

Hon. C. G. LATHAM: I move an amendment—

That paragraph (i) of Subclause (4) be struck out.

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

Clauses 57 to 61—agreed to.

Clause 62—Dentists to be exempt from serving on a jury.

Mr. HUGHES: Why this exemption? Some people regard jury service as a privilege, but many view it as an irksome obligation. Exemption is restricted to a limited section. A business man in a large way for serving on a jury receives a fee utterly inadequate in his case.

Mr. Sampson: A dentist cannot put on a casual hand.

Mr. HUGHES: Exemption for a good reason can be obtained from a judge. Every time a class is exempted, the burden of duty becomes heavier for members of the public liable to serve.

The Premier: A dentist's patient might after an operation on one day go back to the dentist on the next day with a haemorrhage.

Mr. HUGHES: I consider the clause undesirable.

Clause put and passed.

Clauses 63, 64, Schedule, Title—agreed to.

Bill reported with amendments.

*House adjourned at 11.15 p.m.*

## Legislative Council,

*Tuesday, 31st October, 1939.*

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

### AUDITOR GENERAL'S REPORT.

The PRESIDENT: I have received from the Auditor General a copy of his report on the Treasurer's statement of the Public Accounts for the financial year ended the 30th June, 1939. It will be laid on the Table of the House.

### ASSENT TO BILLS.

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

- 1, Metropolitan Milk Act Amendment.
- 2, Industries Assistance Act Continuance.
- 3, Toodyay Cemeteries.

### MOTION—NATIVE ADMINISTRATION ACT.

*To Disallow Regulations.*

HON. C. F. BAXTER (East) [4.37]: I move—

That regulations Nos. 65 and 106R made under the Native Administration Act, 1905-1936, as published in the "Government Gazette" on the 8th September, 1939, and laid on the Table of the House on the 12th September, 1939, be and are hereby disallowed.

I desire to apologise to members for having had to postpone bringing forward this motion. As a matter of fact, many discussions on it have been held in order to arrive at a settlement, with the result that I have excised from the motion Regulations 85, 93, 94 and 97. These have been agreed to as satisfactory from the standpoint of reasonable administration by the department. There now remain only two regulations to which I am taking objection, Nos. 65 and 106R. In November, 1938, the House agreed to a motion submitted by me for the disallowance

of certain regulations made under the Native Administration Act. The regulations disallowed on that occasion have been replaced by others, some of which have been so framed as to meet, at least in part, the objections then raised. Of the two regulations forming the subject of the motion I am now submitting, the first, No. 65, is worded in a slightly different way from its counterpart which was disallowed. The alteration, however, has not removed the objection which I then made; if anything, the new regulation is even more objectionable than the one it replaces. The second regulation included in the motion, No. 106R, is one of 22 new regulations making provision for a statutory native medical fund, as was contemplated by the Act of 1936. The effect of the regulation is to supersede the present voluntary medical fund by a statutory fund to which the employers of native labour will be compelled to contribute in respect of each native employed.

#### Regulation 65 reads—

Natives employed by contract drovers, well-sinkers, or other persons engaged under contract with any particular employer must be covered by separate permit to be taken out by the person in charge as may be required by the protector. Any branch of any pastoral station or agricultural undertaking which is under separate management or oversight shall be regarded as a separate property for the purposes of these regulations.

The objectionable part of this regulation is in the last paragraph, which stipulates—

Any branch of any pastoral station or agricultural undertaking which is under separate management or oversight shall be regarded as a separate property for the purposes of these regulations.

The crux of the objection is in the words "or oversight." I am prepared to concede that every branch of a pastoral property under separate management should have its separate permit to employ natives. At the same time, members should appreciate that under Regulation 64 permits to employ natives must state where the natives covered by the particular permit are intended to be employed, and also that natives in respect of whom a permit has been issued must not serve any other person than the employer named in the permit, that is, of course, during the period covered by the

permit. Perhaps I had better read Regulation 64—

Permits to employ must state where the natives covered by the permit are intended to be employed. Natives in respect to whom a permit or permits to employ on land have been issued must not serve any person other than the employer named in the permit during the period covered by the permit, but may work under the immediate direction of a competent employee other than a native in the service of the said employer. If any employer lends his natives to work for any other employer who is not authorised under these regulations to work the natives concerned, he commits a breach of these regulations.

Thus that regulation provides that the natives may work under the immediate direction of a competent employee other than a native in the service of the employer.

