C. G. Latham: The Commonwealth will receive a kick back from that if credit is not provided overseas.

The PREMIER: The Commonwealth Government will not be able to carry on any more than we can. I am not concerned about that for the moment. The overseas balance of trade is going down to some extent.

Hon. C. G. Latham: A great deal.

The PREMIER: Yes. The feeling of prosperity made people import far more than they would otherwise have done. If it had been known last year that this year the price of wheat would be 2s. per bushel and of wool 9d. a lb., the importations that have

been made since last year would not be so extensive.

Hon. C. G. Latham: The balance of trade was in favour of Japan last year for the first time in its history.

The PREMIER: I had great hopes that the Prime Minister, representing as he does a small State, would have had some regard for other small States—small from the population point of view—that were struggling to develop their own resources. We in this State are struggling to develop our resources, not only for the sake of our own people, but because we are a portion of the Commonwealth, and the Commonwealth itself would benefit from such development. In the circumstances I would have thought the Prime Minister would have felt much concerned about the development of Western Australia, and would have been the great champion of the rights of the smaller States, which desired to develop their own resources. His attitude has been a disappointment to me. Apparently his sympathy is either short-lived or it has evaporated. I have no desire to be unfair to the Prime Minister, but would like to contrast his statement of last August with the present position. Twelve months ago the Prime Minister saw no reason why the export of iron ore should be prohibited. To-day it is a Government policy from which he indicates it cannot recede. Protests have been recorded on behalf of many representative bodies, which may be said to reflect the views of all sections of the community. The State Government took a very strong stand from the first hint of a possibility of an embargo being imposed. We asked the Solicitor General to find out whether any legal action could be taken to prevent this injustice. He replied there was nothing to stop the Federal Government from exercising its own sweet will, except by the Parliament of Australia disallowing the regulations when they came before it. We have not simply sat down and done nothing. The Government has taken every opportunity to make a protest. I should like to read some of the telegrams that have been sent. At one stage the replies were of a confidential nature, but they are no longer confidential. The first telegram I have is from myself to the Prime Minister, and is dated the 18th March of this year. It is as follows:—

Re iron ore, surprised if limited survey made would indicate position iron ore pro-

duction as most alarming. In this State without any great amount investigation millions of tons iron ore are known to exist awaiting exploitation; trust no precipitate action will be taken which may have effect of indefinitely delaying iron ore production in this State which is of such vital importance to our economic position. Would like to be assured as per your statement of 31st August last in House Representatives that pending completion investigation no action will be taken to jeopardise present developmental work proceeding at Yampi. Will be prepared to give every assistance to have complete investigation made regarding iron ore position in this State at earliest date.

Sitting suspended from 6.15 to 7.30 p.m.

The PREMIER: Before tea I was reading telegrams that had been sent to the Prime Minister outlining the attitude adopted by the State Government. The next telegram, dated the 29th April, was as follows:—

Yampi company expediting in every way general operations for development erecting machinery and export of iron. Unless this continues unimpeded, much employment will be jeopardised. My Government considers it outstandingly important there should be no retarding of development at Yampi as of vital importance economic future Western Australia and Nor'-West particularly.

That was despatched because inspired statements had appeared in the Press indicating that possible action was being considered by the Federal Government for the imposition of the embargo. Then came the definite announcement of the embargo by the Federal Government and on the day that statement appeared in the Press, I sent a telegram to the Prime Minister at Canberra. The date was the 19th May and I wired:—

Announced here to-day that your Government is banning the export of iron ore as from 1st July next. This will be the means of ending the development of the Yampi Sound deposits. My Government emphatically opposes and resents any such action being taken and considers that the enforcement of an embargo will only add to this State's many injuries under Federation. Mention has been made of compensation to the company affected but what about the blow to the State in this hostile attitude towards the development of an area depending almost entirely upon its mineral resources and for which the Government and the people of the North have made many sacrifices? Is this territory and its mineral resources to remain undeveloped and to stagnate because of your Government's precipitate action on mere superficial information? The Government of

Western Australia strongly protests and urges that the project be allowed to proceed without further hindrance or molestation thus ensuring development and activity in that portion of Australia most needing it.

On the 1st June the following telegram was sent to the Prime Minister:—

Reports received indicate State-wide opposition to proposed embargo iron ore export is increasing. Trust some action contemplated to conserve Western Australian position regarding export until definite report available. Representative bodies such as Chambers Commerce, Manufacturers, Mines support this request.

Then there was the modified proposal that I have detailed to the House for the export of 15,000,000 tons spread over the longer period of years. That proposal was forwarded, and the State Government sent a supporting telegram to the Prime Minister on the 9th June of this year as follows:—

Understand Yampi Sound mining company applying for license export 15,000,000 tons iron ore spread over about 25 years. This proposal would develop a national latent asset, would create a new industry in this State, would open up cattle trade with other countries, and would populate the North-West without seriously interfering with amount of iron ore resources. State Government strongly supports application and urges Commonwealth Government approve.

All these protests were in vain. The Commonwealth Government remained adamant. It refused any modification and would not agree to any representations made by the State to secure the development of the Western Australian iron ore deposits. I wish to emphasise that, even if no further iron ore deposits are discovered, and we have only the deposits at Yampi Sound indicated by the preliminary estimates, the development of those deposits is so important to the State and the difference between 122 and 125 years' supply of iron ore in Australia is so small that the Commonwealth Government should not penalise Western Australia by blocking the march of progress for a hundred years before allowing the deposits to be developed. The assertion is being made in rather responsible quarters that there is more than a possibility of another depression affecting Australia. If the prices of wheat and wool furnish any criteria of what is likely to occur, it is more than probable that there will be a depression, because that condition of affairs is caused when the prices received by the producers for their commo-

dities are unremunerative or there is no market for their produce.

Mr. Doney: Did you receive any replies, telegraphic or otherwise, to the communications you sent to the Prime Minister?

The PREMIER: Yes, certainly.

Mr. Doney: What did they indicate?

The PREMIER: I thought I made it clear. The replies indicated that the Commonwealth remained adamant, and would not agree to any modification of the embargo. The prognostications regarding the probable depression or, to quote the word that is used in these days, the "recession" in prices of primary products, would seem to be well-founded, and it is likely that depressed conditions will operate in industry. I desire to reiterate that had it not been for the continued support the market provided for our wool in those times of difficulty a few years back, we would certainly have been in a much worse position. We disposed of thousands upon thousands of tons of wheat and wool to the Chinese and Japanese, and that helped us to weather an extremely critical period.

The disastrous policy of the Federal Government in restricting trade with Japan has been condemned by all. I do not know of anyone who has contended on behalf of the Federal Government. In the end, the members of that Administration themselves did not stand for it, and they admitted that they had been wrong. Since then that policy has been altered. I will say this much for the Federal Government; when it was proved to be wrong, it altered its policy in a manly fashion. I think the same thing will happen regarding the iron ore export embargo; it will be recognised in due course that a blunder was made. In the past we have had indications from senior Ministers and then finally by the Commonwealth Government itself that errors of policy have been committed, and alterations have been effected. I think just as frantic and futile efforts will be made again to re-establish this particular trade after all hope of Western Australia entering it has been dissipated. Unfortunately, as a rule it is never possible to secure provisions as good as those lost through such an action as that of the Federal Government. After abandoning a policy such as this we shall never again secure the trade that we would have had with Japan. That was instanced by the disastrous trade

diversion policy of the Federal Government.

I do not wish to deal with the position from the standpoint of what the Government will do should the Federal authorities persist in their determination to maintain the embargo. I much prefer at this stage to think that the Commonwealth Government will reconsider the whole question and recede from its precipitate action, reverting to a policy that will enable us to develop the great iron ore resources of the North. If the Federal Government does not do so, the attitude of the people towards the Commonwealth will be affected. Hostility to the Commonwealth is apparent to-day, and if the Federal Government's attitude is maintained, I am sure the hostile feeling will grow. In these times there is no room for disharmony or discord as between the State and Federal authorities; but the existing discord will be fanned if the Federal Government continues to disregard the reasonable requests of the State. Instead of dealing with those requests in a courteous and reasonable manner, the Federal Government ignominiously thrusts them aside as being of no consequence. Such a course will no doubt engender feelings of justifiable hostility, expressed and otherwise. On all sides it is admitted that Western Australia has suffered many disabilities as a result of its membership of the Commonwealth of Australia. That is recognised by the Federal Government, which has made grants to this State, inadequate though they may have been, to counteract the disabilities from which we have suffered. However, if this feeling of hostility permeates the thoughts of the people and they believe that, irrespective of what is required for the development of this part of the Commonwealth, the Federal Government maintains a hostile attitude and gives no consideration to the legitimate aims and aspirations of the people for the development of their territory, that spirit of antagonism must gradually increase. I do not want that to happen. The arrant secessionist may desire it; he may wish the Commonwealth Government, colloquially speaking, "to put the gun in as hard as it can," knowing that that will arouse more and more hostility on the part of the people of Western Australia. I do not want the people to adopt that attitude, and I know the majority of our sound-thinking people do not desire it. They want the Federal Government to be imbued with a sense of justice.

