

Hon. P. Collier: Could the Minister have that information which he has just given us, regarding the deductions, set out in some detailed way, so that we may be able to consider it in Committee.

The ATTORNEY GENERAL: I will have it done. There are other matters which I could explain, but at this late hour I do not intend to weary hon. members. Hon. members will admit that the subject is full of difficulties. The Government propose to approach it in the most reasonable way possible, and I think in Committee a way will be found out of those difficulties, which will be satisfactory to all parties.

Question put and passed.

Bill read a second time.

In Committee.

Mr. Stubbs in the Chair: the Attorney General in charge of the Bill.

Clause 1—agreed to.

[The Speaker resumed the Chair.]

Progress reported.

#### ADJOURNMENT—SPECIAL.

The MINISTER FOR WORKS (Hon. W. J. George—Murray-Wellington): I move—

“That the House at its rising adjourn to 4.30 p.m. on Tuesday, 21st May.”

Question put and passed.

House adjourned at 12.50 a.m. (Friday).

## Legislative Council,

*Tuesday, 21st May, 1918.*

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

[For “Questions on Notice” and “Papers Presented” see “Minutes of Proceedings.”]

#### QUESTION—MESSAGES BETWEEN THE HOUSES.

Hon. W. KINGSMILL (without notice) asked the Colonial Secretary: Has he yet obtained possession of the file which I asked that he should lay on the Table, relating to certain Messages between the two Houses; if so will he lay it on the Table?

The COLONIAL SECRETARY replied: I have already informally told the hon. member that I have obtained the file and that it is purely through an oversight on my own part that it is not here this afternoon.

#### SITTING DAYS AND HOURS, ADDITIONAL.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [4.36]: For the reasons explained by me when giving notice on Thursday last I move—

“That for the remainder of the Session the House shall sit on Tuesdays, Wednesdays, Thursdays, and Fridays at 3 p.m.”

Hon. H. CARSON (Central) [4.37]: I would like to know from the leader of the House whether there is any possibility of finishing this week. If not, I think the House should adjourn on Thursday night and meet again on Tuesday. Country members desire to get to their homes for the week end, and the leader of the House should know definitely by Thursday whether there will be any possibility of finishing by the end of the week. Personally, I do not think there is any such possibility, and therefore I think it would be a mistake to keep members here over Friday and bring them back again next week.

Hon. G. J. G. W. MILES (North) [4.38]: I support the motion, and I hope it is so carried. As I said on a previous occasion, it seems to me the Government are running Parliament for the convenience of country members. I would like to see such a motion carried, not only this session but in all future sessions. The business of the country could be got through much more quickly if we sat an extra day, and an hour earlier each day. I have just been to my constituency and returned, and if we are going to drag the session on I shall miss another boat next week and so be here for another month. I am convinced that the Government are running the business of Parliament for the convenience of country members. It is time this ceased.

Hon. H. Carson: It is not so.

Hon. G. J. G. W. MILES: I say it is so. Again, the sooner the House gets into recess the better, because Ministers will then be able to attack the question of administration.

Hon. J. W. KIRWAN (South) [4.39]: I support the remarks of Mr. Carson. I agree with the Colonial Secretary that if there is any chance of finishing this week we should sit on Friday, and even on Saturday; but if there is no chance of finishing this week, we ought to have an opportunity of getting back to our homes. We could then resume on Tuesday. While sympathising with Mr. Miles in view of the long distance he has come, I do not think it is the fault of country members that the session has been dragged out for so long a time. I hope that Mr. Carson's suggestion will be acted upon by the Colonial Secretary.

Hon. Sir E. H. WITTENOOM (North) [4.40]: I scarcely like the implication to go forth that I am one of those who have dragged out this session. I think the leader of the House has done his best to give us as much work as he could, and I feel that the fault lies in another place. We are always ready for work, but it is of no use bringing us here unnecessarily with no work to do. Now that we have a large programme before us I am prepared to sit on until we get it finished;

but I am also in accord with Mr. Carson, for I hold that if we cannot finish this week it would be better, in the interests of a number of members, that we should sacrifice Friday and come back again next week. We have expeditiously carried out the work handed to us by another place, and if there has been any delay it has certainly not been the fault of this Chamber.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East—in reply) [4.41]: I think Sir Edward Wittenoom has accurately described the position. It has been my desire to meet the convenience of members, but at the same time to ask the Council to sit whenever there has been anything to do. Now we have a great deal of business on the Notice Paper, and although there may have been delays in the past in another place, I am sure it is not the desire of the Council that the session should be further prolonged. I would have no objection to adjourning on Thursday night if it was then evident that we cannot possibly finish this week and also evident that although adjourning on the Thursday night we should still get through next week; but it is just possible that by sacrificing the Friday we might find ourselves in the position of being unable to get through next week. Therefore, unless members have strong reasons for adjourning over the Friday, I should like to see the motion carried.

Question put and passed.

#### MOTION—STANDING ORDER SUSPENSION.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East) [4.43]: I move—

“That for the remainder of the session the provisions of Standing Order No. 62 shall be suspended.”

This is the Standing Order which prevents us from taking any new business after 10 o'clock p.m. It is not my desire that the House should sit inordinately late hours, but it is sometimes convenient that we should despatch business after 10 o'clock. I do not propose at present to move for the suspension of any other Standing Order, but hon. members will realise that towards the end of the week it may become necessary to suspend those Standing Orders which prevent us from taking into consideration Messages from another place on the day on which they are received.

Question put and passed.

#### BILLS (4)—THIRD READING.

- 1, Re-appropriation of Loan Moneys.
- 2, Fremantle Endowment Lands.
- 3, Wyndham Freezing, Canning, and Meat Export Works.

(Passed.)

- 4, Special Lease (Gypsum).

(Returned to the Assembly with an amendment.)

#### BILL—GRAIN ELEVATORS AGREEMENT.

Second Reading.

Debate resumed from the 16th May.

Hon. J. EWING (South-West) [4.48]: I obtained the adjournment because it appeared to me that, although the Government were anxious to get the Bill through, the importance of the measure is such as to justify the occupation of a considerable amount of time over it by this House. The Bill was introduced by the Honorary Minister on the 12th April last, on which occasion I was absent through illness. Since then, however, I have carefully perused the Honorary Minister's speech, and I have also read the report of the subsequent proceedings. I regret to say that the Honorary Minister evinced a great desire to rush the Bill through the House. It was only when exception was taken by Mr. Sanderson that the Minister agreed to the adjournment, which was moved by Mr. Allen. Let me say at once that I do not think any Government are justified in attempting to rush through a Bill of this nature, of such a far-reaching character, without exhaustive inquiry. All members, I think, must agree that the able and informative speeches delivered by various members on this measure will enable us to cast a more intelligent and more mature vote on the proposal. To judge from the tenor of the debate, it seems that there is going to be great difficulty in passing the Bill. Of course all hon. members have not yet spoken, but the debate so far has been against the measure. My own view is that it is imperative, and indeed essential, for members to express clearly their opinions on a Bill of this important character. The fact is that this Bill would not have been introduced but for an Act passed by the Federal Parliament relating to grain storage. That Act was assented to on the 27th July, 1917. My desire is that members of this House should thoroughly appreciate the position, and in this connection I desire to thank Mr. Greig for having placed in my hands a copy of the Federal Act, which otherwise I might not have had the opportunity of perusing. There would be no possibility of our discussing the present Bill were it not for the Federal Act. Section 8 of that Act provides that for the purpose of facilitating the construction and erection of silos—a silo means a silo and elevator—the Commonwealth may from time to time advance to the States a sum not exceeding on the whole £2,850,000. Section 9 provides for the payment of interest and sinking fund in a manner prescribed by the Governor-in-Council. In passing, one has to congratulate the Government of the State of Western Australia on securing this money at a very low rate of interest; I believe £5 3s. per cent. per annum.

Hon. J. W. Kirwan: Do you call that very low?

Hon. J. EWING: In existing conditions, I should say, it is very low indeed. Unless things improve very much we shall, in the near future, have to pay a very much higher rate of interest for our loans. Section 3 of the Federal Act provides for the appointment of a Commission to be called the “Wheat Storage Commis-

sion," and Subsection 2 of Section 3 provides that the Commission shall consist of one representative of the Commonwealth, and of one representative of each State in which the silos are to be erected. Further, the subsection provides that the Commonwealth representative shall be appointed by the Governor General, and that the representative of each State may be appointed in such manner as will be determined by the Governor-in-Council. That is all very satisfactory as far as it goes; but I think hon. members will be astonished to learn that Section 6 entirely does away with what, up to that point, appears to be the intention of the Federal Parliament. Section 6 distinctly states that at all meetings of the Commission each of the members, including the chairman, shall have one vote. But Subsection 2 of Section 6 goes on to provide that if the representative of the Commonwealth certifies that in his opinion it is undesirable that a proposal, resolution, or determination of the Council should be proceeded with, carried into effect, or acted upon such proposal shall not be proceeded with and such resolution or determination shall be rescinded, as the case may be. The powers conferred on the Commission by Section 7 are very great indeed; in fact, the Commission have all the powers. Paragraph (b) of Section 7 states that the Commission shall determine the number of silos to be erected, the places where they are to be erected, the cost of each silo to be erected, and the charge per bushel for wheat stored in the silos. As I have said, it seems to me that Section 6 takes away the whole of the powers of the State representatives on the Commission. I do not know whether that appeals to hon. members; but it was certainly the duty of the representative of the Government in another place, and it will be the duty of the Honorary Minister when replying, to lay clearly before Parliament and the country the position in which we stand relatively to the Commonwealth in this matter. I do not know whether the farming community desire to be handed over lock, stock and barrel to the Federal Parliament, or not; but certainly under this section such will be the case. I hope that the Minister in his reply will deal fully with the matter, explaining exactly how far the Commonwealth are empowered by the section to interfere with the rights and privileges of the State. So far as I am concerned, a great deal will depend upon the manner in which the Honorary Minister answers my question. The reason for the passing of the Federal Act and for the introduction of this Bill is, of course, to prevent the destruction of Australian wheat. The storage bins are not provided for by the Federal measure, but we are told that money is available to the extent of £285,000 for the construction of storage bins in Western Australia, which will have a capacity of five million bushels of wheat. Bearing in mind that this is only about a third of the annual crop of Western Australia, it is evident that very little advantage will accrue to Western Australia in this connection, because three-fourths of our crop will have to be stored otherwise than in the bins. Being on a visit to Bunbury last week, I took the op-

portunity of looking over the wheat stacks there, and was astounded to observe the bad condition in which they are. I consulted many people on the subject, amongst others a man who has recently come from the Eastern States. He assured me that the Bunbury stacks are in a much better condition than the stacks in the Eastern States.

Hon. C. F. Baxter (Honorary Minister): That is correct.

Hon. J. EWING: The Honorary Minister says that is correct, and if that is the fact then it is going to be a very bad outlook for the Australian farmers. I marvel that those who have the overlooking of the wheat storage scheme in this State did not show more business acumen. I have heard it stated—and probably there is a considerable amount of force in the statement—that the conditions arising out of the war were such as could not be foreseen by anyone. No one could foretell what the duration of the war was going to be. There was a possibility that the war might end speedily, in which case the expenditure on storage would have been useless. It was not possible to see far enough ahead, and therefore inferior coverings were constructed to preserve the asset of the farmers of this State and of Australia generally. But the manner in which these coverings have been constructed reflects very little credit upon those responsible. I want to know why, in a country like Western Australia, which has such abundant timber supplies available cheaply, proper and efficient storage has not been provided for the preservation of our wheat. The Honorary Minister may be able to answer that. Certainly, we should be informed why use has not been made of the timber asset of this State, in order to provide storage for the three-fourths of our crop for which there will be no accommodation even if this Bill is passed. As regards the measure itself we have first of all to satisfy ourselves thoroughly that we possess confidence in the wheat industry of this State. Although the Western Australian farmer will, under the proposal of the Federal Government, take the full responsibility of finding interest and sinking fund to pay for the storage accommodation, yet the State generally will, in the event of failure, be called upon to shoulder the responsibility. Personally, I am satisfied that the wheat industry of Western Australia is sound, and in order to maintain and advance this great industry I am prepared to give my vote for any expenditure necessary to that end. Those of us who are going to vote for the Bill—and probably I shall be one of them—wish also to be satisfied that bulk handling is the right system. In this connection, a matter which has recently been brought under my notice by a man who has taken a great interest in the subject, is that—this Bill really representing nothing but a proposal to expend £285,000 on storage for our wheat—we ought to have some idea of where the storage bins are going to be placed. They ought not to be placed all over the countryside, so that in the event of the bulk handling scheme culminating they would be useless for that scheme.

