

Perth. Let the hon. member realise that. I desire to stress the importance of the inspection of railway cars or carriages, the inspection of the portmanteaux and suitcases, etc., of travellers, and the checking of goods brought by travellers from the Eastern States. I challenge anyone to say that this is not a most serious matter for the fruit industry of this State. In this bulletin from which I quoted are given facts and figures in regard to infested fruit taken from the bags of travellers, and they should interest the Premier in his capacity as Treasurer. I assure the Treasurer through the Minister that if fruitgrowing is to become a permanently successful industry in this State greater consideration along the lines of inspection and the keeping of the State clear of many diseases not yet here must be effected. I would very much like to expound this further, but it is nearly 11 o'clock and I do not desire to be the one responsible for detaining hon. members. I hope I am not asking too much of the Premier when I request that the Minister be given greater assistance in the way of funds to prevent the fruitgrowing industry from languishing. As I said during the Premier's temporary absence there are no means at present whereby producers of citrus fruits may receive the information and advice they need. With all the ability possessed by Mr. Wickens it is impossible for one man and his district inspectors to do what is necessary. We need a citriculturist. Further assistance is required and I hope it may be possible in the near future to do what is necessary. I will defer further remarks on the subject until a later opportunity.

Progress reported.

House adjourned at 10.56 p.m.

Legislative Council,

Tuesday, 9th November, 1937.

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

FACTORIES AND SHOPS ACT AMENDMENT BILL SELECT COMMITTEE.

Report Presented.

Hon. J. Nicholson brought up the report of the select committee, together with a type-written copy of the evidence and correspondence referred to in the report.

Report, recommendations and evidence received.

HON. J. NICHOLSON (Metropolitan) [4.35]: I move—

That the report and recommendations be printed.

I should like to call attention to the fact that I am moving for the printing of the report and recommendations only. I do not think we would be justified in putting the country to the expense of printing the bulky evidence given by some 42 witnesses. The report and recommendations will be sufficient to convey to members a full understanding of the position, and a typewritten copy of the evidence and the correspondence referred to in the report will be laid on the Table.

Question put and passed.

On motion by the Chief Secretary, resolved: That consideration of the Bill in Committee be made an order of the day for next sitting.

Hon. J. NICHOLSON: I have been asked whether it is not proposed to have the report read. By way of explanation, I should like to say that the reason I did not move for the reading of the report was that it is rather

lengthy and would occupy probably three-quarters of an hour. As the report and recommendations are to be printed, members will have a better opportunity to study their effect when the printed copies are made available, probably to-morrow.

INDUSTRIAL ARBITRATION ACT AMENDMENT BILL SELECT COMMITTEE.

Extension of Time.

On motion by Hon. H. S. W. Parker, the time for bringing up the report of the select committee was extended till Thursday, the 11th November.

BILL—NURSES REGISTRATION ACT AMENDMENT.

Read a third time and returned to the Assembly with amendments.

BILL—LOTTERIES (CONTROL) ACT AMENDMENT (No. 2).

Third Reading.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West) [4.40]: I move—

That the Bill be now read a third time.

HON. W. J. MANN (South-West) [4.41]: Before the Bill passes the third reading, I desire to make reference to an allegation against the Lotteries Commission with respect to its printing contracts. I did not refer to this matter in my second reading speech for two reasons. One was that I wished to hear the Leader of the House in reply to those complaints, and I thought he might have touched on the point a little more fully. The other was that I was not in possession of information that I was endeavouring to secure in order to satisfy myself of the actual position. Members may recollect that subsequent to the calling of tenders by the Lotteries Commission for printing, the work was placed with the People's Printing and Publishing Co., otherwise known as the "Westralian Worker" newspaper. Then it transpired that the "Worker" was not the lowest tenderer, and that no fewer than three firms had submitted figures considerably below that which was accepted. I have no brief whatever for any one of the 16 tenderers; nor do I intend to

make any further reference to the "Worker," except in fairness to that firm to say that its price was a good deal lower than that previously paid by the Commission. The Lotteries Commission, having accepted the "Worker's" tender, made a very good deal, such a good deal that if I were connected with the company I should want to peruse the job dockets to see how the price was arrived at. However, that has nothing to do with us. Regarding the three firms who quoted figures below that accepted by the Lotteries Commission, I desire to ask the Chief Secretary whether or not it is a fact that those three tenders were rejected on the ground that in each instance the employees were unfinancial members of the Printing Industry Employees' Union, and that the authority for such rejection was Clause 9 of the Government Tender Board specification. That is the clause in the Tender Board specification that has created quite a good deal of controversy. It was referred to as being obnoxious, and I understand that the Government subsequently had it deleted. The clause, in part, reads—

Every tenderer when lodging his tender must state in writing whether or not the servants or employees whom he employs in or in connection with the conduct of his business and who will be engaged in or in connection with the supply and delivery of the goods by the tenderer, if his tender is accepted, are financial members of a registered industrial union of workers in the industry to which the tenderer's business relates.

I am given to understand on very good authority that that was advanced as the reason why the lower tenders were not accepted. There is a very considerable difference between the lowest tenders and the tender which was accepted—for 155,000 lottery tickets, the difference between £43 5s. 6d. and £24 16s.

Hon. J. Cornell: Both on the same specification?

Hon. W. J. MANN: Yes.

The Chief Secretary: How many tenders were higher?

Hon. W. J. MANN: Quite a number.

The Chief Secretary: What was the highest?

Hon. W. J. MANN: The highest was £65 2s. I may put it another way. There was a group of items—not only lottery tickets but result slips, posters and so forth; in all, six items. The highest tender was £102 7s. 9d., while the accepted tender was £75 4s. 7d. Following the accepted tender there

were tenders ranging from £74 16s. down to £41. What I want to get at is the real reason why these tenders were rejected. I am given to understand—and I believe it is correct—that it was advanced to the committee which dealt with the tenders that the employees of the firms submitting the lowest tenders were unfinancial members of the union. If the Chief Secretary will kindly ascertain, for the information of the House, whether that is so and let us have the information, I shall be greatly obliged. His doing so will clear up a great deal of misunderstanding and perhaps heart-burning in the printing industry. The Lotteries Commission being a State instrumentality, I hope the Minister will do his best to answer my question.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West—in reply) [4.48]: I am not possessed of the information asked for by the hon. member. I do think that in referring to the matter again, the hon. member might have dealt with it in such a way as not to leave an inference that the "Worker" newspaper had been given the contract for this work at a price much higher than the lowest tender, without also informing the House that the larger number of tenders were much higher than that submitted by the "Worker," and that those higher tenders ranged up to £65, as the hon. member stated in reply to an interjection. I do not know the reason why the lower tenders were rejected. I can probably get the information, but at the present time it is not in my possession and therefore I cannot furnish it to the hon. member now.

Question put and passed.

Bill read a third time, and transmitted to the Assembly.

BILLS (3)—THIRD READING.

1. Forests Act Amendment Continuance.
2. Jury Act Amendment (No. 2).
3. Road Transport Subsidy.

Passed.

BILL—ANNIVERSARY OF THE BIRTH-DAY OF THE REIGNING SOVEREIGN.

Report of Committee adopted.

BILL—STATE GOVERNMENT INSURANCE OFFICE.

Second Reading.

Debate resumed from the 2nd November.

HON. C. F. BAXTER (East) [4.54]: This is the third time a Bill of this nature has been before Parliament during the life of the present Government. A similar Bill was rejected by this House in 1934; and another of the same nature, last session. The Government apparently considers that by insistence this House will weaken. This Bill is presented under different circumstances. Another place appointed a select committee to make an investigation and report. That committee was composed of the responsible Minister, Mr. Hawke, and Messrs. Johnson, Tonkin, Watts and McLarty. The report presented and the recommendations made, notwithstanding definite evidence which had been submitted, meant giving effect to the Bill as introduced; but the recommendations were made by the three members who represent the Government, the two remaining members, representing the minority, strongly dissenting from the recommendations which are contained in the Bill now before us. The recommendations of Messrs. Watts and McLarty are that the State Insurance Office be legally established to transact Workers' Compensation and Employers' Liability Insurance, but that the Act should be limited to a period of three years. The reasons for those recommendations are that the general consensus of opinion among the witnesses was that miners' diseases should not be regarded as insurance in the ordinary sense of the term. As regards other classes of workers' compensation insurance, they joined in the recommendation that there should be an inquiry into the question whether these should be any longer regarded as insurance business for anybody to transact, or whether they should be made something in the nature of a Public Trust, and for that purpose recommended that the legislation applying to the State Office be limited to a period of three years. They did not affirm that it should be regarded as social welfare insurance to be undertaken by the State, but said that there should be an inquiry as to whether it was or was not of such a nature. They dissented from the recommendations that the State Office transact other classes of accident insurance business.