They want the Federal Government to act fairly in the interests of Western Australia, even if in the dim and distant future it may work out a little to the disadvantage of Australia as a whole.

I do not wish to touch on the subject of compensation to the State or to the company. I prefer to leave such matters for future discussion should it become necessary. I hope it will not be. It will not be necessary if the Commonwealth Government decides to recede from the most untenable attitude to which it is adhering at present. This was Western Australia's big chance to develop the North-West. When we have an excellent chance for industrial development, we do not wish to be told, in effect, that industrial development is not for Western Australia, that it is for the Eastern States. The development of this particular industry in the Eastern States will proceed and increase, but for Western Australia there is an absolute blank. The company will have to abandon the developmental work upon which it has been engaged, and Yampi will sink into the oblivion of the past 100 years. Western Australia may perhaps have to wait another 100 years to pass before again getting an opportunity to establish the industry at Yampi. The people of Western Australia, however, have no wish to wait 100 years to develop Yampi, because it is a source of great potential wealth. The ore is there, the industry can be developed, and should be developed. People are showing great anxiety to develop the industry; and yet, because some other people are of the opinion that in the dim, distant future, the iron ore at Yampi will be required for our own purposes, we are debarred from establishing an industry so important to the northern part of our State.

I understand the embargo is being enforced by the Customs Department and that the matter has not yet come before the Federal Parliament. I hope this appeal will be successful. I hope the motion will have the support of all members of this House and another place. I hope also it will not be necessary for the Federal Government even to place the regulation before its Parliament for approval. Being a regulation, it must be approved by the Federal Parliament. I would much prefer that the Federal Government, of its own volition, should remove the embargo than allow a hostile majority to defeat the Government

in what it might deem to be its policy. I am sure a mistake has been made. I am certain that the Federal Government, in a year or two, will agree, after it is in possession of full information, to give us an opportunity to establish this industry. I cannot believe that the iron ore which has been discovered in Australia in the last few years is all the ore that will be found in Australia. When additional discoveries are made, the Federal Government will be convinced of the mistake it has made now.

I do not desire to debate the motion any further. The Government has taken every possible action that it can take. On every occasion it has protested, advised and requested. It has done everything possible to conserve the interests of the State. Every step taken in the development of Yampi Sound was taken with the concurrence, or at least without the opposition, of the Federal Government. The Federal Government adopted the same attitude that we did, until suddenly a few months back this bombshell was exploded, and with it all hope of our development of the North. I trust that members will give consideration to all I have said on this matter, and will bear in mind, irrespective of what the Government has done, the disastrous effect of this embargo on the development of Western Australia. I hope the motion will commend itself to members of both Houses, and that we shall be able to send it to the Federal Government with the assurance that our protest will result in the removal of the embargo.

On motion by Hon. C. G. Latham, debate adjourned.

BILL—STATE GOVERNMENT INSURANCE OFFICE.

Message.

Message from the Lieut.-Governor received and read recommending appropriation for the purposes of the Bill.

Second Reading.

THE MINISTER FOR EMPLOYMENT (Hon. A. R. G. Hawke—Northam) [7.50] in moving the second reading said: This Bill differs substantially from the many Bills that were introduced in past sessions for the purpose of legalising the State Insurance Office. The Bill is not nearly so comprehensive as the Bills that have

hitherto been brought forward. Its aim is to establish the State Insurance Office on a legal basis, with power to transact fewer classes of business than were proposed in the previous Bills. I desire to point out, more particularly for the benefit of new members, that our State Insurance Office has now been operating for a period of 12 years, although it was not legally established when it commenced business and has not been legalised since. The reasons for the establishment of the office are fairly well known to all members. I do not propose this evening to traverse those reasons, except to say that a deadlock occurred in 1925 respecting insurance of mine workers under the Third Schedule to the Workers' Compensation Act. The deadlock continued during the greater part of 1925 and during a portion of 1926. Private insurance companies would not quote for the insurance of miners against the miners' diseases set out in the Third Schedule to the Act. The companies stated they did not have in their possession sufficient information or knowledge of the risks connected with those mining diseases to enable them to make a safe quotation. The deadlock threatened to have very serious results to the workers engaged in the mining industry. The Government of the day, through the Minister for Labour, the late Mr. McCallum, had to deal as promptly as possible with the situation. After investigating it from every possible angle, the Government decided to establish its own insurance office so as to overcome the deadlock and make insurance available to the mining companies, which were anxious that their workers should be given protection under the Third Schedule to the Workers' Compensation Act.

During the existence of the office, several Governments have been in power representing opposing political views. Governments have been in power that have been opposed, and very strongly opposed, to the establishment of a State concern of this description. Despite that fact, those Governments took no action to put an end to the State Insurance Office. On the contrary, some of them, at any rate, took action to legalise the office so as to enable it to conduct future business in a legal way. Attempts made by various governments to legalise the office have, unfortunately, so far failed. From time to time, criticism has been levelled

against Governments for allowing the State office to continue in business without its having been legalised. Criticism has also been levelled against Governments for not having brought the business completely to an end. As I say, all attempts made by past Governments to legalise the office have failed, partly because those who have condemned its legal existence have used their influence and, where they have had votes, their votes to defeat the legislation aimed at legalising the office. Opposition to the legalisation of the State Insurance Office is difficult to understand. Almost everyone now admits the necessity for its existence in order to carry on certain insurance activities. When Bills for the legalisation of the office were introduced previously, most members put before the House no end of figures. Previous debates developed very largely into a battle of figures regarding the history of the office and of other State-controlled offices in Australia and in other parts of the world, and regarding the activities of private insurance companies.

As this Bill is less comprehensive than were the former ones, it is not my intention to-night to put forward for the consideration of members much in the way of figures. It is desirable, however, that some information should be given to show the extent of the business that has been and still is being transacted by the office. I shall also disclose the reserves that have been built up during the 12 years during which the office has been in existence. The following figures cover the accident section of the insurance office, but exclude all Government workers:—

Year 1936-37.	£
Premium income	268,000
Claims paid during year	207,000
Administration expenses	4,000
Leaving a surplus for the year of ..	57,000

Year 1937-38.	£
Premium income	246,000
Claims paid during year	205,000
Administration expenses	4,000
Surplus for the year	37,000

At the 30th June, 1937, the State Insurance Office's trust fund, including the amount for miners' phthisis, stood at £388,139. The Government workers' compensation fund stood at £58,390, while the reserves for fire and marine insurance amounted approximately to £50,000, making the total amount of reserves for the year ended the 30th June, 1937, the sum of £496,529. The

figures for the year ended the 30th June last were as follows:—

	£
State Insurance Trust Fund ..	429,769
Government Workers' Compensation Fund	75,953
Fire and Marine Insurance ..	50,000
Total reserves	£555,722

I quote those figures to show hon. members the extent of the business carried on by the State Insurance Office and the volume of reserves built up over the years. The total premium received by the State Insurance Office for workers' compensation insurance is greater than that received by all the private companies combined. In 1936 the total premium income was £245,948 while the total received from the same source by private companies was £156,351. Approximately £90,000 more was received by the State office in respect to that class of business than was received by all the private companies. It is true that in recent years the premium income of the State office has gradually increased as a result of the activity that has developed in the goldmining industry of the State.

Hon. C. G. Latham: I suppose the claims have increased in proportion?

The MINISTER FOR EMPLOYMENT: The percentage of increased claims has been proportionately greater. Practically the whole of the insurance business carried out with the mining companies under the Workers' Compensation Act is transacted by the State Insurance Office. That is largely due to the fact that the State office is the only office willing to provide for insurance cover for the mining industry under the Third Schedule of the Workers' Compensation Act. State-owned insurance offices are being carried on successfully in other States of Australia as well as in Western Australia, and also in other countries of the world. Many of those offices deal in all classes of insurance business. Last year when a Bill similar to this was before Parliament a great amount of information was given to members of the activities of State-owned insurance offices in other parts of Australia and in other parts of the world.

The Bill now before the House does not ask Parliament to grant power for the State office to transact all classes of insurance business; it asks that the State office shall be permitted to transact insurance activities

under the Workers' Compensation Act and in connection with certain other classes of accidents people are likely to experience in that field of industry. As insurance under the Workers' Compensation Act is compulsory and, because employers are liable for certain classes of accidents under the Employers' Liability Act, we consider that the State Insurance Office should have the right to transact the business of insurance that employers obtain under those two Acts of Parliament. The other classes of accident business provided for in the Bill are such as could, and should be carried out by the State Insurance Office. To-day many workers are excluded from the protection of the Workers' Compensation Act because the wage, or salary they receive, is above the limit provided for in that Act. Members are aware that only those persons who, as workers, receive an income of less than £400 a year are entitled to protection under the Workers' Compensation Act. In many instances those workers obtain insurance policies for the purpose of protecting themselves in the event of suffering accident. In some instances the employers meet the premium cost of such policies. I understand that in the goldmining industry particularly, the employers pay the cost of the premiums to give protection against accidents to workers who are excluded from the Workers' Compensation Act because of the fact that they receive an income of more than £400 a year.