That is a most important point. I consider the storage bins should be located centrally, and as far as possible on the coast. As regards bulk handling itself, I believe every great grain growing country in the world has satisfied itself that bulk handling is the right thing. When we look to America and Canada and the other grain producing countries of the world, I am satisfied from what they are doing there that the condition of the wheat when marketed is much better than when sent to market in bags. There is considerable saving in labour, in freight, and in the bags used. Several members have quoted figures in regard to this aspect of the question. I do not intend to do that, for I am satisfied that the bulk handling of wheat is absolutely satisfactory as far as placing the wheat on the open markets of the world is concerned. Those who are opposing the scheme have given several reasons for doing so. Some appeal to me, others do not. I want to be satisfied and members have to be satisfied and to make up their minds thoroughly that we have faith in Western Australia and this great industry, but if members record their votes against the Bill, it will show that they are not satisfied in regard to the wheat industry of Western Australia.

Hon. Sir E. H. Wittenoom: I do not think that follows.

Hon. J. EWING: Amongst the objections which have been raised, it has been stated that the industry is doubtful, the time is inopportune, the financial position of the State is not satisfactory, that experts are unnecessary, that we in Western Australia are able to do the work ourselves, and another objection is that this will mean an extension of State socialism. It is a good thing that these points have been brought out, so that the Minister in charge of the Bill will have an opportunity when replying of satisfying members that these conditions do not prevail and that the objections are more apparent than real. There is a good deal more to be said in favour than against the proposal. Western Australia has done a great work in the wheat industry. In 1910 we produced 5,600,000 bushels of wheat. Six years later we produced 18,000,000 bushels, which appears to me to be a satisfactory progress. In 1916 we produced 18,200,000 bushels of wheat. Of that quantity 4,000,000 we required for feed and seed purposes and 2,500,000 bushels for milling and local purposes. That left a balance of 11,500,000 bushels for export. This is a very important point indeed and appeals to me strongly, and I think it should appeal to other members. Some doubt has been created by the report of the Engineer-in-Chief as to the competition by this State in the world's markets. Mr. Thompson, the Engineer-in-Chief, visited the Old Country and Canada and America and investigated very closely this scheme. I have read with considerable interest his very able report, and he has pointed out, amongst other things, that as far as Western Australia is concerned we are to the disadvantage of Canada to the extent of 4½d. per bushel in the matter of transport. I think the Engineer-in-Chief has taken a wrong basis

on which to work. He has estimated that all the wheat is carried to terminal ports over a distance of 200 miles. I think that if every port has the freight which is due to its geographical position, then we shall find that that amount will be reduced by one half, meaning a saving of 2d. per bushel. The system has been to send the wheat to the Old Country in bags and the farmers had to pay freight on those bags. If we take all this into consideration, I think the Engineer-in-Chief will be inclined to reconsider his report in this connection and will find that when proper conditions are given to the farmers for the handling of their wheat as far as the transport is concerned, we shall be able to compare favourably with other countries. There is an important point in the report which requires the consideration of the Government as it has the consideration of all the Governments of wheat-producing countries of the world. That is the average yield in Canada and America is 18 bushels, while here in Western Australia, it is 11 bushels per acre, a difference of seven bushels per acre. That may seem alarming, and seems to give a greater disadvantage than we care to admit. If the methods of cultivation which are in vogue in Canada and America are applied to our work here, and there is proper scientific research brought to bear on this question, we shall overcome the difficulties. I think the Government might give their earnest consideration to this question and see that not only the best land is cultivated for wheat, but that we should keep our wheat off the inferior lands. We should have experts who can give advice to the farmers and see that proper fertilisers are used and also see that the seed used is the best to produce the highest and most valuable crops. On reading the newspapers recently, I noticed that someone who has been experimenting many years in America is satisfied that he can make land yielding now 15 bushels to the acre, with more perfect seed and greater scientific research, yield up to 50 bushels to the acre. If that is done elsewhere, why not here? As far as that is concerned, I am satisfied that this does not apply to wheat growing only, but to every industry connected with the soil, and it is our duty to see that we get the best that science can give us, so that we shall not be lagging behind when normal conditions prevail again.

Member: The Government have sacked some of the experts.

Hon. J. EWING: I hope those experts will be replaced by still better men. It is not only the soil that we have to consider, but the value of the brain of the individual, what he can do for us, whether he can make two blades of grass grow where one grew before, as Lord Forrest used to tell us, and he was perfectly correct. We have arrived at a time when science must be applied to agriculture. The Government cannot rely on ordinary people for advice. Let them obtain the best possible advice that scientific men can give them. As far as the time being opportune is concerned, at a time like this, when it is difficult to get any money to expend in Western Australia, or anywhere else, the expenditure of £250,000 in our State will be of value. This money is not

coming out of the pockets of the general community. It is to be paid for by the farmers themselves. The full responsibility rests upon them. I admit, the Government admit, everyone must admit, that if the farmer fails and the wheat is a failure in Western Australia, the general community will have to pay the bill, but I do not contemplate a possibility of that description. If any member thinks for a moment that there will be a failure as to wheat production I think he is mistaken. I do not think it is possible. That phase of the question does not appeal to me at all. There is another question. I do not know whether it has been correctly stated, but it has been stated that in the event of the House taking the responsibility of saying, "We do not want this money, we do not want to protect the wheat, we do not want to introduce the bulk handling system," it is likely that the Federal Government will do it themselves. Is that correct or not? It was stated in another place that if we do not take the responsibility, that responsibility will be taken by the Commonwealth Government, and I can assure members that they will not do it for nothing, and I do not want to see further encroachments by the Federal Government because everything they have taken in hand up to the present time has been in a most expensive and lavish manner. I do not want the farmers to be saddled with undue expenditure. I want the responsibility to rest on the people of Western Australia.

Hon. J. W. Kirwan: Is the State managed so efficiently then?

Hon. J. EWING: This would not be altogether State management, but management by a board or commission, I hope, by a competent and efficient body of men. If not, it will be somebody's fault. Mr. Kingsmill, in speaking on this Bill, said that we did not want to go in for State socialism farther than we have gone. This appealed to him as an extension of State enterprise, and he said that in other parts of the world, and to a certain extent it is true, the co-operative system exists. The farmers supply the money and carry out the work. I do not view the matter in the way Mr. Kingsmill does. I hold the opinion, and I have always held it, that unless the State in the development of an industry, whether it is wheat, fruit, or jam, or anything else, is prepared to lend money to those who will carry out the work, we cannot have success and the proper development in Western Australia. To-day the farmers cannot take on a scheme of this nature because it does not mean an expenditure of £250,000. It means ultimately an expenditure of one and a half millions to two millions of money. As far as I am concerned, I view the matter from that standpoint, that there will ultimately be an expenditure of one and a half millions to two millions, because the work is not going to be done for £250,000. It is impossible for the farmers in the position which they are to-day, or for the farmers in Australia, to take up this scheme. In the meantime, if they get the money from the Government, I think it is a fair proposition. If the Federal Government are prepared to find the money, we should be prepared to do our share, leaving it to the future to say who

shall own the scheme. If the farmers pay for it, they claim that they should own it, and this seems a reasonable proposition. If the farmers pay for this in years to come, they will naturally expect to take possession of it, unless the State Government make up their minds that they can run it more efficiently than the farmers, and actually do so. Mr. Allen made a speech which created a great impression upon me, though it did not convert me, and showed the careful manner in which he had gone into the matter. We have had the benefit of the knowledge that is his as an engineer. He expressed great regret, and I express it too, that it is necessary to go outside Western Australia in order to carry out these works. I have been very much impressed myself by literature I have read, and the opinions of men who know more than I do about this question, who have been through Canada and America and seen these bulk handling schemes in operation. These men say, on no account attempt to carry out schemes of this character unless under the most efficient and up-to-date engineers with a special knowledge of the subject. I admit that when I heard the hon. member speak I was very much inclined to agree with him. After reading the Engineer-in-Chief's report, however, in which he states distinctly that he would not attempt it and has not the engineers here to do it, and that if he did attempt it and carried it out he could not do it at less cost than under the arrangements which have now been made in the agreement under consideration, what is one to think? I have here a book which contains an article from the "Grain Dealers' Journal." In that article it advises all those who contemplate going in for the bulk handling system on no account to think that they know all about it, because a number of failures have been made in Canada and America through an inefficient bulk handling system. It goes on to say that it is necessary to have the best experience and talent in order to carry out the work efficiently, and give the greatest benefit to the farmers. I am not satisfied that Metcalf & Co. are the best men. I do not know anything about them, and I do not know that any other hon. members knows about them either. It seems to me to be highly improper and wrong that tenders were not called for these plans and specifications. It would have been better had this been done. I am not prepared on that knowledge to delay the Bill. The firm are already employed in New South Wales and Victoria, and they have been under consideration at the hands of two previous Governments, who have made the necessary inquiries. If the Government are satisfied—and those in charge of the engineering department in this State are satisfied—with this firm of Metcalf & Co., I have nothing more to say. As far as I can see one provision should be made, and that is that we should get the plans and specifications for all the seaport towns, which must necessarily have elevators in years to come. That is not provided for in the Bill. It is provided that Fremantle shall have an elevator, and

when we are in Committee it is my intention to move that we also secure plans and specifications with regard to Bunbury, Albany, and Geraldton. It is just as well for us to know exactly what the whole scheme is going to cost, because eventually we will have to erect elevators at those centres. In Committee I shall take the opportunity of moving for the inclusion of these three centres in the Bill, and I hope the Committee will agree to it. It may mean the incurring of a little more expenditure, but if we are going to have plans at all let us have a complete scheme, and know exactly where we are, and what it is going to cost to erect elevators at Bunbury, Albany, and Geraldton, as well as at Fremantle, if it is in the interests of the State that these other elevators should be erected. It is important to know that we are not committed to any expenditure by this Bill. This is simply a Bill to enter into an agreement with Metcalf & Co. for certain plans and specifications, and advice. I do not think we can do very much harm in that. I notice that within six months the Government have to make up their minds whether they are going to do any work in this regard or not. That is to say, they have six months, if the Bill is agreed to by both Houses of Parliament, in which to make up their minds in the matter, but the agreement does not become a real one until the Government have fully made up their minds that they are going to incur expenditure. If, when the House meets again, the Government bring up certain proposals for these silos, which I suppose will be submitted to the House, and they are defeated by the House, and the House in the meantime has made up its mind to agree not to continue the work, it has that opportunity of doing so. We are really not committed, even though this Bill passes both Houses of Parliament. In conclusion I would say that it would be better for hon. members to pass the second reading of the Bill. The matter is one of vital importance to Western Australia. It is most necessary, for the sake of those who are engaged in the wheat industry, that they should not be prevented from getting an opportunity of eventually landing their produce on the world's markets in the best possible condition.

On motion by Hon. G. J. G. W. Miles debate adjourned.

## BILL—DIVIDEND DUTIES ACT AMENDMENT.

### Second Reading.

Debate resumed from the 16th May.

Hon. Sir E. H. WITTENOOM (North) [5.23]: I have listened carefully to the remarks of the leader of the House in his introduction of this Bill, and, after giving the matter earnest consideration, it was my intention not only to vote against the second reading, but, if possible, to have the Bill read this day six months, for the simple reason that I am a firm believer in the principle that when we are taxing incomes these amounts should be taxed at the income stage rather

than at the source. In the Dividend Duties Bill, where the tax is on dividends, we are taxing profits at their source, and not when they get into the incomes of the people who draw the dividends. My only object in not carrying out that intention was because I had so much sympathy with the Government at present in regard to their want of funds, that I refrained from doing so. Anyone who has given this question of dividends any thought at all will realise that, were these dividends not taxed at the source and left until they became incomes, in many cases the Government would not get any tax at all. I will explain how this would occur. In many companies or banks, or places where dividends are paid, there are widows and people of that description with small incomes, who perhaps have ten, 20, or 30 shares in such company or bank, and receive £1 a share. They would have their £10, £20, or £30 put to the credit of their incomes, which might not exceed £200 a year, and in that way there would be no duty on the money whatever. On the other hand, if these amounts were taxed as dividends, these people would have to pay 1s. in the pound. I have every sympathy with the Government in their endeavour to get this amount from these people, and at such a critical stage in the affairs of the country I hesitate to embarrass them by making any change. But I must say it is very hard on these people who have small dividends that they should have to pay 1s. in the pound, whereas were these dividends carried to their incomes they would pay nothing at all. I have come to the conclusion, and intend to carry this argument very much further at a later state, that there should be no exemption whatever in taxation, and that every person who has a vote in the State should pay a certain income tax or a tax of some kind. Whilst I advocate that everyone should pay something, and that there should be no exemption whatever, I say that the weight and the bulk of the tax should fall upon those who are able to afford it. If I could I would do away with the dividend duties so that all dividends would be taxed as income, instead of at their source. Beyond this, I take no exception to the Bill in principle, especially after the full explanation afforded by the Colonial Secretary in his second reading speech. I notice that the principle of the Bill is for the payment of a dividend on profits, and I think everyone would reasonably agree with that. Unfortunately, in the Bill there is one exception. All of the Bill has not to do with profits. A single exception has been made in the case of insurance companies. Why the matter has been confined to insurance companies I do not know. All other companies have paid 1s. in the pound hitherto, and insurance companies pay one per cent. on their gross premiums. Now it is proposed to increase the duties on ordinary dividends to £5 per cent., but on the premiums of insurance companies by 100 per cent. It seems an extraordinary thing. Why are not the insurance companies taxed on their profits in the same way that other companies are taxed?

