

Legislative Council,

Tuesday, 27th August, 1940.

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

ASSENT TO BILL.

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

ADDRESS-IN-REPLY.

Presentation.

The PRESIDENT: I desire to report that, in accordance with the resolution passed by the Legislative Council, I waited on his Excellency the Lieut.-Governor and presented to him the Address-in-reply passed by the House. His Excellency has been pleased to make the following reply:—

Mr. President and hon. members of the Legislative Council—I thank you for your expressions of loyalty to His Most Gracious Majesty the King, and for your Address-in-reply to the Speech with which I opened Parliament. (Signed) James Mitchell, Lieut.-Governor.

MOTION—THIRD PARTY INSURANCE.

To Inquire by Select Committee.

HON. A. THOMSON (South-East) [4.38]: I move—

That a Select Committee be appointed to consider ways and means of amending the Traffic Act to provide, at a minimum cost, for third-party personal risk arising out of the use of motor vehicles; the findings of such committee to be a recommendation to the Government to introduce amending legislation to the Traffic Act on the lines proposed by the committee.

Possibly some hon. members may consider me presumptuous in moving such a motion. Had it been possible, under the Standing Orders, to introduce a private measure to

provide for third party insurance in a manner most economical and advantageous from the point of view of the public, I should certainly have had no hesitation in doing so. As the Standing Orders preclude me from doing that, I am compelled to move this motion asking for the appointment of a select committee which, after its inquiry, should be in a position to make recommendations acceptable to the Government. Last year the Government brought down a Bill to provide for third-party cover. That was defeated owing to a clash of opinions. The Government desired to extend to the State Insurance Office the full third-party risk, including vehicles. This House, however, wished to curtail the activities of the State Insurance Office and restrict them, in this instance, to third-party personal risk only. I think most members of this Chamber are opposed to an extension of State trading concerns. As a result of the clash of opinion the public was left unprotected in this important particular.

In advocating compulsory insurance for third-party personal risk in connection with the compulsory registration of motor vehicles, I may be accused of a desire to extend the principle of State trading. The licensing of motor vehicles is compulsory, and in view of the necessity for ensuring the safety of the public we should make the third-party personal insurance compulsory as well, and that should be part and parcel of the license issued by the Traffic authorities. I have here some figures kindly supplied by the Commissioner of Police. For the year ended June, 1940, 68 persons were killed in the metropolitan area as a result of motor accidents and 598 were injured. In the country 60 persons were killed and 410 were injured. Thus for the financial year just ended we have a record of 128 persons killed, and 1,008 injured through motor accidents. This shows how necessary it is for definite action being taken to protect the public, as well as to give some assistance to hospitals which have to cater for such accidents.

In the measure submitted to the House last year an endeavour was made to impose a definite fee that would be charged by the insurance companies. The Government intended to appoint a premiums committee which would have to decide the

charges to be levied on the various types of vehicles in use. The minimum suggested was 33s. but that was deemed too high. Through the courtesy of the Minister for Agriculture of South Australia I am now in possession of the report of the premiums committee which fixed the charges in that State. For the information of members, and so that the particulars may be recorded in "Hansard," I propose to read portions of the report. The State was divided into two districts. District "A" covers the territory within 20 miles of the General Post Office in Adelaide, and District "B" covers the remaining territory of the State. The rates declared by the insurance companies for policies of insurance complying with Part 11A of the Road Traffic Act 1934-1936, of South Australia, are as follows:—

	District A. Covers territory within 20 miles of G.P.O., Adelaide.			District B. Covers territory in the remainder of the State		
	£	s.	d.	£	s.	d.
Private Car	1	7	6	0	17	6
Class A—						
Business Car (private type vehicle)	3	10	0	1	0	0
Class B—						
Goods-carrying Vehicles (trucks, vans, etc.)	2	5	0	2	0	0
Primary Producers, farm- ers' Vehicles ....	....			1	0	0
Class C—						
Hire Vehicles—Private hire cars and other hire vehi- cles (including undertak- ers' vehicles) carrying passengers (up to 7 passengers) ....	....			5	0	0
Service Cars and Buses—						
Up to 7 passengers ....	....			6	0	0
Plus per seat in excess of 7 Taximeter Cars ....	....			0	10	0
Trallers	0	5	0	0	5	0
Private Motor Cycles	1	5	0	1	0	0
Business Motor Cycles	2	5	0	1	5	0

I propose to quote one or two extracts from the report, as I think they will give members cause for thought, and will back up my suggestion that the subject is worthy of investigation by a select committee.