Mr. Marshall: I think the employees contribute a little.

The MINISTER FOR EMPLOYMENT: In some instances the employers do not contribute anything at all and a worker receiving more than £400 a year has to finance his own insurance if he desires to protect himself against loss by accident. It is proposed to give the State Insurance Office power to issue policies to protect such workers against such possible loss.

The Bill aims at placing the State Insurance Office, after it is legalised, under the management, control and supervision of the Government Actuary, as we consider that his special knowledge of the reasons originally responsible for the establishment of the office, and the information he possesses of the subsequent growth of its insurance activities, fit him for the work. The specialised knowledge he possesses as a qualified actuary will also be of considerable assistance in carrying on the activities of the

office in future. Naturally the Bill proposes to validate all transactions carried out in the past by the State Insurance Office. It further provides for the completion of all insurance being dealt with at the time when this proposed legislation comes into operation. The Bill further proposes to grant approval to the State Insurance Office as an approved office under Section 10 of the Workers' Compensation Act. That section gives the Minister power to approve any incorporated insurance business for the purpose of transacting insurance under that Act. As the State Insurance Office is not and cannot be an incorporated office, its approval under the Workers' Compensation Act should be provided for in the measure.

The Bill follows closely the unanimous recommendations made by a select committee of this House that last year exhaustively examined a more comprehensive measure, then before Parliament, for the purpose of legalising the State Insurance Office and giving it the power to transact practically every class of insurance business. The time for the legalisation of the office is long overdue. The office has more than justified its existence and has provided a service that has been widely availed of by a number of industries, and a considerable number of employers. The State Office is now an established institution and will and must be continued in existence, no matter which political party or group of parties may be in power. The sensible and right thing to do now is to legalise the office, validate all its past transactions, and enable all its future activities to be carried on in a strictly legal way as provided for by this legislation. I move—

That the Bill be now read a second time.

On motion by Mr. Watts, debate adjourned.

BILL—FAIR RENTS.

Second Reading.

THE MINISTER FOR JUSTICE (Hon. F. C. L. Smith—Brown Hill-Ivanhoe) [8.11] in moving the second reading said: A measure such as this is long overdue for the statute-book of the State. This is about the seventh time that a Bill has been introduced in the last ten or twelve years to give protection to a large section of the community, a section that is compelled by various considerations to pay rent in order to

keep a roof over its head. Frequently we are told that a solution of the housing problem is to construct homes for the people. That is a high-sounding and attractive phrase—the construction of homes for the people, under which a house-purchaser is presumed to get a house for a nominal deposit and on reasonable terms. Under the proposal a house-purchaser rents the money instead of the house, and to the extent to which the demand can be accommodated, I believe he rents the money that has been provided in order that he may be housed at a reasonable figure. In addition, he undertakes the responsibility of paying rates and taxes and also agrees to maintain the property in good order and condition. Those who have had security of tenure in their employment have, in many instances, I have no doubt, been advantaged by the opportunity that the Workers' Homes Act, and the board functioning under it, give to home purchasers to secure a dwelling on reasonable terms. But to suggest that in its many years of operation it has solved the housing problem or the rent problem, would be nothing more than mere exaggeration. Maybe if the money were made available to the Workers' Homes Board and that body were permitted to erect cheap yet comfortable homes for letting purposes, it could make a very important contribution not only to the housing of the people but also to the solution of the rent problem. The fact remains that, despite the opportunities extended by the Workers' Homes Board to people and the opportunities that might otherwise exist to enable them to secure dwelling houses for a nominal deposit and on reasonable terms, a large section of the community is still compelled by circumstances to pay rent. Many such people, on account of the risk involved, deem it better to pay rent than to purchase a house.

The last census disclosed that approximately 39 per cent. of the private dwellings and tenements in the various States of the Commonwealth were let to tenants. The returns of occupied dwellings in this State indicated that, exclusive of hotels and boarding houses, there were 97,308 private houses, and 3,133 tenements, or a total of 100,431. Private houses occupied by tenants numbered 31,398, and 2,725 tenements and flats were so occupied, or a total of 34,123. A simple calculation from these

figures will show that of the 240,000 people on the Legislative Assembly rolls in this State, approximately 70,000, including rent-payers and their wives, are interested in the rent question, to say nothing of the families dependent upon them. There is no need to go deeply into the reasons why people are compelled by circumstances to rent houses. We know from the figures I have just quoted that 39 per cent. of occupied dwellings are rented, and that is a condition of affairs not common to this State alone. An old proverb runs, "Needs must when the devil drives," and the "needs must" of many rent-payers is that they have not the requisite capital to meet the initial requirements of a purchased home.

What is more frequently the cause of a decision to rent rather than to purchase, however, is that employment seldom promises a term of security that will in a reasonable degree compare with the term that must be contemplated when a house is purchased and paid for from wages. How many buyers of property found, during the last depression, that their confidence in the future at the time they entered into a home-buying contract was not justified? Rent-payers, we must remember, may lose their jobs, but they do not lose their equities. The avenues that afford the greatest amount of employment are those that are the most sensitive to economic fluctuations, and many workers in various avocations have a justifiable feeling of insecurity from which arise decisions to rent rather than to purchase. This legislation aims to protect that legion of workers from the rapacity of landlords. I pointed out on a previous occasion that this applies only to some landlords. Like all restrictive legislation fair rent fixing becomes necessary to restrain exploiters amongst the landlords. It is designed to restrain those that take advantage of every circumstance to squeeze the last shilling out of a tenant. Reasons that may be personal to the tenants themselves are exploited by greedy landlords, and advantage is also taken of conditions that arise from a sudden transference of labour from one industry to another or from one part of the State to another and lead to a temporary shortage of housing or a lack of supply in comparison with the demand existing at the moment. We had an example of that, and still have it, on the Eastern Goldfields.

Some landlords fix a rent and, no matter what circumstances may occur, they will not raise the rent above that figure or reduce it below. They would rather have the house empty for months than let it at a figure less than that which they consider to be a fair rent. Apart from this type of landlord, there are many whose contribution to the average rent that exists in a district is that they have exploited every circumstance to extract the highest possible payment from a tenant. On the other hand, there must be landlords that, by charging rents below the average, help to reduce the average in the same way as those that charge excessive rents help to increase it. This legislation is aimed at the landlord that charges above the average. The worker receives in his pay envelope a sum of money calculated with some recognition of and regard to the average rent paid in the district where he works. There is no very great objection to the workers paying the average rent, but the worker paying above the average rent for the house he occupies is definitely, in the majority of instances, being exploited by his landlord and is in need of the protection that fair rents legislation will give him.

The fact that fair rents legislation has been introduced in so many countries is in itself a sufficient indication that the business of house-letting almost everywhere has associated with it features that require to be restrained. If, as is sometimes suggested, the law of supply and demand governs the situation and maintains equity, why is it that in so many countries the necessity has arisen for the introduction of legislation designed to maintain this equity? It is unquestioned that if the supply is not equal to the demand a situation will be created in which the rents charged bear to the values involved a most inequitable relationship. That, as I have already said, has been well indicated during the last four or five years on the Eastern Goldfields. On the other hand, an excessive supply, whilst undoubtedly affecting capital values to some extent, will not have the effect of reducing rents to ridiculous levels. Many factors prevent the law of supply and demand from operating in favour of the rent-paying section of the community. There is, for instance, the difficulty of securing a house suitable to the needs and the tastes of the tenant and his wife. The indication that those needs and tastes have been to some extent satisfied is

shown by the undertaking to rent. Occasionally, however, the wants and desires of tenants are exploited to extract more rent. It may not be much more rent, but it is more rent, and it is in excess of a fair rent. In this business of letting and renting houses there is moreover the fact that the lessor can terminate the lease without cost, and often with advantage, to himself, whereas the lessee can terminate the lease only at the cost of removal to other premises. This fact hampers the law of supply and demand as it applies to the renting of houses. One can go into the market-place, buy commodities, and take advantage of the prices offering, without cost to oneself; but one cannot do that in the renting of houses. Advantage cannot be taken of a lower rent which may be offering in a suitable district, for less than the cost of removal to that district. Often, in fact almost always, one cannot evade paying a higher rent except at the cost of removal. And then there is in many instances the necessity for a worker to live near his work. This is a need which is not lost sight of by greedy landlords, when weighing up the psychological and other considerations and possibilities that exist, for the purpose of squeezing another shilling or two out of a tenant.