and fire and marine insurances. Their reasons for dissenting are that they regard the other branches of accident insurance as distinct from workers' compensation and employers' liability insurance, which was considered, in the peculiar circumstances of the legislation as being inside, or on the border line of social welfare matters, and they were definite in their conclusion that other sections of insurance are matters for trade and business. Messrs. Watts and McLarty both state that they were satisfied that fire, marine and other branches of insurance are being conducted on a strictly competitive business basis, as between tariff and non-tariff companies, particularly both as to rates and benefits. They stated that the committee received a considerable amount of evidence of definite competition between these two sections of insurance companies, showing there is a great deal of competitive business. The substance of the recommendations of the minority is that the Government's past transactions in workers' compensation and employers' liability insurance be ratified and allowed to continue for three years, during which time matters of so-called social welfare legislation be inquired into, and in this recommendation the minority proposed an innovation. The transaction of miners' diseases is subject to separate treatment, and is distinguished from ordinary workers' compensation in other British countries, such as England, South Africa, New Zealand, New South Wales and Victoria. Queensland, where the Government has a monopoly of workers' compensation business, is an exception, but even there a separate fund is established for miners' diseases. It will thus be seen that even legislation on the lines submitted by the minority will be experimental; and as we have no sound basis as regards the present liabilities of the State Insurance Office, the greatest caution is necessary before approving of legislation which may be as disastrous as many of this State's extensions in trading concerns, which have been so costly to maintain. It becomes necessary at this stage to analyse the statements made by the Minister when moving the second reading of the Bill. He said—

This Bill is substantially the same as the measure that was so narrowly defeated in this Chamber last session.

In this we are in agreement, but he might have added that the same applies to the other five Bills which have been rejected on the same grounds. But the present position

is more interesting, more especially to those who have digested the report of the select committee; and I have no hesitation in stating that the recommendation to approve of the Bill on the same lines as previous Bills which this House would not approve, is in opposition to the weight of evidence given and shows conclusively that the Committee was determined, notwithstanding the evidence produced, to assist in carrying out the policy of control which is so dear to the particular organisations the Government represent. The Minister stated—

It is sufficient to say that despite the criticism levelled at the Labour Government of the day creating that office, no action was taken by another administration to terminate its existence.

The fact that it was not terminated by another administration neither justifies its establishment nor its continuance, but I propose that the question shall be faced within the probationary period covered by an amendment I intend to move. The Minister said that the Government of that day could not afford to lose the profit from the State Insurance Office. If that was the reason they might be disillusioned, and so might the Minister, when the final chapter is written. His statement—

Members are aware there is at present no insurance office approved by the Minister for the purposes of Section 10 of "The Workers' Compensation Act"; as a result the compulsory provisions of the Act cannot legally be enforced

is a strong argument against the Bill. Compulsory provisions regarding insurers of employers cannot be enforced. The remedy for this is in the hands of the Minister to whom the administration of the Act is committed. Approval of any incorporated insurance office was refused. Consequently the Government is responsible for the position created. His contention that—

Premiums should not be loaded with charges, such as Federal and State taxation, rates, rent, commission and fees to agents

opens up a very important position and exposes a serious weakness of the Government's attitude. If the Government intended that it should have a monopoly of this business and that the words in the Workers' Compensation Act regarding the Minister's approval of an incorporated insurance office were never intended to be given effect, I quite understand the Minister's contention now that premiums should not be loaded

with taxation and the other charges he mentioned. If it were considered that these premiums should be free from taxation, the Workers' Compensation Act should have so provided—at all events so far as State taxation is concerned. The fact remains that the law requires the companies to pay this taxation and, whatever may be said about it, the employer would be taxed in some other direction if he were given relief here. The inclusion of all charges should be debited against premiums, whether the Act is administered by the Government or by private enterprise. The commission paid to agents is a very small remuneration for the services performed by them; it is 5 per cent. on a premium up to £100, 2½ per cent. on the excess of £100, up to £300, and 1¼ per cent. in excess of £300. An agent's duty does not end at effecting the insurances and attending to wages certificates for his client and the company. He has to investigate and report upon claims. But for the general insurance organisation, this class of business could not be handled by agents for this small remuneration. A cheaper service could not possibly be substituted for it. The Minister's contention that taxation, rent, and other charges should not be debited up to costs is equivalent to saying that the State should be contributors to the cost of compensating workmen, but, of course, the employer would be paying for it indirectly. Yet he inconsistently tells us of the profits made in this class of insurance elsewhere, as a reason for entering the field. The Minister's argument that

During the five years ended the 30th June, 1936, the administration expenses of the State Office in respect of workers' compensation and employers' liability varied from 1.5 to 2.6 per cent. of the premium income, while the expense ratio of the private companies during the same period inclusive of commission and agent's charges ranged from 35.2 per cent. to 42.6 per cent.

does not justify the importance he placed on it. There is no analogy regarding the two systems. It is unfair to attempt a comparison between the State Government Insurance Office and the private companies along the lines of the comparison made by the Minister, who said that the State Government's ratio had varied from 1.5 per cent. to 2.6 per cent., but that if they were made on a comparable basis with the companies they would not exceed 10 per cent. That sort of statement is not the least bit

convincing. It is just a sanguine estimate of what it might be, as against the practical experience of the companies, and, indeed, of the experience of State Insurance Offices elsewhere. For instance, in Queensland, the expense ratio of the State Insurance Office for all classes of business for the year 1936 was 36.2 per cent., and it should be stressed that in that State the Government has a monopoly of Workers' Compensation business. The expense ratio for the Tasmanian State Insurance Office for all classes of business was—1934, 45.9 per cent., 1935, 37.7 per cent., and 1936, 34 per cent., and past experience of Governmental control in this State does not suggest any improvement as against those States. The companies operate in every district throughout this State, amongst numerous premium payers, and it is to be expected that administration costs would be higher than if their business consisted mainly of a comparatively few very large premium payers such as the mining companies. Dealing with administration costs as applied generally to insurance, we should not be unmindful that low costs do not necessarily mean an economic saving, nor do high costs necessarily mean wastefulness. If insurance companies merely collected premiums and paid losses, and allowed matters to take their course, we should probably find that the expense rate would be reduced but that the loss ratio would be doubled, or trebled. It is a boon that competition confers, that those engaged in the business compete with each other in giving service to their clients, inspecting risks with a view to discovering hazards, and advising and devising means for their elimination, and the building up of a technique which aims at minimising waste, whether arising from personal injuries or damage to property. Most of us can speak with personal experience of the service rendered in some manner in this direction. The acquirement of scientific knowledge and its practical application in the course of their business from day to day is not achieved without cost, but with a little reflection one realises the truth of the submission that it is productive of real economic gain. I will, at a later stage, deal with the Minister's reference to the figures of the State Insurance: as to whether there has been a profit or whether, in the final analysis—when the full story of the miners'

diseases section is told—there has been a loss, remains to be established. Other figures quoted by the Minister have been drawn up from examples showing profits made in this and that quarter, much along the sanguine lines of a prospectus relating to some company flotation. They would need to be closely examined from many angles before they could be accepted as showing the result of operations. In contradistinction to the examples which the Minister has quoted, we have a record much nearer home of the State trading ventures, and Parliament was influenced in their establishment on the lines of the present assurances. I believe that private enterprise and individual initiative are best for the State and should be encouraged. What the individual citizen can do on his own initiative should be done by him. No justifiable criticism can be levelled against the insurance companies. In Workers' Compensation insurance the overwhelming evidence is that they acted very fairly towards the premium-payers and there has been no profit in the business. As to their administration of the Act in the payment of claims to injured workers, I think it will be conceded on every hand that the Act is given effect to, both in the letter and in the spirit. The comparatively few claims that are contested is surely sufficient evidence of that. Conscious of their mutual obligations, the insurance companies and the doctors have a joint committee to determine the medical charges and the behaviour of each party towards the other. It does not require a stretch of imagination to see why it was made impossible for the companies to quote for the miners' diseases. The Government, having been thwarted in its desire to place State Insurance on the statute book, found a way out. The Labour Party employs a highly developed technique in the matter of entering the field of insurance. The procedure is to enlarge the scope of the Workers' Compensation Act, both in regard to the classes of persons to whom it applies and the nature of the benefits. A further ingredient is that insurance shall be compulsory. Simultaneously with it is introduced the dove-tail measure of State Insurance. The whole story is not complete unless one adds that the Workers' Compensation Act contains a proviso requiring the Minister's approval to any insurer. This is reasonable enough in itself, but the point is that this innocuous looking pro-

viso about the "Minister's Approval" is really intended to spell out a Government monopoly. That was what happened in Queensland in 1916. The refusal of the Minister there to grant approval to any company forced the companies to test the Minister's authority capriciously to withhold approval. The case was taken to the Privy Council and it was found that the Minister could withhold his authority without assigning any reason. So the companies had to close down on that department of insurance, and the Government still has a monopoly of it. Precisely the same technique was followed by the Labour Ministry in the South Australian Parliament in 1925, though unsuccessfully. The State Insurance Bill was rejected by the Legislative Council there on the same ground that this House rejected a similar measure—its opposition to State trading—and from the South Australian Workers' Compensation Act was removed the proviso requiring Ministerial approval of insurers. Despite that, the Government set up a State Insurance Department in defiance of the legislature, as was done in this State. But it does not actively compete with the insurance companies, its business being practically confined to the Government's own insurances. It is not proposed to pre-judge an inquiry into the subject of what forms of insurance, if any—apart from miners' diseases—should be regarded as matters to be undertaken by the Government, but I am aware that in the House of Commons in May of last year a Bill aimed at ousting the insurance companies from this field of activity was defeated by 167 votes to 111. Some reference might be made to the adroitness of the Government in omitting the introduction of the threatened compulsory third party motor insurance Bill in anticipation of the passing of the State Insurance Bill, which was intended to give the Government authority to transact this class of insurance. The chairman of the select committee used the forceps to extract from witnesses admissions regarding the labelling of so-called social welfare legislation, the implication being that it was thereby constituted a matter for the Government to provide the facilities. This does not follow, but such matters might be inquired into, as recommended by Messrs. Watts and McLarty. The South Australian Parliament recently passed a Compulsory Third Party Motor Insurance Act, but the interest of the

