

poultry producers I find they too are in agreement with the suggestion.

Hon. J. M. Macfarlane interjected.

Hon. G. B. WOOD: The hon. member is raking up the decision of the Full Court in Victoria, but that decision will be very quickly altered by legislation. An amending Bill is being introduced. Some technical point was raised in connection with the Queensland Act. Advantage was taken of that point; but, as I have said, legislation is being introduced to overcome the difficulty. I submit the Bill in the reasonable hope that it will be passed. The contentious part is that relating to the poll for the board, and this the producers are prepared to accept. Should members consider other amendments desirable and necessary, they will meet with my approval. I move—

That the Bill be now read a second time.

On motion by the Chief Secretary, debate adjourned.

#### ADJOURNMENT—ROYAL SHOW.

**THE CHIEF SECRETARY** (Hon. W. H. Kitson—West) [8.19]: I move—

That the House at its rising adjourn until Thursday, the 5th October.

Question put and passed.

*House adjourned at 8.19 p.m.*

## Legislative Assembly.

*Tuesday, 3rd October, 1939.*

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

#### BILL—ROAD DISTRICTS ACT AMENDMENT.

Introduced by Mr. Marshall and read a first time.

#### BILL—TRAMWAYS PURCHASE ACT AMENDMENT.

*Message.*

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

#### BILL—INCREASE OF RENT (WAR RESTRICTIONS).

Read a third time and transmitted to the Council.

#### BILL—LAND TAX AND INCOME TAX.

*Second Reading.*

**THE PREMIER** (Hon. J. C. Willcock—Geraldton) [4.36] in moving the second reading said: This is the usual annual Bill that fixes the rates of land tax and income tax for the current financial year. The rates are the same as those levied last year and for several years past, except that the rebate of 20 per cent. on income tax that has been allowed for some years has been reduced to 10 per cent. The necessity for this reduction in the rebate was fully explained to the House when I introduced the Budget on Thursday last. The Government considers that this is the fairest and most equitable

way of raising the desired amount of extra taxation. It is not reasonable to continue the whole of the rebate while taxpayers on low incomes are subject to the financial emergency tax, which is an infinitely less equitable form of taxation. Apart from this alteration, the rates of taxation set out in the Schedule do not differ from those of recent years. Collections last year were as follows:—Land tax, £115,229; income tax, £741,178. The estimate for the present year is as follows:—Land tax, £112,500; income tax, £750,000. The decline of £2,729 in land tax is anticipated because last year's collections include sums outstanding, which position will not arise this year. The alteration to the rebate of income tax is expected to return an extra £35,000, which will slightly more than offset the loss in receipts we expect to suffer because of the lower incomes earned last year on which assessments will be made this year. I do not consider it necessary to discuss the Bill any further, as a similar measure has been before the House for about 30 years, and all members are aware of the principles underlying it. I move—

That the Bill be now read a second time.

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

## **BILL—FINANCIAL EMERGENCY TAX.**

### *Second Reading.*

**THE PREMIER** (Hon. J. C. Willecock-Geraldton) [4.39] in moving the second reading said: This is the annual measure required to fix the rates of financial emergency tax. As announced in the Budget, there is a small alteration in the rates prescribed last year. A reduction of 1d. in the pound will be made in the tax on those people with dependants who are in the two lowest grades. The existing tax of 4d. in the pound on earnings up to £5 per week will be reduced to 3d., and the tax of 5d. in the pound on earnings up to £6 10s. per week will be reduced to 4d. The only other difference is that the commencing figure for people with dependants will be altered from £4 2s. to £4 3s. This is in conformity with the policy consistently followed since 1933 to exempt from the tax people on the basic wage and with dependants. Each year as the basic wage has risen the exemption

figure for the purposes of this tax has followed it. The metropolitan basic wage is now £4 2s. 2d. so that the exemption is set down in the Bill at £4 3s. That is the approximate figure for an annual income of £216. Last year the collections of financial emergency tax amounted to £1,214,695, and the estimate for this year is £1,140,000. Of the estimated reduction, £35,000 is accounted for by the remission of a penny in the pound on the incomes of the two lower grades. The balance is due to lower incomes on which the tax is levied. A fairly considerable proportion of the financial emergency tax is collected from persons who have an annual income. When they put in their returns, they are assessed on their incomes and also as to their proportion of the financial emergency tax, which is not collected in the ordinary way by weekly instalments. I explained when delivering the Budget that the Government again intends to bring down a Bill to amalgamate the income tax and financial emergency tax, and collect the whole revenue by means of a properly graduated income tax. Provision will be made in that measure for deductions of emergency tax from salaries and wages to cease when the new legislation comes into force. Meanwhile it is necessary to continue the financial emergency tax in order to provide the Government with the necessary revenue. Most people know, to their cost, of the existence of this tax, and thoroughly understand its general principles. I do not know that any taxing measure is so well understood by everyone in the community as is this one.

Hon. C. G. Latham: You ought to leave well alone.

Mr. Sampson: This is the tax that was to be temporary.

The PREMIER: The hon. member may live in hope.

Hon. C. G. Latham: Was that not before the election?

The PREMIER: No. The hon. member will have an opportunity shortly of discussing that matter. I do not know that it is necessary for me to add any more to what I have said, for everyone knows about this tax. I move—

That the Bill be now read a second time.

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

## **BILL—FINANCIAL EMERGENCY TAX ASSESSMENT ACT AMENDMENT.**

### *Second Reading.*

**THE PREMIER** (Hon. J. C. Willecock—Geraldton) [4.45] in moving the second reading said: This is a short Bill to give effect to the policy I have outlined in connection with the exemption from payments of financial emergency tax of people with dependants in receipt of the basic wage or less. It provides that the exemption shall be £4 3s. instead of £4 2s. as was the case last year. This will bring the exemption into conformity with the basic wage in the metropolitan area, and is the only purpose of the Bill. I move—

That the Bill be now read a second time.