On a previous occasion I pointed out that the International Labour Office in one of its publications drew attention to the difficulty of making comparisons of cost of housing in certain family budget inquiries conducted by the office in many countries, because of rent regulation existing in a number of those countries. I also drew attention to the fact that the cost of housing in the Irish Free State was only 6 per cent., whereas in the United States of America, which country may be called the spiritual home of all exploiters, it was nearly 28 per cent. of the total family expenditure. If rent regulation has the effect which is indicated in that statement, clearly such regulation adequately controls rent problems where it exists. It also proves that there is a crying need for regulation of rents elsewhere. Further, it is clear that rent regulation has not affected building enterprise to any extent, and certainly not to an extent that has appreciably cancelled out the advantages to be derived from such regulation, which evidently controls the rent problem in those particular countries. I propose to read again on this

occasion, as I read before, an extract from a letter received by the Crown Law Department from the Registrar of the Fair Rents Court of New South Wales, as the result of inquiries we were making with regard to this class of legislation. The Registrar's letter is perhaps the best piece of evidence in support of fair rents regulation that exists in the Commonwealth. The officer writes:—

There is no question that the Fair Rents Act has been of great benefit to a very large number of tenants, of whom those actually applying to the court may be taken to be a very small number. Many landlords treat their tenants with regard to rent and other matters with due regard to the moral obligations imposed upon them as owners of property in which human beings live; but there are others, unfortunately, who as a hard business proposition appear to consider themselves justified in exacting the last shilling in the way of rent and spending the smallest sum in keeping their houses in order and providing for the health and convenience of their tenants. Some of the agents victimise the tenants by raising the rent out of all proportion to the value of the property, in order to procure the sale of properties by guaranteeing the purchaser a larger net return than he is entitled to under the Act. There is no doubt that the Act gives a certain measure of relief to such tenants.

The experience indicated in that statement is similar to that which prevails in Western Australia and in other countries throughout the world. Evidently there are to be found in all parts of the world landlords who are prepared to extract the last possible shilling by way of rent out of their tenants. "It is the way to get on," they say. Maybe it is. There can be little doubt that the type of landlord referred to controls many houses, the acquisitiveness of the type being such that possession becomes an obsession and in turn an evil that is far-reaching in the business of house letting. I could give, though I do not intend to do so, some examples on the goldfields which that description would fit adequately and well.

The Stevens Government in New South Wales upon succeeding to office permitted the rent reduction legislation to expire, and as a result there has been a return in that State to the rack-renting methods to which the Act had put a period when brought into operation by the Lang Administration; and so we find that in the suburbs of Sydney there has been a programme of increasing rents by from 2s. up to as much as 10s. per week. In the circumstances it is not sur-

prising to find that recently in the "West Australian" it was reported that there had been a demonstration by women in the gallery of the Legislative Assembly of New South Wales. Those women were actuated by a desire to have the fair rents legislation restored to the statute book. That is evidence of the resentment felt by the rent-paying section of New South Wales at the programme of rent-raising which has actually taken place since the Stevens Government allowed that legislation to expire. The incident was referred to in the Press as a Communist demonstration.

Mr. Marshall: It was bound to be.

The MINISTER FOR JUSTICE: Yes. It is an easy way to describe a section of the community that is being made the victim of landlords to say that it is communistic. Because these people try to secure justice in respect of the rents they are paying, it is said that the demonstration emerges from repercussions from principles espoused by Mr. Lang. When such assertions are made, the very people who exploit tenants get numbers to believe them when they pose as champions of law and order, as they do whilst having their hands in the pockets of the very people on whose behalf they pretend to be concerned. Exhibitions of this type of landlordism on the goldfields during recent years have been a genuine and real grievance of hundreds of workers. The gold-mining industry having had a revival while other industries were in the throes of depression led to a great transference of labour from those industries to goldmining. Migration caused a demand for houses, because houses are necessary to existence in civilised communities, and it was only on the goldfields that these people could obtain an existence. Between the need for a job and the need for a house, many goldfields workers have been squeezed by greedy landlords, compelled to pay for 40-year-old shacks rents giving, on the capital involved, a return out of all reason and out of all proportion. There can be no question that the need for this legislation at the moment is most pressing in the goldfields areas, but that is not to say that the legislation is not needed throughout the State. Even in country districts cases occur of the necessities of tenants being exploited by landlords. Government officers are frequently transferred to country towns, and they must have a house to live in, and advantage is taken

of that necessity; they are exploited in respect to the rent they have to pay.

I know of many instances in the metropolitan area where, just because the house has been sewerred at a cost of £40 or £45, the rents have been raised 5s. per week. Some years ago the cost of food and miscellaneous articles in the metropolitan area fell by 2s. per week, and at the same time rents were increased 3s., so the net result was an increase of 1s. in the basic wage; and industry was called upon to bear that extra load merely to satisfy landlords who, I suppose, took advantage of the demand existing for houses at the time. I see no reason why the Government or this Chamber should stultify itself in regard to measures introduced simply because on former occasions another place has been opposed to this particular kind of legislation. If we had adopted that attitude, many of the measures now on the statute-book would not have been passed. With the passage of the years, another place, if it has not changed its opinion, at least has had a change of heart and recognises the need for legislation of this kind. I hope that will be the experience on this occasion. There is no better authority than the International Labour Office on the effects of rent regulation. That office has recorded that rent regulation legislation is so effective as to render difficult a comparison of housing costs, not because they cannot be compared, but because in the circumstances such comparisons would be odious.

This Bill is similar to the measure introduced last year. It will vest in local courts jurisdiction to determine rents and to exercise the other powers conferred on courts under its provisions. The determination of rents is confined to dwelling houses. Generally it will be confined to rents of £156 per annum or less, but nothing will prevent a tenant who is paying more from applying to the court for a determination. The rent determined by the court shall be the fair rent, calculated on the capital value of the dwelling house. Such capital value shall be the capital sum that the fee simple of the property, comprising the dwelling house and the land occupied by it, may be expected to realise if offered for sale on such reasonable terms and conditions as a bona fide seller would require. A fair rent determination on this basis shall be such as would give a

return on the capital value of not less than $1\frac{1}{2}$ per cent. above the rate of interest being charged upon overdrafts for the time being by the Commonwealth Bank, plus allowance for the annual rates; the amounts estimated to be required annually for repairs, including painting, maintenance and renewals; insurance on buildings; and the amount estimated to be the annual depreciation in the value of the dwelling house if such depreciation diminishes its letting value.

Mr. Doney: Is that the same basis as was provided last year?

THE MINISTER FOR RAILWAYS: Yes. A fair rent determination can be made for a portion of a dwelling house separately occupied. The fair rent of the furniture in a dwelling house may be determined where such dwelling house is let as furnished. An application may be made by either the lessee or the lessor, and must be made to the court nearest to the dwelling house. Any mortgagee must be notified of proceedings. Care is taken to ensure that tenants are not frustrated in their rights by being given notices to quit, or subjected to attempts to boycott them or prevent them from procuring other houses on account of having made application for a determination. The determination shall remain in force for 12 months, and no application shall be made to vary it within that period unless the lessor can show he has made substantial additions, or his outgoings have increased. In no circumstances shall the rent paid by the lessee be in excess of the fair rent, and the lessor shall be guilty of an offence if, by any subterfuge, he extracts from his tenant more than a fair rent. Contracting out will be prohibited and will be an offence under the measure. If the tenant duly pays the rent, no increase in the rent may be demanded during the period, but in certain circumstances, such as non-payment of rent or sale of the dwelling house, the tenancy may be terminated at 28 days' notice. Those are the general principles of the Bill; the other provisions are machinery clauses. I move—

That the Bill be now read a second time.

On motion by Mr. Doney, debate adjourned.

BILL—WORKERS' COMPENSATION ACT AMENDMENT.

Second Reading.

THE MINISTER FOR EMPLOYMENT (Hon. A. R. G. Hawke—Northam) [8.54] in moving the second reading said: Thirteen years have elapsed since the Workers' Compensation Act was substantially amended. The Bill contains amendments which are considered to be desirable and of which we feel the workers of the State should have the protection. The existing definition of the term "worker" excludes all persons whose remuneration exceeds £400 per annum. The Bill proposes to extend the definition with the object of including persons whose remuneration does not exceed £500 per annum. The only State in Australia that at present has a maximum smaller than that of Western Australia is Victoria. In New South Wales the maximum is £750, and in South Australia and Queensland it is £520. Therefore the amendment will bring our legislation more into line with that of a majority of the other States. The present limit of £400 is a hardship to many workers. This is particularly noticeable on the goldfields, where money wages are much higher than in other parts of the State but where real wages are the same, or even less, on account of the higher cost of living on the goldfields. The Workers' Compensation Act is based on money wages only and does not take into account the question of real wages. It has been rightly held that remuneration to a worker for the purposes of the Act includes overtime and other allowances received by him. This means that a worker whose wage would ordinarily be below £400 is excluded from the protection of the Act if he works overtime to such an extent as to increase his remuneration beyond that amount. Workers who in normal times are covered by the Act are excluded when a busy period necessitates their working overtime.

The Act permits employers to pay premiums upon the basis of the aggregate amount of wages paid by them. The Bill aims at giving the insurance companies the right to ask for a statutory declaration in support of the wages paid on that basis. This provision will apply only where the amount of premium is based on the aggregate amount of wages paid during any specified period. The provision does not

make it compulsory for insurance companies to obtain a statutory declaration; it merely gives the right for the declaration to be obtained if considered necessary.