Government on the insurance aspect ceased at the appointment of a premiums committee consisting of Government, insurers' and motor owners' nominees.

With respect to fire, marine and other classes of insurance, the evidence is that there is ample competition between the various sections of underwriters. It is interesting to note that the Prime Minister in his policy speech said—

The Government will introduce legislation to regulate life and fire insurance in all its phases throughout Australia, thus rendering uniform the legislative control at present exercised by the various States.

so that for this additional reason it would be advisable not to exceed the recommendations expressed by the minority. The oft repeated charge that the associated companies refused to quote for the insurance of miners' diseases has at last been thoroughly sifted. The secretary of the Fire and Accident Underwriters' Association in his evidence before the Select Committee gave chapter and verse for the negotiations which took place in 1926 between the Minister and the companies' representatives. This will be seen on pages 14 to 22 of the report. Mr. Watts dealt at length with this evidence and concluded that there was strong evidence to show that the associated companies did desire information in connection with the various stages of silicosis and the number of men affected, in order that they might quote. While of course it is apparent on the face of the evidence taken by the select committee that those companies did not quote, it is also apparent to me that there was scant opportunity given to them for that purpose. As to whether the rate of £4 10s. per cent. on wages was a proper rate to quote is up to this day a moot point. The Government was in a favoured position—firstly in having information, which was denied to the companies, upon which to estimate the liability, and, secondly, being in the position that if the rate struck by the Government Actuary were inadequate "funds would be provided"—that is to say, funds would be forthcoming from Consolidated Revenue to finance the State Insurance Office if the premiums collected were insufficient. But the point is that the companies would not have had this comforting prospect had they entered into an insurance contract on terms enforced upon them by the Minister. The fact is that a large portion of the liability which would have fallen upon the

insurance companies, had they undertaken the risk, has been met from Consolidated Revenue in respect to payments made under the Miners' Phthisis Act. This is made clear by the evidence of the Government Actuary, the Auditor-General, and the Assistant Under-Treasurer. For this liability, from which the State Insurance Office has been relieved, an agreed sum—which, it seems, is purely arbitrary—is being paid to the Treasury. For some years the sum so paid was £10,000 per annum, and upon this the Under Treasurer said, in answer to question 1417—

Calculations made in the Treasury showed that the liability of which the State Insurance Office was being relieved was very much greater than £10,000. It was more like £40,000. Consequently the £10,000 was increased to £25,000 and that amount has been taken for the past five or six years. The Treasury feels that it is entitled to take that money from the State Insurance Office in respect of those men who, if not compensated from Consolidated Revenue, would have been a burden on the State Insurance Office.

Who knows what was the liability from which the State Insurance Office was relieved? Who knows what the reserve fund would have amounted to if the full liabilities under the Workers' Compensation Act had been met by the State Insurance Office? On the question of the reserve fund—

Whether or not it is adequate for the purpose for which it will be required is something more than I, or apparently the Government Actuary, can say.

Those are the words of the Under Treasurer. In the report of the committee appointed by the Minister in 1925 to inquire into and report with recommendations upon the Miners' Phthisis Act, 1923, and the Workers' Compensation Act touching upon the industrial diseases, etc., Recommendation No. 6 was—

That the Miners' Phthisis Act be suitably amended in order to preclude the possibility of an incapacitated worker having the option of claiming benefits under the Miners' Phthisis Act when he is entitled to the benefits of the Workers' Compensation Act.

It was not until 1932, when amendments were made to the Mine Workers' Relief Act, that this recommendation was given effect to; hence affected miners continued to exercise their option in favour of accepting compensation under the Miners' Phthisis Act to the relief of the State Insurance Office.

It is not to be expected that the amending legislation would have been delayed for so many years had the insurance companies undertaken the risk under the Workers' Compensation Act, and thus been relieved of claims for which the State Office is now, on the Under Treasurer's statement, only repaying in part. The adequacy or otherwise of the reserve fund is of great importance because it is clear that, so far as the general section of workers' compensation business is concerned—that is, apart from miners' diseases—it is being transacted at a loss. In this connection the underwriting figures for the last 11 years—1926-27 to 1936-37—are, according to page 65 of the Auditor-General's Report, 1937:—

Premiums.	Claims.
£744,201	£742,427

Administration expenses are not apportioned between the miners' diseases section and the general section, but it is patent to anyone that the handling of these large sums by way of premiums and payments of compensation must be considerable. It should be particularly noted that the "claims" figures represent "payments only" and no provision is made for the estimated liability for claims outstanding. The Auditor-General comments trenchantly as follows:—

No estimate of the potential liability for compensation in respect of industrial disease has been made. In the circumstances it is not possible to determine whether any portion of the amounts reserved represents profits earned from the business.

Either one or two things is happening:—
If the miners' disease section is working at a profit, it is carrying the loss sustained in the General Accident Department;
or—

If it transpires that the potential liability in respect of miners' diseases exceeds the reserve provided the whole business is being run at a loss.

One cannot fail to be impressed by the view expressed by the Government Actuary—it appears in Question and Answer 1272—

1272. Under the improved conditions of mining, is the likelihood of disease as great as it used to be?—If I could see inside a man's lung with the eyes of a doctor, I could answer the question. I do not know how the new cases are being affected, and I do not know what the future rate of claim will be. There is another difficulty to bear in mind. Mining is very prosperous just now from the point of view of the many engaged in it; but there will come a day, I presume, when it will be a declining industry. Then premiums will begin to go down, but that does not mean that

claims will go down. There will be a tendency for them to go up proportionately. An Actuary is trained to take a long view, and I like to take a long view of a situation like that. I am certain that the rate of claims, in proportion to the premiums, will take a decided turn some day. When that day will be is in the lap of the gods.

This statement should be accepted as a grave warning as regards the future. The whole thing must be put on a proper basis, and the miners' diseases section separated in all respects from the other section of accident business. It has been suggested here and in another place—and there was evidence before the Select Committee—that the whole question of miners' diseases should be separately legislated for, and the Acts touching upon it consolidated in one measure. The most recent legislation on this matter is in Victoria, where an Act dealing with miners' phthisis was passed in December last, but not yet proclaimed. The Act is cited as the Miners' Phthisis Relief Act, 1936, and is a separate measure altogether from ordinary workers' compensation legislation. It is not a matter for insurance at all, but is the subject of a fund. The Act applies to miners' phthisis alone or to such a condition accompanied by tuberculosis.