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

## **BILL—DEATH DUTIES (TAXING) ACT AMENDMENT.**

### *Second Reading.*

**THE PREMIER** (Hon. J. C. Willecock—Geraldton) [4.46] in moving the second reading said: When delivering the Budget, I stated that the Government proposed to introduce legislation to increase certain rates of probate duty. The purpose of this Bill is to give effect to that proposal. The death duties in Western Australia are the lowest in the Commonwealth, and are also lower than those in New Zealand. The duties at present levied are fixed by the Act of 1903. The maximum rates of duty in the various States are as follows:—

	Widow and Children. per cent.	Strangers. per cent.
South Australia ..	17½	20
Victoria ..	10	10
New South Wales ..	25	25
Queensland ..	20	25
Tasmania ..	12½	15
New Zealand ..	30	30
Western Australia ..	5	10

I wish to be fair to New Zealand. In Australia probate duties are levied by the Commonwealth Government as well as by State Governments, whereas in New Zealand only one probate duty is levied by the Dominion Government on all estates. That will explain the rate of 30 per cent. In Western Australia, as I have shown, the maximum rate in the case of widows and children is 5 per cent., and in the case of strangers

(persons outside the family) it is 10 per cent., which is much below the higher rates elsewhere. I noticed in the Press recently that the Premier and Treasurer of New South Wales stated he was budgeting this year for an additional £400,000 to be derived from extra imposts in connection with probate duty.

Mr. Raphael: I suppose he expects a few bombs to be dropped around.

**THE PREMIER:** No. He expects to receive that amount over and above the total from the rate now imposed. Our maximum rates are about half the average rates that now apply in the other States. The Commonwealth Grants Commission has commented on this disparity, which reduces the severity of our State taxation, and consequently means a decrease in the amount of the grant paid to us by the Commonwealth Government.

Hon. N. Keenan: To which paragraph of the Commission's report are you referring?

**THE PREMIER:** I can give the hon. member the appropriate reference later. The Commission offers general criticism with regard to State taxation, and quite rightly has drawn attention to the different aspects of taxation levied by the States, with a view to obtaining a better perspective of the whole position.

Hon. C. G. Latham: I thought the grant was a question of the needs of the States rather than anything else.

**THE PREMIER:** If the States have needs, and make no effort to overcome those needs, they must be penalised. We are penalised now because of what is termed "the severity of taxation" in Western Australia. The Commission said it could not recommend to the Commonwealth Government that grants be paid to the smaller States that levied taxation on rates lower than those in other States. That being so, in view of the needs to which the Leader of the Opposition referred, the least the claimant State could do was to impose taxation of a severity similar to that operating in other States. Failing that, the claimant State would not receive a like degree of assistance. At any rate, the State will suffer a severe reduction in the grant authorised by the Commission. There is no legitimate reason why our rates of probate duty should be so low compared with those applying in the other States, and the alterations I propose will not only return extra revenue estimated at £35,000, but will

have a beneficial effect on our future Commonwealth disabilities grant. The maximum duty at present levied in Western Australia is 10 per cent. on an estate of a value of over £20,000. The Bill provides for the rate to be increased by one-half per cent. in respect of every £5,000 by which the total value exceeds £20,000, with a maximum rate of 20 per cent. on estates valued at over £120,000.

Hon. C. G. Latham: The probate rate will be 10 per cent. on the estates of the lower value.

The PREMIER: That will be the rate when the estate is valued at between £20,000 and £25,000. The probate duty increases at the rate of one-half per cent. for every additional £5,000 in value above £20,000. Thus the probate duty will be ten per cent. when the estate is valued in excess of £20,000 and if the value is more than £25,000 the rate will be 10½ per cent.; if the estate is valued at more than £30,000, it will be 11 per cent., and so on until the maximum of 20 per cent. is reached on estates valued at over £120,000. At present half rates of duty are chargeable to the widower or widow, parent or issue resident in Western Australia, with a maximum of five per cent. irrespective of the value of the estate. The proposal in the Bill is to alter that arrangement by allowing half rates of duty up to a maximum of £4,500, and any amount above this figure will pay full rates of duty. In the other States the reduced rates apply to the following figures:—

	£
New South Wales .. .. .	5,000
Victoria .. .. .	2,000
Queensland .. .. .	5,000
South Australia .. .. .	2,000
Tasmania .. .. .	2,000

The figure of £4,500 provided in the Bill represents a dividing line in our scale of rates for probate duty and that is the appropriate point at which the concession rates will stop. I wish to make the point clear that the Bill in no way affects any estate of a value less than £4,500.

Hon. C. G. Latham: The rate does not operate until the estate is worth over £4,500.

The PREMIER: Yes. For estates between £4,500 and £20,000, the rates are unaltered except that the Bill seeks to dispense with the present concession of half rates to widows and children. For estates over £20,000 in value, the scale of rates is extended by one-half per cent. for every

£5,000, to a maximum of 20 per cent. on estates over £120,000. The Bill does not effect much alteration and does not apply to small estates at all. I think hon members now have a clear conception of what the measure means and I move—

That the Bill be now read a second time.

On motion by Mr. Willmott, debate adjourned.