An insurance of one per cent. on a premium is equal to five per cent. in any insurance company on a profit of 20 per cent. No insurance companies make a profit of 20 per cent. An average was taken of the 20 British insurance companies that are trading in Western Australia, and this showed 13 per cent., which is very much lower. And now it is proposed to double the amount of their taxation. It seems to me exceedingly unreasonable, and the question is, why are they not taxed on profits in the same way as any other business? If this is so, why are the insurance companies picked out to be particularly taxed on premiums and not in other ways? There must be some reason, and I have no doubt the Colonial Secretary will explain it when he replies. Taxing insurance companies' premiums really amounts to taxing so-called profits which have never been earned. I will give an instance. Suppose a man pays £100 in premiums. He may have his buildings and everything burnt down and the company may have to pay £1,000, and they will thus lose £900 by the transaction and yet have to pay one per cent. on the premiums. The practical effect of this is that they are taxed on profits they have never earned. I have no objection to the Bill, but when we get into Committee it is my intention to move amendments to Clauses 7 and 11.

Hon. A. SANDERSON (Metropolitan-Suburban) [5.31]: It is much to be regretted that we have not before us a comprehensive taxation measure dealing with the incomes of the country whether they be those of the individual or of a company. Sir Edward Wittenoom has pointed out the unfairness of the position and I think we all realise the absurdity of it. I do not want to say anything at present beyond making a protest against the procedure which is being adopted, and I sincerely hope that next session, when the Government have had more time to re-cast the whole of their taxation measures, they will then be put on a satisfactory basis. I do not regard this Chamber as being in charge of the finances of the country, but we are justified in making a protest and I can only hope that the leader of the House will convey that protest to his colleague the Treasurer.

Hon. J. W. KIRWAN (South) [5.33]: I agree with hon. members who consider that it would be better if the taxation to be levied under this Bill were embodied in the income tax proposals of the Government. As Sir Edward Wittenoom said, dividend duties do not operate equitably. The hon. gentleman quoted the case of a person who might be drawing £100 as an income from dividends. It happens in a number of cases—and it may be the case of a widow—that a person is left an amount of money. The money may be invested in shares in some institution like a bank which pays dividends and the individual drawing the £100 as dividends, may not have any other source of income. Still, that person would have to pay under this Bill £6 5s. a year in taxation, whereas if the money were drawn from other sources it would come under ordinary taxation and the individual would not be in any

way taxed. That is only one of a number of anomalies which exist in connection with taxation and which arise with regard to the dividend duties and also the income tax. Take the case of a man whose income may be drawn partly from dividends and partly from some other source. I do not know of a single case where income is drawn from dividends where taxation is the same as it is on income that is drawn from other sources. That is not just. Attention has been drawn to that in this Chamber on previous occasions and I think it has been the subject of common controversy for some considerable time, and it is rather remarkable that the Treasurer has not introduced a different system of taxation, more especially as it can be done in such a simple way, as he has a most excellent example of what might be done in the matter of imposing taxation. I would suggest to the Treasurer that if he imposed taxation on the lines adopted by the Commonwealth Government it would be a very simple way out of the whole difficulty. The Federal authorities have no dividend tax, but they have one general tax and that tax is divided into two parts, namely, on personal exertion and on property, and I think the whole position could be met in this State if the Treasurer were to introduce, for State taxation purposes, a Bill on similar lines to the Act passed by the Federal Parliament, with, of course, different rates. This has been pointed out over and over again. I know that Sir Edward Wittenoom, Mr. Kingsmill, and other hon. members have referred to it, and it has also been alluded to in another place, and it is a method of taxation in regard to which there is practically no difficulty. It would be more useful because if that ideal came about which so many people are now striving to attain, that is, to have one taxation office and a uniform set of forms which could be filled in, it would be much more simple. There is no reason why a tax on dividends should be different from the tax on incomes derived from other sources. It will be remembered that some 16 years ago it was thought that as a large number of mining companies were paying such immense dividends they should contribute to the revenue of the State, and quite properly too, and in order to get at those people a dividend duty was imposed, but even then that duty operated somewhat unfairly, because whilst the dividends were imposed generally upon all companies paying dividends, the private individuals and firms were not taxed, and consequently we had for a number of years, until the income tax was passed, the anomaly that two businesses side by side, one paying a tax on dividends and the other a private firm and the individual escaping taxation. Later, however, that injustice was removed but it has given room for other injustices. I would suggest that a form of taxation should be brought in which would provide for the payment of taxation on incomes obtained from personal exertion and from property. I do not know whether Sir Edward Wittenoom has suggested an amendment which has occurred to me in connection with the Bill. I do not like retrospective legislation. Clause 11 has a retrospective effect not only for one year but it goes

back for 17 months. I have written out a notice of an amendment which I intend to move and the effect it would be to strike out that part of the clause which makes it retrospective. Even if my amendment be carried, the taxation will then have a retrospective effect to a certain extent. My desire is to strike out the year "1917" and to insert "1918." That would leave the clause retrospective to the extent of the beginning of this year. I do not like retrospective legislation of any sort, but it is particularly objectionable in connection with a measure of this kind. We do not find retrospective legislation in connection with the Stamp Act because it would be impossible to introduce it, or in connection with the totalisator tax. I contend that it would be severe upon companies to require them to pay what would practically amount to two years' taxation in one year. In some cases the dividends have been distributed, and there might be a good deal of difficulty in finding money with which to pay the tax. It might even be that the companies have been wound up. The proposal is not equitable, neither is it in accord with proper principles to impose retrospective taxation which goes back so far as it is proposed in this Bill. I intend to support the Bill, but I can only express my regret that this form of taxation is not embodied in a measure on lines similar to those adopted by the Commonwealth.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East—in reply) [5.43]: As I explained to hon. members when I moved the second reading of the Bill, it is the desire of the Government that there shall be no delay in passing this measure, as we are desirous of getting out the assessments as quickly as possible. I have already stated that during the recess it is the intention of the Government to review taxation matters generally. At the present time a new Taxation Bill is before the Federal Parliament and I have no doubt that in a week or so it will pass into law and we shall have an opportunity then of considering whether it is possible for the State to adopt taxation methods on the lines of those agreed to by the Commonwealth. It will be remembered that during last session a Bill was passed bringing about uniformity with regard to the time for the sending in of returns. We should lose a considerable amount of revenue if we adopted the Commonwealth system of taxing only individuals at the present time instead of taxing company dividends. In the past the 1s. tax levied on companies has been the highest we have had and, consequently, if the system of taxing merely the individual had been adopted many of them would have escaped altogether, and others would have paid tax on a much lower scale. But in the future no doubt the maximum scale of taxation must exceed 1s. 3d. and consequently what the State would lose in the matter of dividend duties paid to people with small incomes, it will make up by getting it in the way of income tax from those who receive the highest incomes. And that, of course, is the case with the Federal Government. They do not collect 1s. 3d. dividend duty, but their maximum scale of taxation goes to a very much higher figure. There

remains the question of the amount of taxation obtained from shareholders in Australian companies living in England or elsewhere outside the State. But that is a difficulty which may be overcome, and to which at least careful consideration will be given. Then there is the question asked by Sir Edward Wittenoom as to why insurance companies should be taxed on premiums instead of on profits. That has been the system in force ever since the Dividend Duties Act was introduced in 1902, and I am informed that it is the general system in operation elsewhere for the taxation of insurance companies, because it is more convenient than any other method. Most of those companies carry on business in the several States of the Commonwealth and in different parts of the world, and it is considered a much more ready, a simpler and fairer method of arriving at the taxation to be paid by taxing them on the premiums than to endeavour to ascertain their profits in this State and impose taxation on those profits.

Hon. Sir E. H. Wittenoom: It is scarcely equitable.

Hon. J. Nicholson: Can you explain the reason for the additional subsection provided in Clause 7?

The COLONIAL SECRETARY: I explained the reason for that on the second reading. It has for its object the taxing of certain companies which, although not exclusively insurance companies, are conducting insurance business on behalf of persons or companies outside the State. The effect of this is that not only does the business go outside the State, but, as the law stands at present, it is not possible to tax such companies under the Dividend Duties Act. The object of this provision is, therefore, to bring such companies into line with the ordinary insurance companies. The only other point to which reference has been made during the debate is the proposal, contained in Clause 11, to make this tax retrospective. The reason for this is that it is intended to make an increase in taxation on the ordinary taxpayer in respect of the year ending 30th June, 1918, and if the ordinary taxpayer has to bear that increase it is considered to be only fair that the companies should also bear the same proportion of increase. Of course it might be considered desirable that before agreeing to this the House should have before it the proposal in regard to the increase on the income tax, because if the one were not carried it would be obviously unfair that the other should be carried and imposed. Hon. members will remember that last year, when we amended the dates on which the income of the individual should be returned, a provision was inserted in this House limiting the first return to a period of six months. In the past the tax for each year has been assessed on the income for the preceding calendar year. That is to say, the tax for 1916-17, the period from the 1st July, 1916, to the 30th June, 1917, was based on the income of the individual for the calendar year 1916, and he made up his return after the end of December. Last year, in order to come into uniformity with the Commonwealth, we passed an Act providing that for the future the individual should return his



income as from the 1st July in each year to the 30th June in the next year, and that the tax for the year 1917-18 should be based on the income of the individual for the preceding financial year. An alteration was made in this Chamber whereby in the first return the individual was only expected to make a return of his income from the 1st January to the 30th June. The result was that, in respect of the year 1917-18, the Commissioner was enabled to impose taxation only upon one half-year's income. In order to get over that difficulty, it is proposed in the Income Tax Act Amendment Bill, which is now under consideration in another place, to enact that each taxpayer shall pay double on the half-year, instead of paying the full tax for the year. As a matter of fact under that principle he will still escape a little more lightly than if called upon to put in a whole year's return and pay a whole year's taxation; because, assuming that his income is £1,000 a year, earned equally over the period, he will pay on two amounts of £500 instead of one amount of £1,000, and so will be paying on the lower scale. But since it is proposed that the individual taxpayer shall pay this super tax—if hon. members like to apply that term to it—for the year 1917-18, it is considered fair that this increase in the rates charged to the insurance companies and others should also be dated back in the same way. And it is also well to remember that it was intended that this taxation should be introduced early enough to be applied to the services of the year 1917-18; that is the intention of Clause 11.

Hon. Sir E. H. Wittenoom: But you have assessed for the first six months of 1917; why want them to pay a second time?

The COLONIAL SECRETARY: Unless they do, the financial year 1917-18 will receive assistance in the way of income tax only in respect of one half-year's incomes.

Hon. J. J. Holmes: The taxpayer has already paid.

The COLONIAL SECRETARY: I do not know that much profit can result from discussing a measure that is not yet before the House. I cannot help thinking it would be quite reasonable for the House to ask that the final consideration of this Bill should be postponed until the other measure is before it, so that the two could be dealt with together. I shall offer no opposition to that course, although, as I previously pointed out, it is important that this Bill should be passed as soon as possible.

Question put and passed.

Bill read a second time.

## BILL—INSURANCE COMPANIES.

### Second Reading.

Debate resumed from the 16th May.

Hon. A. SANDERSON (Metropolitan-Suburban) [5.54]: The Bill may be regarded as one of the most interesting we have had before us. I will press for a division on the second reading, because I want to see those members who take the responsibility of supporting a measure of this kind. It would be

unseemly and painful if, in the last hours of this period as a representative in this Chamber, I came under your correction, Sir. Yet under this Bill the temptation is extreme to refer to another measure. However, I promise that I will not trespass over the line. Under this Bill we are compelled to discuss one measure when, as a matter of fact, we ought to be discussing another. I refer to what hon. members know full well, namely, that the Bill is ostensibly to provide for the deposit of security by insurance companies and to regulate the premiums charged on insurance. We all know that the Bill is a Bill for a forced loan of £200,000 to establish state industries. There I must leave it.

Hon. Sir E. H. Wittenoom: That is not the Title of the Bill.