Hon. G. W. Miles: That one is a contradiction of the other.

Hon. C. F. BAXTER: That is so. It will be seen therefore, that on a pastoral property on which there is more than one manager, each controlling and supervising a section of the run, such sections, for the purposes of these regulations are to be regarded as different properties, notwithstanding that they may in many instances be comprised within the same pastoral lease. Separate permits will be required by the managers concerned to employ natives. Although in actual fact there is only the one legal employer—the owner or owners of the lease—I am prepared to concede the point, as I have previously said, that separate permits should be required by persons controlling sections of a property, provided the persons concerned are managers in the proper sense of the term; but when the regulation stipulates that each section of a run under separate oversight shall be regarded as a separate property and, in consequence, the subject of a separate permit for the employment of natives, it goes beyond reasonable requirements.

Members will know that on a large station property there might be a number of out-camps on each of which is placed a station hand, who is responsible for the oversight of his particular paddocks, and who is accountable to the owner or manager for ensuring that improvements, such as fencing and water supplies, are kept in proper order and that the stock depastured in his paddocks are properly cared for. It is safe to say that, in the far North at any rate, the

out-camp man would have a few natives working under his direction, but by no stretch of imagination could he be regarded as a manager or even an overseer and much less as the real employer. His term of occupancy of the out-camp might be of short duration, a matter perhaps of months, and he and the natives working with him would be liable to be transferred to another portion of the run at any time by direction of the person exercising the general control of the property. Yet I have it on the best of authority that the intention of the regulations is that each out-camp man having a few natives working under him must have a separate permit.

The effect is that the man in charge of an out-camp, by reason of being required to hold a permit in his own name covering the natives working under his immediate direction, displaces the owner of the property as the actual employer of the natives under his control so far as these regulations are concerned. Presumably also the onus rests upon such person to cover the natives named in his permit under the native medical fund. I have no doubt that, in the event of any failure on his part to comply with the requirements of his permit or of the regulations, departmental action would be directed, not against the man in question, who is quite likely to be a person without substance and indeed without a permanent location, but most certainly against the real employer, namely the owner of the property or his accredited manager. I am fully convinced by my conversations with pastoralists who employ large numbers of natives that if the regulation in its present form is allowed to stand and is enforced—there is good reason to believe that it will be—impossible situations will arise, not only from the viewpoint of the real employer, but also in regard to the natives themselves.

Regulation 106R reads:—

Any native entitled to the benefits of the fund who, by reason of illness, disease or accident becomes incapacitated to such an extent that he is thereby unable to work may be permanently or partially maintained by the fund, and any expense incurred for medical and hospital attention subsequent to the original illness, but resulting therefrom, may be met from the fund.

It will be observed that the medical fund, in addition to being responsible for the cost of medical attention to natives, is to be charged with the partial or permanent

maintenance of any native covered by the fund where such native has been incapacitated by accident, illness or disease. Such a liability in the case of incapacitation arising from accident sustained in the course of the natives' employment is, I think, a reasonable charge against the fund; but when it is extended to cover incapacitation through disease, or even through illness the cause of which may be in no way connected with the nature of the native's employment, the fund is being asked to assume an unreasonable responsibility. In point of fact, the regulation asks that the medical fund, to which pastoralists contribute heavily, should do what is not done under the Workers' Compensation Act for white workers. The regulation extends the liability of the fund to cover diseases of which some are exempted from the scope of the Workers Compensation Act. Unless a disease is occupational, the fund should have no liability in respect of it.

In my opinion there can be only one ultimate result if this regulation is permitted to remain in force—that the solvency of the fund will be jeopardised. The natural consequence of such a state of affairs will be a demand by the department for increased contributions from employers. It must not be overlooked that the community in general, as well as the employer, has a duty to the native; but the regulation in question is asking these employers, through the medium of the fund, to assume a responsibility and a liability which the Legislature has not imposed on employers of white labour.

On motion by the Chief Secretary, debate adjourned.

#### **BILLS (2)—FIRST READING.**

- 1, Death Duties (Taxing) Act Amendment.
- 2, Administration Act Amendment.  
Received from the Assembly.

#### **BILLS (2)—THIRD READING.**

- 1, Lotteries (Control) Act Amendment.  
Transmitted to the Assembly.
- 2, Rights in Water and Irrigation Act Amendment.  
Returned to the Assembly with amendments.