Referring now to the Bill, the definition of "insurance business" is most important. This definition is the essence of the Bill and extends to all that the Government intended under previous Bills, to which this House showed determined opposition, and that opposition has now been fortified by the evidence given before the Select Committee. If this definition is agreed to it will mean the establishment of another State trading concern, but under a different name. Outside of workers' compensation insurance business and employers' liability insurance business, the House should agree to delete the balance of this definition, and allow the experiment of the foregoing for a short period of years. The definition of "Policy" allows of extension to any class of insurance business and should be deleted. Clause 3 is mere camouflage, inasmuch as it separates the Insurance Department from State Trading Concerns, and under Clause 7 the administration of funds is to be carried out under sections of the State Trading Concerns Act. Seeing that for administration purposes the Act encroaches on the State Trading Con-

cerns Act, why make a departure from general procedure, instead of bringing the State Insurance Act under the Trading Concerns Act? Under Sub-clause 6 of Clause 7, power is given to use for administrative purposes no less than 14 sections of the State Trading Concerns Act. Why attempt to cover up the position by making one Act of Parliament depend upon another to carry out the administration? What is the objection to bringing what will be left of this Bill under the State Trading Concerns Act? There will be quite enough trouble in the near future with State trading concerns. With the continued borrowings and expenditure of Government funds in directions where there is no return of interest, taxation reaching the maximum limit, and Government expenditure increasing to an alarming extent annually, the time is not far distant when, through lack of funds, the State will be forced to curtail expenditure. It will not be in a position to continue to carry on those concerns which the State is now operating, and which are a great burden by making heavy annual losses. It is likely it will be necessary to amend the sections of the Act to which this Bill refers. Whilst an extension into the fields of insurance may not show direct losses the enormous amount of revenue from insurance companies will not be forthcoming. In this respect there is another extraordinary procedure. Power is sought for the Treasurer to extract from the State Government Insurance Office such sums as it would be liable to pay if it were an insurance company subject to such laws, and liable to pay such taxes. If this is agreed to another avenue will be provided for an impecunious Treasurer to exploit the funds of this Department. When it is realised that even Government trust funds have, from time to time, been used for Governmental purposes, members will realise the danger of the power sought. Methods have been suggested but it will be left in the hands of the Treasurer to extract any amount he desires from this insurance department. This alone is sufficient to warn the House against creating a dangerous position. Trustees and others who make personal use of funds entrusted them do so illegally and if discovered are punished by law. There have been occasions when Treasurers have used State trust funds which should be inviolate but are not protected. In private life it is a crime to use such funds but Treasurers are a law unto themselves,

and this proposal gives the opportunity to exploit this department. The evidence before the Select Committee from all sections of underwriters is that the insurance business is highly competitive. Such being the case, I urge members not to permit the State to enter this field of activity beyond the extent indicated in my amendments, and for a probationary period only. Dealing with the insurance question, Senator Sherman of the United States said:—

Whatever the reasons given, no more sound basis exists for the State to underwrite insurance than to bake bread and furnish it to the consumer at cost. The wheatfields of the United States can furnish as sound an argument for Government ownership as insurance business. Bread is as necessary to the people as insurance.

Further, I will quote a statement by Mr. Arthur Vorys, for many years State Superintendent of Insurance of Ohio. He said:—

Suppose someone professing to represent the "plain people," assembled the figures showing what a sewing machine costs for labour and material, and then the figures showing what the purchaser pays for the machine. If the campaign were well organised, and aimed only against sewing machines, and the figures well advertised, you know it would be easy to get the State to engage in the business of making sewing machines. It would not be well for anyone engaged in such propaganda to start against more than one enterprise. Such things succeed because none of us takes any particular interest in legislation not aimed at our own affairs. The sewing machine manufacturers and their agents would find little sympathy and no help from other people; they would be denounced by the propagandists just like the liability companies and their agents were denounced.

His references apply apparently to the advocacy of State insurance here. It is the Government's duty to govern—to perform the customary functions of government—and the less it interferes with legitimate business enterprises the more will individual initiative be stimulated to develop the resources of the State, and the greater will be the prosperity of the whole community. Viewing all these circumstances and references I am of the opinion that the Bill should be rejected. But if the House decides to pass the second reading I strongly urge members not to agree to this legislation unless in the restricted form approved by the minority of the Select Committee which is—

1. To legalise the State Office.
2. Provide for it to transact business in workers' compensation and employers' liability insurance.

3. To limit the Act to three years' duration.

4. Make provision in the Act for those operating in the insurance business to have freedom of action and not rely on ministerial approval as provided under the Workers' Compensation Act.

What is required to be done is to amend Section 10 of the Workers' Compensation Act, but it would not be competent to attempt such an amendment in this Bill. In view of all the circumstances and after a full study of the measure, I feel we would be doing our duty to the State if we rejected the Bill on the second reading. The same Bill has been brought down year after year, and has already been defeated five times. A select committee has inquired into this business and has not brought forward anything of a satisfactory nature. Our plain duty in this House is to protect the interests of the State and of the taxpayers. In view of possible troubles in the future in the way of finances, I hope the Bill will be rejected on the second reading.

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

BILL—FINANCIAL EMERGENCY TAX ASSESSMENT ACT AMENDMENT.

Second Reading.

Debate resumed from 4th November.

HON. J. M. MACFARLANE (Metropolitan-Suburban) [5.40]: I had hoped that the Government would not introduce a Bill of this kind in its present form this session, but that it would provide for the raising of the necessary funds in the correct manner. This measure ignores the express wishes of many members of this House when last year they pointed out that the Title was entirely wrong. The legislation was originally brought down for the purpose of raising funds with which to provide employment for those who were stricken by the disaster of 1931. I supported that, with other measures, because we were considered to be in a state of financial emergency. Everyone in the community had to take some hand in correcting the situation, and in assisting those who were out of employment and were unable to make a position for themselves. At the time, those who now support the present Government were bitterly opposed to that legisla-

tion. When they came into power they found it was an easy way to collect money. They, therefore, gave to those who introduced the legislation, the National and Country Parties, a dose of what they felt at the time when the tax was first imposed. They did this by continuing the tax in the form of class legislation, with which it is now enshrouded. If the tax were brought down in its proper form, the public would realise that it was an income tax measure, as it really is. I opposed the amending Bill brought forward by the present Government when this was turned into class legislation. I felt that exemption should not be imported into it in cases of emergency. If Parliament relieves members of the community from the necessity for carrying their share of the burden at a time of crisis, it robs them of the feeling that they are playing their part in the community. If they failed to play their part in bearing the burden, they would feel they had no part in the conduct of the affairs of the country, as they would be exempt from any responsibility. That sort of thing is degrading, and is not a thought we should encourage. My idea is that practically everyone should contribute something towards the stability of the country, and so prove that they are part and parcel of it. People should not be encouraged by legislation to feel that they bear no responsibility whatever. I should prefer a tax, however small, provided for in the basic wage, so that those concerned would be called upon to pay something towards the upkeep of the State and the social services which are such a heavy tax upon the people in general, and to the cost of which they themselves, those on the basic wage, contribute so small a share. The time has gone by now when we should use the word "emergency" in connection with the re-enactment of such a measure as this. This Bill has to be read in conjunction with the Financial Emergency Act Amendment Act. The two essential matters we are dealing with are certain amendments to the Act. One of these is Section 2. It is proposed by the Government to institute a basic income. The idea is to use this means to meet any conditions that may arise, for the betterment of the class of person who is exempt, and to the detriment of those who have to continue to pay as heavily as they have been doing in the past.

When attempts are made by the Government to extend the scope of the Act, we should consider how heavily pressed the employers are even now. In fact, the introduction of this principle into our legislation is dangerous. In my opinion the better plan is to be definite. We find that owing to the delays experienced in applications being dealt with by the Arbitration Court, industrial awards are now being issued that are retrospective in their application, and business people, particularly when times are bad, appreciate how difficult their position may become. If that principle is to be introduced into our legislation, the life of the community will be affected in many other avenues. I think it is wrong, and such a bad habit is likely to grow. I shall certainly oppose that particular amendment. Then the other amendment to which I take exception seeks to increase the burden upon employers because they are to be made responsible for the payment of any tax due by an employee, and that responsibility is to have retrospective application for three years. I shall not say more than that I shall oppose that amendment. In the existing circumstances, a heavy responsibility rests upon the employer, who is obliged to make out returns regarding taxation and other matters, some of which mean that they are carrying out work that is really no concern of theirs, but they have to do it for the Government. I feel that the time has come when employers who are required to engage upon such tasks should be recompensed. In my own firm, the services of one clerk are necessary in order to cope with that phase, and in a larger firm a greater staff would be necessary. To ask employers to accept still further responsibility is a proposition to which I cannot agree. I shall support the second reading of the Bill but I shall oppose the amendments I have referred to when the measure is being considered in Committee.

HON. G. FRASER (West) [5.48]: While I do not welcome the Bill with open arms, because I would like to see the end of this type of legislation, I cannot close my eyes to the fact that the raising of the money involved is absolutely necessary from the Government's point of view. Some members have objected to the use of the words "financial emergency" in connection with this type of legislation, but, for my part, I am not so much concerned as to what the Title

of the Bill may be because the amount necessary to be raised will be the same.

Hon. J. Cornell: But you opposed this legislation from the inception.

Hon. G. FRASER: I opposed the Bill on the score of the flat rate. I did not oppose the tax, but the method of imposing it.

Hon. J. Cornell: It did not provide for a flat rate.

Hon. G. FRASER: Yes, it did. It provided for a flat rate of 4d. in the pound.

Hon. J. Cornell: We are dealing with exemptions now.

Hon. G. FRASER: While conditions have improved considerably, it must be remembered that it is still the responsibility of the Government to provide employment for about 6,000 people.

Hon. J. M. Macfarlane: That will not require £1,000,000.

Hon. G. FRASER: It will require a lot of money, and even now the men who secure that employment are not receiving the wages that should be payable to them. Those 6,000 people are not yet enjoying pre-depression standards of living.

Hon. L. Craig: And they will not so long as you continue the present system with regard to camps for single men.

Hon. G. FRASER: But how many of them are there at those camps?

Hon. L. Craig: Quite a lot.