Hon. A. SANDERSON: It is not. I also wish to call attention to this: the Bill is to regulate the premiums charged on insurance, and the Minister himself here, and the Government in another place, are opposed to that and are going to ask us to strike it out. Therefore, that reduces the Bill to the simplest possible terms, "An Act to provide for the deposit of security by insurance companies." The real fact of the matter is that we have seriously embarrassed ourselves by foolish extravagance, and we have made one attempt to grapple with the situation, under the guidance of the Colonial Treasurer, by repudiating portion of our obligations in London. In this we were stopped by the Imperial Government. Now this Bill I regard as a forced loan, or a blackmail measure, and I ask who is going to stop it? I sincerely trust it will be the members of this Chamber. I am compelled to stick closely to the Bill. As for the deposit of security by insurance companies, I say that is totally unnecessary. I am speaking to members, probably everyone of whom is personally interested in this question of insurance. I ask any hon. member who has any insurance, large or small, has he got the slightest anxiety with regard to his insurance company carrying out its obligations? Let any member tell me that he has anxiety on that point, and I will agree to support the proposal to extract from insurance companies a proper amount of deposit. But we know there is not any member who would say he is frightened in regard to the security that his insurance company offers him. Therefore, the Bill is totally unnecessary. It is a loan Bill for a couple of hundred thousand pounds with which to carry out certain industries. I do not know whether it is a farce or an outrage that in such circumstances we are not permitted to deal with the subject under discussion. That is the second reason why I am going to call for a division; and I hope it is a reason which will appeal to hon. members and cause them to reject the Bill on the second reading. I ask you, Sir, and other members of the Chamber, is this a money Bill? Personally I have the greatest objection, as I have stated on more than one occasion here, to interfering with the financial measures of any Government. I know something about constitutional procedure and practice, and I have followed up the subject here and in the Eastern States and in other countries under the British flag. I do not care what the reports of

joint select committees may be, though I am aware we have had one very valuable report here; I hold most strongly that in ordinary circumstances this Chamber has not the right to interfere seriously with the financial proposals of any Treasurer. For, any Treasurer who took his position seriously, would absolutely refuse to go on with the administration of the country if he found his financial measures mutilated by this Chamber.

Hon. W. Kingsmill: Or by his party.

Hon. A. SANDERSON: I am prevented from entering into that interesting phase of the subject. In the closing hours of my term, or I might say in my dying moments, I desire to adhere most closely to the restrictions imposed upon me by the Standing Orders and by myself. I ask hon. members to reject the Bill on the second reading because it is not a financial measure at all. This is a Bill for the security of policy holders in insurance companies. Further, this Bill hampers the discussion of the insurance problem. We know that there is in this Chamber, and elsewhere, and also outside the walls of Parliament House, a section in favour of a State fire insurance scheme. I have no wish to discuss that matter. I simply mention the fact. But when we have a prominent member of the Administration telling us openly that he is in favour of State fire insurance, and when I find my colleague in the Metropolitan-Suburban Province also backing that Bill, which has not yet appeared, I at once admit that the proposal must receive serious consideration. But by allowing the insurance companies to put up these deposits—some of them want a deposit of £10,000 imposed—we shall be hampering the free discussion of that future Bill. As I understand the directors and managers of these insurance companies, they are shrewd, hard headed, practical business men. They see what anybody else can see, that if they can get the Government of the country indebted to them, especially at a time like this, they may be able to control the situation in such a way that the Government, instead of being master to discuss the thing freely, will be held by the large amount of money involved. In this case the amount is £200,000, which can be readily increased by the next Labour Government putting the screw on to, say, half-a-million. The next Government must be a Labour Government, I suppose, and if they bring in a Bill to raise the total of these deposits to half-a-million sterling, we will have to say, "Very well; we have agreed to this process of blackmail." Who is going to stop it then? Therefore I urge that members of this Chamber who are going to take the responsibility should see the thing down in black and white, so that all of us may know exactly where we are. I do not like using such ugly words as repudiation and blackmail, and in a time of great difficulty and stress, such as this, it has been and is my one object to assist the present Government, or any other Government, to the utmost of my ability, partly by keeping silent, as I have done on many occasions when I might have justified myself in speaking, and partly by refusing to criticise severely any Government, whether Labour or National,

or anything else, except when they seem to break either the four rules of arithmetic or the ten commandments. But when they do break these elementary principles of government, I enter my very strong protest. It is not difficult to show where they have broken the four rules of arithmetic, and it is not difficult to see how in this insurance business they are breaking the ten commandments. That is where my protest comes as strongly as I can make it; and the strongest protest of all is to call for a division. The Treasurer himself tells us what an unscrupulous politician he is. He says, "I want the people to remember I am not a moralist when I am collecting taxation; I am out to get revenue." That is pretty well what the blackmailers used to say in the border country, that they were not moralists but were out to get some cash or some cattle or sheep. This Bill is a proposal by the Treasurer to get money in the easiest possible way, calling it a security for insurance companies. The test of that position will come in Committee, although I want to see a test made on the second reading. Let me say again that if I get anyone to support me, I will call for a division; and I think every member who supports me in opposing the second reading will be very thankful for it in the future. The other test, however, would be in Committee on Clause 2. I believe the junior representative of the Metropolitan Province has drafted an amendment on the lines that insurance companies shall deposit—I ask hon. members to mark this—approved Western Australian or Commonwealth securities. Let us see if the Government will accept that amendment. For my part, I regard this measure as such an outrage that I think it ought to be rejected without the slightest hesitation, as an indication to the Treasurer that this Chamber will make suggestions, which are permitted, and will attempt—though I admit it is almost impossible—to indicate to the Government the amendments which should be made in their taxation proposals. But when we come to such a question as that of the sinking fund, which involves the honour of the country, and to this deposit of securities—admittedly it is nothing of the sort—we should make a protest; and we can make it in the full confidence that the country will support it. There are thus two opportunities of dealing with the present Bill. Hon. members will have an opportunity of rejecting the Bill altogether on the second reading and so marking their disapproval of this conduct of the Treasurer. If they refuse to do that, they will have, in Committee, the opportunity of substituting approved securities for cash; and then we shall see whether the Government will accept the Bill. The reason why I want hon. members to negative the second reading is that to me it is inconceivable that the Council will reject the amendment. It is possible that the Chamber will refuse to negative the second reading, though the protest will be very much stronger than if we accept the principle of the Bill and then emasculate the measure by turning the deposit of £5,000 cash into a deposit of securities worth £5,000.

Hon. Sir E. H. WITTENOOM: The latter will be no use to the primary industries.

Hon. A. SANDERSON: No; but that is the line I am not permitted to step over, to my very great regret. I say again, there is nothing dishonourable in bringing forward schemes of that kind; but there is dishonour in repudiating our obligations in London and being compelled by the Imperial Government to mend our ways.

Hon. H. CARSON: Did not the suggestion as to the deposits come from the insurance companies?

Hon. A. SANDERSON: I do not want to be drawn into that at all. Firstly, we have no record of what the insurance companies did at the conference, though we are assured that there was no protest and that it was practically a matter of form. I do not wish to deal with the insurance companies. I am neither their champion nor their critic. Personally I see that this question of the security is the debatable question. In ordinary circumstances I would be prepared to accept the position and to tell the insurance companies straight out that this was a matter of a small deposit of £5,000, or even £10,000, by way of security. But this Bill, I contend, is nothing of the sort, and nothing will make it so. On that point we have the statement of the Treasurer himself, although the leader of this House, with his usual skill and adroitness, for which I have the most unfailing admiration, skated or jumped over that, and very wisely and properly refused to have anything to do with it. The leader of this House does not belong to the malignant and sinister party who dominate Western Australia at present. There is the position in a nutshell. It cannot be said that I have attempted to stone-wall this measure, that I have attempted to do anything but point out to hon. members the position of affairs and how it appears to me, leaving the responsibility on the shoulders of the other members of this Chamber.

Sitting suspended from 6.13 to 7.30 p.m.

Hon. J. J. HOLMES (North) [7.31]: The first question one has to ask oneself in connection with this Bill is what is the object it has in view. The object in view, I gather from the measure, is firstly to provide a deposit, for security, from insurance companies, and secondly to regulate the premiums charged on insurances. I understand from the leader of the House that he does not propose to press No. 2 reason, consequently one has to deal only with No. 1. The object, we are told, is to provide a deposit by insurance companies, and one can come to no other conclusion than that the object of the Bill is to secure a forced loan of £200,000. I think if one looks calmly and deliberately at the Bill, it is a dangerous procedure for the House to embark on, to sanction the forcing of money from a company in any portion of the State. We are starting with insurance companies, but if we once set a precedent we must say to ourselves, "Your turn next." The proposal of taking this £5,000 from each of the insurance companies to secure the in-

surers is, I say, a farce. I use the word in no offensive way. The insurance companies are as solvent as the State, more solvent perhaps, and I think we should content ourselves by saying, even if this £5,000 is deposited, the public will be no better secured than they are at the present time. We know that if the insurance companies retain possession of the money they will invest it, but if this money gets into the hands of the Treasurer we do not know what the result will be. The interest which the Government proposes to pay is  $4\frac{1}{2}$  per cent. We do not know what they propose to do with the money, but that is information which the House is entitled to. We ought to be satisfied that the money is invested in such a manner that it will obtain  $4\frac{1}{2}$  per cent. Some of the money invested by the State has not returned  $4\frac{1}{2}$  per cent., and is not likely to. The Bill before the House for the construction of wheat elevators we know will run into something like two millions, and we know that the Commonwealth Government are providing £285,000. We also know the strength of one party in another place, and that party may tell the Government that the £200,000 is to be used for the erection of silos or whatever reason they may say. We hear indirectly that the money is to be used for the establishment of secondary industries. My advice to those establishing secondary industries is to leave them alone, because if the Government get mixed up with secondary industries we shall find that half are owned by private individuals and half by the Government, and I am not satisfied that they will under dual control eventually prove a success. The Bill provides that this money shall be taken by the Treasurer and deposited with the Commonwealth Bank. If the Bill provides that to protect the public, the Government should take the £5,000 from each of the insurance companies and invest it in the war loan or some security of that kind, the insurance companies would be satisfied that their investment would be good. I am doubtful, from past experience, whether it will be wise to take £200,000 from the insurance companies that is profitably employed, and hand it over to the Government to spend as the Government think fit. It is a bad beginning to commence on insurance companies or any other company and force a loan from them. We are starting a dangerous precedent unless we check it in the bud. The clause dealing with the schedule of rates only indicates the necessity for the existence of a Chamber such as this. This clause, I understand, was inserted in another place, and it proposes that the Colonial Treasurer shall fix the rate of insurance and prepare a schedule at which fire insurance or marine policies shall be issued in this State. Anyone with business experience knows that there is a schedule which covers certain insurances, but there are a thousand and one policies issued outside of that schedule, and the companies must have a free hand to fix the rates. This particularly applies to marine insurance, especially rates during war time, which alters from day to day. This further evidences the necessity for a House of review in order that the provisions may be

knocked out. We are told by one of the members of the Ministry that these insurance companies are little better than highway robbers who rook the public, and will go on doing so unless steps are taken to prevent it. I have had a good deal of experience with insurance companies, and I remember some years ago the companies had some experience in connection with premiums. They did raise the premiums to such an extent that they secured handsome profits. Then they quarrelled amongst themselves, and brought the rates back to a normal figure, and to-day the competition keeps them in their place, and the experience of the past will prevent them from imposing unreasonable rates again. There are about 44 insurance companies in this State, and they have been in business for some years, but only about four have made any money in this State. The question arises why carry on a business when it does not pay. It is because these insurance companies are branches of companies in other parts of the world, and it suits their general business to have a branch in this State, but only about four or five of the 44 companies have made any money in this State. The effect of passing this Bill will be that the Government will take £200,000 from the insurance companies which would otherwise be invested by the insurance companies in the war loan—the £200,000 that the Treasurer proposes to take and spend how and where we do not know, except that the Government may receive instructions from the Country party. The war loan provides the same rate of interest, and we are safe in assuming that if that £200,000 was left in the hands of the insurance companies they would invest it in the war loan, and not in the Government of Western Australia. The war loan is the best security that could be offered, and I hope the House will agree with me not to allow the Government to get hold of the money. It has been suggested that this proposal emanated from the insurance companies. They are business men looking ahead, and they have seen this position. In fact, we are told that the Treasurer has held the pistol to their heads and has said, "You must either give me £200,000 or I will embark on a system of State insurance." We have had enough ventures of State enterprise, and I think that if a proposal came before the House for State insurance the existing companies would have little to fear as to what the result would be. I want to emphasise the one point, that this House will establish a dangerous precedent by allowing the Government to take this forced loan from the insurance companies, and once we establish that precedent we shall have no right to refuse the Government or any other Government from forcing an amount of money from any other companies in existence. I shall oppose the second reading.

Hon. H. DUFFELL (Metropolitan-Suburban) [7.43]: There are several reasons why I should make a few remarks on the Bill under consideration. It is pretty generally known by many members in this Chamber and in another place that I hold somewhat advanced views in regard to insurance—State insurance in particular. But I realise that the Bill under consideration—even its very title—is one which

calls for a very strong protest indeed. We have been told that it can be classed as a Bill for forcing those insurance companies doing business in the State at the present time to lend or rather advance to the Government by way of loan, a sum which in its incidence will amount to something like £200,000. Whilst I realise that it is absolutely necessary the Treasurer should receive all the money possible to enable him to keep the ship of State off the rocks, at the same time I realise that he is somewhat off the ordinary beaten track when he endeavours to raise money by illegitimate means. That may be a somewhat strong statement to make, but I cannot regard it in any other light, especially when we come to take into consideration the fact that he is prepared to give permission to obtain a loan from another source for which he is willing to pay £5 3s. per cent. By the powers invested in him, if this Bill passes the legislature, the Treasurer will be able to force certain companies operating in Western Australia to advance the sum of £200,000 at a less rate than he is willing to pay for a loan from another source. There are other objections, which have already been touched upon by members who have spoken before me. One objection in particular that I have in regard to Clause 7, is that it will make it imperative for companies operating in the State to submit their rates of premium to the Treasurer of the day for his approval before they can operate in the State. I do not know that I should have dwelt upon this so much but for the remarks which fell from my colleague just before tea, when he stated that my name was coupled by a Minister of the Crown with a proposal for a Bill to inaugurate State insurance in Western Australia. I do not know whether I should feel flattered by that remark or not.