## BILL—ADMINISTRATION ACT AMENDMENT.

### *Second Reading.*

THE PREMIER (Hon. J. C. Willcock—Geraldton) [4.50] in moving the second reading said: This measure is complementary to the Bill I have just placed before members. Section 98 of the Administration Act provides that where beneficial interest passes to parent, issue, husband, wife or issue of husband or wife, probate duty shall be calculated at half rates. In accordance with the proposals I have already outlined to the House, the Bill I am dealing with now contains an amendment to Section 98 to provide that it shall not apply where the total value of the estate exceeds £4,500. I wish to inform members that although the Administration Act and all its subsequent amendments have been re-printed with the section numbers altered, the re-print has not been included in any sessional volume of statutes. Should any member desire to refer to the original Act he will find that the appropriate section is Section 39 of Act No. 28 of 1934, as it appears in the 1934 volume of statutes. I move—

That the Bill be now read a second time.

On motion by Mr. Willmott, debate adjourned.

## BILL—DAIRY INDUSTRY ACT AMENDMENT.

### *Second Reading.*

THE MINISTER FOR AGRICULTURE (Hon. F. J. S. Wise—Gascoyne) [4.57] in moving the second reading said: The object of the Bill is to effect certain improvements in the dairying industry and the quality of dairy products. Dairying in Western Australia, as elsewhere throughout the Commonwealth, is important and

has become one of the key industries of Australia. The record of progress in this State during the few years of development has certainly been very creditable. Commonwealth statistics demonstrate the great importance of the industry. Over £300,000,000 has been invested in dairy farms, stock and equipment, and the value of factories and lands, buildings and so on associated with the industry has been stated at approximately £6,000,000. The annual wages paid exceed £1,500,000 and recent figures show that over 500,000 people are maintained in the dairying industry throughout the Commonwealth. The development of the industry in Western Australia has been remarkably rapid. In 1924-25 only about 740 tons of butter were produced here, whereas last year's production exceeded the consumption by more than the total production for 1924-25. The necessity has arisen for butter imports mainly because the time of production here has not been coincidental with the period of the maximum demand. Storage has been resorted to with a view to making provision for requirements and definite progress has been made in that direction. In addition to supplies required for local consumption and for storage purposes, the export of a certain quantity of butter has been necessary. The total value of that commodity produced in Western Australia last year was £1,127,000, and the imports last year were 550,000 lbs. less than the imports for the preceding year; so that we are making definite progress. The total value of butter imported into the State last year was £149,250, whereas, as members are well aware, the figure until very recent years was much over £500,000 per annum. The growth of the industry is very well shown by the increase in the number of dairy cattle in the State. In the year I have previously quoted, 1924-25, there were only 60,000 dairy cattle in the State, that is, milking and dry cows. The figure is now over 128,000.

The history of the Dairy Industry Act to which this Bill applies and which it seeks to amend, is that it is almost a replica of the Dairying Industry Act passed years ago in New South Wales. It was about 1919 or 1920 when the Supervisor of Dairying was appointed in this State; and when he came—as those who were asso-

ciated with the industry and those who were members of the House at the time know—conditions were rather desperate. The product was second rate, and that is complimenting it; generally the industry was unorganised. The new supervisor, in an endeavour to organise the industry, realised that legislation had to be introduced in this State, and the Dairying Industry Act of New South Wales was enacted almost word for word. We have not amended it in the way in which it has been amended in other States, and this Bill, incorporating some improvements to the Dairying Industry Act of New South Wales, really seeks to introduce practices here which have been approved in the other States, New Zealand and other countries. The amendments I suggest should, I think, be regarded by hon. members in the light of an endeavour to benefit the industry and to carry into effect the intentions of the original Act. The amendments are all designed to follow current and successful practices in the industry in the other States.

The dairying industry—particularly the production of butterfat—varies, insofar as the producer is concerned, from any other industry, because the producer has an interest in his product until the complete article is manufactured. It is unlike wool, the grower of which is not particularly interested in the suit of clothes that is made from it. The producer of butterfat is interested in the actual receipts from the commodity after it is finally marketed. After allowing for cost of transport and manufacture, he actually receives the balance as payment for his butterfat. This industry is therefore on an entirely different basis from other primary producing industries, where the interest in the commodity ceases almost immediately it leaves the producer's property. Manufacturers of butterfat do not buy it from the farmers, the reason being fairly obvious. In the first place, unless a guarantee of quality could be given in connection with so perishable a commodity and one so susceptible to contamination, the risk would be too great for the manufacturer. What really happens is that the manufacturers, the people who treat the product, convert it into butter and place it on the market, are actually intermediaries in the industry. The farmer pays the cost of manufacture and all other incidental costs.

Obviously, therefore, the manufacture must be placed on a basis of economy, on such a basis that will give the producer, without increasing the cost to the consumer, the best possible return. Quality is the keynote of dairy products; and it is necessary to insist that the good work which has been done to build up the industry in the State should continue, because the strides made in recent years in the quality of this commodity have been remarkable. The fact that butter is palatable or unpalatable of course affects its sales, and this is an incentive for manufacturers to produce an article of the highest possible quality. In addition to the demand for home consumption, it is incumbent on us to produce the highest quality butter for export, because only an article that it is possible to store for long periods is suitable for the export market, and that market is becoming very important to us. The possibility of increasing our exports depends on the quality of the produce, and the amendments that the Bill endeavours to place in the parent Act are aimed at two fundamentals, firstly, to secure a fair share of the gross proceeds for the farmer and at the same time protect the manufacturer; and, secondly, based on the experience of other countries and States and adjusted for local conditions, to ensure that the highest possible quality product is available for local consumption and export.

