

were never in question; and I am sure that his great services to the State made a name for him that will always be remembered.

**HON. C. G. LATHAM** (York): Will you permit me, sir, to associate myself with the reference by the Minister for Lands to the demise of a man who rendered great service to the State. I knew the late Mr. McLarty very well. He was loved by everybody in the country and, as the Minister pointed out, had a very difficult duty to perform. Nevertheless, he always did his best for the agriculturists, and at the same time remembered his responsibility to the Government and the State. We are aware that he laboured extremely hard, and there is no doubt that his strenuous work contributed to his early death. I take the opportunity of associating Country members with the remarks made by the Minister, because it is only fitting that we should acknowledge the great services rendered by the late Mr. McLarty.

**MR. McDONALD** (West Perth): I also would like to express on my own behalf and those associated with me on this side of the House, deep regret at the passing of Mr. E. A. McLarty. I had known him for many years. At one time I had occasion to interview him frequently, and became aware of his capacity, his integrity and his devotion to duty. He represented the best of our civil servants who give their time and energy unstintingly to the State. We are very sorry to hear of his death at a comparatively early age, and desire to tender to Mrs. McLarty and to his brother, Mr. Ross McLarty, who sits with us on these benches, our very deep sympathy.

*House adjourned at 9.20 p.m.*

## Legislative Assembly.

*Thursday, 7th September, 1939.*

	PAGE
Questions: Loan expenditure, Albany and neighbouring districts .....	547
Esperance pine plantation .....	547
Bills: Railway Level Crossings, measure .....	548
Swan River Improvement Act Amendment, 3A. Life Assurance Companies Act Amendment, 2A., Com. ....	548
Ministerial Statement: War-time legislation, Prime Minister's telegram .....	560

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

### QUESTION—LOAN EXPENDITURE.

*Albany and Neighbouring Districts.*

Mr. WATTS asked the Treasurer:—1, What total of loan moneys has been expended in this State for the five years ended the 30th June, 1939? 2, How much of this has been expended—(a) on the port of Albany; (b) in the balance of the Albany electoral district; (c) in the road districts of Plantagenet, Cranbrook, Gnowangerup, Tambellup, Broomehill, Kent, and Katanning?

The DEPUTY PREMIER (for the Treasurer) replied:—1, Loan expenditure, 1934-35, £2,784,185; 1935-36, £2,464,168; 1936-37, £2,193,117; 1937-38, £2,315,004; 1938-39, £1,698,111. 2, This information is not readily available, and as certain dissections are necessary it will be some time before a reply can be given. When the amounts have been ascertained, the question will be answered.

### QUESTION—ESPERANCE PINE PLANTATION.

Mr. SAMPSON asked the Minister for Forests:—1, Does he recall the passage of legislation whereby authority was given to establish a pine plantation at Esperance under the title of Esperance Pine Forest, Ltd.? 2, Is the scheme being continued? 3, Can he say what result has been achieved?

The DEPUTY PREMIER (for the Minister for Forests) replied.—1, Yes. 2, No. The area leased to the company has reverted to the Crown and the pine plantation has been placed under the control of the Forests Department. 3, About 500 acres of pines were planted, but the result has not been very satisfactory.

**BILL—RAILWAY LEVEL CROSSINGS.***Message.*

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

**BILL—SWAN RIVER IMPROVEMENT ACT AMENDMENT.***Third Reading.*

**THE MINISTER FOR WORKS** (Hon. H. Millington—Mt. Hawthorn) [4.35]: I move—

That the Bill be now read a third time.

I am prepared to supply the information requested by the Leader of the Opposition. The estimated number of men to be engaged, including the men employed in quarrying stone, the crew on the dredge, the shore gangs and the wallers is 80, and the average cost per man per week is £7 5s. The number of men engaged during the last month the plant was in operation was 83, made up as follows:—

- 20 quarrying.
- 13 at Mill-street depot.
- 4 on the grab.
- 5 on the dredge "Stirling."
- 3 on the launches.
- 38 on the shore.

The estimated cost of reclamation work to be done on the section shown in green on the plan is £38,500. The amount authorised for the current year is £20,000, but the actual expenditure during this year will depend upon the date on which the work is commenced. The monthly expenditure is approximately £2,000, of which 70 per cent. represents wages. The amount expended by the department between Mill Point and Mends-street is £19,126. This section is nearing completion. The total prime cost of the dredge "Stirling" was £45,786, which was charged to the special loan item "purchase of dredges and barges." Interest at 4 per cent. and sinking fund at  $\frac{1}{2}$  per cent. would amount to £2,060 per annum, but these charges are not debited to the reclamation works. Details of the expenditure by the South Perth Road Board have been supplied by the secretary of the board as follows:—Mill Point to Canning Bridge section, £12,861, including £4,803 for road construction. The estimated expenditure, exclusive of land

resumption, on the Mill Point-Manning Point section is £17,100, including £4,540 for road construction.

Question put and passed.

Bill read a third time and transmitted to the Council.

**BILL—LIFE ASSURANCE COMPANIES ACT AMENDMENT.***Second Reading.*

Debate resumed from the 31st August.

**MR. SEWARD** (Pingelly) [4.38]: I intend to support the second reading although, as indicated on the notice paper, I have a few amendments to move in Committee. As the Minister rightly pointed out, the chief opposition to the measure introduced last year was directed against its application to ordinary life assurance policies as well as to industrial life assurance policies. While the Minister hopes that time and education may be the means of eventually extending the operation of the measure now before the House to cover ordinary life assurance business, I point out that there is a big difference between the two forms of insurance, and that an Act of Parliament relating to the one cannot very well be made to apply equally to the other class of business.