Section 11 of the Act deals with the liability of principals, contractors and sub-contractors. The section provides that principal, contractor and sub-contractor shall be jointly and severally liable to pay the compensation that any worker employed is entitled to receive. The principal is not liable under that provision unless the work on which the man is employed is directly a part of or a process in the trade or business of the principal, or the work on which the man is employed is one of the occupations mentioned in the Fourth Schedule. Section 11 also provides that principal, contractor and sub-contractor shall be equally liable for the payment of compensation to an injured worker. There are two provisos to the section. One sets out that the principal shall not be liable where the contract relates to threshing, ploughing or other agricultural or pastoral work in connection with which the contractor provides and uses machinery driven by mechanical power for the purpose of carrying out such work. The other proviso states that the principal shall not be liable where the contract relates to clearing, fencing or other agricultural or pastoral work.

Hon. C. G. Latham: You are deleting those provisos?

The MINISTER FOR EMPLOYMENT: I am proposing to do so. As a result of the operations of these provisos many workers have suffered injury, and neither they nor their dependants have been able to receive compensation. The contractor or sub-contractor concerned in each such instance has not had the man insured, and has not had sufficient means to make it advisable for the injured worker to seek compensation by taking legal action. The type of worker who follows the class of work mentioned in the provisos is entitled to more adequate protection than he has received in the past, or is likely to receive whilst the two provisos remain part of the Act. The Bill provides that the two provisos shall be deleted from the Act. The result will be that the principals having all the classes of work mentioned carried out by contract, will have a responsibility placed upon their shoulders to see that the workers employed are insured against accident. Such principals will then

be placed upon the same footing as are all principals associated with any undertakings. In paragraph (a) (i) of Clause 1 of the First Schedule to the Act, provision is made for the amount of compensation to be paid when death results from injury. The Act provides that not less than £400 and not exceeding £600 is to be paid to the dependants of the deceased worker. The method by which the amount to be paid to the dependants of the deceased worker is calculated is rather complicated, difficult to understand, and sometimes difficult to operate. The method used has the effect of granting £600 compensation to the dependants of a worker who has been in regular work at a reasonably good rate of wage or salary, and at the same time has the effect of giving to the dependants of a deceased worker who has been only in casual employment, or in employment carrying a low wage, £400 compensation even though their needs from every point of view are greater than the needs of dependants of a person or worker who has been receiving a higher wage or salary. If a deceased worker has been employed for less than three years by an employer, his earnings during the three years immediately preceding his death are deemed to be 156 times his average weekly earnings during the period of his actual employment under his last employer.

In many cases, particularly with respect to relief and seasonal workers, the problem of working out the amount of compensation due to the dependants of a worker whose death has resulted from injury is rather complicated, and in many cases unsatisfactory and even unjust. The provisions in this part of the schedule were inserted in 1924, and have not since been amended. The trend all over Australia and in other parts of the world is to increase the compensation due to the dependants of a deceased worker, and it is considered that the amount now provided in our legislation is little enough compensation for dependants whose breadwinner has lost his life through an accident suffered in industry. The Bill proposes that a flat rate of £750, less any payments made by way of weekly compensation to the deceased worker previous to his death, shall be the amount of compensation to be paid to the persons wholly dependant upon the worker who has lost his life from injury. An examination of similar legislation in

other States of Australia discloses that with the exception of South Australia—I am sure the member for Toodyay (Mr. Thorn) will be disappointed here—they have a higher maximum than has Western Australia. New Zealand actually fixes the amount to be paid to the dependants of the deceased worker at £1,000 in certain circumstances. The legislation in this State is accordingly being brought into line with that existing in most of the other States of the Commonwealth. In New South Wales the dependants are entitled to four years' wages provided they receive at least £400, but not more than £800 except where the deceased worker had children under the age of 16, when an additional amount of £25 for each child under 16 is added to the lump sum found to be payable. In Queensland a set figure of £750 for dependants is provided. In Victoria dependants receive four years' wages provided the amount is not less than £400 and not more than £750.

Proviso (c) to paragraph 1 of the schedule to the Act sets out that an amount not exceeding £100 is to be available to meet the cost of medical and hospital expenses, surgical attendance and requisites. Artificial limbs are also provided for. The Bill makes provision for artificial teeth, artificial eyes, and spectacles, where the injury to the worker causes damage necessitating the provision of any of these things. The maximum amount of £100 already provided for in the Act is not being increased, but the worker is to be given the legal right to obtain artificial teeth and the other items I have mentioned if, as the result of accident suffered by him in industry, the provision of these items becomes a necessity. The State Insurance Office has made a practice of providing these items when that has been justified, although the Workers' Compensation Act does not legally make it necessary for any insurance company to provide them. By the same proviso means are afforded for the transport of the worker to hospital in the first instance, and for his maintenance whilst he remains there. In some cases the worker does not have to remain in hospital; and even if he does, he may subsequently be discharged and receive treatment as an out-patient. In either case considerable expense for travelling, meals, and general treatment, are incurred by the worker as a result of his travelling to and from the hospital for out-patient treatment.

The Bill allows the worker to receive such travelling and other expenses as may be considered justifiable.

Under paragraph 4 of the First Schedule of the Act, as it is at present, the employer has the right to call upon the worker to submit himself for medical examination. Unless the worker does submit himself for such examination, his right to compensation is suspended until the examination is made. If the worker concerned does not submit himself to examination within one month after being called upon to do so, his right to compensation ceases completely, and he has no further claim under the Act. In many instances the worker receives treatment from his own doctor in a suburb of the metropolitan area or in a country town. Under paragraph 4 of the First Schedule to the Act, he is frequently called upon to travel to the city to submit himself for examination by a specialist nominated by the employer. Sometimes that specialist orders treatment which, of necessity, has to be obtained in the city. Then the worker incurs travelling expenses, together with those for board and lodging while he remains in Perth when his home is some considerable distance away. It is contended that the injured worker should not be called upon to shoulder these expenses, in view of the fact that he is compelled by the Act to carry out his employer's wishes in the matter. Therefore the Bill provides that the workers shall receive actual travelling expenses and the actual cost of meals and lodging. In this regard, the State Government Insurance Office usually grants a reasonable amount of expenses in connection with these items although the Act does not contain any provision that compels the employer, through his insurance company, to provide expenses to meet the cost of them. The Bill provides, further, that 35s. per week is to be the maximum amount paid for meals and lodging while a worker is away from home for the purpose of medical examination nominated by his employer, and any further treatment that has to be given to the worker. It is only fair and reasonable that this provision shall be included, because, through the employer's action, the worker is obliged, for the time being, to maintain two homes.

It is proposed to add a subparagraph to paragraph 14 of the First Schedule which, as it now stands, deals with the question

of the medical referee. At present there is no set period within which the party desiring the reference of a matter to a medical referee shall make the necessary application. As a result, a considerable period of delay frequently takes place. Most of this delay may be due to carelessness. However, it is felt that much of it is due to a desire to delay finalisation of claims. To meet this difficulty the Bill provides that the party desiring to refer a matter to a medical referee shall make application within one month of the date he receives a copy of the medical report furnished to him by the other party in the matter.

Under the existing paragraph 16 of the First Schedule, the worker or the employer has the right to apply to a local court for a redemption of weekly payments, provided they have been continued for more than six months. The procedure adopted is for the Government Actuary to make a calculation of the present value of the balance of compensation due to the worker on a 5 per cent. basis, and that amount is the total that a worker can possibly receive. Calculation on a 5 per cent. basis means that the employer is given credit, by virtue of his immediate payment of a lump sum, for the amount of interest which such lump sum would have gained for him if he had retained it and simply paid the worker weekly payments. However, although the Government Actuary's calculation is the maximum a worker can receive, a decision of the Full Court of Western Australia established that a magistrate could make other deductions that would result in the worker not getting the full amount of the actuarial calculation. The magistrate was entitled to take into consideration the fact that the worker might die before the time elapsed when his weekly payments would have been completed. He might also take into consideration that the employer, if a company, might go into liquidation or, if an individual employer, might become bankrupt. In the particular instance referred to, an amount of £50 was deducted from the actuarial calculation to meet the contingencies I have mentioned; and that rule has been followed ever since. It is felt that these contingencies have very little real application, because most employers are covered by insurance policies. As the contingencies considered by the Full Court were obviously based on unstable foundations, the present amendment to the

Act is designed to make sure that a worker shall receive the full benefit of the actuarial calculation, which, in itself, gives the employer credit for his loss in interest. In effect, this means that the deduction of £50, to meet certain contingencies in connection with lump sum settlements shall in future not be possible. The amendment embodied in the Bill seeks to make that practice illegal in future. The injured worker is regarded as entitled to receive that which the Act sets out he should receive. Further, it is not considered right that the worker, merely as a result of some decision arrived at by the Full Court or some other court, should be deprived of any portion of that which the Act says he should receive.