Legislation in all countries dealing with the strict supervision, manufacture and sale of this product, is remarkably uniform. It matters not whether such legislation is Danish, American, New Zealand or that of the other States of Australia. There is uniformity in the provisions for controlling, hygiene, grading, testing and general sanitation in the industry. Under the heading I have mentioned of economic production and effecting economies within the industry, the Bill aims firstly at the registration of factories and secondly at conditions governing the transport of cream. Conditions governing the transport of cream, in addition to effecting economy in the industry, will quite obviously affect the quality of the product which, as I have mentioned, is so important. The general move in the butter industry of other countries—very successful countries in butter production—is to reduce the number of factories, to insist that not only the best possible machinery is installed in them and the best factory practice adopted, but that—

particularly where seasonal circumstances cause terrific variation in production—costs of overheads and of manufacture should be reduced to an absolute minimum. That applies particularly to Western Australia, where in the summer months some alleged dairy farmers almost go out of business. They turn their cows out and make no pretence of milking them during summer months. Where such seasonal conditions prevail, it is necessary to effect the greatest possible economy in the cost of factories and in the number of factories operating. This practice has been in vogue in Queensland and in New Zealand for several years, with the result that a great improvement has followed there.

Power is sought in the Bill to cancel licenses in respect of prosecutions affecting the grading, the payment for butterfat on a particular basis, and the mixing of cream. The existing law does not give power to cancel a license. In the case of registration of factories, the Bill will apply to new premises only. Serious difficulty has been experienced owing to the evasion by some manufacturers of certain necessary provisions of the Dairy Industry Act. In incorporating a provision to cancel licenses, we shall not affect at all the manufacturer who is playing the game, but we shall certainly put an end to questionable practices at present existing in the industry.

In seeking to obtain control of transport, we are endeavouring to overcome the present system whereby the factories pay all transport costs, whether they be economical or not, and whether or not there is serious overlapping of transport routes. At present no regard at all is paid to the district or the distance from which cream supplies are drawn. To-day on one cream route four or five vehicles may be carting cream to four or five factories. Some of the vehicles run half-full, others carry only a few cans. All that is a tax upon the industry. Examples can be given of cream that is collected and transported past four or five factories before it reaches its destination. The farmer, whether he lives within ten miles or one hundred miles of the factory, is paying exactly the same rate for the transport of his product as does the farmer who is foolish enough to send his cream past four or five factories. It does not affect the farmer, because the manufacturer takes charge of the transport for him and

merely pays him his butterfat price, less manufacturing costs and average transport costs. Therefore, it has become nobody's business. But when we realise that the present average cost of transporting cream is three-farthings to a penny per lb. for butterfat, it is obvious that some control is necessary in the prescribing of transport routes and in insisting that a new system be introduced. There is no provision in the Bill to prevent any farmer so desiring from carting his own cream. Provision is made to meet any emergency such as flooded roads or breakdown; there will be no hardship in that respect.

Mr. McLarty: May the farmer supply any factory he wishes?

The MINISTER FOR AGRICULTURE: Yes. We realise that an overlapping of routes is necessary. Where three or four heavily-laden vehicles are required on a route, or where overlapping is in the interests of the industry, that is provided for and can easily be arranged. One provision in the Bill deals with the deviation of cream. The member for Murray-Wellington just asked whether a farmer would be permitted to supply any factory. He may, but a farmer supplying cream to one factory must give 28 days' notice of his intention to transfer to another factory.

Mr. J. H. Smith: I know many farmers who supply two factories.

The MINISTER FOR AGRICULTURE: That is so. Usually, when a farmer supplies two factories, the consignments are split; the farmer is not changing from one factory to another. This legislation is aimed at improving quality. Generally it is to the careless man, whose cream is graded second, who supplies cream of poor quality and becomes dissatisfied with the factory to which he has been delivering; that an inducement is held out to supply a factory which might be a hundred miles away. The inducement is an assurance that the farmer will be paid for first quality cream if he supplies that factory. In practice we have found that officers of the dairying branch have great difficulty in securing an improvement in the conditions on a farm because the farmer can produce slips from the factory showing that his cream has been classified as first grade, though it is obvious to the inspector that under such conditions the man cannot produce cream of that grade.

Therefore it is very necessary that the officers should have an opportunity to clean up this difficulty and generally improve the quality of the product.

A desire to change from one factory to another arises from one of two reasons. Perhaps one factory is paying a price legitimately higher than is another factory, and of course there would be no objection to a farmer's sending his cream to the factory offering the higher price. The other reason for changing would be that the farmer was being paid a low price for poor quality cream, and because of propaganda, he is induced to send his product to another factory, and thus changes month by month from one factory to another. This is not in the best interests of the industry. On the manufacturing side, the position is more serious. The manufacturer who pays the highest price for a second-grade cream mixes the second-grade with the first-grade and, because of that process, turns out an article that is not first-class. When the butter made from such cream leaves the churn, provided the manufacturer has a ready sale locally for the commodity, he is able to "get away" with it. This legislation is designed to put an end to that practice; we aim at prohibiting a factory from paying the top price for second-grade cream and at preventing the mixing of choice and second-grade cream.

In all countries where the dairying industry has become a factor, particularly of export importance, the result has been achieved by rigidly controlling the grading of cream. In view of the strides being made by the industry in this State and the improvement in the quality of the product, we are hoping that when this measure is incorporated in the Act, we shall be able to effect further improvements. Recently I had a conversation with the Queensland Minister for Agriculture. This provision has operated in the northern State for a year or two, and whereas 25 per cent. of the cream of Queensland was referred to as roving cream—changing from one factory to another, not affecting the output of any factory, but really an attempt to evade proper dairy sanitation and grading—to-day only about 1 per cent. of the Queensland production changes from factory to factory month by month, and the quality of the out-turn has been improved tre-

mendously. That indicates what we aim at achieving here. If we consider the history of the industry in Queensland, we must admit that many of the reforms instituted there are worthy of being adopted here.