Hon. Sir E. H. WITTENOOM: You should be.

Hon. J. DUFFELL: That is questionable. It is news to me if such is the fact. Nevertheless, whilst I realise that there are many advantages to be derived from the State by embarking upon a system of State insurance, I regard the present time as inopportune for such a scheme, and for that reason I have refrained from making my voice heard in a way which I had hoped to do under normal conditions. The fact remains that the Treasurer realises the necessity for getting money from every source that it is possible for him to get it. We are told that the insurance companies are quite agreeable to advancing this money. That may or may not be the case. I realise that the rates at present charged by these insurance companies, although it is argued in an opposite direction by one member, are fair and equitable. I contend, however, that there is room for improvement, especially when we consider the tariff war which existed in this State a few years ago, and that insurance companies were able to embark on business risks even at absurdly low rates, and lose very little, if any money, owing to the safeguards which were put forth by the appliances to combat conflagrations in the State. Under these circumstances I disagree with the title of the Bill entirely, and with the principle of the Bill, and particularly Clause 3, which sets forth that this forced loan shall be obtained at a lower rate

of interest, considering that we were asked a few days ago to grant permission to borrow money up to 6½ per cent. Under this forced loan, the Colonial Treasurer only proposed to give 4½ per cent. It is unfair on the face of it. When we come down to Clause 7 and 8, I must say that these are sufficient to destroy any chance that this Chamber may have had of considering favourably a Bill of this nature. If hon. members will only consider for a few moments what the Bill really means, they will have no hesitation in throwing it out. We would thus be doing our duty, and showing that we were a House of second thought, and our actions would redound to the credit of this House of legislation in Western Australia, and to the people who sent us here. In the circumstances I must oppose the second reading.

Hon. Sir E. H. WITTENOOM (North) [7.50]: I cannot quite understand why such invidious distinctions should be continually applied to fire insurance companies. In the debate which preceded this one we find that where these people were charged five per cent. on their profits by the dividend tax, in the case of insurance companies they were charged on their gross premiums, and that when the increase in the dividend duty was made on profits, it was made at the rate of 25 per cent., whilst on the gross premiums it was made at the rate of 100 per cent. If I wanted to further illustrate such invidious distinctions I would refer particularly to the Bill now before the House. Why are insurance companies singled out for this £5,000 deposit in each case? Why are not all sorts of other businesses like Foy & Gibson, Dalgety Ltd., and others, treated in the same way?

Hon. W. Kingsmill: Wait a bit.

Hon. Sir E. H. WITTENOOM: We find that the reason given in the Bill is that it is an Act to provide for the deposit of securities. After the excellent reasonings submitted to the House by the Colonial Secretary, that fire insurance companies should give a deposit on securities as well as others, I was almost convinced of the necessity for it, at all events in regard to fire insurance companies. Life insurance companies are obliged to give a deposit of securities. I know that the W.A. Trustee Company has to give a deposit of securities, and perhaps there could be no reasonable ground in the past for fire insurance companies also being asked for a deposit, but they have never been asked for one. Why is it necessary at present that they should be so asked? Is it that they are unsafe and have not carried out their undertakings? If it is necessary to have a deposit why must it be in cash? We find that life insurance companies give a deposit. In the case of trustee companies it is possible to deposit title deeds. In this instance, regarding fire insurance, we have this extraordinary demand that the security must be in cash. There must be some reason for this invidious distinction. These fire insurance companies have been carrying on business for a long time. We find that life insurance companies are excluded; therefore, they need not trouble themselves at all. In all companies that are exclusively doing life insurance work it is necessary for them to make a deposit. But

these fire insurance companies are called upon to make a cash deposit. Is a cash deposit a security? It is really not such a good security as title deeds. Therefore, in the circumstances, this can hardly be an Act for the deposit of securities from fire insurance companies. If it is a forced loan why limit it to insurance companies? I have no doubt we shall be given an explanation on all this when the Colonial Secretary replies, but at present I cannot see any reason for it. I may add that though there is that necessity for a deposit for the safeguard of those who do business with the companies, I feel certain that the companies would make no objection to do what life insurance companies do. Whilst that money has been forthcoming, it has been already stated that were it not paid to the Treasurer it would be paid probably into war bonds. It may be a matter of opinion as to which is the better for Western Australia, war bonds or payment into the Treasury. I know what the Treasurer's opinion would be, and I do not think it would be in favour of war bonds. If Clauses 7 and 8 are carried into law, it would mean the extinction of the companies. We might get a Government in office which intended to go in for State insurances, or which would be hostile to the present life insurance companies. They may frame such prices that no one could exist. In the circumstances I do not think it would be fair at all. I have seen some remarks in which life insurance companies have been likened to robbers. I cannot remember where this was stated. It was said that better rates could be secured by farmers in a Canadian company than could be obtained in any local company. I am in a position to say that this is absolutely wrong. It has also been stated that the insurance companies have been robbing the people right and left, and that if their directors had to act in an honorary capacity instead of being paid for their work these companies would not be getting the business to-day. That is absolutely libellous. I am a director of an insurance company, and the Treasurer is also a director of one. I hope that neither he nor I would associate ourselves with any company, whether we were being paid or not, which was doing anything but honest work.

Hon. A. Sanderson: Hear, hear!

Hon. Sir E. H. WITTENOOM: I trust that our characters are good enough for us to say that much. This is a libellous statement. These remarks were made by a responsible Minister of the Crown. Whatever their feelings may be Ministers of the Crown might express them in moderate language, and at all events in language which they were able to prove. I here absolutely deny that the directors of any company, so far as I know them, associate themselves with any business, whether they are paid for it or not, that is not a credit both to the company and themselves. I take the strongest exception to remarks of that kind made in connection with companies which are doing a great deal of good in this State. Although in the first instance—and I do not say that is the case now—a large amount of the money used was foreign money, these companies have carried on their business so well that I do not think an

instance has been brought forward where they have not met their responsibilities in full. If they do nothing else they afford means of employment for a large body of clerks and assistants in their various offices.

Hon. H. Millington: They are benevolent institutions.

Hon. Sir E. H. WITTENOOM: Not at all. I suppose they are on much the same plane as the Labour party. They like to get a reward for their work. The Bill resorts to such extreme measures that it is very difficult, however one may be inclined to support the Government, to give them that support they expect in connection with a Bill of this description. It is straining our allegiance to the uttermost point. As I said before, if a case is made out to show that a guarantee is required in these cases, I do not see that any reasonable objection can be made. But why we should propose to take the action provided for in the Bill at the present time, after all these years have elapsed, I cannot understand. Life assurance companies give a guarantee but they do not give it in cash, and it may reasonably be asked why the fire insurance companies should not be asked to do the same. We hear that this money is going to be advanced for all sorts of purposes, but there must be some idea of muleting these particular companies for a purpose outside ordinary requirements. If that is to be the case, it will certainly be setting a precedent which may be most dangerous and we may imagine which companies will follow next. With these few remarks I shall reserve to myself the right of voting on the second reading, after I have heard further arguments from hon. members.

Hon. J. NICHOLSON (Metropolitan) [8.3]: Previous speakers have set out at length many cogent reasons why this Bill should not be passed into law, and they have demonstrated clearly in the reasons which they have put forward a series of sound objections to the second reading. The purpose of the Bill has already been alluded to. In Clause 3 the object is set out as follows:—"Every insurance company shall deposit the sum of £5,000 with the Colonial Treasurer, to be retained by the Colonial Treasurer so long as such company continues to carry on business within Western Australia." If one were to construe that clause by itself literally it would be taken for granted that the Treasurer intended to put that £5,000 into a place of safe keeping, so that it could be returned later on. The Colonial Secretary certainly did not indicate that that was the purpose. In introducing this measure the Colonial Secretary used various arguments in support of it. He stated that the Government were simply following the example of the United Kingdom. I am sure when we get an example from the Homeland it is very difficult indeed to refute an argument such as that. The Colonial Secretary also quoted the fact that a somewhat similar Act had been passed in Queensland, but I for one, and many other members also, will not accept the Acts of Queensland as an example to follow. Another reason which was advanced was that the deposit was required

for the purpose of establishing the bona fides of any company carrying on business here, or which might carry on business here. That reason was somewhat modified later on, and I will take the opportunity of further referring to it, but on these premises I recognise that it would be most difficult for hon. members to find a reason to advance against the Bill. But it is for us to examine the reasons which were submitted and see whether the facts were all as set out. In the course of the speech made by the Colonial Secretary he explained to us that it was intended to use this money in a certain way. It was not intended that the money should be retained by the Treasurer. It was going to be invested in a manner to be determined by the Government through, no doubt, the Colonial Treasurer. So that we see the first argument which was advanced by the Colonial Secretary falls to the ground, and the Bill has not been introduced for the purpose of establishing the bona fides of any of these insurance companies. The real and ostensible purpose is that the Government may be enabled by these means to raise further money and, as other hon. members have said, to create an enforced loan. I venture to say that if any Government resort to methods such as these, they can only do this country the greatest possible harm, because such a procedure must inevitably damage the credit of a State which seeks by these methods to raise enforced loans. I take now the other instance which was put forward by the Colonial Secretary, namely, the position of insurance companies under the 1909 Act of Great Britain which was quoted in support of the measure. I have with me here a copy of that Act and I am quite sure that when the Colonial Secretary made his statement in regard to it, he did so in perfectly good faith. I am sure he would be the last man who would seek to mislead hon. members in this House in any way. I have the highest esteem and regard for the Colonial Secretary, and I am sure every hon. member shares in that feeling. I know also that the Colonial Secretary has much on his mind, and it is astonishing to me sometimes to see the extraordinary grasp of detail he has in connection with the various measures he is submitting to the House. It is not to be wondered, therefore, if in introducing a measure such as this he overlooks some important matters in connection with the argument which he may be putting forward. In connection with the Act which is in force in the United Kingdom, it is clearly set out that the money which is to be deposited in the terms of the Act shall be invested in a certain manner. It is set out that the sums so deposited shall be invested by the Paymaster General in such of the securities usually accepted by the court for the investment of funds placed under its administration, as the company may select, and interest accruing shall be paid to the company. That makes it clear that the company shall be entitled to select a particular class of security, and until that is selected then the money must be retained by the Government. That is only right. The Act in England applies to the

various classes of insurance companies. It covers life assurance as well as the other forms of insurance, but we have a separate Act in our State dealing with life assurance and this has been referred to earlier in the debate. Under the Act in our State life assurance companies must deposit a sum of £20,000. That is—

“A deposit in the form of mortgages on freehold real estate in Western Australia, on which the money advanced does not exceed two-thirds of the value of the estate mortgaged, or title deeds or certificates of real estate, or bonds, debentures, Treasury bills, or other securities issued by the Government or by any municipal corporation in the colony, duly authorised in that behalf, or the receipt of some incorporated and chartered joint stock bank carrying on business in Western Australia and approved by the Colonial Treasurer, for moneys placed on fixed deposit at the said bank in the name of the Colonial Treasurer, the income arising from such deposit being received by the company.”

The Bill before us is aimed not only at fire insurance companies but all classes of insurance companies carrying on any class of insurance other than life, because life is already provided for. In Section 31 of the Act in force in England a modification in application of the Act is provided where a company carries on fire insurance business; and it states that such of the provisions of the Act as apply to deposits shall not apply in respect to fire insurance business carried on by the company if the company commenced to carry on that business within the United Kingdom before the passing of the Act. So the provision for the deposit of £20,000 in the United Kingdom in the case of insurance companies does not apply in the case of those companies carrying on fire insurance business. We know that the Government in bringing forward this measure were aiming almost pointedly at fire insurance companies, because probably they are the most prolific form of insurance companies in vogue here. It is true that the Queensland Government last year introduced a measure for the depositing of a sum of £10,000 in cash. But I have already stated that I do not take Queensland as an example in matters of that nature; I would be guided rather by the example set in the United Kingdom. I offer to the Government the suggestion that they might well reconsider the Bill in the light of the provisions of the Act in force in the United Kingdom.

Hon. Sir E. H. Wittenoom: They do not want the Bill under those considerations.