Other amendments deal with the duties and responsibilities of the clerk of the local court when a memorandum of a lump sum agreement is lodged with him. The clerk is bound to make certain inquiries, and to be positive that the agreement is genuine and has been properly obtained, before he finally records it. Paragraph (a) of Clause 10 provides that workers contracting the diseases mentioned in the first column of the Third Schedule of the Act through their employment at the work of stone or metal screening shall be entitled to protection similar to workers engaged in the analogous processes of mining, quarrying, stone-crushing or cutting. The screening of stone is held to be more dangerous from the health point of view than the process of stone crushing or cutting. In fact, the screening of stone is covered by the Third Schedule if the screening process is carried on at a quarry. If the process is conducted away from a quarry, it is not covered. In certain parts of the State the process of stone-screening is carried on away from a quarry. Therefore the men employed on the work of screening stone are not covered. The position is unfair and altogether unsatisfactory, and should be remedied at the earliest possible moment. The Bill provides by an amendment to the Third Schedule that men employed in the work of screening stone shall be covered.

Paragraph (b) of Clause 10 deals with a disease commonly known as "yolk boils," the medical term being "furunculosis dermatitis." The amendment provides that compensation for this disease shall be payable only to workers employed in the shearing industry. Medical investigation has

shown that shearers frequently contract yolk boils. Shearers are particularly susceptible to the disease because of the friction from which their legs suffer during the shearing of sheep. The friction sets up a condition that enables the germ to enter the body. The disease soon develops, with the result that the affected worker is unable to continue his employment at shearing. He loses a considerable amount of work and wages, and under the Act as it stands is not entitled to compensation. There is no need to stress the fact that shearers have only a comparatively short period in each year in which to earn wages at their particular class of employment. If they lose work through injury, or through disease of the type mentioned, they are not able to make good the loss they have suffered. The proposed amendment is considered to be entirely justified in the circumstances to which it will apply.

Under Section 6 of the Act the worker is given alternative remedies when he is injured in circumstances that would entitle him to take action against his employer or some person under his employer's control, at common law or under the Employers' Liability Act. The complaint about this section is that case law has decided that a worker has an option to exercise, and that once he has decided to claim under the Workers' Compensation Act, he cannot then take any action at common law, and vice versa. The injustice of the present position arises from the fact that very often when a worker is injured he is too ill or disabled to consider his legal remedies and his wife or someone acting on his behalf claims compensation without taking into consideration whether it would be more to the worker's benefit to proceed under the Workers' Compensation Act, or to proceed at common law. The worker is at times obliged by his circumstances to accept compensation, thereby losing benefits that he could have obtained had he been in a fit condition properly to consider his position. The amendment proposed in the Bill will have the effect of allowing the worker to accept compensation payments for three months without prejudicing his right to take further action to recover damages. If he takes no other action within a period of three months he will have to be content with his compensation. If, on the other hand, he decides to take civil action he may do so, and the receipt by him of com-

pensation, or abortive proceedings taken by him to recover compensation, shall not be a bar to his taking proceedings at common law provided such proceedings are launched within three months of the time at which he came first under the Workers' Compensation Act. This is obviously a fair proposition. A man in ill-health or badly injured is not in a fit state to make up his mind about what type of legal action he should take, and poverty and illness often cause him to take the line of least resistance, to his own detriment. No burden is being added to the employer by providing for this alteration in the Act. If the worker had command of his full faculties he could decide to take whatever action was most favourable to himself. The employer is always under this liability and should not be given an advantage that accrues to him only because of ill-health or severe injury the worker has contracted or sustained in the service of his employer.

At present any weekly payments made to a worker under the First Schedule are deducted from the lump sum to which he is entitled under the Second Schedule. This creates hardship, and causes differences in benefit. One man may suffer the loss of an arm by accident, but on account of superior physical condition, or more expert medical treatment, may not lose a great deal of employment; whereas a more unfortunate worker may, as a result of a similar injury or some other type of injury, be out of work for months, and may find that when he is fit to return to work his Second Schedule lump-sum payment has been swallowed up by the weekly payments of compensation that he has received, and that have been sufficient only to provide the bare necessities of life for himself and his family during his period of total incapacity. This disability frequently occurs, and the amendment of the Act proposed in the Bill is designed to overcome that anomalous position. The amendment will simply mean that all workers sustaining injuries that entitle them to lump-sum compensation under the Second Schedule will receive that lump sum irrespective of any weekly payments they have received under the First Schedule.

Section 13 of the principal Act provides a double remedy for a worker who is injured in the course of his employment in circumstances that entitle him to claim compensation against his employer or to claim damages against some third person. For

instance, a baker who is run over by a motor car while delivering bread can claim compensation from his employer or damages from the driver of the motor car. In almost every instance civil damages are more beneficial than worker's compensation payments, because civil damages entitled a worker to full pay during the period of his total incapacity. For any permanent disability he is usually compensated on a scale approximately the same as that under the Second Schedule of the Workers' Compensation Act.

In addition he receives special damages such as payment for damaged clothing or personal belongings, and also general damages for pain and suffering. If he claimed compensation under the Act, all he would receive would be half-pay during incapacity, if his injuries came within the Second Schedule. The trouble is that the Act gives the worker only an option. If on exercising the option he makes up his mind to proceed at common law he is debarred from using the other remedy, and vice versa. Thus a worker who receives compensation or takes an abortive action for compensation is deemed to have used his statutory remedy and accordingly cannot then take any other remedy. The matter of economics again comes into the question. A worker that has a lawful action for civil damages is often obliged to accept compensation because he cannot afford to wait, or is not in a fit condition to make up his mind which legal remedy he will exercise. The amendment to the Act proposes to remove that barrier and allow the worker to receive compensation until he is in a fit condition to decide whether he will proceed for civil damages. That the Workers' Compensation Act should contain the provision it now contains, seems unfair. Why a third party guilty of negligence should be excused from paying for the result of such negligence, simply because a worker elects to take compensation from his employer, is not clear. The amendment to the Act will protect the employer by making compulsory a refund of compensation paid. The third party should not escape the result of his negligence in any event; therefore no imposition is being placed on him, and the worker is benefited greatly because he is allowed to receive sustenance to which he is lawfully entitled in any case to keep him and his family alive until he is in a fit condition to take the more beneficial line of action. No time limitation is placed

on this section. It does not appear that there should be any. Nor is the employer to be permitted to stop compensation payments until a judgment has been recovered by the worker and the amount of damages assessed by such judgments has been recovered. If a worker takes civil action which proves abortive, his compensation will not cease while he is taking the action, and in fact will not cease until he is fit for work. The only occasion when his compensation under the Workers' Compensation Act will cease, is when he has succeeded against the third party and has actually recovered the amount due to him. Then he will be liable to refund to the employer the amount of compensation payments paid up to the date of recovering the amount of the judgment.

In connection with the extra duties to be imposed upon clerks of local courts when memoranda are sent to them containing records of final settlements made between employer and worker, it is proposed that the clerk of courts concerned shall satisfy himself not only regarding the genuineness of any such settlement but also regarding the adequacy of any amount provided for in the final settlement. During recent years there has been an increasing tendency for insurance companies to persuade injured workers to accept final settlements under which such workers receive amounts far less than those to which they are entitled under the provisions of the Act. There have been many scandalous cases of this nature. We all know what a great temptation the offer of a final settlement for an amount of £100 or £200 or £300 must be to a worker who has perhaps never handled more than 100 or 200 or 300 shillings at the one time. Undoubtedly, numerous insurance companies have persuaded workers to accept final settlements of this description, the companies having full knowledge that the amounts provided for in the final settlement represent only a half or a quarter of the amount to which the workers are legally entitled. The Act as it stands does not provide any supervision with regard to amounts agreed upon in final settlements of this nature. It is felt that the Act should contain some provision for supervising final settlements, and that the worker is entitled to be protected against a final settlement which gives to him far less than he should really receive. Therefore the Bill provides that clerks of courts, in addition to satisfying themselves of the genuine-

ness of any final settlement, shall also fully satisfy themselves that the amount provided for is adequate in the circumstances. This provision will give to injured workers a protection which they deserve and which they very much need. It will put an end to an undesirable practice which has developed of recent years, and which is increasing as the days go by. The provision will, I feel sure, commend itself to every member of the House and, I hope, to a majority of members in another place. I have pleasure in moving—

That the Bill be now read a second time.

On motion by Mrs. Cardell-Oliver, debate adjourned.

BILL—INDUSTRIAL ARBITRATION ACT AMENDMENT.

Second Reading.

THE MINISTER FOR EMPLOYMENT

(Hon. A. R. G. Hawke—Northam) [9.35] in moving the second reading said: The Bill aims to amend the Industrial Arbitration Act. It follows fairly closely on the lines of the amending Bill introduced in 1936 and the measure that was considered by Parliament last session. The definition of the term "employer" has been extended with the object of making it certain that any steward, agent, bailiff or foreman acting in a managerial capacity, and who really controls the employer's business, is brought under the Arbitration Act. This proposed alteration will clear up a legal doubt as to whether such persons are capable of being regarded as employers within the meaning of the term as defined in the Act.