**BILL—FINANCIAL EMERGENCY TAX.***Second Reading.*

Debate resumed from the 25th October.

**HON. C. F. BAXTER** (East) [4.58]:

Financial emergency taxation, which imposes heavy burdens on the taxpayer, is made more unpalatable by the Government's action in continually extending exemptions. The present Bill proposes to reduce taxation on two lower grades, but on the other hand another taxation measure will ask for an increase of  $12\frac{1}{2}$  per cent. in the impost. Whilst there is justification for reducing taxation—the excuse which we have heard—because the burdens of the war fall upon the Commonwealth and not on the States, certainly there is not the slightest justification for granting reductions at this juncture on even the lower grades. During the course of my speech members will readily perceive that sound finance is being laid aside by the Government in its efforts to gain the esteem of the masses by reducing the grades which complain of this taxation—by relieving those who support the Government, all of whom will ultimately be exempted. It has often been said that the Legislative Council has no powers in regard to finance, but that is not correct. It is competent for this Chamber to reduce taxation. That is its undoubted right. The House may not, however, increase a burden on the people. Nevertheless, the House can reject a Bill of this nature, which comes at such an inopportune time to grant relief in one direction. Is it not a clear case of taxation when the Government increases the exemption from £4 2s. to £4 3s. per week, and in addition reduces those taxpayers on the grade from £4 3s. but less than £5, from 4d. in the pound to 3d. in the pound, and those taxpayers on the grade of not less than £5 but less than £6 10s. from 5d. in the pound to 4d. in the pound, and then in another measure increases the income tax by  $12\frac{1}{2}$  per cent.? This is not the time to be tinkering with taxation. Who knows what the future holds? Irrespective, however, of the future, is it reasonable to reduce taxation on those who are fortunate enough to be earning from £4 3s. to £6 10s. under the most favoured conditions in the Commonwealth, and enjoying privileges far above those granted in any other State, many of them being oc-

cupied only five short days per week? On the other hand, we find those engaged in most of the producing industries work all days, including Sundays, and very long hours, too, without any hope of ever receiving anything approaching the basic wage.

When the Labour Government determined, on its assumption of office, to re-enact the emergency tax, I fought hard and long to distribute the burden equitably by reducing the minimum from 4d. to 2d., but the Government was determined not to give way, and did not do so. It may now be considered that I should support the present suggested reduction; but the position has altered inasmuch as the Government has extended the exemptions to £4 2s., thus exempting a very large body of taxpayers who, being on the lower scale, contributed only a very small amount individually, but on account of the very large number brought under the exemptions made the collective amount considerable. It is only reasonable that taxpayers should contribute, even if only a small amount, to a portion of the cost of the State's social services which they enjoy to the fullest extent. This too would have the effect of making them realise their position, and encourage them to take a closer interest in affairs of State, and particularly the finances of the State. In such actions the Government is following the same lines as Hitler, continually doing rash things, some of them unconstitutional, to keep in the good graces of the majority of the people, and so appealing to the selfish interests instead of considering the future good of the State. The financial juggling by the Government warrants a very close scrutiny of the State's finances, and makes it imperative that every member should give earnest consideration to the grave position of the State's financial drift. How can the Government justify the attempt to reduce taxation on one section by an amount of £35,000, and on the other hand increase another section by a like amount of £35,000, with a prospect of a deficit of £31,000 odd, which, after all, is only an estimate? We remember that the estimate for the last financial year was £20,000 and that the year finished with an actual deficit of £220,000, notwithstanding the fact that the usual provision of £100,000 was not made for railway repairs so that the financial position would have a more pleasant appearance and the deficit be kept down. The annual increase in

Government expenditure should warn Parliament that a halt must be called. That increase averages over £300,000 per annum. The State's expenditure has increased from £9,196,000 in 1932-33 to £11,170,000 at the end of June last—over £2,000,000 covering six financial years. Can Parliament justify such an increase? How long will the State stand this? The revenue has continued to increase mainly through taxation. We are now dealing with the receipts from this taxation which has increased by £1,000,000 in six years. The 1932-33 receipts were £220,000. In the last financial year the tax yielded £1,215,000. Added to this are substantial increases in public utilities and almost every form of revenue, and yet we find the State's position retrogressing every year.