Last year Queensland exported over 2,000,000 boxes of butter—a record for any State of the Commonwealth. The estimated quantity to be exported this year is 2,200,000 boxes. The dairying industry has become to Queensland of greater importance than even the wool industry. Those are large figures; the progress year by year has been marked. Exports from Queensland this year will be 200,000 boxes more than the quantity shipped last year. That is a tribute to the methods adopted in Queensland, and this fact is emphasised by the knowledge that Queensland, in spite of her large export, has only .27 per cent. of pastry butter. There is another State—I shall not name it—which in its exports has 28.7 per cent. of pastry butter. Yet Queensland, with its large export of over 2,000,000 boxes, has a shade over one-quarter of 1 per cent. of pastry butter. Another State, where the methods are not quite the same, exported 28.8 per cent. of pastry quality. The Queensland dairy cheque this year will be about £10,000,000, which amount is in excess of the value of its wool production.

The growth of the industry in Queensland is remarkable, but I believe that many of us will live to see an almost equally satisfactory expansion in this State. The increased production in the South-West and the fact that we know so much more about that territory—as well as the methods that ought to be applied to it—than we knew a decade ago indicates that we should achieve in a few years the goal that Queensland has already reached. Whoever is Treasurer of the State at that time will doubtless be very pleased if our dairying industry reaches anything like the proportions of that of Queensland.

The Bill provides that a farmer must give 28 days' notice before changing his factory, and a copy of the notice must be sent to the department. This will afford officers of the department an opportunity to correct any fault. I learn that many farmers in Queensland, after having given notice of their intention to change from one factory to another, have been enabled so to improve the conditions of production

within the 28 days that the change has not been made.

A new principle is introduced by the proposal to establish a fund to be known as the Dairy Produce Improvement Fund. Payments to the fund are to be made by the farmers themselves. I wish to make clear that all the improvements sought under this Bill will not affect the price of the commodity. That is a very important point. All the charges and economies will work back; the gain will accrue to the farmer by economies in his transport and by added returns because of the uplift in quality. The only effect this can have on the consumer is that if the quality is markedly improved, more butter will be consumed by those who can afford it, which will be to the advantage of the industry. The difference between the principle of this proposed fund and present-day practice can be explained in a few words. It is a responsibility of the Government to the general taxpayer and to the community generally to supervise and control the industry to the greatest possible extent by utilising experienced officers to deal with the major difficulties of production and manufacture. All such benefits advantage the whole of the community, but what we are aiming at by this measure is to benefit the farmer himself. The idea is that a maximum levy of 1d. in the £1—in other words, one two-hundred-and-fortieth part of the total value of the product—will be paid into a fund, which will be used for the employment of dairy instructors under the Act. Before the farmer receives the final payment for his product, there will be deducted from his cheque a sum equal to not more than 1d. in the £1. Butter fat is 1s. 4d. a lb., and members can work out the amount for themselves. It will mean a maximum levy of one-fifteenth of one penny per lb. To the farmer, it will represent a very small tax, almost unnoticeable, but because of the volume of our production, it will give us a fund sufficient to finance the employment of four additional inspectors to deal particularly with dairy sanitation, improvement of quality, check grading, and generally the improvements enumerated in the Bill.

Mr. McLarty: How much do you estimate will be collected?

The MINISTER FOR AGRICULTURE: Our total production is valued at about



£1,127,000, but that amount includes the value of farm butter produced. Still, the fund, according to the officers of the department, will be sufficient to enable us to employ four inspectors. Provision has been made in the Bill to prevent any criticism on the ground of accumulation of funds. After consultation with the Superintendent of Dairying over the week end and before the final draft of the Bill was approved, I deemed necessary the inclusion of a provision that would obviate any fear of criticism on the score of amassing or accumulating money in the fund. This has been done by limiting the amount in the fund to £1,000. The levies will be deducted monthly and paid into the fund, so that while butter production continues and this amendment applies, the money will be available. There is no reason to accumulate more than immediately visible requirements. So we have provided that the fund shall not be more than £1,000 at a time. If it does exceed that amount, the provision for payment shall cease. The special trust account will be controlled by the Minister, and the Bill makes provision that it will not be possible to pay officers at present employed under the Act out of this particular fund. Members will notice that the Bill lays down that officers now rightfully employed by the Government in the interests of the industry shall not, and cannot, be paid out of this trust fund. I have explained that the method of collection is simple. At specified periods, monthly or three-monthly according to the particular circumstances of the supply, factory managers will pay into the trust fund the amounts so collected. We believe there will be almost immediately a general improvement in the quality of the product which has become so important to Western Australia. It is our intention to appoint four competent officers as soon as possible.

We anticipate that some people who are not playing the game in the industry will see certain objections to this legislation. We have anticipated their objections. We already know what they will be. However, I am sure that any member of the House who will impartially analyse the provisions proposed to be incorporated in the Act will approve of them. I have much pleasure in moving—

That the Bill be now read a second time.

On motion by Mr. McLarty, debate adjourned.

## **BILL—WORKERS' COMPENSATION. ACT AMENDMENT.**

### *Second Reading.*

Debate resumed from the 28th September.

**MR. WATTS** (Katanning) [5.32]: On a couple of previous occasions when amendments to the parent Act have been brought down by the Minister, at least substantial parts of the measures which he produced were considered worthy of the support of both sides of the House. I regret to say that on this occasion I cannot view the measure as coming in that category. The greater part of the Bill is directed mainly at increasing the work to be done by insurers in regard to giving policies of insurance to employers to cover their workers against injury. Whilst I admit that there is some necessity for policing the compulsory provisions of Section 10 of the Act, which are now, after a very long and quite unnecessary period, to be of some force and effect so far as the Act is concerned, the proposals of the Bill, at any rate to a considerable extent, go much too far. I would be quite prepared to agree—and to that end I shall support the second reading of the Bill—to the proposal for the vesting in some person, power to ask employers to produce their policies or cover notes. Beyond that I really see no necessity for the Bill.