Hon. G. FRASER: The hon. member could almost count them on his fingers. The number is very small compared with the married men who are provided with employment.

Hon. L. Craig: I am not referring to the married men.

Hon. G. FRASER: As the position stands to-day, those 6,000 persons have to be provided with employment on Government relief works.

Hon. J. M. Macfarlane: Reduce the amount of the tax, and I would have more sympathy with your point of view. To raise £1,000,000 is asking altogether too much.

Hon. G. FRASER: I do not know how much would be required to enable the Government to provide the work that is necessary, but it must be remembered that, apart from wages, other considerations have to be taken into account.

Hon. J. Cornell: At any rate, most of that work has been paid for out of main road loan funds.

Hon. J. M. Macfarlane: And, in any case, you should go about the matter in a proper manner.

Hon. G. FRASER: Mr. Macfarlane referred to this measure as class legislation. I do not think that he would, for one moment, advocate taxing people who were not in a position to pay without denying themselves and their families the bare necessities of life. If that situation is to be avoided, it is essential that those in receipt of the basic wage shall be exempt from the financial emergency tax. In fact, I would like to go further than that and, in my opinion, exemptions such as those allowed in connection with the payment of income tax should be provided.

Hon. J. Cornell: Hundreds will pay income tax, but will not pay this particular tax.

Hon. G. FRASER: I do not know how they will be able to avoid doing so.

Hon. J. Cornell: Because of the statutory £200 exemption.

Hon. G. FRASER: In my opinion, approximately the same exemption will be effected under the Bill we are discussing. In fact, there will be many who will pay the financial emergency tax who will not pay the income tax because of their family responsibilities. If there is one amendment to the Act that I would welcome, it would be one that would extend to those required to pay this tax the exemptions applicable to those who pay the income tax. Whether we like the Bill or not, we must realise that, from the State point of view, the money to be raised is absolutely necessary, but I trust that during the current year some arrangement will be reached whereby exemptions will be granted in accordance with family responsibilities.

On motion by Hon. H. Tuckey, debate adjourned.

BILL—MUNICIPAL CORPORATIONS ACT AMENDMENT (No. 2).

In Committee.

Resumed from the 4th November; Hon. J. Cornell in the Chair, the Chief Secretary in charge of the Bill.

Clause 35—Amendment of Section 179:

The CHAIRMAN: Progress was reported on this clause.

The CHIEF SECRETARY: The clause seeks to amend Section 197 of the Act and deals with the purposes for which by-laws may be made. The clause sets out a considerable number of items in that respect, and it may be desirable to deal with them seriatim. Paragraph (a) proposes to delete paragraph 14 and to substitute another in lieu. This amendment was particularly asked for by the Perth City Council, the members of which consider they should have a freer hand with regard to regulating and prescribing the manner in which, and the materials of which, walls and fences shall be erected. That is dealt with in subparagraph (a), while subparagraph (b) will give the council power to deal with what are deemed dangerous fences and to prohibit the erection of such fences abutting on, or within 10ft. of, any public place.

Hon. H. SEDDON: If subparagraph (b) be agreed to, may it not be construed as though the erection of such fences will not be interfered with if they are erected beyond 10ft. of any public place?

Hon. H. S. W. Parker: But it deals only with dangerous fences.

Hon. L. B. BOLTON: It appears to me as though the interpretation mentioned by Mr. Seddon may be placed on the subparagraph. What would happen if a person erected a dangerous fence more than 10ft. away from a public place?

Hon. H. S. W. Parker: That would be his own funeral.

The CHIEF SECRETARY: I can hardly imagine a fence of that description erected more than 10ft. away from a public place that would not be dangerous to the people on the particular property. The local authority should have the power sought and any by-laws framed along those lines would be on the basis of experience.

Hon. L. B. BOLTON: It is not the giving of the power that I object to; but is it necessary to restrict the distance to 10 feet?

Hon. H. S. W. PARKER: That can be explained. A person may put up a tall lattice fence that might fall over. If he likes to put it in his backyard there is no objection, but he must not put it close to his boundary.

Hon. L. B. BOLTON: What is there to prevent a person from erecting a 20ft. high hoarding nearly 20ft. within his boundary? That might prove dangerous to the public.

The CHIEF SECRETARY: Paragraph (b) deals with the regulation of the hawking of goods and requires that licenses shall be obtained. It is a more comprehensive provision than that in the parent Act. It has been taken from the Road Districts Act.

Hon. H. S. W. Parker: It is very necessary.

The CHIEF SECRETARY: Then there is a provision in regard to stalls and stall-holders. This subject is provided for in the Act, but the local authorities think that its treatment should be enlarged. Here again the provision in the Bill is similar to that in the Road Districts Act. At present the councils have only limited power in the control of quarries. This provision will give them greater powers. Then we have a provision giving the local authorities power, where required, to deal with nuisances such as street noises and other noises.

Hon. E. H. H. Hall: Have they power to deal with the noises made by motor cycles?

The CHIEF SECRETARY: That power is vested in the police, at all events in the metropolitan area. This clause also deals with lawns and gardens. It has been decided to afford protection against the despoiling of lawns and gardens, especially those on street alignments and footpaths, areas which add greatly to the beauty of a district. The clause also deals with verandahs. This will prohibit the building on poles of verandahs or balconies overhanging the street, and will substitute the cantilever type of verandahs.

Clause put and passed.

Clause 36—agreed to.

Clause 37—Amendment of Section 218:

The CHIEF SECRETARY: By this amendment councils will be able to sell material from their quarries to the Government or other statutory bodies or other persons who require such material for the construction of streets or paths. It is regarded as highly expedient that the local authorities should have this power.

Hon. L. B. Bolton: I am a little nervous about this allowing of the councils to compete in the selling of their quarried material.

Hon. C. H. WITTENOOM: I am not afraid on that point, because there are so

very few country municipalities that have quarries. Those without quarries would welcome the right to purchase quarried material from quarry owners.

Hon. L. CRAIG: It is very desirable that municipalities should have the power to buy or sell crushed stone. In country districts the only crushing plants are those operated by municipalities, and anyone who wants crushed stone has to send to Armadale for it, over 100 miles away. It is ridiculous that municipalities owning quarries should not have the right to sell crushed stone.

Hon. J. M. Macfarlane: You can get gravel.

Hon. L. CRAIG: Gravel does not do the job properly. I move an amendment—

That all words after "materials" in line 6 of the proposed new subsection be struck out.

What objection can there be to a municipality selling stone to anyone at all who wants it for his own use?

Sitting suspended from 6.15 to 7.30 p.m.

Hon. W. J. MANN: I support the amendment. The need for authority to dispose of surplus material has been severely felt by one municipality in the South-West in its endeavour to keep the plant running full time. If permission is not given to the Bunbury council to dispose of surplus material, the men will probably get only part-time work. I know of no country centre that could hope to keep a crushing mill of any size operating for any reasonable period during the year. Municipalities desire power to sell to any ratepayer or road board. The municipality of Bunbury is small and the road board boundaries are within the town. Unless power is given as suggested, the Bunbury council would be unable to sell to the ratepayers of the adjacent road board. The amendment is desirable, notwithstanding that we might be twitted on the score of interfering with private enterprise.

Hon. L. B. Bolton: The clause gives all the power required.

Hon. J. M. MACFARLANE: Municipal councils are asking for the clause as it stands, which deals with public bodies only.

Hon. W. J. Mann: I have had requests for the amendment.

Hon. J. M. MACFARLANE: I oppose the amendment because of the trend of public bodies to compete with private individuals. It would discourage the establishment of private plants to meet the conditions mentioned by Mr. Mann.

Hon. E. H. H. HALL: To prohibit country municipalities from supplying crushed stone is extraordinary. What Mr. Craig stated applies to Geraldton. The country municipalities want the right that would be extended to them by the amendment.

Hon. G. B. WOOD: I cannot see any harm in the amendment. Mr. Macfarlane need not be afraid of competition with private enterprise. In fact, I do not think the question of private competition would enter in.

Hon. J. T. FRANKLIN: I oppose the amendment, which would mean that metropolitan people, not country people, would benefit. The restriction is a fair one because private individuals who have invested money in quarries could supply the material. The Perth City Council opened a quarry to ensure fair prices, but under the amendment the council could trade with contractors for any surplus material.

Hon. H. V. PIESSE: I should like some information from the Minister. A privately-owned crushing plant at Albany secured a tender to supply metal to the Main Roads Board in competition with the local council. To start trading concerns in road districts would be a dangerous procedure.

Hon. L. CRAIG: Who is suggesting it?

Hon. H. V. PIESSE: The hon. member. There is a crushing plant in the Katanning road district, but if I wished to buy a load of crushed granite, I could not do so.

The Chief Secretary: Who owns it?

Hon. H. V. PIESSE: The ratepayers of Katanning. The material has been used by the Main Roads Board for distances of 25 miles from that centre. It is cheaper than material railed from the metropolitan area or any other quarry in the district.