Hon. J. NICHOLSON: It would look as though they did not. I contend that if the Government really desire some guarantee of bona fides they cannot possibly object to taking some form of security. We know that in the case of fire insurance companies as well as life, no other companies have shown a better example of patriotism and support to the Government in the present great crisis through which the Empire is passing. They have come forward and lent their money to

assist in supporting various war loans. Some of the companies here, I am told, have gone the length of pledging their incomes for some time to come, by subscribing for such large amounts of war loan which it is only possible for them in the ordinary course of business to pay for over the period allowed in the terms of the war loans. Another point I would like to urge is that no necessity for this measure has been disclosed. I listened intently while the Colonial Secretary expounded the Bill. For some reason it occurred to me that probably some company had made default in carrying out its obligations; but no suggestion of such nature was made, and it would appear therefore that the real purpose is, as I have already suggested, to bring about the means of compelling these companies to subscribe this money and so refill the Treasury to a certain extent and provide means for the Government carrying out certain purposes they have in view. Whilst I am most anxious to assist the Government in their present dilemma, I seriously suggest that methods such as these are unworthy of those associated for the good government of the State. It has been stated that the influence of a Government is beneficial or salutary when that Government in their various decisions and deliberations are guided by wisdom. I say that the Government, in introducing a measure such as this, are not guided by wisdom, but are guided by a rashness which is unworthy of responsible Ministers. The present is a time when we should weigh well the measures introduced. Whilst passing through a parlous condition of affairs, as we are, one thing above all others is that we should seek to maintain the good credit of our country. That good credit will not be maintained by measures such as these, and I would strongly recommend to the Government that no further measures of this nature be introduced. Take for a moment the position of life companies. I have already mentioned that life companies are compelled in the first place to deposit a sum of £10,000 in this State, and that later on the amount is increased to £20,000. I believe that each of the life companies in this State has put up a deposit of £20,000. If that is not a guarantee of good faith I do not know what is. It is equal to the amount required in Great Britain for all classes of insurance. There are certain of those life insurance companies already here, and others no doubt would feel encouraged to come here if our legislators acted as they should. But, take the case of a life company engaged in business here: It is a common thing for those life companies to carry on other branches of business besides life insurance, and indeed in these days when amalgamation is frequently taking place, the likelihood is that such conditions as these will increase. As the security or bona fides is already given in the case of the life companies, it would not be unreasonable, if the second reading be carried, to move when in Committee that life companies which have complied with the provision of the Life In-

surance Companies Act should be relieved from the necessity of complying with the provisions of the Bill. In regard to the sum which has to be deposited under the Bill it is provided that the Treasurer shall issue Treasury Bills for the sum so deposited, bearing interest at the rate of  $4\frac{1}{2}$  per cent. with a currency of five years. That is to say, a company hands over £5,000 and there is issued Treasury bills, which it is provided later will be held until the company ceases to carry on business here; so that in the end when a company does cease it receives back, not the £5,000 which has been deposited, but the Treasury Bills of the Government with a currency of five years. I do not know what an hon. member would think if, when he advanced to, say, a mortgagor a sum of £5,000 on loan, at the end of the period fixed for the loan he received back the mortgagor's note of hand. The position does not redound to the credit of those responsible for the Bill. As I have said, I am anxious to assist the Government in good government, to assist them if possible through the present position of affairs, but I will oppose at all times measures which to my mind are not the emanation of people who make the fair credit of the State the first consideration. I believe in doing everything possible to assist the Government out of their present difficulties, but I regret that for the reasons I have advanced here, I must oppose the second reading of the Bill. I do not think it is a wise measure. Should the second reading be carried, it is my intention when in Committee to move certain amendments somewhat on the lines I have indicated, and probably covering other ground.

Hon. H. MILLINGTON (North-East) [8.28]: It is not often I find myself in accord with the present Government, but on this occasion I give them my hearty support. I will vote for the measure without reservation. There are many reasons why I should do so. I have had experience lately of how the Government should be treated. I have learned a lesson. I find that there is a very serious risk taken in opposing the present Government. As a matter of fact I have been told in plain language that if one votes against a man standing in the interests of the present Government one is doing something which is in the interests of Germany, doing a disloyal act. I was indeed surprised to find supporters of the Government in their second reading speeches on this Bill opposing the Government who are charged with carrying on the affairs of the State, and who are attempting to finance the State. In the first place, on this measure the insurance companies have not made any violent objection so far as I know. Presumably the Government have been negotiating with them. If the companies do object, they certainly have not taken the course of the common labour people and held a demonstration. However, to judge from some of the speeches delivered here this evening, the companies have been doing pretty good silent work. I do not think there is any need for me to stress that point. The companies have strong advocates when

they think their interests are affected. One would imagine from certain remarks which have been made that the insurance companies were carrying on business in the interests of the producer. But in point of fact the insurance companies produce nothing. The fire insurance companies are commercial bookmakers, and I presume the Government are asking them to put up a guarantee in the same way as ordinary bookmakers have to do. Or perhaps the proposal under this Bill is in the nature of an additional license fee. Nevertheless, it is a remarkably good idea. The commercial bookmakers carry on their business on these lines. They do not grow wheat or produce anything useful, but make a book, betting £100 to £1, or £100 to 30s., or sometimes £100 to £3, that one will not have a fire on his farm or in his house. They lay their book pretty well, since they understand their business well. They are scientists at the game. So far as I can see these commercial bookmakers take very little risk indeed. Sir Edward Wittenoom referred on another Bill to the fact that fire insurance companies do not make exorbitant profits. I have not looked up the statistics myself, and do not know whether the 13 per cent. profit applies to insurance companies generally or to fire insurance companies in particular.

Hon. Sir E. H. WITTENOOM: Fire insurance companies.

Hon. H. MILLINGTON: It is remarkable to me to find that the fire insurance companies can make even so much. The fact shows that the people who do business with the fire insurance companies operating in Western Australia are considerably overcharged. Someone else has informed us that there are 40 of these companies doing business here. What does that mean? Con those people complain that they are making only a paltry 13 per cent. while 40 of them are doing the business that one could do? Of course the people have to pay for the 39 duplications. Out in the country one finds insurance agents, sometimes two piled into one motor-car, going round and pleading with the farmers to do business with their particular companies. And then the companies wonder that they cannot make more than 13 per cent. I sympathise with the companies, and I suggest that if they do not come to terms as suggested by the Government, perhaps the State could perform the service on better business lines—though, of course, I am aware that I shall find very few in this Chamber who will agree with me on that point—at even a cheaper rate than the 40 companies operating in opposition to each other. In point of fact, I do not believe the companies leave anything to chance; certainly not as regards rates. On the goldfields some years ago there was a dispute among the fire insurance companies. I believe on that occasion the insurance companies themselves accused one particular company of bushranging. As a result of the dispute fire insurance rates on the goldfields were reduced from 17s. 6d. or £1 per £100 to as low as 4s. per £100. After negotiations the company accused of bushranging came to heel, and the fire insurance companies now have the business on a footing which is certainly agree-



able to them, though I do not know whether it is agreeable to the people who do business with them. There is an honourable understanding, and although 40 companies are doing business in this State, the people of Western Australia have not the advantage of competition. Such competition as exists is among the agents to see who can get the business. The competition does not extend to premium rates. I am not in the confidence of the present Government, but I presume that what they want by this Bill is money. They have told us that they do not believe in borrowing that they object to the Labour party's wholesale borrowing policy. At the same time, they have to carry on the various institutions of the State, and I understand that with the money to be derived from this Bill they propose to start certain industries.

The Colonial Secretary: To assist in starting industries.

Hon. J. W. Kirwan: Are you sure the money will be wisely spent?

Hon. H. MILLINGTON: That is not for me to quibble over just now. If a mere Labour Government were in power, of course we should all feel very uneasy. But now that members of this Chamber have on the Treasury benches the men of whom they approve, business men, they are doubtless satisfied to give the Government a blank cheque. I have heard the senior member for the Metropolitan Province credit the Colonial Secretary with great powers, which indeed we all know he possesses. But I rather expected that after that eulogy the hon. member would apply the usual kick; and that is what he proposes to do by throwing out the Bill. The hon. member was just preparing the Colonial Secretary. I believe the present Government are so hard pushed for money that they dare not embark on any risky operations as regards assisting business. We know the demands which the present Government have upon them. They have to placate or pacify their country supporters—rather a difficult matter considering the state of the loan market, and also considering that all the possible concessions in railway freights have been exhausted. Probably a demand has come from the Country party for assistance to various primary or secondary industries, and the Government, who can only borrow from the Commonwealth or within the State, have therefore been compelled to adopt this method of raising money. Under another measure they are getting all that can be got from the Commonwealth Government, likewise with the object of assisting the primary producer, the man whom they have to satisfy in this connection. Be that as it may, the present measure is one which meets with my hearty approval, because I recognise the need for money. Under this measure the Government have an opportunity of getting money, and those hon. members who say that they will not grant the Government this power admit freely that they have not the financial load which the present Colonial Treasurer has to carry. Therefore, they ought to be careful before they refuse to the Government the means which Ministers ask to enable them to

raise money for the purpose of tiding over their present difficulties. In fact, the gentlemen who object to the Government raising £200,000 by this means must take the responsibility for the share of the deficit which will accrue. Those who object to the particular method suggested by the Government for financing this State at present, know that there are only two sources from which revenue or loan money can be derived, and it is due from them to say how the necessary money can be raised. Not one idea has been put forward. A learned legal opinion was quoted by one hon. member as to how things are done in the United Kingdom, and how much better they are done there than in Queensland, a mere Australian State. But as regards the United Kingdom, the hon. member knows perfectly well that what the British Government require they take, and that they have taken considerably more from the taxpayer and from vested interests in Great Britain than has been taken in Australia. And yet the hon. member tries to make out that vested interests in this State are not getting a fair deal. From those who have told us that if we do this sort of thing vested interests will have to take up their swag and walk out, I want to know where are vested interests to carry their swag to? Because, wherever they may carry it, they will find themselves up against a harder proposition than in Western Australia. Therefore I cheerfully support the measure, more especially since those immediately affected have not raised any protest. I do not know whether it is that the companies think they would not get much sympathy from the general public, or that they consider they have no case; but the fact remains that they have not protested. They are carrying on business in this State, and, being here, are subject to the Government of the State. They have now an opportunity, if not to do a patriotic action, at least to assist the present Government in carrying on the affairs of Western Australia. Whilst the business in which they are engaged produces nothing, the £200,000 to be raised under this Bill will, in the hands of an up-to-date, business-like Government, having due regard for economy and, now and then, just a little dash of enterprise, do more good than if the money remained in the hands of the insurance companies themselves. I assure the House it is with considerable pleasure that for once I find myself in accord with the present Government. I shall support the measure, and I shall listen carefully for any suggestion of a better or fairer means of raising money than is proposed here. Meantime I have the greatest pleasure in supporting the second reading.

Hon. J. Nicholson: This measure has not been introduced as a money Bill.

The COLONIAL SECRETARY (Hon. H. P. Colebatch—East—in reply) [8.44]: I am rather surprised at the hostile reception which has been accorded to this measure. I do not intend to delay the House at any length in replying, but shall merely answer some of the arguments which have been advanced by hon. members. Mr. Sanderson told us that the real

object of this Bill was to establish State industries.

Hon. A. Sanderson: The Treasurer said that.

The COLONIAL SECRETARY: The Treasurer never said anything of the kind. I have already had occasion to rebuke Mr. Sanderson for a habit he has acquired of saying, as I have stated before, not the thing that actually expresses the situation, but the words which are most likely to convey the impression he desires hon. members to receive. The Colonial Treasurer never said a word about the establishment of State industries, and neither the Treasurer nor the Government ever had it in their minds that this money was to be used for State industries. But the Treasurer did say, and it is the intention of the Government, that this money shall be applied to lending to co-operative and other companies money against money put up by these companies for the purpose of enabling these companies to establish industries which will not be State industries but the property of the companies themselves. The State may, of course, take some risk, because if the companies fail and go to the wall the money will be lost, but there is no intention of establishing State industries and no hon. member has so far suggested any good reason why life insurance companies should be required to put up some form of security while fire insurance companies should not be asked to do anything of the kind. Sir Edward Wittenoom has admitted that at the time life insurance companies and other companies were required to put up securities, it would have been an entirely reasonable thing for the State to call on every insurance company to do the same. It seems invidious that life insurance companies should put up securities and fire insurance companies should not be called on to do the same. The Government are now simply doing what the hon. member admits is reasonable and should have done some time ago, and I freely admit the object of the Government in doing it now is that there is a very excellent purpose to which they might put the money so raised. I am thankful to Mr. Nicholson for putting before the House the terms of the Imperial Act of 1909. I quoted the British practice as supplied to me in my notes and it appears that I was quite correct in saying that the Act requires fire insurance companies to put up a deposit of £20,000, but I understand there are two differences in their proposals as compared with ours. The deposit is required by companies established after the passing of the Act and they have to put it up in any form of security which they please.

Hon. W. Kingsmill: A pretty important difference.

The COLONIAL SECRETARY: I am not going to criticise an Imperial Act of Parliament, but it seems if it is a just thing to call on people who contemplate carrying on business in the country to put up a security, it is just to say that those already engaged in this business should put up a deposit also. I carefully refrain from saying anything by way of criticism of insurance companies, but I have a lively recollection of the fact that when a few years ago a new fire insurance company was started in Western Australia, the

opinion was freely expressed then by the old companies in existence that it would be an excellent thing, and an admirable thing, that some form of deposit by way of security should be demanded to prevent any new company from coming in and imposing on the public, without having sufficient security. At that time the companies did this and they are still of opinion, I think, that it is a good idea that companies carrying on this class of business should put up some security.