As to the proposal to cause incorporated insurance offices to prepare lists of employers and employees and the other information contained in proposed new Section 10b, the effect would be greatly to increase the work which has to be done in insurance offices, with no necessary return as regards ability of the department to police the Act. It is highly necessary in this country just at present to take any action we can for the purpose of preventing premiums and the cost to industry of workers' compensation from rising. A reference to that aspect is made in the report of the Commonwealth Grants Commission. If we are to take the reports of the Commission as of considerable value in cases where it becomes necessary to increase taxation, then I suggest they should be accepted as of equal value in regard to their observations on workers' compensation and the cost of that insurance in this State. I refer to page 57 of the report, as follows:—

Our investigation of the provisions of the Workers' Compensation Act of Western Aus-

tralia leads us to conclude that the benefits conferred are on a much higher scale than those of the other States—

I admit that this is good policy, and I do not complain up to that point. I must read more of the report in order to state my case.

—and that this imposes a charge upon industry proportionately much greater than that imposed by corresponding Acts upon competitors in the other States of the Commonwealth. The liberality of the Western Australian Act in comparison with the Victorian Act is shown by a comparison of the premiums charged in each industry to insure workers. The rates are on the average twice as high as in Victoria. . . .

The report goes on to admit that rates may be higher partly on account of additional claims due to the provisions of the Act itself, but it adds that there is little prospect of an increase of secondary industries in Western Australia unless some of the charges upon those industries, imposed by statute and otherwise, are reduced. Accordingly there is no occasion whatever to enter-to-day into any proposition likely even in a small degree to increase the burden upon industry. The Minister is well aware that he is using such efforts as he can to enlarge secondary industry in Western Australia. I commend him for his efforts.

The proposals of new Section 10h are, in my opinion, unlikely to assist in the policing of the Act to any greater extent than the powers of the suggested inspector, or whatever the officer may be called, under an earlier part of the measure. However, the powers are to be increased considerably, as must be apparent from a careful perusal of them; and the work that will have to be done in insurance offices, and the returns that will have to be made, and the persons who will have to be employed—either additional persons, or those now engaged on overtime work, to do what is required—must increase largely. The only possibility arising out of this is increase of the cost to industry. It has been suggested to me that the real idea underlying the proposal is to give an opportunity for those concerned in the operation of industrial unions to know more about the business of employers who have to take out workers' compensation policies. I am disinclined to believe that that intention does lie behind the measure.

The Premier: Then why mention it?

Mr. WATTS: I may point out that many people who have considered this legislation

entertain that suspicion, as is evident from the fact that four or five of them have voiced it to me since last Thursday. I have replied to them that I am disinclined to hold that view; but the Minister may have to meet that contention in another place. Forewarned is forearmed, and possibly the suggestion is worthy of his consideration. I have furnished the Minister with some amendments I have in mind regarding this matter. I do not think the greater part of the Bill will assist much. I am prepared to give the Minister the power he wants of inspection over employers to see that they have policies in force. That is under the earlier part of the Bill. With the other reservations I have made. I shall support the second reading.

**MR. McDONALD** (West Perth) [5.41]: I propose to support the second reading of the Bill. Parliament has decided to implement the section by which insurance of this kind is made compulsory. It is done by Section 10 of the Act, which is expressed in very bald terms, simply setting out the principle. I appreciate that some measure of inspection is necessary to enable the operations of the section to be policed. It is not unreasonable, as proposed by the earlier part of the Bill, that inspectors—who are sworn to secrecy—should be able to investigate employers and ascertain whether the employees are covered by the necessary insurance. In that respect I have felt some concern at the comprehensive nature of the clause. The provisions in the Bill appear to me possibly to go rather beyond what is required for the purposes of inspection. The inspector is entitled to require the production of not only policies or contracts of insurance but any books, accounts, registers, records, documents or writings which are kept by or in the custody of any incorporated insurance company and which relate to the insurance of employees by employers under the provisions of Section 10 of the Act. The variety of documents and records to which the inspector has the right to resort appears large. I shall return to that aspect in a moment.

The second portion of the Bill refers to information being obtained by the inspector from the insurance company. I have no great objection to the insurance companies being called upon to give necessary information, but here again I am not satisfied com-

pletely that the powers of the inspector are not greater than should be required for the purposes of his office. I have been rather disturbed by the proposal of the Bill that every year the insurance companies should make out and furnish to the department returns not only of the names, addresses, occupations and other particulars of the employers but also of the names, addresses, occupations and other particulars of all the employees who are covered by insurance. According to the census of 1933, it would mean that every year the insurance companies would need to make out lists containing approximately 130,000 names. Those would be for the names, addresses and occupations, and, as the Bill says, "particulars." In 1933 employment was at a low ebb, comparatively; and probably if we took corresponding figures to-day it would mean that there would need to be recorded and sent in every year, under the Bill, perhaps 140,000 full names, occupations, addresses and particulars. That is an extensive job. My attention, like that of the member for Katanning (Mr. Watts), has been attracted to the remarks of the Commonwealth Grants Commissioners concerning the handicap of workers' compensation insurance costs in the establishment of industries in Western Australia, and in the competition of our industries with industries established in the other States. Some figures were given in the report as to the comparative cost per head of workers' compensation in this State and in the Eastern States. Speaking from recollection, I think it costs Western Australia 10s. 11d. per head for workers' compensation—the Minister will correct me if my recollection is wrong. A comparative list has shown that in this State we stood far above the costs in any other State and the costs in New Zealand for workers' compensation. The line went down in a steep spiral from the Western Australian figure until in some States the cost per head was a mere fraction, something like a quarter or a third, of the cost per head here. While I support adequate benefits and protection of workers against accident, I do feel that Parliament can easily place on the companies an additional burden which will mean increased cost in workers' insurance. The total cost, naturally, is made up of claims and administrative costs, plus any profit the insurance companies may make.