Hon. G. W. MILES: The Minister probably smiles at Conservative members of the Council wanting another trading concern. There is nothing to prevent Mr. Hall from buying stone from the Geraldton Council to put down a footpath. I oppose the amendment.

Hon. H. TUCKEY: I support the amendment, but if it is carried I shall move a further amendment to protect private

enterprise. No doubt it would be highly advantageous to residents of such towns as Bunbury and Geraldton to be able to purchase crushed metal locally, but we must consider people who have invested money in stone-crushers. Like Mr. Piesse, I shall be glad to hear the Chief Secretary's views on the amendment.

The CHIEF SECRETARY: To me the discussion has been highly interesting, particularly Mr. Piesse's statement that a certain local authority submitted a tender to supply crushed metal from its own plant. No local authority can do that under either the principal Act or the Road Districts Act. That is why the amendment has been moved. When quantities of large metal are required for a job, in the crushing of that large metal a quantity of small metal is unavoidably produced, and there may be no use for that small metal for months or even years. Thus it may become a dead loss. The amendment proposes that local authorities shall supply metal for private footpaths or rights-of-way. There may be a road district adjoining another which has not a crushing plant of its own. The amendment would prevent the sale of metal to purchasers other than local authorities except within the boundaries of the road district. No one would suggest that the quarries of local authorities should be permitted to sell stone in competition with other quarries.

Hon. H. TUCKEY: Could not a radius be fixed within which quarries owned by local authorities could sell?

The CHIEF SECRETARY: The local authorities regard the clause as quite sufficient for their purposes. From what has been stated here to-day, it appears that a certain amount of illegal selling of stone has taken place already.

Hon. L. CRAIG: I do hope that the bogeys which have been raised will be disregarded. If these apparent fairy tales eventually turn out to be true, the Act can be further amended. I only ask that people be allowed to purchase stone for their own private purposes with the object of keeping towns healthy and clean. The starting of private enterprise for this purpose is something in the future. I would agree to a further amendment that municipal authorities be permitted to sell stone only if there is no other quarry operating within ten miles.

Hon. C. F. BAXTER: Mr. Craig should realise that his amendment opens the door

for local authorities to trade without limitation. There has been talk about stone being needed for cement. Not five per cent. of stone is required in the making of cement. The clause as it stands goes quite far enough. According to statements made here to-day, there has been illegal trading in stone already.

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

Ayes	11
Noes	10
Majority for	1

AYES.

Hon. J. Cornell	Hon. E. H. H. Hall
Hon. L. Craig	Hon. W. J. Mann
Hon. J. M. Drew	Hon. H. Tuckey
Hon. C. G. Elliott	Hon. C. H. Wittenoom
Hon. G. Fraser	Hon. G. B. Wood
Hon. E. H. Gray	(Teller.)

NOES.

Hon. E. H. Angelo	Hon. W. H. Kitson
Hon. L. B. Bolton	Hon. G. W. Miles
Hon. J. T. Franklin	Hon. H. V. Piesse
Hon. V. Hamersley	Hon. H. Seddon
Hon. E. M. Heenan	Hon. C. F. Baxter
	(Teller.)

Amendment thus passed.

Hon. H. TUCKEY: I move an amendment—

That the following words be added—"provided that there is no private stone-crushing plant operating within a radius of 30 miles of the council selling such stone or material."

The CHIEF SECRETARY: I am afraid the hon. member has not realised what the effect of his amendment would be. Consider the metropolitan area. The Perth City Council has a stone-crushing plant and this amendment would mean that the council would not have the right to dispose of stone in accordance with the amendment previously inserted, but municipalities like Bunbury, York and Geraldton would have the right to do so. I do not think the hon. member meant that and he would have a difficulty in drafting an amendment that would meet the position, unless he went to the extent of defining it to include country municipalities. Otherwise he is going to say that country municipalities shall have the right and municipalities in the metropolitan area shall not. The hon. member might like time to think over the position.

Hon. H. Tuckey: Would the Chief Secretary be prepared to postpone the clause?

The CHIEF SECRETARY: Yes. I move—

That the further consideration of the clause be postponed.

Motion put and passed; further consideration of the clause postponed.

Clause 38—Amendment of Section 335:

The CHIEF SECRETARY: This amendment amplifies the present section dealing with by-laws in respect to buildings. The amendments are brought about by the progress in methods of building in recent years.

Hon. G. FRASER: I feel disposed to oppose the clause. In recent years, particularly throughout the metropolitan area, we have had local governing bodies running riot in the declaration of brick areas. If they made declarations on the lines of the value of the property, one would not perhaps take so much exception, but the position is that if a man wishes to build an ordinary home for an average family at an average cost, he has to get far away from the centre of population and transport. From the working man's point of view it is detrimental. I do not see why the local governing bodies should have the power to declare brick areas, particularly in a State like this where we have such a wonderful supply of timber, and very attractive homes can be built with it.

Hon. L. B. Bolton: Should not men go to a district where building is within their means?

Hon. G. FRASER: They should be entitled to build where they like. A certain amount of protection should be afforded to people who build decent, respectable homes; but to give the local authorities power to lay down whether a man should build a brick or a wooden house is going too far.

The CHIEF SECRETARY: There is not very much strength in the arguments of the hon. member because at the present time local bodies have the authority to create the particular areas of which he speaks. At the present time there are certain municipalities that have declared fairly large brick areas. If the clause is agreed to it will be possible for a municipal council to declare certain areas within the brick areas to be subject to this particular provision.

Hon. J. M. MACFARLANE: I have reason to commend the whole of this clause to members because for some time the Perth City Council has felt the need for something of the kind. It will be possible to check the

creation of slum flats of which a good many, unfortunately, have arisen in our midst. In the past the council was powerless to act in the matter.

Hon. G. FRASER: As I understand the clause will give local bodies the power that will assist that about which I am concerned, I shall no longer oppose it.

Clause put and passed.

Clause 39—Amendment of Section 347:

The CHIEF SECRETARY: The object of this clause is to give local authorities additional powers that they did not previously possess to expend money on public reserves.

Hon. H. V. PIESSE: There are four municipalities in the province I represent, and one of the finest seaside resorts in the State. The clause appears to give too great powers to the municipality to erect cottages for letting purposes, and I am opposed to that.

Clause put and passed.

Clause 40—New Section; children's playgrounds and women's grounds:

The CHIEF SECRETARY: The object of the amendment is to give a new municipality power to create special recreation grounds for women and children.

Clause put and passed.

Clause 41—Amendment of Section 377; repeal of new sections:

The CHIEF SECRETARY: This amendment has been asked for by the Local Government Association and the Municipalities Association. It gives power to value on the unimproved value of the land in the municipality. The provision is similar to that which appears in the Road Districts Act.

Clause put and passed.

Clause 42—Amendment of Section 378:

Hon. J. M. DREW: I have been asked by some of my constituents in the province I represent to give this matter consideration. The clause amends Section 378 of the principal Act which deals with the methods of valuation. Paragraph (b) of that section deals with the question of the annual value of rateable land which is improved or occupied and (c) provides that the annual value of rateable land which is improved or occupied shall be deemed to be a sum equal to the estimated full, fair, average amount of rent at which such land may reasonably be expected to let from year to year, on the

assumption (if necessary to be made) that such letting is allowed by law less the amount of all rates and taxes, and a deduction of £20 per centum for repairs, insurance and other outgoings. It is proposed to eliminate the amount of all rates and taxes and the amount of £20 per cent., and it is intended to substitute a lump sum. The principal embodied in paragraph (a) of the clause in the Bill is a good one. There is nothing new in it. It provides for a deduction of £40 per centum in respect of rates, taxes, repairs, insurance and other outgoings. I draw attention to the fact that the amount of deduction is stationary. I think it should vary in accordance with the amount of rates and taxes paid. As far as I can see that is not so, and in that case there will be an injustice done to some ratepayers in certain municipalities. The old Act certainly required to be amended in this respect. It is mystifying. It provides in the first place for the deduction of rates and taxes, and at that particular stage only a successful sooth-sayer could determine what the rates and taxes could eventually be. I ask members who hesitate to agree with me to take a copy of the Act home and endeavour to ascertain how they would determine what the rates of any particular municipality would be, even if those members were provided with the amount that had to be paid in the pound. The ratepayer has to determine absolutely, and with no information, what the rates and taxes will be for the coming year. Having defined what the rates and taxes will be—and I have no hesitation in saying that that is an impossibility at that stage—the next thing the ratepayer has to do is to deduct 20 per cent. for repairs, etc.; but whether from the rent or from the balance after the rates and taxes have been deducted, there is no information available in the clause to determine what shall be done. Trouble arose in the Geraldton municipality about two years ago in connection with this particular section. There were numerous appeals—over a hundred, in fact—and amongst the appellants was none other than the mayor of the municipality himself. He thought he had a possibility for securing a reduction of the rates for the properties he owned, and he decided to appeal. Meanwhile the hundred odd ratepayers agreed that they would obtain the best legal advice in Western Australia. No fewer than seven lawyers were con-