The definition of the term "worker" is altered by the Bill in several respects. At present a worker is defined as a person of either sex employed by any employer to do skilled or unskilled work for hire or reward. The proposed definition deletes the words "for hire or reward," and states that a worker is a person of either sex employed or engaged by an employer in connection with the employer's business, trade, manufacture, handicraft, undertaking or calling; and the term also includes an apprentice and a domestic servant. Apprentices are covered by the present Act, but the inclusion of domestic servants is a new departure. The words "for hire or reward" are omitted from the

definition because of an increasing tendency on the part of certain employers and workers to defeat the provisions of awards and industrial agreements by claiming that the worker concerned is not employed for hire or reward. The amendment will affect only the unscrupulous employer, who at present has a definite advantage over the fair and honest employer in that the former obtains the services of workers at lesser rates of pay than are provided for in the approximate awards.

The Act seeks to include certain insurance canvassers within the definition of the term "worker." That object is defeated because the Act states that canvassers engaged on industrial insurance business only shall be covered by the Act. As far as can be ascertained, there was not one person engaged in canvassing for industrial insurance business only. All canvassers are engaged in canvassing for more than one type of insurance business. Therefore the provision of the Act is inoperative, and does not have the effect of bringing one single insurance canvasser under its provisions. The Bill aims to cover canvassers for life and accident assurance or insurance whose services are remunerated wholly or partly by commission or percentage reward, and whose services are wholly or substantially devoted to the interests of one company or society. The industrial conditions of most insurance canvassers are in urgent need of improvement. The keen competition for employment in recent years has given employers in the insurance field, particularly, an opportunity to enforce unreasonable industrial conditions upon the canvassers employed by them; and some of the canvassers, because of the low amount of remuneration received by them, have been influenced to increase their earnings by indulging in canvassing practices of a highly questionable nature. The result of their indulgence in canvassing practices of that kind has been detrimental to numerous people, and particularly to people who can ill-afford to lose money by being unduly and unfairly influenced into taking on insurance which they would not in other circumstances take on. The amendment in the Bill dealing with insurance canvassers is substantially the same as that which narrowly failed to be approved by the Legislative Council in 1925.

An attempt is being made in the Bill to deal with the practice that has developed

in recent years of constituting bogus partnerships. Quite a number of employers have succeeded in evading the provisions of awards and industrial agreements by making persons who are really workers nominal partners in the business concern. This unfortunate and dishonest practice prevails more widely in some industries than it does in others. The Bill aims at destroying those dummy partnerships, so that all workers may receive the wages and enjoy the industrial conditions to which they are entitled and so that employers may be protected who suffer from this unfair type of competition by people who deliberately and dishonestly gain advantage by not obeying awards and observing agreements. The Bill provides that partnership agreements of the type I have mentioned may be disregarded if the capital holding of a partner in a partnership is either nothing or of small account. Such partners would then be regarded as workers within the meaning of the Industrial Arbitration Act and would be legally covered by the award or industrial agreement applying to their particular class of work.

The provision contained in the Bill to bring domestic workers within the definition of the term "worker" as set out in the Industrial Arbitration Act is as desirable as it is important. In recent times, the unfortunate industrial and economic position of large numbers of domestic workers has been realised by an increasing number of people. The low wages, long hours and generally unsatisfactory working conditions of domestic servants have had the inevitable effect of discouraging girls and young women from accepting employment as domestic servants. Almost every girl or young woman to-day prefers any class of employment to that of domestic service. In the majority of instances, domestic service is undertaken by girls and young women only when no other class of work is available. In those circumstances, it is only natural that the field of domestic service is attracting quite a number of unsuitable workers, although, in the best interests of all concerned, it should be attracting an altogether satisfactory class of worker. Only one solution to the many difficulties associated with this problem appears to be possible; the status of domestic workers must be raised and their conditions improved. Special training centres will shortly be es-

tablished to give theoretical and practical training, not only to those already employed in domestic service, but to others who desire to become workers in that field. The proposal to bring domestic workers under the Industrial Arbitration Act is one that should be sympathetically and carefully examined by every member of Parliament and also by the public. The Bill provides that no right of entry to any home or domestic establishment shall be conferred on any industrial inspector or officer. This provision is included to provide a safeguard for the privacy of any home where domestic workers are employed.

The registration of the Australian Workers' Union under the Industrial Arbitration Act is provided for in the Bill. Before the union can be registered, an alteration of its rules will be necessary. When registered, its activities will be confined to those industries or branches of industry which cannot be served or which are not served by any registered industrial union, provided the consent of such other union likely to be affected is first obtained. Provision is also made in the Bill for the de-registration of the Australian Workers' Union in the event of its committing a breach of any undertaking given upon its registration. This union is party to a large number of awards and industrial agreements operating in different industries in various parts of the State. As these awards cover important industrial activities and govern the conditions of a large number of employers and workers, registration of the union is considered to be in the best interests of all concerned, so that the present unregistered awards and agreements may be registered in accordance with the provisions of the Industrial Arbitration Act.

I have a list of the unregistered awards and unregistered industrial agreements to which the Australian Workers' Union is a party. For the information of members I will read the list of unregistered awards that are in operation. It would take perhaps too long also to read the list of unregistered industrial agreements that are operating.

Hon. C. G. Latham: We ought to have the fullest information.

THE MINISTER FOR EMPLOYMENT:
The A.W.U. is a party to the following unregistered awards:—

James Hardie & Co., Ltd., Rivervale, asbestos manufacturer; works situated at Rivervale.

Swan Portland Cement Company, Ltd., cement manufacturer; works situated at River-vaie.

Hume Pipe Company (Australia), Ltd., concrete pipe manufacturer; area, the South-West Land Division.

The Wyndham Meat Works, labouring and catering activities; area, Wyndham Meat Works.

In addition to those unregistered awards, there are upwards of 25 unregistered industrial agreements to which the A.W.U. is a party.

An attempt is made in the Bill to tighten up the system of auditing the accounts of trade unions. Provision is made that accounts of trade unions must be properly audited once a year by a duly qualified public accountant and must be lodged with the registrar of the court within one month of the close of the financial year of the union concerned.

The Act at present provides that the court may declare any industrial agreement to have the effect of an award. In the Bill the court is given power to declare that any industrial agreement shall be an award, and shall not merely have the effect of an award. Provision is also made that any industrial agreement which is declared by the court to have had the effect of an award and to be a common rule and which is in force on the passing of this legislation, shall have the effect of an award for all the purposes of the Act. All existing agreements that have been made common rules shall continue on the same basis as formerly and be possessed of the same measure of elasticity. This amendment is necessary to keep in force common rule agreements in the event of either party to such an agreement ceasing to be a party to it. The position is clearly explained by what happened at Busselton some years ago. A common rule agreement was operating for shop assistants in that district. Subsequently, the local branch of the Shop Assistants' Union went out of existence. At the time, it was considered that the common rule agreement would legally continue to operate; but when the point was taken to the Full Court for decision, a declaration was made to the effect that the agreement had expired immediately following the extinction of the local branch of the union. A common rule agreement has almost the same effect as an award in practically every respect. Had the industrial agreement at Busselton been

declared to be an award, instead of having merely the effect of an award, it would have continued in existence even though one of the parties to it had ceased to exist.

Before the court takes actions under these provisions, it must give all the parties likely to be affected notice of the intention to extend the operation of any industrial agreement. Any party desiring to be heard in opposition to any proposal to declare an industrial agreement to be an award shall be given a hearing in the court before any final decision is made. One of the main principles of the existing Act is the employment of workers on the basis of industry rather than on the basis of the workers' avocation. At present the court seeks by its awards and other official acts to govern groups of workers who are associated in some particular industry or branch of industry. Whilst this basic and guiding principle is desirable and is to be continued, an effort is being made to put an end to an unfortunate practice that has developed in recent years. To-day the court may make an award covering plumbers. Such an award binds all firms engaged in the plumbing industry. From time to time firms engaged in other industries find it necessary to employ plumbers. The awards covering such other industries may not, and frequently would not, make any provision for plumbers as the employers concerned could not be said to be engaged in the plumbing industry.

This example could be multiplied a hundred times in respect to other tradesmen. As the result of the position that has arisen, there is no control over the wages, hours of labour, and working conditions of a plumber employed by an employer in an industry that is not part of the plumbing industry. An appropriate clause of the Bill proposes to give the worker concerned the benefit of his award no matter in what industry he may be carrying out the particular type of work in which he is skilled. The result will be that the workers concerned will automatically come under their own award if no provision is made for them when they are working at their trade in any industry where the trade is not covered by an appropriate award or industrial agreement. The acceptance of this provision by Parliament will give protection to the worker when he is working at his trade outside the actual industry to which his trade applies. This is a protection to which all workers concerned are en-

titled, one which they have not received in recent years, because a number of employers have taken advantage of the situation by employing tradesmen at lower rates and under worse conditions than are provided for in the tradesman's own award.