Before dealing with that phase of the matter, I wish to direct particular attention to the urgent necessity, when passing legislation dealing with business companies that conduct operations in various States, of adopting uniform provisions so far as that may be possible. As members can well appreciate, companies, especially financial companies, operating in various States require periodical returns which are prepared every week or every month, and if the laws in the various States are not similar, it follows that an enormous amount of work is entailed and unnecessary expense is involved in collating the returns and segregating them in order to prepare the information necessary for the officials at the head offices of institutions such as life assurance companies, banks, etc. Therefore we should bear in mind that any legislation dealing with such companies should be uniform throughout the States. Another reason I advance for that necessity is that life assurance companies prepare tables set-

ting out the premiums payable on policies of various classes, and the amounts to be paid are carefully prepared and set out. When a person inquires about any particular benefits to be derived from a particular policy he is given the information, and also informed of the premiums payable under that form of policy. With differing legislation in the various States, the companies might have to prepare entirely different sets of tables for each State. That would mean added expense to the companies, expense that would be unjustifiable, especially when it is possible to secure uniform legislation affecting them all. These companies very often transfer their officers from one State to another. Officers so transferred have to forget the legislation under which they were working when in one State and learn the new legislation affecting the State to which they have been transferred. This also causes severe hardship to the companies, and is very irksome for them. It is something that could be avoided.

As was pointed out when legislation of this nature came before the House last year, the proper way in which to secure uniformity is by means of a Commonwealth law. The Federal Government, however, has not yet seen fit to legislate in respect to insurance matters. We, therefore, have to ascertain what other legislation is in existence bearing on the matter. Fortunately we have an example in the Victorian Act, dealing with industrial life assurance business and placed on the statue book in 1938. The legislation was the outcome of a very painstaking investigation into industrial life assurance business in all its phases by a Royal Commission that was appointed in 1938 by the State Government. This tribunal examined nearly 200 witnesses, inquired exhaustively into all phases of industrial life assurance work, and drew up a report, together with recommendations that were thought best suited to meet the difficulties of this class of assurance.

It is reasonable to suggest that, if we are going to revise our legislation, we should follow the Victorian Act as nearly as possible, unless some urgent reason can be advanced why we should depart from it. The Minister did not indicate that any sections of the Victorian Act were not applicable to the legislation appertaining to Western Australia. Whilst I admit the Bill now before us closely resembles the

Victorian Act, I point to one or two discrepancies to cover which I have placed certain amendments on the notice paper. Members will, I hope, accept the amendments, which will tend to bring the two measures as close together as possible. In an endeavour to achieve that object an added incentive is provided. It is reasonable to expect that the Commonwealth Government will eventually introduce legislation dealing with industrial life assurance work. If it finds that two States have passed similar legislation, based upon the latest inquiries, that in itself will carry considerable weight with the Government in whatever Federal legislation it brings down. Such legislation would lead to uniform practices throughout Australia, a very desirable object.

When introducing the Bill the Minister stated it was intended this year to cover only industrial life assurance business. As I have already stated, that was the main bone of contention last year, owing to the fact that the Bill then brought down applied to ordinary life assurance business as well as that affecting industrial assurance. I am pleased to have the Minister's assurance that this year the legislation will cover only industrial business. Although I have not consulted members on this side of the House, I am certain the Bill will meet with general approval, and the greater portion, if not all, of the opposition shown last year will disappear. There is a great distinction between ordinary life assurance work and industrial life assurance work. So that members may understand what, in many respects, is a highly technical business, I draw attention to one or two differences between the two classes of assurance. In ordinary assurance business dealing with human lives, and extending over long periods, the policies are paid at long intervals, probably every year.

The sums for which people insure their lives are often of large dimensions, in some instances running into many thousands of pounds. When premiums become overdue, the uniform practice of companies is to use the surrender value of the policies to keep them in existence on their books. By using the surrender value to its fullest extent, the companies can keep the policies alive for a lengthy period. In the case of an ordinary life assurance policy, as can be appreciated, the surrender value is of a con-

siderably greater amount than it would be in the case of an industrial life assurance policy. Industrial life assurance policies are taken out for comparatively small amounts. A man might insure for between £50 and £100. The premiums on such amounts would also be comparatively small, ranging from 6d. to 1s. per weekly instalment. Members can readily see, therefore, that the surrender value of an industrial assurance policy would not keep such policy in force for long. It is a moot point whether it would be better to keep that policy going on the surrender value or issue a paid-up policy. There is that big distinction between the two classes of business which necessitates keeping our legislation as far as possible applicable to one or the other, and not covering the two classes together.

As I have indicated, the Royal Commissioners in Victoria made a number of recommendations. One recommendation dealt with the definition of "industrial policy." For some reason the Bill now before us adopts part of that definition, but omits the latter part. If we were to adopt the definition of "industrial life assurance business" contained in the Bill, certain ordinary department policies would be brought under the legislation, and some industrial policies would be excluded from it. I hope that will not be done. It may be an oversight, because the Minister said, "We are excluding ordinary policies, and including only industrial policies." Under the ordinary assurance department there is a group policy, for which the premium is paid in less frequent periods than two months. If we simply say "any policy on which premiums are paid in less than two months," that would bring those ordinary department policies under the operation of the Bill. Contrariwise, there are industrial policies in respect of which, by reason of the situation of the people concerned, the payment of premiums is extended to a longer period than two months; and consequently those policies may be outside the operation of the Bill although still industrial policies.

Again, members will notice that the new section proposed in Clause 4 begins by stating—

Forfeiture of any policy, including industrial life assurance policies. . . .