Revenue has increased from £8,332,000 in 1932-33 to £10,950,000 in 1938-39. At one time we were all proud to say that we were the lowest taxed State in Australia. Taxation has increased during the six years to which I have referred from £1,129,000 to £3,617,000. This equals £7 16s. 5d. per head of the population. Loan expenditure also has more than doubled itself in the same six years. It amounted to £1,698,000 last year, equalling £3 5s. per head. I propose, however, to deal with that later on. The State's indebtedness is £95,113,000, an increase of nearly £2,000,000 for last year, and it equals the colossal sum of £204 per head. This is not the time for increasing taxation in this manner. We cannot go on like this for any length of time. We will find the Federal Government saying, "You want grants and you want loan money; very well, we will agree provided we have control over every penny of expenditure." It may come to that.

Hon. G. W. Miles: It will mean unification.

Hon. C. F. BAXTER: To pacify the taxpayers, the Government has adopted the cry of secondary industries. The utter impossibility of appreciable advancement in this direction I dealt with extensively in my Address-in-reply speech. My remarks had support from the body most competent to speak with authority—I refer to the Commonwealth Grants Commission—which dealt very trenchantly with the State Government's plea that Eastern States dumping was killing our efforts to establish

secondary industries. On page 56 of the Commonwealth Grants Commission's report, we find this reference to secondary industries in Western Australia—

One of the disabilities claimed by Western Australia is the difficulty of establishing and maintaining secondary industries in that State. It is alleged that, as a result of the Federal structure, it is almost impossible to set up factory industries in competition with the large-scale efficient industries in the Eastern States. At Federation, it is stated, Western Australia was entering upon a period of industrial development; but interstate free-trade has exposed her infant industries to the competition of well-established firms in the Eastern States. Dumping of surplus products from the other States is alleged, and it has become the practice in standard lines to fix standard prices for the whole of Australia. It is further alleged that Western Australia is thus deprived of much of the natural protection of transport costs; while the transport charges on raw materials from the other States must be paid by the Western Australian manufacturers. Under the pressure of this fierce competition from which no protection can be obtained, the development of secondary industries has been restricted. These are the main items of Western Australian complaint.

Later in paragraphs 129, 130 and 131 of its report the Commission states—

Our principle in recommending grants is to measure the relative financial position of the States as shown in their budgets. We believe that the State budget reflects some, if not the whole, of the weight of such economic and other disadvantages. It would be contrary to our principles to attempt a specific appraisal of those relating to the manufacturing industry, or to base a grant on such appraisal. The grants we recommend meet, in our judgment, the necessities of the States, but we have always attempted to see the relation between our grants and ultimate economic causes, and it is desirable to explore as far as possible the causes of inequalities. The distribution of natural resources and population make it inevitable that Western Australia should be at some disadvantage in factory industry when compared with New South Wales and Victoria. Such disadvantage is inherent in the geographical position of Western Australia, and it is doubtful whether it is increased by the operations of interstate freetrade.

In our view, however, the cause of Western Australia's failure to attract new secondary industries can be ascribed, not only to geographical position or to the Federal structure, but partly to local policies, which directly or indirectly hamper secondary industry. Two aspects of such policies which have come under our notice are the operation of workers' compensation and the State basic wage rate.

Our investigation of the provisions of the Workers' Compensation Act of Western Australia leads us to conclude that the benefits conferred are on a much higher scale than those of the other States, 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, and the ratio of claims to premiums is higher in Western Australia than in any other State.

Paragraph 133 of the report reads—

It is not within the province of the Commission to criticise, nor to presume to criticise the wisdom or otherwise of higher wage standards, but we are of the opinion that the existence of two important factors—high cost of workers' compensation and high wages—weakens the claim of Western Australia that its inability to establish new industries is due to Federal policy.

The Grants Commission let the Government down very lightly. It might easily have gone much further. It might have referred also to the Industrial Arbitration Act which imposes a very heavy burden, far greater than that imposed by similar legislation in the other States. The Commission might also have referred to the Factories and Shops Act. It is utterly hopeless to expect people to be able successfully to carry on secondary industries in Western Australia in competition with similar industries in the Eastern States. The Commission also refers to our loan authorisations. Parliament must consider very seriously the position in the State from the aspect of loans because the tendency appears to be to borrow as much money as possible, and there seems to be no control over expenditure or in respect of the provision of sinking fund. So very little of the money is expended on productive work that it will not return interest and sinking fund. Of course it will be said that loan money is being spent on the Canning Dam and on other enterprises that are reproductive. Certainly they will bring in money by taxation, but nothing will be produced for export. The construction of the Canning Dam will not provide anything for export, and so introduce outside money. The only way in which it can provide revenue is by means of taxation from the

people. Turning now to the comments of the Commonwealth Grants Commission on the question of loan expenditure, we find on page 50 of the Sixth Report (1939) the following:—

104. The Commission has always held the view that in fairness to the taxpayers of the non-claimant States, a claimant State should make a special effort to bear a reasonable proportion of the losses arising from extravagant loan expenditure incurred on its own responsibility.