In this State workers' compensation is shown to have been cut to the bone as far as costs are concerned; in other words, if companies' losses in administration costs equal their premiums that is just about all they can do. If we impose added burdens and expense on companies, they must inevitably be met by an increase in rates and that again will react against our capacity to maintain our existing industries in competition with those of the Eastern States and will be against the prospect of establishing industries in the future. So I would like the Minister, when replying, to tell the House whether there has been any opportunity to consult the companies on this point, whether they have been advised as to what should be produced to an inspector to enable him to have a reasonable opportunity to find out what he wants to find out so as to be able to police the Act; and further, whether the insurance companies have expressed their willingness to furnish returns. Since the introduction of the Bill I have not been seen or even referred to by any insurance company. It may be that they are acquiescing in the Minister's proposals. They have not approached me in any way. I shall support the second reading and I am prepared to support any reasonable means for obtaining the required information from an employer and if necessary from the insurance company. But what I do feel concerned about is, first, the exhaustive description of documents and books that the inspector may call for, and secondly, the prospect of insurance companies every year having to incur the expense involved in compiling a list of 140,000 names.

**MR. SEWARD** (Pingelly) [5.48]: Briefly I desire to support the remarks of the member for Katanning (Mr. Watts) in drawing attention to the hardship the Bill is going to cause the average farmer. We must remember that the average farmer, while he may be a competent farmer, is not an accountant, and if we are to give effect to the numerous regulations that we are bringing in, he will have very little time in which to do his farming work. As pointed out by the member for Katanning, if the Bill becomes law the farmer will have to take the pay sheet for every employee during the year and show the

amount the employee was paid, and what would be more difficult, he would have to go to a contractor such as a chaff cutter and ascertain the number of his employees, the rates of their pay and the hours of work. Under the Act that was passed last year a farmer is rendered liable if the contractor fails to insure his men.

The Minister for Labour: That was not passed last year.

Mr. SEWARD: Perhaps it was not passed; at any rate, it was before this House. All the same, these numerous details constitute difficulties. I do not wish it to be thought that I am making excuses for evading workers' compensation; I consider the Act is a just one and should be given effect to, but more simply. For instance, a farmer could notify the department in writing that he had taken out his workers' compensation policy and give the name of the company. But if he is to keep a record of his various employees, he will not, as I have already said, have too much time to devote to farming operations. Again, there is a clause in the Bill which gives an inspector power to at any time enter premises and take possession of books. That too will be an inconvenience to some farmers. An inspector may visit a farm and it will mean that the farmer will be obliged to stop work to accompany the inspector to the house for the purpose of getting him the information that he is after. That again will be a hardship and so I see that there will be a continual cessation of work to attend to the requirements of the officers. The position could be met in an easier way than that proposed. I do not oppose the Bill, but an alteration should be made so that the results may be attained in an easier manner.

**THE MINISTER FOR LABOUR** (Hon. A. R. G. Hawke—Northam—in reply) [5.52]: Hon. members who have discussed the Bill have not I think, viewed it from important angles. The fear is expressed that some employers will be called upon to produce certain documents and that some insurance companies will be called upon to provide certain returns once in each year. The main object of the Bill is to assist the Government in ensuring that the maximum number of workers in industry will be covered under the Workers' Compensation

Act. Members seem to think that an army of inspectors will be appointed and that all the time they will be travelling from employer to employer and that it will be their duty and particular delight to call upon every employer to produce every document and book he might have for the purpose of carrying on his business, and that generally speaking this legislation will be used for the purpose of causing no end of inconvenience, trouble and expense to employers and insurance companies. Opinions of that description are completely overdrawn and they exaggerate to a great degree those things that will in fact happen when the Bill becomes law. First of all it has to be remembered that a great majority of employers insure their workers against accident. Every employer of financial standing does that because it is the law and because from his point of view it is the sensible and safe thing to do. Therefore we can safely remove from consideration 80 per cent. of the employers of the State. The remaining 20 per cent. it may be said adopt methods of avoiding their responsibilities under the Workers' Compensation Act and it is that small number of employers that will have to be dealt with under the provisions of the Bill. Perhaps the greatest number of employers who avoid their responsibilities under the Workers' Compensation Act may be found on the goldfields of this State. They may start to work a show and employ a few men or they may employ a fair number of men. At the same time those employers may not have any financial stability worth speaking of and do not bother about insuring their men. Then if any employee meets with a serious accident and he is not covered by insurance, he cannot obtain any compensation and, as the person employing him may be a man of straw, it will not be worth while instituting proceedings at law. Some provisions of the Bill appear to give a rather wide power of investigation to the inspectors to be appointed; but I point out that the very wide powers of investigation are essential when we are dealing with persons of the type to whom I have just referred, persons who will adopt any method for the purpose of avoiding legal responsibility and covering their workers with a policy of insurance against accident. The member for Pingelly (Mr. Seward) has taken an altogether unreasonable view in suggesting that the provisions of the Bill

will make it obligatory for farmers to keep a comprehensive system of accounts in the carrying on of their activities. The Bill does not say that any farmer shall keep any account or do anything more than he has been accustomed to do; it merely states that an inspector appointed under the provisions of the Bill shall have the right to demand the production of whatever books or accounts may be available.

Mr. Seward: And if he has not any?