Hon. J. Nicholson: Not necessarily cash.

The COLONIAL SECRETARY: Now I come to the other difference between the Imperial Act and our Bill. There the companies choose the form of security the money shall be invested in. It does in our case say that they shall put up in Treasury bills, but it is not a material difference that a company shall be required to put up cash, and have it invested as it chooses and for the Government to say that it shall be invested in Treasury bills.

Hon. J. Nicholson: I omitted to say that by the Board of Trade rules it is provided that that deposit may be made up of securities and there is a provision in some rules that are passed providing that "in lieu, wholly or in part of the lodgment of money, the depositors may bring into court as a deposit an equivalent sum of any stocks, funds, or securities in which cash under the control of or subject to the order of the court may for the time being be invested (the value thereof being taken at a price as near as may be to, but not exceeding the current market price); and in that case the Board of Trade shall vary their warrant accordingly by directing the lodgment of such amount of such stocks, funds or securities by the company or the persons therein named, to the said account of the said Paymaster-General for the credit in his books of ex parte the company mentioned in such warrant." That is the position. The Board of Trade is empowered to make rules under the Act.

The COLONIAL SECRETARY: I admit there is a difference between the two practices, but it is not a material difference. If the principle of requiring companies to deposit securities is admitted, it is a small point whether the companies shall be permitted to deposit any securities that they like or should be called upon to deposit, which is the case in this instance, Treasury bills. Because a company has to purchase Treasury bills, then I cannot see any vital difference in the principle of calling on a company to deposit that particular security and a company to choose their own security. As far as the other point is concerned, I do not think we are justified in Western Australia in passing an Act to say that any future company which started here should be called upon to deposit security unless we are prepared to ask that the companies at present operating shall deposit securities. Both points of difference raised by Mr. Nicholson as to the Imperial Act and our Bill are differences that can be easily defended from the point of view of the present Bill. If it is right to call on new companies to deposit securities,

it is right to call on old companies, and if it is right to call on them to deposit there is no violation of righteousness in saying that the securities shall be Treasury bonds of the State.

Hon. J. Nicholson: Cash.

The COLONIAL SECRETARY: No, Treasury bonds of the State which they must purchase. The hon. member can call it a forced loan if he likes, and I admit that on moving the second reading, and a moment or two ago I stated that the reason for introducing the Bill was that the Government were badly in need of money for all purposes, and one of the purposes is to aid by the way of loans on a pound for pound basis to co-operative and other companies willing to embark on secondary industries in this State.

Hon. Sir E. H. Wittenoom: Why confine it to fire insurance companies?

The COLONIAL SECRETARY: Because the fire insurance companies had previously expressed their willingness to put up a deposit and a modest amount of £5,000 will give all that is required for the purpose.

Hon. W. Kingsmill: Why not have a go at bookmakers?

The COLONIAL SECRETARY: I do not know if it is permissible for me to discuss the questions of advancing money by the Government for the establishment of secondary industries, but I may repeat what I said on moving the second reading of the Bill. In the present position of Western Australia no Government, alive to its responsibilities and interests, and the interests of the State, can close its hands against those who wish to establish secondary industries and who are not able to put up the whole of the money required. There is a project on foot for establishing freezing works at Fremantle, and I answered some questions this afternoon on the matter. I sincerely hope the Government will be able to make such arrangements as will permit of private enterprise carrying out the works on conditions absolutely safe to the public and all parties interested, and it is infinitely better that that should happen than that the Government themselves should establish them. It is far better that they should be established by private companies. There is a proposal to establish freezing works at Carnarvon and others at Geraldton, but I refer to the Carnarvon works more particularly because they are more prominently before the Government. That is a project which I sincerely hope will be gone on with and will be a success. I do not want to see these works taken up by the Government, but if the company finds it difficult to obtain all the capital required, the Government should assist by advancing portion of the money required. So in regard to other industries, even fruit preserving, an industry about which the Hon. A. Sanderson has had so much to say. It is advisable in regard to all secondary industries that they have a reasonable chance of success and in which people themselves are prepared to put up money,

that the Government should be willing to assist. The insurance companies have not been asked to take the risk. Their security for the money they advance is the State, but if the Government have a sum of £100,000 or £200,000, on which they are paying  $4\frac{1}{2}$  per cent. interest, it is quite easy for the Government to lend that money to the companies at the rate of about five per cent. The question of whether the Government should take the risk from the company failing hardly arises. If the Government have an opportunity of obtaining money at this cheap rate of interest, the Government will be able to assist co-operative and other companies for the purpose of the development of new industries, but if they have to pay the market rate for the money without considerable loss to the taxpayer the Government could not loan the money to the companies excepting at high rates. It was stated by the Colonial Treasurer, and I think I stated it here, that part of the object of the proposal is that the Government will have the money at a lower rate than that at which they could obtain it in the market to assist in the establishment of these industries, but as I have said, that fact in itself would not justify the Government in compelling fire insurance companies to put up a deposit unless the demanding of the deposit was a sound and equitable proposition. I say it is because it already obtains in connection with life insurance companies, as is done by the Imperial Government to companies started after 1909. In the one case the companies are permitted to deposit their own securities, but in our case the Bill says the companies must put up a deposit in cash. I see very little difference. It is a reasonable thing to call on fire insurance companies to put up a deposit of this kind, and I trust therefore that the Bill will be agreed to with the exception of the two objectionable clauses at the end of the Bill to which I have said I am in opposition.

Question put and a division taken with the following result:--

Ayes	..	..	..	..	13
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Noes	..	..	..	..	7
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Majority for	..	..	..	6
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#### AYES.

Hon. C. F. Baxter	Hon. C. McKenzie
Hon. H. Carson	Hon. G. W. Miles
Hon. E. M. Clarke	Hon. H. Millington
Hon. H. P. Colobatch	Hon. E. Rose
Hon. J. Cunningham	Hon. Sir E. H. Wittenoom
Hon. J. Ewing	Hon. H. Stewart
Hon. J. W. Hickey	(Teller.)

#### NOES.

Hon. J. F. Allen	Hon. W. Kingsmill
Hon. J. Duffell	Hon. J. Nicholson
Hon. J. A. Greig	Hon. A. Sanderson
Hon. J. J. Holmes	(Teller.)

Question thus passed.

Bill read a second time.

## In Committee.

Hon. W. Kingsmill in the Chair; the Colonial Secretary in charge of the Bill.

Clauses 1, 2—agreed to.

Clause 3—Company to deposit £5,000 with the Colonial Treasurer:

Hon. J. NICHOLSON: I move as an amendment—

“That Subclause 1 be deleted and the following inserted in lieu:—“Every insurance company shall deposit with the Colonial Treasurer (a) the sum of £5,000; or (b) Commonwealth war bonds to the value of £5,000; or (c) security to the value of £5,000 of the same description as are specified in Section 4 of the Life Assurance Companies Act of 1889. The said cash, war bonds, or securities, shall be retained by the Colonial Treasurer so long as such company continues to carry on business within Western Australia.”

The COLONIAL SECRETARY: I hope the Committee will not agree to the amendment. If it is agreed to it will destroy one of the objects of the Bill. If the Committee think the Government are justified in securing money at a low rate of interest to assist secondary industries, they will allow the clause to stand as printed.

Hon. A. SANDERSON: It is obvious what is going on. We had it down in black and white when we voted on the second reading, and we shall have it down in black and white when we vote on this amendment. This question of advances has not been discussed, and yet the Government have the audacity to come forward now with this forced loan supported by the Labour party. This puts a lever into their hands which they will not scruple to use. The test in this particular clause is, “Do you want the security? Very well, we give you the premier security in the country, the war bonds of the Commonwealth. Will you accept it?” I have made my protest. This question of blackmail is a matter for which we ourselves are responsible. It is not surprising that the Labour party supported the second reading of the Bill, because it is the most magnificent handle they have got for their purposes in the future. If the amendment is rejected the sooner the Labour Government are in office the better. That is my opinion of the present Government. We shall have this magnificent test of common honesty. This is a Bill to provide for the deposit of a security by the insurance companies. They are permitted by the amendment to give the premier security of the country. Knowing the important interests which different members represent here, let us observe closely what their division is going to be. I give it as my deliberate opinion that, after the sinking fund repudiation, which was stopped by the Imperial Government, and after this proposal we are now dealing with, the issues of this division are more important than any other in which I have taken part in this House. We shall see what will happen when the National Government look to the Labour people to push legislation through the Chamber. I congratulate them on their astuteness.

Hon. H. Millington: The best company they were ever in.

Hon. A. SANDERSON: This is the most important financial division we shall have had in the House.

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

Ayes	..	..	..	..	8
Noes	..	..	..	..	12

Majority against	..	4
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## AYES.

Hon. J. Cunningham	Hon. J. Nicholson
Hon. J. Duffell	Hon. A. Sanderson
Hon. J. Ewing	Hon. J. J. Holmes
Hon. J. A. Greig	(Teller.)
Hon. J. W. Kirwan	

## NOES.

Hon. J. F. Allen	Hon. H. Millington
Hon. C. F. Baxter	Hon. E. Rose
Hon. H. Carson	Hon. H. Stewart
Hon. E. M. Clarke	Hon. Sir E. H. Wittenoom
Hon. H. P. Colebatch	Hon. C. McKenzia
Hon. J. W. Hickey	(Teller.)
Hon. G. W. Miles	

Amendment thus negatived.

Clause put and passed.

Clause 5—agreed to.

Clause 6:

Hon. Sir E. H. WITTENOOM: I should like to have this clause made clear. It states, “The investment and redemption of the Treasury Bills referred to in Section 3, subsection 4 shall be at par.” Are these to be handed over as Treasury bills to the company when it stops business? Suppose they have depreciated and are worth £90 instead of £100. Who is going to lose that 10 per cent.?

The COLONIAL SECRETARY: These bills have a currency of five years and at maturity they are to be redeemed at par.

Clause put and passed.

Clause 7:

The COLONIAL SECRETARY: I hope the House will vote against this clause and clause 8, for the reasons which I have already stated.

Hon. A. SANDERSON: Are we to be used simply as a catspaw to carry out the behest of this bankrupt and demoralised Government?

The CHAIRMAN: The hon. member must not impute motives.

Hon. A. SANDERSON: I have no wish to impute motives. Am I imputing a motive when I say that the Government are demoralised?

The CHAIRMAN: The hon. member asked whether hon. members were to be used as catspaws.

Hon. A. SANDERSON: I thought you were referring to my having spoken of the Government as being demoralised and bankrupt. I beg to withdraw and apologise to anyone who requires it. Let us understand the position. This is dealing with the finances of the country, and the popular Chamber has put a clause in this Bill and we are asked to strike it out because it does not meet with the approval of the Government. Are we to add to

our difficulties by having a discussion on this? The sooner an honest Labour Government is in power in this country the better it will be for all concerned. Do not let hon. members who supported this Bill ask me to assist them in striking out a clause which was put in for the purpose of creating a State life insurance department. We are asked to assist this Government by striking out this clause. Look at the record of the Government. There will be no assistance from me, and the sooner they are out of office the better.

The COLONIAL SECRETARY: I have not the slightest intention of asking the hon. member to assist the Government. The hon. member's statement that this clause has anything to do with the finances of the State is just about as accurate as most of the statements which he makes. I merely ask hon. members whether they think it right that the Treasurer should be charged with the duty of reviewing and approving of the rates charged by insurance companies. If hon. members think that the Treasurer should be compelled to review these rates and approve of them, they will vote for the clause as it stands, otherwise they will vote against it.

Hon. J. J. HOLMES: I propose to vote for the deletion of the clause because it makes the position impossible.

Clause put and negatived.

Clause 8—put and negatived.

New Clause:

Hon. J. NICHOLSON: It is my intention to move a new clause which I have extracted from the Act in force in the United Kingdom, and which I think it is desirable and essential should find a place in this measure. It relates to instances which occur frequently in the Old Country and I believe have occurred more recently in the Eastern States. It frequently happens that persons interested in a block of buildings desire to insure for themselves. It is desirable that some provision should be made in the Bill providing that if those persons band together to insure the building or its contents or part thereof for their own protection, they should be exempted from the necessity for putting up the deposit. I move—

“That the following new clause be added:—

Such of the provisions of this Act as relate to deposits to be made under this Act shall not apply where the company is an association of owners or occupiers of buildings, chattels, or other property which satisfies the Colonial Treasurer that it is carrying on or about to carry on business wholly or mainly for the purpose of the mutual insurance of its members against damage by or incidental to fire caused to the house, chattels, or other property owned or occupied by them.”

There is no reason why those people, as a general body should not be permitted to do that which an individual could do. They would not be an insurance company in the strict meaning of the word, but they would be such a company under the Bill, and would be required to put up the £5,000. I think it is wise that such a provision should be made.