sulted, and amongst them were two K.Cs. I was in close touch with all that was going on, but the lawyers left confusion worse confounded. Not one of them could solve the problem, although a suggestion was made by one of the legal luminaries that it was possible to do what was sought by advanced algebra. I was mixed up in this matter to a certain extent, and someone suggested that Professor Ross should be consulted, and an endeavour made to get him to solve the problem. That idea was abandoned. It was felt that if the professor failed, it would be a bad advertisement for the University. Meanwhile consideration was given by the Crown Law Department to what could be done to secure a magistrate to handle the appeals, the local magistrate being one of the appellants. The conclusion was arrived at that the services of a magistrate, 300 or 400 miles from Geraldton should be obtained. That was done. The magistrate heard the evidence, but refused to determine the question of deductions. He said he had nothing to do with deductions from the point of view of annual value. A leading K.C. was consulted. He advised that a mandamus should be secured to force the magistrate to consider the deductions, which were very essential in determining what payment could be made. There was no decision on either side. Eventually the municipal council gave a pledge to reduce values by 10 per cent. in the coming year. That was done, and peace reigned. The amendment is stationary. It does not move with the upward, or come down with the downward trend of rates. Forty per cent. would be a fair thing in Perth, but would not meet the position in Geraldton. I suggest the clause be postponed so that the Minister might ask the Public Works Department to prepare a schedule showing by steps of 6d. the proper percentage for deductions in respect of rates from 2s. 6d. in the pound up to 10s.

The CHIEF SECRETARY: I have no objection to Mr. Drew's suggestion. There is certainly room for some amendment. The clause has been asked for by the local governing association and the Country Municipalities' Association. At present the deductions work out on an average between 36 and 38 per cent. The clause provides for 40 per cent. The method of arriving at the annual value of land which is unimproved is that it shall be taken at not less than £7

10s. per cent. of the capital value. This is inadequate, and the amount has been increased to £10. The Act provides that the minimum annual value of allotments or separate portions of rateable land shall be £2 10s. This amount too is being increased to £3. I move—

That further consideration of the clause be postponed.

Motion put and passed; further consideration of clause postponed.

Clause 43—Amendment of Section 386:

Hon. E. H. ANGELO: Will the Minister explain paragraph (a)?

The CHIEF SECRETARY: This is consequential on the passing of Clause 48. I move—

That further consideration of Clauses 43 and 44 be postponed.

Motion put and passed; further consideration of clauses postponed.

Clause 45—Amendment of Section 389, repeal and new section:

The CHIEF SECRETARY: The relative section provides only for an amendment of the rates in cases of improvements to the property. The Bill provides that the land can be re-assessed during the currency of any year when any destruction or damage has taken place.

Clause put and passed.

On motion by Chief Secretary, consideration of Clause 46 postponed.

Clause 47—Amendment of Section 399:

The CHIEF SECRETARY: This adds another subsection to Section 399. It will prevent an appellant, after a decision has been given by the municipal council at an appeal court, from submitting fresh evidence to the local court, unless by special leave, when taking his appeal to the local court.

Clause put and passed.

Clause 48—Amendment of Section 407, repeal and new section:

The CHIEF SECRETARY: Upon this clause several of the clauses which have been postponed are consequential. The Act provides that the occupier in the first instance is responsible for the rates. As it is the land that is rated, this provision is deemed to be unjust, especially if the rates are in arrears. In that case, it is the occupier who suffers by the loss of his goods and chattels if judgment is obtained against him. The object of the clause is

to make the owner responsible, or rather to relieve the occupier of the possibility of having his goods and chattels distrained upon for arrears of rates.

Hon. J. M. Macfarlane: The occupier has recourse against the landlord.

The CHIEF SECRETARY: That is not of much use to him if he loses his goods. The occupier may not have enough money with which to pay the rates, which may far exceed the amount of rent due.

Hon. E. H. ANGELO: I have been asked to oppose the clause because the municipalities concerned do not desire the responsibility taken from the occupiers. The local authorities wish to be able to deal with both occupier and owner. If rates are not paid by the owner, the occupier could, by arrangement, gradually pay off the outstanding amount. If the circumstances were explained, I am sure no local authority would object to collecting the arrears of rates from the rent as it became payable. An owner might be away from the State for two or three years.

Hon. G. Fraser: And someone would not collect the rent for him!

Hon. E. H. ANGELO: The rent might be collected and sent to the owner. If rates are not paid, the occupier can pay them and deduct the amount from the rent for which he is liable.

Hon. G. FRASER: I hope the clause will be agreed to. The debt involved is not that of the occupier, but that of the owner. Why should the occupier be placed in such an invidious position? He might not be aware of the amount of rates owing when he takes over the house as a tenant. The responsibility for rates should be placed on the proper shoulders.

Hon. J. M. MACFARLANE: The local authorities desire the power to remain as in the Act so that they will be able to collect rates and carry on their work. I realise it is possible for an occupier to be worried by conditions that could be set up, but I know of no single instance where that has happened.

Hon. G. Fraser: I do.

Hon. J. M. MACFARLANE: I have had a lot of experience in local government matters, and have not known of occupiers being harassed. The local authorities regard this particular power as a valuable aid in the collection of rates, particularly when a landlord seeks to side-step his lia-

bility. The matter is not so dangerous as has been suggested.

Hon. H. SEDDON: The position might arise in which an owner is put in an awkward position through the occupier neglecting to pay sanitary rates. That would place a further obligation on the owner.

The CHIEF SECRETARY: That could happen, but not under this Act. It is the land that is rated, and the council has recourse against the owner at any time it may think fit. It can even sell the land. It is more equitable to say that the council shall have recourse against the land that is rated, and even have power to sell the land rather than that power be given for the local governing authorities to distrain on the chattels of the occupier, who may have gone into possession of a property without any knowledge that rates were owing. From the standpoint of equity, the Committee should agree to the clause.

Hon. H. SEDDON: Another point is that the occupier might not pay any rent at all. As the Act stands, the local authorities could take action for recovery of the rates. The owner would not only lose his rent, but would also have to pay the rates on the property. I prefer the section in the Act.

Hon. H. TUCKEY: I also oppose the clause. It will take away from the local authorities one means by which it can collect rates. I do not know of any instance of a tenant being sold up on account of arrears of rates.

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

Ayes	8
Noes	14
Majority against	6

Noes.	
Hon. L. B. Bolton	Hon. E. H. H. Hall
Hon. J. M. Drew	Hon. W. H. Kitson
Hon. G. Fraser	Hon. G. B. Wood
Hon. E. H. Gray	Hon. E. M. Hettan (Teller.)
Noes.	
Hon. E. H. Angelo	Hon. W. J. Mann
Hon. C. F. Baxter	Hon. G. W. Miles
Hon. L. Craig	Hon. H. S. W. Parker
Hon. C. G. Elliott	Hon. H. V. Plesse
Hon. J. T. Franklin	Hon. H. Seddon
Hon. V. Hamersley	Hon. H. Tuckey
Hon. J. M. Macfarlane	Hon. C. H. Wittenoom (Teller.)

Clause thus negatived.

Clause 49—Amendment of Section 409:

The CHIEF SECRETARY: The clause is consequential on Clause 48, which has been defeated.

Clause put and negatived.

Clause 50—Repeal of Section 411:

The **CHIEF SECRETARY**: The section provides that when rates remain unpaid for 12 months after they become due and payable, such rates shall bear interest at the rate of 5 per cent. per annum. It is proposed to repeal that section. It is difficult enough for ratepayers to meet their arrears without the payment of interest in addition.

Hon. J. M. Macfarlane: The honest ratepayer will not be hurt by the interest charge.

The **CHIEF SECRETARY**: Because a person is not in a position to pay his rates does not necessarily mean that he is dishonest.

Hon. J. M. Macfarlane: In many instances they are shirkers.

The **CHIEF SECRETARY**: The hon. member has a poor opinion of ratepayers! There is no doubt that we are getting the owners' point of view this evening! The clause will repeal that section of the principal Act which provides that arrears of rates shall bear interest.

Hon. H. S. W. PARKER: I am not very keen on this at any time, but I notice that the Income Taxation Commissioner charges 10 per cent. if you do not pay up. And here we have a man with property, so I shall vote against the clause.

Hon. V. HAMERSLEY: This is a provision in favour of the bankers. Because if the 5 per cent. interest is taken away, the ratepayer will not pay his rates at all, and so the municipality will have to go to the bank for additional money. Those who fail to pay their rates should have some imposition placed upon them.

Hon. G. FRASER: The majority of ratepayers endeavour to get their rates paid within 30 days in order to obtain the rebate offered by local authorities. Apart from that, the average ratepayer will always endeavour to meet the charges on his property. The annual imposition of 5 per cent. on rates in arrears will in the course of a couple of years make it impossible for the ratepayer to pay up at all.