Obviously, if that provision remains as printed, it means that both kinds of policies will be brought under the operation of the

Bill. Consequently I propose to move an amendment which will seek the elimination of that part of the clause which brings ordinary department policies under the measure. Before any industrial policy of less than three years can be forfeited for any default in payment of premiums, the Bill provides, a period of grace shall be allowed comprising four, eight and twelve weeks respectively for policies of less than one year, less than two years, and over two years. It is also provided that before forfeiture can take place, a further period of grace of 30 days must be allowed. That is an instance of throwing a burden either on the company or on the other policyholders, because if we allow days of grace for payments of premium which were not taken into consideration when the scale of premiums was drawn up, it follows that somebody must pay for that period of grace, no matter what the period may be, during which no premiums are being received but yet the policy is kept in force. It is well known that competition between the various companies is particularly keen. If companies can be compelled to give extra periods of grace—which, I repeat, have not been provided for in the drawing-up of the scale of premiums—then new tables will have to be drawn up for this State, or if any company can quote a slightly lower premium than its competitor, the latter will lose an amount of business. It must also be remembered that these days of grace are a considerable expense to the assurance companies concerned.

A further clause, one which I argued pretty exhaustively last year, dealing with forfeiture of policies provides that a notice must be delivered personally or else be sent out by registered post. The matter of these notices was given careful consideration by a Royal Commission which investigated the subject in Victoria. The Commission had before it two alternatives. One was to forfeit the policy when the premiums became overdue for a policy of four weeks—that relates to a less than a year policy—or eight weeks—being for less than two years—or twelve weeks—where the policy had extended over two years. The other alternative was to compel the companies to send out notices to the various policyholders drawing attention to the fact that the premium was overdue, and stating that if it was not paid within a certain time the

policy would be forfeited. The Royal Commission, having investigated this phase and having those two alternatives before it, reported as follows:—

It is at least questionable whether an obligation to give a notice before exercising a right of forfeiture should be imposed upon the companies. Such an obligation would undoubtedly cast a severe burden upon the companies without a corresponding advantage to policy-holders, because in our opinion the policy-holders who are not aware of the conditions relating to forfeiture of their policies are comparatively few.

That opinion expressed by the Victorian Royal Commission is one to which, I think, we should give careful consideration, especially at a time like this, when unfortunately we do not know what is before us but do definitely know that all financial companies will be compelled to exercise vigorous supervision over expenditure, because they do not know what additional expenses they will be faced with in the ensuing years over which the war may last. Consequently it is inadvisable to place any additional financial burden on them, particularly when there is no compensating advantage to be derived by the policy-holders, as the Royal Commission points out.

When considering the two alternatives, of sending out notices as provided or simply giving the definite period of grace, the Royal Commissioners say—

We consider that the provisions in the Insurance Act passed by the Parliament of the Irish Free State relating to forfeiture are preferable to those contained in the English Act of 1923, and constitute a reasonable and fair method of regulating the right of forfeiture now contained in the contracts of the companies.

As a result of the foregoing the days of grace—the four, eight and twelve weeks I have previously referred to—without the obligation to issue notices were recommended by the Royal Commission. The Bill under consideration includes both the days of grace and the notices. The Royal Commissioners were of opinion that the obligation to send a notice would cast a severe burden on the companies. I take it that if in addition it became necessary to send such notice by registered post, the Royal Commissioners would be of opinion that a still severer burden would be imposed on the companies without any corresponding advantage to policy-holders.

Dealing with the aspect of notices by registered post, I wish to bring to the attention of the House a case that occurred within the last few months. From this it appears that if a company sends out a notice by registered post, it involves an extra cost of 3d. Not long ago a constituent of mine came to me and told me that his wheat certificates, which had been sent out to him in the ordinary course of business, were sent by registered post. His niece was in the habit of calling at the post office for letters, and collected a wheat letter together with other letters, but unfortunately lost on the way home the registered letter containing the wheat certificate. Although the event happened two months before I saw the man, the registered letter has not been found. The wheat certificate is a negotiable document, and it will readily be seen that the man was placed in a most unfortunate position.

Mr. Watts: Had the niece authority to sign for registered letters?

Mr. SEWARD: I immediately took up the matter with the Federal authorities, who replied stating that an extra charge of 3d. was necessary to ensure the letter being given only to the addressee. This would mean a total charge of 8d. for ensuring that the registered letter reached the desired quarter. Otherwise any member of the family could simply go into the post office and sign for a registered letter, and there would be no responsibility on the postal department. That astonished me, because I think, and most people think, that if 3d. is paid to register a letter there is some guarantee that that letter will reach the proper person. However, according to the ruling of the Postmaster General, if it is desired that the addressee should sign for the letter, one must pay an additional fee of 3d., or 8d. in all. That is necessary to ensure that the letter reaches the proper person. We have figures showing the large number of industrial policies that have lapsed; and it is plain that if the companies are to pay 8d. per letter for each person threatened with forfeiture of a policy, they will be bearing a heavy additional financial burden.

The next phase I shall touch on has reference to guarantees that in some instances are required for the agents of a company.

I am in entire accord with the Minister in his desire to prevent people from being taken down as a result of guarantees that they have signed. No one would tolerate that practice. On the other hand, I am doubtful if we shall overcome that difficulty successfully by compelling an agent to take out a fidelity bond. I regard as unthinkable that a person would accommodate anyone who happened merely to ask for a guarantee. If a person signs a guarantee regarding the bona fides of a particular person, surely the guarantor must have an intimate knowledge of the person guaranteed, or have reasonable grounds for supposing that the individual will live up to his obligations. To suggest that a person would sign a guarantee for no specified amount or period is something I cannot comprehend. Rather than do anything that would tend to prevent people from signing guarantees, we should encourage them to do so, but we should instil in them a sense of responsibility that would prompt them to read through the documents before attaching their signatures. Unfortunately, many companies do secure the signatures of people to documents without the signatories taking cognisance of the responsibilities they are to undertake. Rather than do away with guarantees, it would be well to amend the Companies Act and prescribe the type of commercial document to be used in such business dealings. Under existing conditions anyone can draw up what he regards as an adequate document and, if it is signed, the document has the force of law behind it. That is wrong in principle, and an amendment of the Companies Act in that direction is urgently necessary. I would certainly prefer that course instead of preventing people from signing guarantees.