106. Each year the Commission has made a close review of all the circumstances connected with losses arising from the loan expenditure of all the States, and has, in the light of investigation and changed conditions, reduced the penalties imposed on Western Australia and South Australia.

107. We are aware that the amount of penalty will vary from year to year according to fluctuations in taxation collections, but we have taken, and shall continue to take, this factor into account in our final determination of the penalty for loan losses. In view of all the circumstances we conclude that the additional effort required of South Australia and Western Australia this year should be the same as that of last year. (See paragraph 104.)

On page 51 under the heading of "Nominal Penalties," appears the following:—

108. Last year we drew attention to the following aspects of public finances which had given us some concern:—

- (a) Failure of South Australia to collect outstanding debts from State debtors in a time of prosperity;
- (b) The continuance in Western Australia of unproductive loan expenditure in a period of prosperity.

Those are ominous words. The Commission refers in strong terms to the continuance of loan expenditure on unproductive work during a period of prosperity. The paragraph continues—

- (c) The increasing difficult and unsatisfactory position of the Tasmanian railways;

and we recommended the imposition of nominal penalties accordingly.

The State is bound to suffer in that respect. We seem to hammer away without result year after year. Are these references not a warning that the State cannot expect the continuance of substantial grants unless the finances are handled on a sounder basis? The continual pandering to different electorates by extraordinary grants and the expenditure of funds so lavishly in the congested centres, together with the ever-increasing wasteful expenditure of

public funds, must result in retribution that will inflict hardships of an extreme nature upon us all. Every session, legislation is presented—mainly of a socialistic character—for the creation of boards that entail an increase in the number of Government employees. Of every 14 people in employment one is employed by the Government. When will a halt be called? All Government services are increasing annually, and our social services are no exception. The reduction of taxation proposed in this measure is intended to give relief to a section of taxpayers who enjoy the social services of the State more than do those on the higher scale. As a matter of fact, those who will be exempted under the Bill make full use of the State's social services and contribute nothing to the cost of such services. This is neither reasonable nor equitable, but still the Government desires to extend these privileges. Most people will probably be surprised to learn the cost of social services. Only a section of the population contributes to the funds providing those services, and thus the burden is heavy and unfair. The report of the Commonwealth Grants Commission to which I have referred, gives the net cost per head of certain social services in the Commonwealth for 1937-38. In Western Australia the amounts are as follows:—

Service.	1934-35.	1936-37.	1937-38.
	s. d.	s. d.	s. d.
Education .....	29 10	35 5	35 10
Health, hospitals and charities .....	24 3	26 3	28 10
Law, order, and public safety .....	8 11	11 4	11 3
	63 0	73 0	75 11

Those sums, it has to be realised, are not found per head of population, but are paid by the people met in taxation. The number paying is becoming smaller and the amount of taxation to which they are subjected is increasing. Surely the people who enjoy those services should contribute a small amount to the cost! The number is so large that a small contribution from each of them would not be noticed by the individual contributing, but collectively the sum returned would be substantial. The Government, however, will not look at the matter in that light, but seeks to curry favour by relieving them of taxation.

Hon. G. Fraser: You prefer to relieve the men who have the cash.

Hon. C. F. BAXTER: I prefer to equalise matters, so that instead of taking money from people who are keeping industry going and placing it in the coffers of a Government that cannot do anything to produce revenue, there would be a reasonable spreading of taxation and those enjoying the benefits of social service would contribute a small amount to the cost. Taxation has increased to £3,617,000—more than double in six years. Loan expenditure is not returning interest and sinking fund, and the Government is pressing for the largest amount it can borrow. The borrowed money is being expended on unproductive works. I do not blame the Government for that, because to find productive work is difficult. Government expenditure is increasing by over a quarter of a million pounds annually, and the emergency tax has been increased by this Government from a flat rate of 4½d. to an average of 6d., and again to an average of 9d. in the pound, thus realising an additional £1,000,000.