Hon. J. J. Holmes: Are you quoting from the report of the Premiums Committee in South Australia?

Hon. A. THOMSON: Yes. The report says—

In the past insurance companies have, for the purposes of determining premiums, divided the State into two areas, namely district A which comprises the territory within 20 miles of the General Post Office, Adelaide, and district B which comprises the rest of the State. All the principal figures supplied to the committee by the insurance companies were based on this division of the State. Some

anomalies arise from this, as from any other arbitrary division of the State; but it is impossible for the first year, owing to the shortness of time and lack of data, to adopt any basis for differentiating between city and country vehicles other than that used by the insurance companies in the past. The committee has, therefore, approved of the differential city and country rates submitted by the companies based on the districts mentioned above.

Paragraph 9.—Allowance for management expenses: In considering what are reasonable premium rates the committee had to estimate what is a reasonable allowance for commission, management expenses and profits in relation to compulsory third-party insurance. In the absence of some South Australian experience of this class of insurance it is difficult to determine the proper figure, but after considering the data available in respect of other classes of motor vehicles insurance the committee decided that 30 per cent. should be provisionally accepted. If 30 per cent. of the total premium income is allowed for expenses and profit, the premiums can be fixed at amounts which are not likely to cause hardship to the public.

The premiums proposed are 27s. 6d. for city cars and 17s. 6d. for country cars. The Public Actuary has estimated from the figures supplied by the insurance companies that when the Act comes into force the average claims cost per private car under compulsory policies is likely to be about 15s. 6d. per annum, possibly a little more.

In New Zealand, over a period of six years, the claims cost per car per annum was 16s. 11d. Assuming that the South Australian claims cost is likely to be 15s. 6d., and allowing 30 per cent. of the premium income for expenses and profit, we find the average premium ought to be about 22s.—

That is just 11s. less than the figure that was submitted to us for consideration last year for application in Western Australia.

—The figures supplied by the companies, however, show that in 1936 there was a difference of 14s. in the claims cost per car for the city and country respectively. In fixing the premiums, regard must be paid to this fact, and after allowing for the higher expenses in country business, the committee thinks a difference of 10s. between city and country rates is justified. It therefore considers that the premiums should be 27s. 6d. for city vehicles and 17s. 6d. for country vehicles.

I do not propose to quote further from the report.

Hon. W. J. Mann: What was the date of the report?

Hon. A. THOMSON: It is dated the 5th March, 1937.

The Chief Secretary: Can you give the House any information as to what cover those premiums would provide?

Hon. A. THOMSON: Personal only.

The Chief Secretary: But that is not sufficient.

Hon. J. Nicholson: What would be the volume of the cover? How far would it extend?

Hon. A. THOMSON: That is one reason why I ask for the appointment of a select committee. I want to be able to gather information of that description, which should be helpful. I take it that these premiums provide for the ordinary third party personal risk. I must confess I have not gone into the matter so fully that I am in a position to answer the Chief Secretary's question. I ask for the appointment of a select committee to enable me to get further information.

The Chief Secretary: That information is the secret upon which the premiums to be paid are based.

Hon. A. THOMSON: That is so.

The Chief Secretary: And you were given a lot of information on that subject last session.

Hon. A. THOMSON: All the information we had was that it would start at 33s. Unfortunately a difference of opinion arose between this House and the Government respecting the legislation introduced, and the measure was lost, although it would have afforded some protection to a section of the public. I am sorry Mr. Fraser is not in his seat this afternoon because he has taken a keen interest in this matter, which he has stressed, as I have, from time to time. For many years past I have advocated reform in this direction. I claim that when the license is issued, it should embody provision for third party risk insurance. Apart from the 30 per cent. expense allowance that I have already referred to, the printing of an additional line or two on the license, dealing with the collection of the amount of money, particulars of which I propose to submit to the House in a moment, could make that provision at practically no additional cost to that incurred at present. When the Main Roads Act was originally passed, it set out that the various road boards should pay a certain proportion to the Government from the funds collected from motor licenses. Those payments were as high as 22½ per cent. of the license fees. Some road boards on receiving the fees promptly forwarded their quotas to the Government. That precedent could

be maintained, and effect given to it in the direction of third party personal risk.