Members must appreciate the fact that a guarantee implies a personal recommendation quite apart from the financial aspect. Such a document is a recommendation for the person guaranteed and implies that he is a fit and proper person to undertake certain business or fill a specified position. Consequently, every guarantee has a two-fold meaning. Again, during the last six years or so, many people, unfortunately, have lost their employment and find difficulty in securing work. Their task is easier if they are able to secure a guarantor than if they are required to take out a fidelity bond. This phase was investigated

by the Victorian Royal Commission, whose report contains the following:—

Some of the smaller companies deduct the sum of either threepence or sixpence per week from the agent's earnings as "guarantee premium." The agent has no claim for the return of the amount so deducted either during the continuance or after the termination of the agreement. The companies making this deduction did not justify the practice. These payments, although small in amount, are a cause of irritation to the agents of these companies, and this practice should be discontinued.

There we see that the Royal Commission preferred the guarantee system rather than that an agent should be compelled to take out a fidelity bond. The only other matter to which I shall refer represents another slight departure from the Victorian legislation. The Bill seeks to empower the Governor-in-Council to make regulations. The Victorian Act provides that the Governor-in-Council shall exercise that power after consultation with the Minister and the Government Actuary. I shall probably move an amendment to incorporate the Victorian provision in the Bill, and I hope my suggestion will be approved by members. I trust the Bill will be confined to industrial assurance matters and that the two clauses that have relation to ordinary life assurance policies will be deleted when the measure is considered in Committee. With those alterations, the Bill will have my support.

**MR. BOYLE (Avon)** [5.5]: Needless to say, the Bill has my support, for it is long overdue. Last year the Minister introduced legislation along rather more extended lines and I am glad that he has now restricted the Bill to industrial assurance. Similar legislation exists in Victoria and, apart from the clauses to which the member for Pingelly (Mr. Seward) has drawn attention—exclusion from the Victorian Act is hardly a valid reason for their exclusion from the Bill before members—I commend the measure to the House. I have had considerable experience and am able to express the opinion that industrial assurance is based on a very sound principle. Ostensibly, the object is to enable the poorer section of the community, for whom the higher forms of life assurance are beyond their means, to protect themselves to some extent. To indicate that the degree of protection is small, members have merely to refer to the "Commonwealth Year Book" for

1938 to ascertain that for the previous year the average value of an industrial assurance life policy was £23 and of an endowment policy, £46. This form of assurance is essentially for poor persons. On that account we must protect people who cannot protect themselves. They are subjected to very strong, highly-trained selling pressure. To require that such people shall read the conditions governing the policy—the conditions are mainly printed in small type and not conspicuously displayed or well set out—is to ask much of the average human being. There are several insurance agents in my district. They are good, honest men who are battling for their living. I would not associate them with any dishonest act. Conversing with one of them, I was informed that the agent's business was to sell insurance and not to point out defects in the policy. That emphasises my point that the duty devolves upon us to protect people against themselves. The section of the community mostly affected by the highly-trained, selling pressure of assurance agents is the poorer people, and it is our duty to protect them. The same position arises with regard to persons in receipt of low wages. The agents make attacks upon the susceptibilities of mothers who wish to make some little provision for their children as they grow up. We should make certain that they get a fair spin, and the Bill goes a long way in that direction. The value of industrial life assurance policies discontinued is simply appalling. If there is one form of business that I believe should be socialised, it is industrial life assurance. I am really of the opinion that the proper solution of this problem is some form of social security. Quoting from my previous authority, in 1937 policies to the number of 63,000, with an insured value of £2,224,000, were discontinued; the number of surrendered policies was 13,124, with an insured value of £604,000; forfeited policies numbered 181,817, with an insured value of £8,563,000; and policies transferred numbered 134, with an insured value of £6,980. Of the total sum assured, £11,414,000, not less than £8,500,000 represented forfeited policies. Presumably, no surrender value was paid on the forfeitures. The majority of industrial life assurance policies are those which carry a premium rate of 1s. and 2s. per week. I may be rather presuming on your memory, Mr. Speaker, but you may

recall a statement I made when discussing the Bill brought down last session. I then said that the average industrial life assurance policy was loaded—not loaded in the insurance sense, but loaded against the person taking out the policy. If the premiums fall into arrears and remain so for four weeks, the policy is liable to forfeiture. Evidently as a result of the findings of the Victorian Commission, I notice that insurance companies in this State, at all events, have lengthened the period, making it 12 weeks. This presumably was done without consultation with the persons insured. It certainly is an admission that the period of 28 days was altogether too short.

The member for Pingelly (Mr. Seward) mentioned the matter of guaranteeing agents. I am sorry to see that he has on the notice paper a notice of motion to delete from the Bill the particular clause dealing with this matter. In my opinion, the clause is a good one, because it follows word for word an amendment that I moved last year. Therefore, it has the advantage of being a sound clause. Why the member for Pingelly should wish to delete it I cannot understand. More than one member of this Chamber have memories of called-up guarantees, and a fellow-feeling makes us wondrous kind. I maintain that these companies have no right whatever to impose on the economic condition of a person seeking employment with them; they should not force him to get his friends to enter into a bond making them liable to pay any sums in respect of which he may be in default with the company. It would be just as reasonable to force a road board secretary to go to his friends and obtain a bond to pay any moneys for which he might not account. The argument used by the companies is that they have no control over their agents who are remote from their head offices. What niffle! Scores of business agents scattered throughout the length and breadth of Western Australia are guaranteed by fidelity companies. No business firm in Perth expects an agent to obtain a bond from his friends. These firms do the right thing: they go to an insurance company and take out a fidelity bond. Members will find, upon referring to our reliable Year Book, that in 1937-38, guarantees given by insurance companies in Australia amounted to £5,515, while the claims paid under such guarantees amounted to only £223, an infinitesimal

tesimal sum. Why cannot some of the life assurance companies do what the A.M.P. Society does, that is, provide their own fidelity insurance? The companies to which I refer, however, would rather take advantage of unfortunate people in urgent need of employment, and compel them to obtain guarantees from their friends. A guarantee for what period? For six months? Certainly not. The guarantee is a continuing one; no time limit is fixed. A person may enter into such a guarantee, say, for £50, and if the agent spends 40 years in the service of a company, the guarantor, or his heirs and assigns, remain responsible to the company, to the wealthy company, to such a company as can erect a building 160 ft. high in the city of Perth—a monument to the profits that can be made out of industrial assurance.