The MINISTER FOR LABOUR: If a farmer has not a wages sheet or books or records, then he will not be able to produce them and he will not suffer any penalty.

Mr. Watts: Would not such farmers come under paragraph (i)?

The MINISTER FOR LABOUR: No. An inspector will have the right to demand whatever records or books are available and that it may be found necessary to scrutinise for the carrying on of the investigation.

Mr. Doney: But the demand would imply some penalty, would it not?

Mr. Watts: The farmer would have to keep records anyway.

The MINISTER FOR LABOUR: A farmer could not produce what he did not have, and he could not be penalised for not producing what could not be produced.

Mr. Marshall: Well, he produces wealth though he has no money.

The MINISTER FOR LABOUR: Any farmer whose employees were insured would have no difficulty in satisfying an inspector to that effect. The farmer whose employees were not insured would not be able to produce proof of their having been insured and any farmer failing to insure his men would be equally liable with any other employer. I think every member of the House would desire that any employer, irrespective of whether he be a farmer or a store-keeper, should be treated equally in that respect. Some concern has been expressed regarding the additional expense that will be imposed upon insurance companies by the passing of this measure. It is remarkable that whenever any legislation is introduced to deal with insurance companies in any shape or form, even to the slightest extent, the question of additional cost to the companies is raised.

Mr. Thorn: By whom is it raised?

The MINISTER FOR LABOUR: Usually by members sitting in reasonable proximity to the hon. member.

Mr. Thorn: That is all right; that is one way out of it.

The MINISTER FOR LABOUR: The preparation of the necessary returns by insurance companies, as provided for in the Bill, may entail some slight additional expense; but I would point out that the insurance companies transact this business during the year, and records are kept of the business so transacted. Every transaction of insurance under the Workers' Compensation Act carried out by a company is recorded. While the companies are so recording those transactions, surely it will not be difficult for them to make an extra copy or progressively to prepare during the year the statement that will have to be provided in a complete form at the end of the 12 months? I am convinced that not much additional work, and certainly not much additional expense, if any, will be necessary as a result of the provisions contained in the Bill. The returns we propose to ask the companies to provide will obviate a good deal of investigation on the part of inspectors, and will save employers from being worried and harassed by inspectors calling upon them and asking them to produce wages sheets and other books and documents. Probably the insurance companies doing workers' compensation business in Western Australia, including the State Insurance Office, already cover up to 90 per cent. of the employers of the State. If the particulars covering the insurance of those employers can be obtained, as they should be, in the systematic manner proposed in the Bill, there will be left for consideration by inspectors approximately only 10 per cent. of the total employers of the State. Thus the provision regarding the returns to be made available by the companies would seem to be necessary and helpful. I trust members will keep in the forefront of their minds the all-important objective that the Bill seeks to achieve, namely, that of ensuring that the benefits of the Workers' Compensation Act shall be conferred upon every worker in the State.

Question put and passed.

Bill read a second time.

*In Committee.*

Mr. Marshall in the Chair; the Minister for Labour in charge of the Bill.

Clause 1—agreed to.

Clause 2—New sections:

Mr. WATTS: I move an amendment—

That in line 1 of paragraph (a) of Subsection 2 of proposed new Section 10A, the words "at any reasonable time" be struck out, and that the words "between the hours of 9 o'clock in the morning and 5 o'clock in the afternoon of any day on which the premises are ordinarily opened for business" be inserted in lieu.

Those are the times during which an inspector would wish to call upon the employer.

The MINISTER FOR LABOUR: I can hardly believe that the member for Kataning is serious in moving his amendment. I think we had better leave the words "at any reasonable time" in the clause. The member for Pingelly pointed out that if an inspector were to have the right to call upon a farmer during the day-time to produce evidence that his workers were insured, the farmer would be spending more time producing evidence in regard to this, that and the other thing than on the real activities of the farm. So I hope I will have his support in resisting the amendment since, if it is carried, an inspector will not be able to interview a farmer except between the hours of 9 a.m. and 5 p.m.

Mr. Seward: He could call at lunch time.

The MINISTER FOR LABOUR: It would be undesirable to tie inspectors down to carrying out their inspections between the hours specified. I cannot imagine any inspector working at other than reasonable times.

Mr. WATTS: In moving my amendment I had in mind employers engaged in some form of business other than farming. In my innocence I failed to realise that the Minister's objectives were apparently directed more at those engaged in agricultural pursuits than at other employers. I submit, however, that it would be quite reasonable even in the case of a farmer to expect an inspector to attend the farmer's premises during decent hours. I know one inspector in a country town who arrived at 9 o'clock in the evening when the boss was working on his own and expected to be supplied with information as to what had been done with regard to wages and so on during the last couple of years. There can be no objection to an inspector's being asked to do his business in the ordinary working hours in which he is commonly employed.

[36]

Therefore I do not propose to admit that I am not serious in moving my amendment, as the Minister would like me to do.

Amendment put and negatived.

Progress reported.

## BILL—INDUSTRIES ASSISTANCE ACT CONTINUANCE.

Returned from the Council without amendment.

## ADJOURNMENT—ROYAL SHOW.

THE PREMIER (Hon. J. C. Willcock—Geraldton) [6.13]: I move—

That the House at its rising adjourn till 4.30 p.m. on Thursday next.

Question put and passed.

*House adjourned at 6.14 p.m.*

## Legislative Council,

*Thursday, 5th October, 1939.*

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

## ASSENT TO BILLS.

Message from the Lieut.-Governor received and read notifying assent to the following Bills:—

- 1, Plant Diseases Act Amendment.
- 2, Reserves (No. 1).
- 3, Swan River Improvement Act Amendment.
- 4, Geraldton Harbour Works Railway Extension.