The Chief Secretary: Did you say an average of 9d.?

Hon. C. F. BAXTER: Yes.

The Chief Secretary: How do you work that out?

Hon. C. F. BAXTER: Averaging the amounts paid by those from the low grade up to those paying 1s., the amount is 9d. The Government is prepared to discriminate by reducing the tax on one section and increasing it on another section and yet budget for a deficit of £31,000. How can we justify that? If there is to be a deficiency, how can we relieve anybody of taxation? The war has not caused any difference. The proposal is to relieve one section of the community of taxation and place the tax on others, and yet there is still an estimated deficit of £31,000. We know what that means. Always there are unforeseen circumstances for which, of course, the Government will not be responsible, but which result in the deficit being not less than a quarter of a million pounds. This House has not power to amend financial Bills. I have amendments on the notice paper, but I find that we have not the power to make such amendments. Is the House content to sit down and allow this drift to continue? If a deficit were not forecast, a reduction of taxation on one section of the people would not be so bad. Another place has a ma-

jority and we cannot control the situation. But how will the taxpayers appreciate this proposal? I will not agree to an increase in taxation by  $12\frac{1}{2}$  per cent. on the general taxpayers of the State and a reduction of the emergency tax on another section. Even if the deficit were wiped out, the case for a reduction would be a weak one. Are we, as representatives of the taxpayers, to sit idly by, not knowing what is ahead of us in the next financial year, and allow the Government to prepare to relieve one section of the community from the payment of tax just to gain political kudos—for there is no other reason for its action—while at the same time it budgets for a deficit of £31,000? I am reluctant to support the second reading of this Bill, and would like to find some way to make the Government realise its responsibilities. I will, however, await the views of other members before deciding how my vote shall be cast. It is time Parliament took a hand in this matter and did something to stop the tremendous drift that is taking place. We are gradually drifting towards unification, alternatively to a situation where the Federal Government will direct all the expenditure in Western Australia. At this juncture I cannot say whether I shall vote for or against the second reading, but at the moment I do not feel inclined to support the Bill.

On motion by Hon. J. Nicholson, debate adjourned.

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

### *Second Reading.*

Debate resumed from the 25th October.

**HON. J. NICHOLSON** (Metropolitan) [5.31]: This is a sister Bill to that which has just been discussed. My object in moving the adjournment of the debate upon the last measure was that I wished to discuss the two together. They should be considered at one and the same time. They are so inter-related that it is impossible to separate one from the other. If, therefore, in the course of my remarks I find myself discussing the Bill we have just dealt with, I trust that you, Mr. President, will permit that reference to be made. The views expressed by Mr. Baxter on the Financial Emergency Tax Bill warrant deep thought and consideration on

the part of every member of the Chamber. He has pointed out in no uncertain way the serious position of the Government because of the huge increase in expenditure, extending over a comparatively few years. Any member looking at the statistics and records of expenditure will be amazed to see how the figures have gradually risen, and how, in place of keeping the expenditure within the bounds of revenue there has been a gradual expansion of expenditure to the detriment of the State and with resultant increase in the deficit. I contend that if care had been exercised in the expenditure, even last year the Government would not have been faced with the position confronting it at the close of the financial year.

The purpose of this Bill is to amend the Act now in force by deleting from paragraph (d) of Section 4 the whole of subparagraphs (i), (ii) and (iii), and substituting other words. The effect of the amendment will be to provide for exemptions up to a sum a little in excess of the present basic wage. The tax Bill provides for a deduction in the tax at present prevailing of from 4d. to 3d. We have been told by Mr. Baxter that as a result of the proposals contained in the two Bills, the Government will lose revenue to the extent of some £35,000. It is hoped that some portion of that loss will, as the Chief Secretary explained, be made up by reducing the present deduction allowed of 20 per cent to 10 per cent. I think the House should recall the circumstances under which the Financial Emergency Act first came into force. On the first introduction of the measure in 1932 provision was made for a flat-rate tax of  $4\frac{1}{2}$ d. As the years proceeded various amendments were made until we have the present position set forth in the Act now on the statute-book. The Government no doubt has looked at the matter from the standpoint of conditions prevailing to-day, but I cannot for a moment think that it has weighed as seriously as it should have done the possible eventualities of the present crisis. In 1931-32 an emergency existed. Prior to the Financial Emergency Tax Act a Financial Emergency Act was passed. This had the effect of reducing salaries and wages, etc. by  $22\frac{1}{2}$  per cent, and also greatly affected mortgagees' interest. The only remnant of that Act remaining is the deduction made in respect of interest on mortgages.