Hon. C. G. Latham: Would that building be erected out of profits?

Mr. BOYLE: It would not be built out of losses. Insurance, both fire and life, is the most profitable business in the world. I was told by a gentleman in Perth that a building costing over £50,000 had been erected by an assurance company out of profits earned in this State. These companies should not be called assurance companies if they cannot assure themselves against losses caused by agents' defalcations. These companies do not make losses.

Hon. C. G. Latham: The companies erect buildings out of the proceeds of the investments of the premiums they receive.

Mr. BOYLE: Yes. My point is that industrial life assurance must be extremely profitable, otherwise the companies would retire from the business. Some two or three years ago I was in Sydney and saw a building that cost over £500,000 which had been erected by a life assurance company that had not been in business for more than 12 years.

Mr. Needham: They are not philanthropists, are they?

Mr. BOYLE: I have no quarrel with people who band themselves together and form these organisations. They are called mutual organisations, but the mutuality does not extend to the people who make it possible for the companies to earn such huge profits. This Bill seeks to protect those people. Again referring to the question of guarantee, I do not know of a single instance where, in the case of default, a

detailed statement has been rendered to the guarantor. A person who has been so unlucky or stupid as to sign a bond, usually receives an intimation that agent So-and-so is behind in his account, and a request to call at the office and discuss the matter with the manager. The discussion usually ends in an abrupt demand for payment of the amount owing.

The Minister for Mines: I was told that the agent would be at Roe-street the next morning.

Mr. BOYLE: As I just said, a fellow-feeling makes us wondrous kind. The Minister may be an example; I do not know whether he is or not. I certainly intend to oppose any attempt to delete from the Bill the clause to which I have referred. The measure provides protection for people who should be protected from themselves. Many a member of this House has probably had the experience of receiving a call from a constituent accompanied perhaps by his wife and two children, and the member has come to realise that upon his action the employment of that man will depend. Such a responsibility should not rest upon anybody other than a fidelity bond company. I intend to support the measure. I will pay the Minister this compliment—though I do not know whether he desires to receive compliments—that I see no clause that should be either amended or deleted. Consequently I propose to support the Bill in its entirety.

MR. McDONALD (West Perth) [5.21]: I propose to support the second reading of the Bill. Last year I supported a similar measure, so far as it applied to industrial assurance, and I am still of the same opinion. I am not able to agree with some of the remarks made by the member for Avon (Mr. Boyle). In Australia, the life assurance companies are nearly all mutual, and when we see a big building belonging to one of these companies—as we very often do—we have to remember that the building does not represent profits, because nobody receives any profits from such companies except policy-holders. They are the owners. Such a building might be a very magnificent structure, erected at a cost of half a million pounds, but it merely represents the investment of the moneys that the company holds in trust for distribution in due course when policies mature by death or by the policy-



holders reaching the endowment age. As this appears to be an occasion for recalling personal experiences, I may say, in relation to the profits of assurance companies, that 25 years ago I was induced to take some shares in what is called a proprietary assurance company. As a shareholder and a policy-holder, I suppose I have received an average of  $1\frac{1}{2}$  per cent. per annum on my investment for the past 25 years. If anybody likes to buy my shares in that company for a third of what I paid for them, I shall be prepared to sell them.

Mr. Warner: You can never tell where they may be caught!

Mr. Cross: How much do the companies put into reserve?

Mr. McDONALD: I have never received any vast profits out of assurance companies. As I previously stated, the overwhelming preponderance of life assurance companies in Australia are conducted on a mutual basis, with no shareholders and no profits disbursed except to policy-holders. Like the member for Pingelly (Mr. Seward) I feel that, having had guidance of an authoritative character from the Royal Commission in Victoria that carefully considered all phases of industrial assurance, and made recommendations as to a suitable type of legislation, we should adopt the recommendations of that Commission, just as the Victorian legislature did. I therefore propose to join the hon. member in asking the Minister to accept the amendments suggested, so that the legislation may be brought into line with the Commissioner's recommendations.

The matter of guarantees for those applying for positions with insurance companies I do not propose to take seriously, one way or the other. Compared with the rest of the Bill, that provision is not of first importance. Nevertheless, I have some sympathy with the views of the member for Pingelly, for the reasons given by the member for Avon, who pointed out that companies in Western Australia in one year received £5,000 in premiums and paid out £200 in losses. It seems to me that the Minister's clause regarding fidelity bonds will make all those people who are employed by insurance companies pay premiums to fidelity companies, and those premiums will far outweigh the amount of losses that might be sustained by their defalcations in any year. On the same ratio, these collectors and clerks would be paying £1,000 by way

of premiums to cover losses equal to £50. Looking at the matter by and large, it is far better to allow a private guarantor to bear that comparatively trifling loss rather than to relieve him of the loss and place a far greater burden on the shoulders of the people employed by the companies.

Mr. Tonkin: I suggest that you advertise the fact that you are prepared to guarantee somebody.

Mr. McDONALD: I suppose I have guaranteed as many people as most other members, and in relation to fidelity guarantees, perhaps I am a better judge than other people. Maybe I have had better luck than some, but the fact is that I have never yet been called upon to pay a fidelity guarantee.

Mr. Stubbs: You are lucky.

Mr. McDONALD: Taking the matter by and large, and considering the number of private guarantees given for fidelity—I am not speaking of overdrafts—I think it will be found that the proportion who do fall in, and consequently suffer hardship, is comparatively small.