Hon. E. H. ANGELO: I have been asked by two municipalities to oppose this clause. The penalty of 5 per cent. assists them to collect their rates, because they notify the ratepayers that if the amount is not paid up the 5 per cent. will be added. The Minister said the 5 per cent. sometimes imposes a hardship. However, the rates themselves are

very small and so the 5 per cent. additional charge would be infinitesimal.

Hon. L. B. BOLTON: I, too, have been asked to oppose the clause, instead of which I will support it. It is bad enough to have to pay rates without having to pay an additional 5 per cent. I do not believe the 5 per cent. would help a municipality to collect its rates; rather do I think that a rebate of 5 per cent. would be more effective in point of collection.

Hon. J. M. MACFARLANE: I will support the Minister in this. It is the responsibility of the council to see that the rates are collected, but I do not think the 5 per cent. interest would affect the position one way or the other.

Hon. H. V. PIESSE: I will support the retention of the clause. I know of many large buildings that have shops let, but in the period of depression they could not collect sufficient rent with which to pay the rates. The municipality concerned spread the payment of the rates over a number of years. During the depression and for some time afterwards it was bad enough for the property owners to have to pay the rates without having to pay an additional 5 per cent. I will support the clause.

Hon. H. SEDDON: When a local authority finds that the rates are not paid, it is only right that it should have power to impose some sort of a penalty on the arrears.

Hon. H. TUCKEY: I will support the clause. It is far too early to start the collection of interest immediately after the rates are due. Prosecutions can be started at any time, so there is no need for the payment of interest.

Hon. G. B. WOOD: I will support the clause. There may be a few who do not pay their rates, but I doubt if there are many, and in any case there is no such provision in the Road Districts Act.

Hon. L. CRAIG: I will oppose the clause. It is an extraordinary provision to find in the Municipalities Act, because under their own Act the Government are free to charge interest. Only a little while ago I had to pay interest to the Lands Department because I was a day late in sending them a cheque for £200. They charged me 6d. in the pound for it. It is only interest on arrears that will induce some men to pay up.

Hon. G. W. MILES: I cannot understand the Government bringing forward this section. In the Agricultural Bank Act they are out to collect all the interest that they can,

but they propose that the municipalities shall not be allowed to collect interest on overdue rates. It is most inconsistent on the part of the Government. I will vote against the clause, for the municipalities should be protected.

Hon. V. HAMERSLEY: Honest ratepayers meet their dues, but others consistently delay paying, although they have the means to pay. Local authorities have to pay interest on money borrowed to finance their operations through the non-payment of rates, and there is no reason why those who do not pay should be relieved of the interest charge. I am astonished to find such a proposal in the Bill.

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

Ayes	15
Noes	7

Majority for 8

AYES.

Hon. C. F. Baxter
Hon. L. B. Bolton
Hon. J. M. Drew
Hon. C. G. Elliott
Hon. G. Fraser
Hon. E. H. Gray
Hon. E. H. H. Hall
Hon. E. M. Heenan

Hon. W. H. Kitson
Hon. J. M. Macfarlane
Hon. H. V. Piesse
Hon. H. Tuckey
Hon. O. H. Wittenoom
Hon. G. B. Wood
Hon. H. S. W. Parker
(Teller.)

NOES.

Hon. E. H. Angelo
Hon. L. Craig
Hon. J. T. Franklin
Hon. W. J. Mann

Hon. G. W. Miles
Hon. H. Seddon
Hon. V. Hamersley
(Teller.)

Clause thus passed.

Clause 51—Amendment of Section 413; repeal and new section:

The CHIEF SECRETARY: The Act gives a council power to distrain on the goods and chattels of a ratepayer, and the object of the clause is to abolish that method and empower the Council to recover rates by civil action.

Hon. H. S. W. PARKER: The net result of the clause will be to put the ratepayer to greater expense. I am informed by the City Council that in ten years only two ratepayers have been sold up for non-payment of rates. The threat of distraint has had the desired effect.

Hon. G. W. Miles: There will be 200 after eliminating the interest charge on arrears of rates.

Hon. H. S. W. PARKER: Under the proposed new section summonses would be issued; there would be more delay and the local court bailiff would be put in instead of the City Council bailiff. Thus there

would be greater expense to the ratepayer.

The CHIEF SECRETARY: I believe that the City Council issues hundreds of threats which I cannot describe by any other term than barbarous. During recent years many ratepayers have found it almost impossible to pay their rates, and, as a result of a threat to distrain, have probably deprived themselves of absolute necessities. Under the new proposal the council would have the right to proceed through the civil courts, and though that procedure might cost a little more, it would be far better than running the risk of goods and chattels being distrained on.

Hon. J. M. MACFARLANE: The present practice would be barbarous if it were commonly resorted to. When a ratepayer receives a threat of distraint, no doubt he feels annoyed. It is an unpleasant but effective reminder. I am satisfied that the present system would be cheaper to the ratepayer.

Hon. J. T. FRANKLIN: Speaking as one with experience of distress warrants I consider it would be a great mistake to alter the Act. The city treasurer prepares the warrant, a red seal is attached and the bailiff takes it to the ratepayer, but the warrant might not be signed for months; repeated attempts are made to collect. If a ratepayer would only call at the office and arrange to pay by instalments, the council would be satisfied. To my way of thinking, that is the fairest way to notify a ratepayer that his rates are in arrear. If the clause is passed, it means going to law and running the ratepayer into excessive costs. Under the present system there is nothing to pay in respect of the summons, unless it is actually issued and served, when the ratepayer has to pay 6s. to the bailiff. That is the most economical way to obtain payment of rates.

Hon. H. V. PIESSE: If a man rents a house and the rates are not paid, the first recourse is to the landlord.

Members: The occupier is liable.

Hon. H. V. PIESSE: As a landlord, I have been called upon to pay rates. With an open mind I await further information regarding the clause.

Hon. E. M. HEENAN: Last year this House took a step forward by abolishing distress for rent. The clause represents an extension of the same principle. Distress for rent, even if rarely used in Perth, is a

drastic and even a repulsive remedy. The threat of a summons probably has the same effect as a distress warrant has upon defaulting ratepayers. The issue and service of a summons, which would not take place for some time, cost only 3s.

Hon. G. B. WOOD: I was inclined to vote for the clause until I heard Mr. Franklin. Who inspired this clause? The municipalities?

The Chief Secretary: It is a departmental clause.

Hon. G. FRASER: Even on the arguments of those who support the retention of the existing section, that remedy is ineffective, few municipalities ever putting it into operation. The remedy is merely a game of bluff. I want something that will really help local authorities. The power to summon defaulting ratepayers would not necessarily be exercised. There is a great difference between a threatened summons and an actual distress warrant.

Hon. E. H. ANGELO: Various provisions of the Bill seem to aim at hampering local authorities in securing payment of rates. If the local authorities wanted the clause, would they not have asked for it? Yet the Minister says this is a departmental clause. I have been told by local authorities that they want the relevant section of the Act retained. The clause is likely to prove more expensive than the existing section to a ratepayer who is behind. I understand that during the past 15 years there have been only two cases of distraint in Perth. Summonses would prove far more expensive than the present system, especially in the case of suburban ratepayers, who would have to pay mileage. The Act functions well. Let us leave well alone.

Hon. G. B. WOOD: The present method, which is 50 years old, should be scrapped. A local court summons does not require the services of a solicitor, and therefore is not expensive.

Hon. C. F. BAXTER: Under the present system 30 days are allowed after notice, and only then can there be distress on chattels. The deletion of the clause would affect succeeding clauses. It is time that the relevant sections of the Act were amended.

Clause put, and a division called for.

The CHAIRMAN: I give my vote with the ayes.

Result of division:

Ayes	12
Noes	11
Majority for	1

AYES.

Hon. C. F. Baxter	Hon. E. M. Heenan
Hon. J. Cornell	Hon. W. H. Kitson
Hon. J. M. Drew	Hon. W. J. Mann
Hon. G. Fraser	Hon. H. S. W. Parker
Hon. E. H. Gray	Hon. G. B. Wood
Hon. E. H. R. Hall	Hon. C. G. Elliott
	(Teller)

NOES.

Hon. E. H. Angelo	Hon. G. W. Miles
Hon. L. B. Bolton	Hon. H. Seddon
Hon. L. Oraig	Hon. H. Tuckey
Hon. J. T. Franklin	Hon. C. H. Wittenoom
Hon. V. Hamersley	Hon. H. V. Piessse
Hon. J. M. Macfarlane	(Teller)

Clause thus passed.

Clause 52—Agreed to.

Clause 53 postponed.

Progress reported.

House adjourned at 9.47 p.m.

Legislative Assembly.

Tuesday, 9th November, 1937.

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

QUESTION—MINES DEPARTMENT, UNDER SECRETARY.

Mr. MARSHALL asked the Minister for Mines: In view of the report on page 246,