The COLONIAL SECRETARY: I see no objection to the proposed new clause, but I do not think there is any necessity for it. I understand the Imperial Act has an interpretation practically the same as our own, and contains a similar ex-

emption, which is a strong argument for accepting the new clause.

Hon. A. SANDERSON: We frequently have pointed out to us the advisableness of putting these amendments on the Notice Paper. It seems to me the proposed new clause requires fair consideration. I am inclined to agree with the Colonial Secretary that it does not affect us very much in this State, because we have not yet reached the full stage of development. However, it would be much more satisfactory if we had the proposed new clause before us.

Hon. Sir E. H. WITTENOOM: I suggest to the leader of the House that progress be reported to afford members an opportunity of considering the proposed new clause.

The COLONIAL SECRETARY: I would gladly agree to that course if it would meet the requirements of the occasion; but if we reported progress at this stage we should have to complete the Bill and then recommit again for purposes Mr. Nicholson has in view. The same purpose would be served if the hon. member withdrew the proposed new clause, and allowed us to complete the Bill, after which the hon. member could move to recommit.

Hon. J. NICHOLSON: I ask leave to withdraw the proposed new clause.

Proposed new clause by leave withdrawn.

Title:

The COLONIAL SECRETARY: I move an amendment—

“That consequential on the striking out of Clauses 7 and 8 the words ‘and to regulate premiums charged on insurance’ be struck out.”

Amendment put and passed; Title as amended agreed to.

[The President resumed the Chair.]

Bill reported with amendments and also an amendment to the Title.

## BILL—STAMP ACT AMENDMENT.

Second Reading.

Debate resumed from the 16th May.

Hon. J. DUFFELL (Metropolitan-Suburban) [9-43]: I quite realise there are some ways and means still open by which the Colonial Treasurer may look with confidence to receive moneys to enable him to carry on the Government in a time such as we are passing through. Generally speaking this is a Bill for the Committee stage. I recognise the necessity for raising money for the carrying on of the country. I am alive to the fact that we have here means by which money can be raised to great advantage. Glancing through the Bill generally, I observe that it will bear hardly on some sections of the community and especially on the trading section. It is my intention when the Bill is in Committee to move certain amendments in the direction of exemptions. For instance, under the heading “affidavit or statutory declaration” I am reminded that under the War Precautions Act merchants and traders are frequently called upon to make statutory declarations as to stocks held by them, and that it is unnecessary, and indeed unfair, that such statutory declarations should carry any stamp duty. In Committee I shall move an exemption in this connection. Merchants and traders are willing at all times to comply with the requirements of the price fixing Commission to

render returns of stocks held by them; but to ask them to pay duty in respect of such declarations is manifestly unreasonable. The exemption is very necessary in the interests of the trading community. With regard to my amendments generally, I wish to mention that I intend to hand them to the Clerk of Parliament to be placed on the Notice Paper. On page 10, under "guarantees of any kind not otherwise described," I find that "ad valorem mortgage duty" is mentioned. That amendment will seriously affect merchants and traders in connection with bills of lading guarantees. Owing to the dislocation of shipping and mails, goods frequently arrive in Australia before the invoices and bills of lading relating to them come to hand. Bankers' guarantees are then given by the merchants; but it is not always possible to state even approximately the value of the goods, and consequently the ad valorem duty is very difficult to determine. In Committee, therefore, I intend to move for an exemption in this connection also. In nearly every Australian business merchants are experiencing great difficulty in arriving at the invoice value of goods which have actually been received in the circumstances I have previously mentioned. Our merchants have to rely on the integrity of merchants and manufacturers in other parts of the world to supply orders at the best possible prices, and they cannot guarantee value for duty purposes under such conditions. I hope the leader of the House will agree with my view. In the absence of an exemption, the trading community would have to add the expenditure to the landed cost of the goods. On the face of it, the matter may seem small; nevertheless, at present it represents an important item. I am quite in accord with all the exemptions proposed by the Bill; but I think it could be improved by the addition of further exemptions under "receipts." I propose to ask the Committee to add to exemption No. 6 "receipts given to friendly societies, lodges, or branches, or given to public hospitals of Perth, Fremantle and Kalgoorlie, or the Children's Hospital, Perth, or for any money paid to any one of them as a donation, or for a donation paid to or from any fund raised as the result of appeal for patriotic or charitable purposes." I think it will be generally conceded that at the present time, when appeals are being made to the public by every conceivable means, it is necessary that the funds raised for the benefit of charitable institutions should be exempt from stamp duty. I am now thinking of the great appeal made on behalf of the metropolitan charities some time ago. If the Committee controlling that appeal were called upon to put receipt stamps on every donation received by them it would mean a considerable reduction in the proceeds of the appeal to which the public so willingly and liberally responded. I quite realise that the object of the Bill is the raising of revenue and that revenue is urgently required. I recognise that the Bill represents a legitimate means of raising revenue, although the burden will be borne principally by the commercial, trading, and professional members of the community. I endorse the remarks of the leader of the House in introducing the Bill, and I have much pleasure in supporting the second reading, at the same time reserving to myself the right to move, when the Bill is in Committee amendments as indicated.

[The Deputy President (Hon. W. Kingsmill) took the Chair.]

Hon. J. W. KIRWAN (South) [9:59]: In connection with this Bill I would have liked the Colonial Secretary to give us some idea of the amount of revenue the Government expect to obtain from the increase in stamp duty. We were informed that the Government expected to get £11,000 from the tax on betting; and I consider that in connection with all taxation measures it is advisable for the Government to state as nearly as they can what they expect to receive from them, so that we may know how much is to be taken from the pockets of the people. A point to which I would ask the attention of the Government in connection with this Bill is the large amount of money spent in Western Australia on the purchase of tickets in Tattersall's sweeps. I wish to know whether it is beyond the administrative capacity of the Government to get some revenue from the money so spent. We know that the Commonwealth endeavoured to deal with the problem, and tried to stop Tattersalls altogether, refusing to carry letters addressed to the firm. Still, it is well known that Tattersalls continues to operate in Western Australia. There are a number of shops where the business of Tattersalls is carried on, and unquestionably a very large amount of money goes from Western Australia to be invested in the Tattersall's sweeps. It seems to me that just now, especially when we are taxing betting and the Government are looking for revenue in a number of other directions, they might look to Tattersall's sweeps with the hope of perhaps being able to get something from that particular form of gambling. I quite agree with the Bill, especially so far as it relates to the tax of betting. But the particular form in which the tax is imposed is to my mind not altogether equitable. The Government have adopted a flat rate in connection with the betting tax. They charge 2d. on tickets sold in the grand stand enclosure and ½d on tickets sold everywhere else. That is not quite fair because it gives no consideration to the amount of money that may change hands in connection with the bet. There can be a bet on which £100, £200 or £300 changes hands, as the case may be, but if that bet be made on a racetrack within the grand stand enclosure the charge imposed is 2d.; if it is made anywhere else the charge made is only ½d. Where a matter of £100, £200 or £300 changes hands in ordinary commercial transactions, under this Bill the stamp is 3d. for every £100. It does seem inequitable that here, where it is simply a luxury tax the charge should be ½d. and in a commercial transaction the charge should be 3d. per £100. I certainly think that the charge should be higher in the case of a bet and the difference should not be to the disadvantage of the commercial transaction. There is another point in connection with the matter. There is a good deal of doubt as to whether betting is legal. The opinion has been expressed by the Attorney General and Mr. Pilkington, and although both of these legal authorities seem to think that betting is illegal, yet they were not definite on the point. Mr. Pilkington was not quite certain. He said that "if his interpretation of the law was correct," the law ought to be enforced but he did not seem at all clear. Neither he nor the Attorney General in their definition as to whether or not the betting is illegal, was definite.

Hon. J. Duffell: He did not say it was legal.

Hon. J. W. KIRWAN: I think, on reading Mr. Pilkington's opinion closely, he was not satisfied that betting is illegal, at any rate he was not definite on the point. To my mind it is ad-

visible that all doubt on the question should be cleared away. It would be interesting also to know whether or not this Bill makes betting legal. It seems to me that it will have the effect of making bets legal. There is another point that will arise. If it is going to make bets legal, if a transaction is going to be completed by a ticket bearing the Government stamp, it will be a contract and can that contract be enforced by law? It will be interesting to know what effect, if any, this Bill will have on betting from a legal point of view. I support the Bill. At the same time I certainly think that the flat rate in connection with the betting tickets is not equitable as it does not take into account the amount that changes hands. Where a bet is 5s. the same charge is imposed as where the bet is for £100. Another thing about the Bill: I fail to see why a ticket taken in the grand stand enclosure should pay a tax of 2d. and a ticket secured in a club or anywhere else outside the grandstand enclosure should be charged 3d. Personally, I think the system adopted in New South Wales and Victoria is a better one where a license fee is charged to the bookmaker. That is the better system.

The Colonial Secretary: They have both.

Hon. J. W. KIRWAN: To my mind there is no earthly reason why we should not have both in this State, but of the two I would prefer to have the license fee; otherwise, I am in agreement with the Bill. The flat rate might be altered in Committee, and if any member cares to propose an amendment to alter the flat rate to one that will take into account the amount of the bet, I shall support it. A simple amendment in the schedule would make that alteration. To charge 3d. where £500 changes hands over a bet seems utterly ridiculous and absurd and it is the more ridiculous and absurd because in a commercial transaction the receipt stamp for the same amount would come to about 1s. 3d.

Hon. A. SANDERSON (Metropolitan-Suburban) [10-9]: It is very interesting to know the amount of money involved in the Bill. How much revenue is going to be received?

The Colonial Secretary: Twenty-three thousand pounds a year.

Hon. A. SANDERSON: That is a considerable amount and I say we should sympathise with the difficulties of any Treasurer at the present moment. It is possible this is an easy way of raising money. Whether it is a sound principle seems to be in question, not that I wish to debate it at any length, in fact I only wish to refer to it. It seems obviously absurd to talk about betting being legal or illegal. If betting is not legal we should have a Bill to make it legal, if it is necessary to have the revenue and the Government want the money. It is an unsatisfactory way of doing business and brings in the question of the legalising by the Bill itself, of betting, and it is problematical whether that is in the best interests of the country. I am not going to debate it now. There is a lot of people outside who are watching the Bill and the best interests of the country would be against legalising betting at all. That is the opinion of a great many countries that have had to consider the question. Apparently we have got down to a low level and needs must when the old gentleman drives. The Treasurer wants £23,000 and I only desire to offer a very mild protest against the proposal. I shall not offer any serious opposition to the measure.

The Colonial Secretary (Hon. H. P. Colebatch—East—in reply) [10.11]: I do not

propose to enter on the Committee stage this evening and I can only promise Mr. Duffell very careful consideration will be given to each of the amendments indicated, and I shall be in a position on the Committee stage to say whether or not those amendments will be acceptable. If they are not I shall be able to explain the reason why. As I have already indicated to Mr. Sanderson, the increased revenue for a complete year under the Bill will be £23,000. I do not think the suggestion of Mr. Kirwan to impose a tax on totalisator tickets is practicable. It is actually considered an offence to sell tickets under both State and Commonwealth legislation, and both would need to be altered before imposing any tax on them. I agree that a flat rate on betting tickets appears to be altogether unscientific but I would point this out: In New South Wales and in Victoria, in addition to the license fee, they have stamps on tickets on a flat rate. If the hon. member reflects for a moment on the methods on which the betting business is carried out, he will agree with me that it is quite impracticable for a bookmaker to stamp the ticket according to the amount of the bet. The proposal is that the bookmaker shall have tickets already stamped. There is no reason why a bet for £1,000 should not carry the same stamp as a bet for 5s., just the same as a cheque for £1,000 carries the same stamp as a cheque for £1.

Hon. W. Kingsmill: A betting ticket applies as a receipt.

The Colonial Secretary: It does look on the face of it as if it were an anomaly, but I do not see how it can be altered. What is proposed to be done is to compel the bookmaker to issue his bet on a ticket in the same way as one is bound to write out a cheque on a stamped cheque form.

Hon. J. J. Holmes: If each of the tickets represented a receipt for £5 the bookmaker could give £50 for a bet for £250.

The Colonial Secretary: It would embarrass the bookmaker if he had to issue 50 of these tickets, particularly "in running." However, that is a matter which can be discussed during the Committee stage. I recognise that the matter is of some interest, and whether the passing of the Bill would make a bet enforceable by law, I do not know. I followed with interest the debate in the Assembly, and I am sure I am not able to say whether it will make the betting legal or not.

Hon. J. J. Holmes: Why twopence on one side of the fence and a half-penny on the other?

The Colonial Secretary: The transactions on the one side of the fence are on a very much larger scale than they are on the other. I do not think it is at all likely that for the sake of escaping with a smaller fee the bookmaker will go out among the crowd which has not got the money, in preference to going in among the crowd which has it. These are matters which can, however, be discussed in Committee.

Question put and passed.

Bill read a second time.

House adjourned at 10.17 p.m.