Some years ago the Government saw fit to remove the deduction in respect of salaries and wages, and even in respect of allowances made to members of Parliament. I protested against the removal of the deduction in respect of the allowances to members of Parliament, and I am sorry it was not adhered to up to the present, particularly as the Government insisted on retaining the deductions in respect of the interest on mortgages. If a condition of emergency existed in 1931-32 and the years following, is it not fair to state that a still greater condition of emergency exists to-day? Assuming that to be the case, I ask is this the time for any Government to introduce a measure such as this effecting variations in rates that will make the position more difficult for the Government in the matter of revenue?

During 1931-32 the Federal Government found it necessary to restrict imports to such an extent that the trade of Australia generally was seriously affected. In the Press during the last two or three days the effect of those restrictions upon trade was emphasised by an article concerning trade with the Old Country. It was estimated that a loss was being suffered through the restrictions imposed amounting to something like £225,000,000.

Hon. G. W. Miles: That is so.

Hon. J. NICHOLSON: What I am going to say is for the benefit of the Government, the people of the State, and our industries generally. If a state of emergency existed in 1931-32 and the years immediately following, can we not say with absolute certainty that a greater emergency exists to-day? A statement was made by the Prime Minister of Australia the other day, and published in the "West Australian" on the 26th October. The paragraph was as follows:—

The Prime Minister, Mr. Menzies, said to-day that the Federal Government this year would spend more than £60,000,000 on defence. This was nearly £30,000,000 more than the expenditure contemplated on the greatly extended defence programme that was planned before the war, and confirmed at the meeting of Premiers held simultaneously with the last meeting of the Loan Council at which a borrowing programme of £41,000,000 was approved.

"This greatly increased expenditure indicates—

And this is the point I wish to emphasise to members—

—that taxation increases will not end with those announced in the Budget presented to Parliament last session," Mr. Menzies said. "New taxation measures are certain to be introduced in the supplementary Budget that will be presented during the next session of Parliament. The Government, for some time, has been exploring fields that might be exploited. Tentative decisions have already been made but, officially, they are being kept a close secret."

Unofficially, it is stated that the new measures, in addition to a further increase in income tax, will include various forms of war taxation, particularly on luxuries. Mr. Menzies said in his statement that more than £60,000,000 would be spent on defence this year.

Members will recall that, on the proclamation of war, the Premier of this State, with that loyalty of which we all know he is possessed, announced in emphatic terms—we applauded him for it—that his Government would render every possible aid to the Federal Government in the matter of defence. That being so, I call the attention of the State Government to the importance of the statement by the Prime Minister, because it indicates that if the Government is to carry out what the Premier stated he wished to do and help the Federal Government in defence matters, any proposed alteration in the financial emergency tax or other forms of taxation should be considered not once but many times, and certainly any change in the financial emergency tax should not be agreed to because of the state of emergency that undoubtedly exists to-day. If any alteration is considered necessary in that particular tax, there is one method only by which the matter can be dealt with at this serious moment in the history of the Empire. That method is one whereby all contribute to the common pool, as was contemplated when the principal Act was originally introduced. The idea underlying the legislation was that all should share in the state of emergency. That objective was carried out for a time, but now the proposal before us is to extend the exemption from liability to pay the tax in favour of certain persons whose income does not exceed the stated amount. I view the proposal with great seriousness because of the situation confronting us to-day. Everyone will admit that there must be a contraction of

credit. Business cannot continue satisfactorily if increased taxation is to be levied. The procedure suggested in the Bill will result in imposing restrictions upon trade, and that will have its effect upon the industries of the State. Where will the income be derived by those people who in the past have been fortunate enough to enjoy that privilege? Members will concede that there will be a considerable shrinkage in that direction, and the Government will find difficulty in collecting the estimated taxation. True, the Premier arrived at an estimate which he dealt with in his Budget, but I assert there is a strong likelihood that his estimates will not be realised. That imposes upon every member of the Government the very grave and important task of restricting taxation in every possible avenue, so as to meet the situation that eventually we must all face. I am not in favour of the Bill, the introduction of which is unwise at the present juncture. I make that assertion in the interests of the Government itself. Foreseeing the financial position that is bound to arise—it is gradually becoming more and more apparent daily—and being desirous of helping the Government during this period of difficulty, seeing that the Government is anxious to help the Federal Administration in relation to the defence of Australia, I claim our proper attitude is to reject the Bill.