Mr. Tonkin: Apparently there is not much necessity for a guarantee at all. If the proportion is so small, the companies should be able to carry the losses.

Mr. McDONALD: There is something in that argument. At the same time, consider people who are guaranteed by fidelity companies. Such companies would not give a fidelity guarantee until they had made a careful investigation to assure themselves that there was little likelihood of the individual guaranteed making default. So they have a fairly favourable loss ratio. A private individual might give a guarantee because the man seeking it is badly in need of a job, and for that reason the guarantor might be prepared to take a risk. Although I am not worried about the matter one way or another, I think that by accepting the clause we will make it harder for people needing jobs to get them, and put them to more expense than if we allowed them to produce a guarantee from some firm or relative prepared to run the risk.

The Minister for Mines: There is a possibility that some friendships will be broken.

Mr. McDONALD: Yes, but friendships are ended for various reasons, and we cannot consider that aspect of the matter. If the Minister has his way with this clause, the assurance companies will not be affected,

but hardship will be inflicted upon people who find assurance canvassing a means by which they may relieve their distress in periods of unemployment. The fact has to be borne in mind that when an employee is engaged by an institution on a permanent basis, and is under the direct control of the employer, that employer might be prepared to take a risk. But assurance companies are in the habit of engaging a large number of collectors over whom they have no direct control. Consequently, when a man applies for employment, they are likely to say, "We do not know anything about you. You say you are in need of work, of some means of earning a living. Very well, we will employ you if you provide a guarantee that we shall not sustain any loss." It is not a matter of great importance.

**HON. C. G. LATHAM** (York) [5.30]: I intend to support the second reading of the Bill though I am not sure we will be able to do much with it. I have given a good deal of consideration to industrial policies, and find that generally they are policies covering the lives of young people—children mostly. I should say that in all probability the seller of insurance would take advantage of the opportunity to induce willing mothers to insure their children; then at the end of 15 years, the period at which they could collect, they would find that they had very little more to receive than the sum they had actually paid in. For instance, if they paid in a shilling a week they would have not much more to receive than about 30s. above what had actually been paid. I do not altogether agree with what has been said; some statements that have been made appear to me to be rather extravagant. Assurance companies must invest their money, otherwise they cannot earn bonuses for their policy-holders. Proprietary assurance companies, I think, are governed by mutual companies. Take the A.M.P., which is conducted purely for the benefit of policy-holders. It pays no profits to shareholders. We must remember, too, that in Western Australia, and in the other States as well, the companies have invested a great deal of their money in farming properties, and we are aware also of the losses that they have made and are likely to make.

Mr. Boyle: The A.M.P. Society has £800,000 invested in farms in this State.

**Hon. C. G. LATHAM**: That is a fairly big sum. The whole question must receive serious consideration when legislation is introduced to provide relief for the farmers. While we may say that the companies make big profits, I doubt whether those profits really are so great. True, the companies have erected big buildings in the capital cities, but they are built as investments, and as such earn income to enable the companies to pay bonuses and dividends to shareholders, in the latter instance the companies that happen to be proprietary.

The Minister for Mines: They pay big bonuses.

**Hon. C. G. LATHAM**: I have not been fortunate in that respect; probably the Minister has drawn dividends. I speak authoritatively when I say that the bonuses paid by the companies are not high. I have no wish, however, to advertise any of the companies.

The Minister for Labour: Have you a policy with the company of which the member for West Perth is a shareholder?

**Hon. C. G. LATHAM**: I repeat that bonuses are not high. We know that when the proceeds of a policy are paid to a person attaining a ripe old age, the profit for the insured is considerable. A man may insure his life for £500 and if death occurs at an advanced age the beneficiaries may receive £1,000. If we work that out we will find that the bonuses are not very great. Of course I know that insurance has its advantages, but in the case of children it would be more profitable for the parents to pay the shilling a week into a savings bank, though in such a case the temptation would always be there to withdraw the money. With an insurance company, however, it would not be possible to take it out.

The Minister for Labour: There might also be the greater temptation not to put it in a savings bank.

**Hon. C. G. LATHAM**: I agree with that, too, but I think what is proposed will probably discourage that. At the same time it might be found that a person, instead of getting a return of his capital within 15 years, might have the term extended to 20 years. Regarding the clause dealing with guarantors, we are always offering to introduce legislation to protect the fool against himself. There are companies trading in this State that are fortunate indeed to be able to carry on operations in the

way that we know some are doing. They go out into the country and take from people money that is never likely to be returned.

Mr. Thorn: Robbing them every day.

Hon. C. G. LATHAM: The member for North-East Fremantle (Mr. Tonkin) brought under our notice an instance of this character a couple of years ago. There are companies that are operating and should be stopped by legislation.

The Minister for Labour: Tell us what you are referring to.

Hon. C. G. LATHAM: The Minister could have prevented what occurred and what is actually occurring now. I would blame the Government, Mr. Speaker, if you would permit me to do so, but I know that you will not. The Minister is well aware of what is going on.

The Minister for Mines: What is going on?