The Pocket Year Book issued by the Government Statistician contains interesting information regarding the motor vehicles licensed in Western Australia, and I have taken out some details to indicate the approximate amount that would be received, based on the low rates set out in the report of the South Australian Premiums Committee. I admit that the licenses of a proportion of the cars have not been renewed this year owing to the threatened petrol rationing, but, in discussing such a matter, we must work on available averages. The Pocket Year Book gives the latest figures for the year ended the 30th June last. These show that in the metropolitan area there were 20,552 motor cars which, at 27s. 6d. each, would return fees aggregating £28,217. There were 17,487 country private cars which, at 17s. 6d., would return £15,300. Metropolitan trucks totalled 6,222, which, at 45s., would provide £13,999, while 17,941 country trucks, at 40s., would provide £35,882. Then we have 278 buses which, at 200s., would return £2,780; 1,171 trailers at 5s., would provide £292, and 7,199 motor cycles at 25s. would bring in £9,998. In addition, 146 road tractors at 20s. would return £146; 5,680 farm tractors at 15s. would net £4,260. These amounts give a total of £110,874. I have taken the lowest figures quoted in the South Australian Premiums Committee's report, and those figures can, of course, be materially increased respecting business cars and private motor vehicles which have to pay £3 10s. here as against 17s. 6d. in that State and 2s. 6d. more in the country. In these circumstances, I am quite sure we would possibly obtain £10,000 in excess of the amount I have already mentioned. Then, again, there are hundreds or thousands of push bikes, and if a charge were suggested with respect to them, it would be very small. Nevertheless, in the aggregate the return would be appreciable, and certainly some protection would be afforded the public.

Hon. J. J. Holmes: A lot of the cyclists should be charged in the police court.

Hon. A. THOMSON: I quite agree with the hon. member. I am surprised that the police do not enforce the regulations regard-

ing push bikes. Daily we can see boys weaving in and out of fast motor traffic, and it is a wonder to me that there are not more accidents.

The Chief Secretary: It would involve a lot of work for the police.

Hon. A. THOMSON: One or two examples would be sufficient to act as a deterrent. If a motorist pulls up behind a tram car, in a few minutes he finds half a dozen cyclists ahead of him, and the trouble is that they do not go one behind the other but string across in front of the motor car. However, that is by the way. Reverting to the figures I have given as a justification for the appointment of a select committee I would point out further that, on the basis of the South Australian suggestion that 30 per cent. may be regarded as the basis for expenses of insurance companies undertaking third party personal risks, that would mean that, on a return of £110,874, the amount that could be deducted for expenses, which would include profits, commission and so on before anything was available for compensation payments, would be not less than £33,262. I assume that the cost will be not less in Western Australia than in South Australia. The figures I have quoted are those that apply in South Australia and for the scheme that I am suggesting, we would get, out of say, £110,872, a sum of £77,612 from which to pay compensation.

Hon. J. J. Holmes: Do you propose that the Government should administer the scheme?

Hon. A. THOMSON: Not altogether. The money can be collected without any charge. At the present time the police receive no less than 10 per cent. for their services, part of that payment being for point duty.

The Chief Secretary: In that case there would be no necessity for the 30 per cent.

Hon. A. THOMSON: That is what I am aiming at.

Hon. L. Craig: You will have to pay the road boards.

Hon. A. THOMSON: There will be no need to pay the road boards. They will be quite happy in the knowledge that they will continue to take the whole of the traffic fees which are theirs now. At one time the road boards had to pay back 22½ per cent. of the amount they collected. Now, thanks to the Government, they have been granted the

right to retain the whole of the traffic fees. Thus there would be no trouble involved in the road boards, when issuing licenses, saying, "I want another £1—or whatever the figure may be—from you for third party insurance." Members will see that no cost will be involved in collecting the money in that manner.