The Bill aims to include industrial agreements in Section 87 of the Act, which section enables the court to appoint boards of reference to deal with questions arising out of any award. The court should have similar power to appoint boards of reference to deal with matters arising out of an industrial agreement. This particular clause also provides that the court may be appealed to in regard to any determination or decision of any board of reference appointed under the section. Section 88 deals with the special powers of the court to interpret or amend an award. The present wording of the section has been found to be unsatisfactory in many instances, as awards may and do continue in force after their term has expired. In such instances no application for interpretation can be brought before the court after the term fixed in the award has expired. The Bill proposes to delete the words "during the term of the award," which now appear in Section 88, and to substitute the words "whilst the award is in force."

Important alterations are proposed to Section 90. The second proviso to that section declares that the court may review the provisions of an award, and make amendments at any time after the expiration of the first 12 months from the date of the making of the award, and after the expiration of any subsequent period of 12 months. In the past that provision has rightly been interpreted in a certain way. If an application to review and amend an award is made, for instance, in the 11th month of the second year, either party may again come before the court two months later. This means that either party may come before the court in the eleventh month of the second year, and again in the first month of third year. The amendment in the Bill supersedes that provision in the Act, and has the effect of making the interval between each application not less than 12 months, subject to the proviso that no application at all may be made for review and amendment until after the expiration of the first 12 months. It is further provided that the court itself may, when delivering an award

or any amendment to an award, reserve liberty to any party to apply to amend the award in respect of matters that must be set out in the court order granting such leave. Any such order may state the period of time, which may be less than 12 months, within which an application may be made under the order.

Every now and then awards are made for new industrial activities, or an experimental provision may be set out in an award to deal with some new development in an already existing industry. No one, not even the court, or the parties to such an award, can be certain how such provisions will operate in practice. Difficulties and even grave disputes have arisen because of the fact that the experimental provisions have worked out badly in practice. The failure of such provisions in their operation has been recognised by most of those concerned, but no remedial action could be taken by the court until a period of 12 months had elapsed from the date on which the award or the amendment to the award was delivered. The granting of this power to the court is desirable, so that the court may be allowed to decide whether experimental provisions of the nature described shall be capable of review and alteration, if necessary, before a period of 12 months has elapsed.

The Act gives power to impose a penalty for any breach of an award. It also gives power for any sum found to be due to a worker by way of unpaid or underpaid wages to be awarded. The Act does not, however, make it compulsory for an order to be made for the payment of wages due. In some instances the magistrate has refused to make an order for wages due, although he has convicted and punished the employer for having committed a breach of the award by failing to pay the worker the amount of wages to which he was entitled under the award. The worker is then forced to go to another court if he desires to recover the wages due to him. The Bill proposes to make it mandatory for a magistrate, when dealing with a breach of an award, to decide and order the amount of underpaid or unpaid wages to be paid. Such a magistrate should be in the best position, after hearing all the evidence, to settle the amount properly payable to the worker without the worker's having to go through the roundabout process of approaching another court

and starting all over again his action for recovery of wages.

Provision for the appointment of a chief industrial magistrate is contained in the Bill. A chief industrial magistrate may be appointed under terms and conditions to be fixed by the Governor, and with a limited jurisdiction as to area. The object of this provision is to empower a police or resident magistrate, appointed as a chief industrial magistrate, to have complete jurisdiction in industrial matters in any particular area. When appointed, he must devote as much of his time as is necessary to keeping the industrial court free of congestion. The court will then be enabled to deal expeditiously with cases that have to be decided, and the appointment of a chief industrial magistrate will assist in bringing about greater uniformity in decisions given by the industrial court.

Section 106 of the Act deals with the right of appeal from the decisions of an industrial magistrate and also from the decisions of the full Arbitration Court. At present any person who is ordered to serve a term of imprisonment without the option of a fine, or who has been fined an amount exceeding £20 for a breach of any industrial award or agreement has the right of appeal to the Court of Criminal Appeal. It is considered reasonable that such an appeal should be allowed in cases where a fine only has been inflicted. Therefore, the Bill contains an amendment to take away the right of appeal to the Court of Criminal Appeal where a fine only has been imposed. Provision is made for an appeal to the Full Bench of the Arbitration Court on the ground of error, or mistake of fact, irrespective of the penalty that may have been inflicted by the industrial magistrate hearing the particular case. If this amendment is accepted, both the employers and unions will have the right of appeal to the Arbitration Court from any decision of an industrial magistrate where they consider a mistake of law or of fact has occurred. If a person elects to appeal to the Court of Arbitration against the decision of an industrial magistrate wherein a term of imprisonment, without the option of a fine, has been ordered, he shall not then be entitled to a further appeal to the Court of Criminal Appeal in the event of the Court of Arbitration upholding the magistrate's original verdict.

The Bill provides that local boards may be constituted by the Arbitration Court for the purpose of operating in a defined portion of the State only. Such boards in the exercise of their functions shall be limited to matters arising in that portion of the State mentioned in the constitution of the particular board. The Bill aims at giving the court the right to allow costs to witnesses for the time and expense involved in the compilation of information given in evidence by them before the court. The Bill seeks to provide for the publication of all awards, industrial agreements and other matters in the "Industrial Gazette" as well as in the "Government Gazette." Most of the matters provided for are at present published in the "Industrial Gazette" but that publication is not accepted in the Arbitration Court. Considerable expense and trouble are thus caused to parties that have to appear before the court from time to time. The "Industrial Gazette" is also made admissible as evidence for the purpose of proving an award. Section 170 of the Act enables all the parties associated with a dispute to consent, in writing, to the matters in dispute being heard and determined by the President or by the commissioners appointed under that particular section of the Act.

Hon. C. G. Latham: Are you now legalising your past misdemeanours?

The MINISTER FOR EMPLOYMENT: An amendment in the Bill provides that a majority of the parties, instead of the whole of the parties, shall have power to consent, in writing, to any matters in dispute being heard and determined by the President or the commissioners as the case may be. We believe that the proposed alteration will lead to a more rapid settlement of industrial disputes by virtue of the fact that the President or commissioners will be given the right to determine those disputes more quickly than has been possible previously and because they may be given that power by a majority of the parties concerned, whereas the power might not be made available to them if every person concerned in the dispute had to indicate his consent, in writing, to the dispute being heard by the President or the commissioners.

The Bill provides that an authorised officer of an industrial union shall have the right of entry to premises for the purpose of interviewing workers employed therein.

This right of entry shall be exercisable only during any lunch hour or non-working period. It is readily granted by the majority of employers at the present time. Only those employers who continually seek to dodge the provisions of awards or agreements refuse the right of entry to representatives of industrial unions. A further right of entry is given, to be exercised at all reasonable hours of the day or night, if the officer of the union concerned has reason to believe that any person is at any time carrying out work in contravention of the provisions of the Arbitration Act or any award or industrial agreement. The offering or obtaining of premiums in respect to any employment is prohibited by the Bill.

The amendments contained in the Bill are considered necessary, especially as the Industrial Arbitration Act has not been substantially amended since 1925. During the intervening period there has been a considerable change in industrial practices and industrial relationships. I invite every member of the House to give close attention to each provision, as I am confident a careful study of the Bill will result in the greater part of it gaining approval from both sides of the House. I move—

That the Bill be now read a second time.

On motion by Mr. North, debate adjourned.

House adjourned at 10.7 p.m.

Legislative Council,

Wednesday, 31st August, 1938.

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

QUESTION—MINES, CONTRACT SURVEYORS.

Hon. C. F. BAXTER asked the Chief Secretary: 1, Who were the contract surveyors employed by the Mines Department during the last four years to survey mining leases? 2, What amounts have been paid to each surveyor during the last two years (a) under the contracts; (b) for travelling expenses? 3, (a) Are tenders called for these contracts? (b) If not, on what grounds are selections made?

The CHIEF SECRETARY replied: 1, Surveyors J. A. Nunn, F. G. Medcalf, K. A. McWhae, J. A. Ewing, H. Gladstones, W. St. C. Brockway, F. Tupper. 2, Surveyor J. A. Nunn: (a) Amount paid, £2,693 1s.; (b) Travelling expenses, £235 3s. 6d. Surveyor F. G. Medcalf: (a) Amount paid, £1,980 10s. 10d.; (b) travelling expenses, £299 17s. Surveyor K. A. McWhae: (a) Amount paid, £1,314 15s. 10d.; (b) travelling expenses, £184 10s. Surveyor H. Gladstones: (a) Amount paid, £79 18s. 4d.; (b) travelling expenses, £7. Surveyor J. A. Ewing: (a) Amount paid, £31 18s. 6d.; (b) travelling expenses, £8 9s. 6d. Surveyor F. Tupper: (a) Amount paid, £2 11s. 2d.; (b) travelling expenses, nil. These are the only amounts paid by the department, and each surveyor has to pay all his expenses in connection with the work, including wages to survey hands, etc. 3, (a) No. (b) Surveyors are selected with due regard to the department's requirements.