Hon. C. G. LATHAM: The Minister knows. Does he want me to violate the Standing Orders? I am surprised at him. An opportune time may, however, arise when it may be possible to refer more fully to what is occurring. Then we shall be able to test out the Government and see whether it is prepared to protect the fool against himself. Reverting to the question of guarantees, a good type of individual may come along and find that the only position offering is that of selling insurance. The man may be quite unknown to a company, and the company will probably say, "We can give you a job." We are aware that quite a number of people, as well as companies, will offer jobs to any person if it is thought that that person can bring in business. The position is readily offered, especially when it is known that the companies do not have to carry any responsibility. Many men have been employed in this way, but some of them earn much below the basic wage. They are able to get a job because someone is prepared to guarantee them. I have always considered that insurance companies exist to carry such risks, and I would prefer to pay a premium for a man for a couple of years, if necessary, covering a limited amount, to carrying the responsibility myself. On one occasion I was foolish enough to guarantee a man, but I was not caught. This discussion reminds me of a man who

lent a friend £5 and the amount was repaid. Later the borrower again applied for a loan of £5, but the man of means replied, "No, my man, you disappointed me on the last occasion." "But," pleaded the borrower, "I repaid the first loan." "Yes," was the reply, "but I did not expect you to do so." I considered the risk a fair one and was not let down, but the better course is to take out a fidelity bond. This legislation is really designed to protect a foolish man against himself and for that reason I have no objection to it. I hope the Bill will be passed. Probably it will have the effect of saving people who almost complete the payment of their premiums from losing their money, and I am anxious that anybody should have a reasonably fair run for his money. As the measure will give such people a better chance, I support the second reading.

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—Amendment of Section 3:

Mr. SEWARD: I move an amendment—

That to the definition of "industrial life assurance policy" the following words be added:—"and are contracted to be received or are usually received by means of collectors of the company which issued the policy."

The amendment will bring the Bill into line with the Victorian Act, will exclude certain ordinary policies, and include some industrial policies that otherwise would be excluded from the measure.

The MINISTER FOR LABOUR: I do not oppose the amendment. If the words proposed to be added limited the definition of an industrial policy to those on which the premiums are collected by collectors, I would oppose it. A number of people in country towns do not have visiting agents and have no opportunity to pay their premiums to collectors. The amendment stipulates policies on which the premiums are usually collected by collectors, and therefore will not exclude any policies that we desire to cover.

Amendment put and passed; the clause, as amended, agreed to.

### Clause 3—Insertion of new sections:

Mr. SEWARD: I move an amendment—

That in paragraph (a) the following words be struck out:—"and due notice has thereupon been given as provided for by paragraph (a) of Subsection (1) of Section fifty-eight A of this Act and default has occurred as provided by paragraph (b) of the said subsection."

The Royal Commission was faced with the problem of finding the best means of dealing with the policies, and fixed a period of four weeks' grace for a policy that had been in force for less than one year. This course was adopted in preference to requiring the companies to send out notices to policy-holders. In view of the figures given by the member for Avon, the sending out of notices relating to the large number of policies forfeited, particularly as many are forfeited in the first few weeks of their currency, would entail great expense to the companies without conferring any benefit on the policy-holders. The Royal Commission said that the number of policy-holders not aware that the non-payment of premiums rendered their policies liable to forfeiture was negligible, and considered that the best method of conserving the rights of policy-holders was to give them this period of grace. There is no need for us to include both alternatives.

The MINISTER FOR LABOUR: This amendment, together with two others of which notice has been given by the member for Pingelly, is preliminary to a proposal for the deletion of Clause 4. I, therefore, oppose it, because I desire that policy-holders shall receive proper notice of intention to forfeit their policies before that is actually brought about. Were the amendment agreed to, we would be obliged to strike out Clause 4. The result would then be that companies would be under no obligation to forward a notice of intention to forfeit any policy on the ground that premium payments were overdue. The forwarding of notices of intention to forfeit policies is a very vital part of this legislation. Because the Royal Commission did not recommend it is not sufficient argument why it should not be included in this measure. The principle has operated in Queensland ever since the legislation in that State came into force, and assurance companies there have accommodated themselves to it. They send out notices of intention to forfeit policies before they are

in a legal position to exercise forfeiture, whether in connection with industrial or life assurance business.

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

Ayes .. .. .	7
Noes .. .. .	24
Majority against ..	17

AYES.	
Mr. Abbott	Mr. Thorn
Mr. Mann	Mr. Watts
Mr. McDonald	Mr. Doney
Mr. Seward	

(Teller.)

NOES.	
Mr. Boyle	Mr. Nulsen
Mrs. Cardell-Oliver	Mr. Panton
Mr. Coverley	Mr. Sampson
Mr. Fox	Mr. Shearn
Mr. Hawke	Mr. F. C. L. Smith
Mr. J. Hegney	Mr. J. H. Smith
Mr. Holman	Mr. Styants
Mr. Hughes	Mr. Tonkin
Mr. Johnson	Mr. Triat
Mr. Lambert	Mr. Willmott
Mr. Leahy	Mr. Withers
Mr. Millington	Mr. Cross

(Teller.)

AYES.	PAIRS.	NOES.
Mr. Hill		Mr. Wilson
Mr. Latham		Mr. Willcock
Mr. McLarty		Mr. W. Hegney
Mr. North		Mr. Needham
Mr. Patrick		Mr. Wise
Mr. Stubbs		Mr. Raphael

Amendment thus negatived.

Clause put and passed.

Clause 4—Insertion of new Section 58A.

Mr. SEWARD: I move an amendment—

That the words "forfeiture of any policy" at the commencement of proposed new Section 58A be struck out.

Hon. C. G. Latham: The hon. member would gain his object if he moved to insert the word "industrial."

The MINISTER FOR LABOUR: If this amendment were carried the balance of the clause would not make sense. I shall not agree to the deletion of other than industrial policies from this clause, for it is the only one in which they are brought in. We desire to make it compulsory that assurance companies shall give notice of forfeiture to holders of all types of policy before the policies can legally be forfeited. The clause should provide that industrial policies shall be covered by notice of forfeiture, and that other than industrial policies shall also be covered. Assurance companies will then send out notices of intention to forfeit other than industrial policies, seven days before the due date for

the payment of premiums. The clause provides that notice of intention to forfeit other than industrial policies shall be sent out on the date when the premiums become due. I understand the present practice is to send out such notice of intention to forfeit in connection with other than industrial policies seven days before the premium becomes due. The Bill proposes that such notices shall be sent out on the day on which the premium is due. I am prepared to alter the clause to meet the present practice of companies by providing that notice of intention to forfeit shall be sent out seven days before the due date for the payment of premiums, and that policy holders shall be given 30 days in which to pay the premiums due. That will coincide with existing practice, and in effect give to policy-holders other than industrial policy-holders something a little better than they receive to-day—the 30 days now provided, plus an additional seven days.