Hon. J. J. Holmes: Who will adjust all the claims?

Hon. A. THOMSON: If the hon member exercises patience, I will endeavour to point that out. As the taking out of a motor license is compulsory, so can third party insurance be made compulsory with the issuing of the license for the vehicle. I wish members to appreciate the simplicity of the method by which third party insurance can be effected. As I have indicated, the police in the metropolitan area collect all motor licenses and municipalities and road boards collect them outside the metropolitan area. The premiums could be collected by those authorities when issuing the licenses and no cost would be involved. The premiums collected could be sent forward either through the Commonwealth or any of the private banks to the duly appointed manager or trustee charged with the task of administering the funds. That duty could be entrusted to the officer at present controlling the local authorities.

Hon. L. Craig: How about the State Insurance Department?

Hon. A. THOMSON: I do not think this House would agree to the State Insurance Department having control of the business. The plan I have suggested would be simpler.

Hon. L. Craig: It will have to be a Government instrumentality.

Hon. A. THOMSON: That is so. A trustee could be appointed and he would discharge the necessary duties at a minimum cost. I know that some of the views that I am putting forward might be discounted to some extent, but the only way by which we can arrive at a satisfactory decision is to conduct an investigation by means of a select committee. The committee would be able to get the best information available from the Government Actuary and also some of the insurance companies and the expert witnesses would be able to say whether the scheme I am propounding would be workable or not. Seeing that there would be no overhead expenses and practically no cost incurred in the collection of the premiums,

I consider that my estimate of 5 per cent. would cover everything. It might even be possible to undertake the work for less than my estimate, but I have allowed myself to be generous in quoting that figure. Five per cent. of £110,874 would give us approximately £5,540 and I am sure we could get the services of a capable man for a salary of £1,000 a year. Such an officer, with a small staff, would be able to discharge all the duties for 2½ per cent. And so if we deduct my approximate figure of £5,540 from the £33,262 that the insurance companies would charge—I am basing the figures on those of South Australia—there would be a saving straightaway of £27,722, which could be applied to either a reduction of the premiums or to meet any additional cost of compensation. I believe that the scheme I have submitted is practicable and I am going to ask the House to be good enough to grant me this inquiry without delay. My reason for submitting the motion immediately the House met was that the committee should be appointed as quickly as possible and so that no time should be lost in carrying out the investigation and presenting the report in time to permit of the necessary legislation being introduced at an early date, also to give that adequate protection to the public that is so urgently required. By my proposal we will have £105,334 to operate on. The matter is of sufficient importance to justify my asking the House not to lose any time in granting me my request. I may be permitted to give an illustration of what it is possible for a committee to do. Last year considerable discussion took place in this House and the Legislative Assembly over a Bill the object of which was to alienate a portion of Government Domain as a site for Government offices. It was not possible to arrive at a decision and a committee of both Houses was appointed to deal with the matter during the recess. The result of the deliberations of that committee was the arrival at a decision that could not have been reached in any other way.

Hon. J. J. Holmes: And it was a unanimous decision.

Hon. A. THOMSON: Yes. So we have an example there of what a committee can do by going into the pros and cons in a matter that members are not able to do in open debate. The decision arrived at was satisfactory to the Government and satis-

factory also, I am sure, to a majority of the members of both Houses. Therefore I offer no apology for asking members to support my motion for the appointment of a select committee. The present is a time for reducing costs in every possible way. Here we have an avenue by which we can reduce the estimated cost of third party insurance. I am not submitting the matter in any way antagonistic to the insurance companies. The licensing of vehicles is compulsory and the collection of premiums could also be carried out compulsorily with the issuing of the licenses. I trust the motion will receive the favourable consideration of the House and that it will be possible to deal with the matter promptly, so that the necessary legislation may be introduced without delay.

On motion by the Chief Secretary, debate adjourned.

BILLS (3)—FIRST READING.

1, Profiteering Prevention Act Amendment.

Introduced by Hon. G. B. Wood.

2, Rural Relief Fund Act Amendment.

Introduced by Hon. A. Thomson.

3, Inspection of Machinery Act Amendment (No. 2).

Introduced by Hon. C. F. Baxter.

House adjourned at 5.15 p.m.