Mr. WATTS: The member for Pingelly has not, I believe, arrived at the amendment he really desires. The carrying of the amendment before the Chair would reduce the clause to nonsense. I should like to know more about the suggested alternative proposal of the Minister. Will the hon. gentleman either report progress or postpone the clause, so that there may be a possibility of agreement on the subject? Assurance companies cannot be asked to give notice of industrial policies which have been in existence for only a very short period and have become forfeitable for non-payment of premiums. The existing practice should continue. My experience is that reputable companies promptly send out notices in advance of date of forfeiture. My wish is if possible to agree with the Minister's proposal.

Mr. SEWARD: I should like to investigate this matter a little more thoroughly, and I ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

The MINISTER FOR LABOUR: I have no objection to postponing the clause. Meantime I shall have my contemplated amendment placed on the notice paper. However, I wish it clearly to be understood that the Government does not propose to delete other than industrial policies

from Clause 4. We propose to insist that all classes of policies shall come under Clause 4, which provides for notice of forfeiture. I move—

That the further consideration of Clause 4 be postponed.

Motion put and passed; the clause postponed.

Clause 5—agreed to.

Clause 6—Insertion of new section 60A; Bonds, guarantees, or other securities not to be required from employees of company:

Mr. SEWARD: This clause should be deleted, for reasons I gave on the second reading.

Clause put and passed.

Clause 7—agreed to.

Clause 8—Insertion of new section; Regulations:

Mr. SEWARD: I move an amendment—

That after "Council" in line 1 of the proposed new section the words "after consultation by the Minister with the Government Actuary" be inserted.

This is essential. The proposed section deals with a highly technical matter, in which the Government Actuary's assistance would be most necessary.

The MINISTER FOR LABOUR: That the amendment has been moved out of a spirit of abundant caution, must be clear to every member.

Hon. C. G. Latham: You must realise there will be other Ministers.

The MINISTER FOR LABOUR: We hope not. The amendment will not achieve any result beyond legally compelling the Minister to consult with the Government Actuary before regulations are submitted to the Executive Council for approval. The Minister and the Actuary might disagree about some phrase of the proposed regulations.

Mr. Doney: That would merely demonstrate the need for caution.

The MINISTER FOR LABOUR: No; rather its ineffectiveness.

Mr. Styants: And the futility of it.

The MINISTER FOR LABOUR: Yes. The Minister would obviously consult the Government Actuary on technical matters respecting which regulations were to be framed. If a Minister were desperate and determined, all he need do to comply with the amendment would be to consult the Actuary and then totally disregard that offi-

cer's recommendations. The amendment is unnecessary. In actual practice it will not achieve any result, but is likely to set aside the unjustifiable fears of some people in the insurance world—there is no necessity whatever to get excited about the matter—I shall not object to it.

Mr. WATTS: I move—

That the amendment be amended by striking out all the words after the word "after."

An abundance of caution, to which the Minister referred, might be necessary if some other Minister were in office. I can understand the necessity for some superintendence by the Government Actuary respecting regulations dealing with technical insurance details. My intention is to move for the insertion of the words "obtaining the approval of the Government Actuary."

The Minister for Labour: That would make him, in effect, the Government.

Mr. WATTS: The member for Pingelly drew attention to the position that could arise.

The Minister for Labour: A new form of Hitlerism!

Mr. WATTS: Some such provision should be included because the Minister has pointed out that although the Government Actuary may be consulted, no notice need be taken of his views, although he is the officer appointed to advise Governments on statistical and actuarial matters. In view of the Minister's remark, I shall propose the insertion of the word "recommendation," not "approval."

Amendment on amendment put and negatived.

Amendment put and negatived.

Clause put and passed.

Clauses 9, 10—agreed to.

Progress reported.

## MINISTERIAL STATEMENT—WAR TIME LEGISLATION.

### Prime Minister's Telegram.

**THE DEPUTY PREMIER** (Hon. H. Millington—Mr. Hawthorn): Before we conclude to-day's sitting I desire, with your permission, Mr. Speaker, to make available to the House the contents of a telegram received from the Prime Minister, which will supplement the information that I gave the

member for Mt. Magnet (Mr. Triat) yesterday. The telegram reads—

Commonwealth Government would greatly appreciate if your Government would defer price fixation legislation and action pending matter being discussed at conference of Commonwealth and State Ministers in Canberra this week. You have no doubt seen the announcement that Commonwealth Government proposed taking immediate action and desired to co-operate fully with State Governments. You will appreciate it is essential that principles and procedure should be uniform.

In view of the interest taken in this question, I deemed it advisable to make that information available to members.

*House adjourned at 6.15 p.m.*

## Legislative Council,

*Tuesday, 12th September, 1939.*

	PAGE
Assent to Bill .....	560
Question: Government Departments, appointments, and expenditure on plant .....	560
Ministerial statement: War between Britain and Germany .....	561
Bills: Geraldton Harbour Works Railway Extension, 1R. ....	570
Swan River Improvement Act Amendment, 1R. ....	570
Marketing of Eggs Act Amendment, 1R. ....	570
Testator's Family Maintenance, 1R. ....	570
Guardianship of Infants Act Amendment, 1R. ....	570
Factories and Shops Act Amendment, 1R. ....	570
Motion: Metropolitan Milk Act, to disallow regulation .....	561
Adjournment: Special .....	570

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 Supply Bill (No. 1), £2,500,000.

## QUESTION—GOVERNMENT DEPARTMENTS.

*Appointments, and Expenditure on Plant.*

Hon. A. THOMSON asked the Chief Secretary: 1, How many appointments have been made since the 1st April, 1939, to the Public