**HON. H. SEDDON** (North-East) [5.51]: The object of the Bill is to raise the exemption in respect of the financial emergency tax payable by those in receipt of wages from £4 2s. a week to £4 3s. Mr. Nicholson stressed the position regarding the demands to be met by the Federal Government and mentioned that the State should be particularly careful concerning any action, the effect of which would be to increase taxation. The policy of the State Government regarding exemptions from the financial emergency tax has been consistent over a period of years, but that policy has been in conflict with the opinion held by many members of this House. The Government contends that the man in receipt of the basic wage should not be required to contribute towards taxation. On the other hand, many members of this House have argued, and continue to assert, that all should pay something towards the expense involved in conducting the affairs of the State. The ex-

emption proposed is intended particularly to assist the married man. I understand the Leader of the National Party in another place considers the proposal quite reasonable. No doubt he viewed it from the humanitarian standpoint, but the position to-day is entirely different from that of former years, because we are now engaged in a conflict that, before it ends, may well be a life-and-death struggle for the British Empire. In the light of that suggestion, the Government would do well to reconsider its position regarding the proposed exemption, even though the increase suggested is so small. Mr. Nicholson has already mentioned the proposal of the Commonwealth Government to increase taxation and pointed out that £60,000,000 would be provided this year for defence purposes. When we realise that in 1935 the Federal authorities raised a total of £69,000,000 in taxation, which represented £10 1s. 3d. per head of the population, members will appreciate the tremendous increase in Federal taxes that must follow if the Federal Government secures the additional £60,000,000 referred to. The demands to be made upon the people by the Federal Government are to meet the expenditure on defence. That need transcends all others in view of the fact that the life and death of the Australian community is undoubtedly at stake. Defence is the only means by which the community can be safeguarded. In the circumstances, the Government would be wise to review the position regarding the proposals embodied in the Bill. That is all I shall say respecting the measure; I have other points to make when the Land Tax and Income Tax Bill is before the House.

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

## **BILL—STATE GOVERNMENT INSURANCE OFFICE ACT AMENDMENT.**

*Second Reading.*

**THE HONORARY MINISTER** (Hon. E. H. GRAY—West) [5.56] in moving the second reading said: This Bill is complementary to the proposal set out in Clause 9 of the Traffic Act Amendment Bill, which provides that the State Government Insurance Office may be approved as an insurer against third party risks arising out of the use of motor vehicles. It proposes to au-

thorise the State office to transact all classes of motor vehicle insurance in the event of the Traffic Act Amendment Bill becoming law. From time to time, when the principle of compulsory third party insurance has been under discussion in Parliament and elsewhere, the point has been urged that it is essential that the service be rendered to the community as economically and efficiently as possible. The Government has endeavoured to safeguard the interests of motorists by providing in the Traffic Act Amendment Bill that there shall be a premiums revision committee whose duty it will be to investigate and report upon what would be a fair and reasonable schedule of premiums for the various classes of vehicles covered by the proposed Act. Although provision can be made for compulsory insurance by owners, insurers cannot be compelled to undertake the business, and therefore, for that reason it is considered desirable to enable the State office to compete in this field.

Then again, the point must be emphasised that if the transaction of business is confined to private companies, the premiums revision committee will be restricted in its investigation to the statements of cost submitted by those companies, and there would be no means of ascertaining whether they were rendering their services with a maximum of efficiency and economy. Members will have noted that the proposal contained in this Bill will enable the State office to undertake the issue of comprehensive policies and not simply limit the extension of its activities to the issue of cover for compulsory third party risks. It is considered that the imposition of such a limitation would vitiate the usefulness of the office as an active competitor with the companies, since a large number of people would not go to the State office to effect third party insurance if it became necessary to take out another policy with a private office against theft, damage, fire, and other motor vehicle risks. The proposal embodied in the Bill is reasonable and the State Insurance Office should be provided with the powers to which I have referred. I move—

That the Bill be now read a second time.

**HON. J. J. HOLMES (North)** [5.58]: I oppose the second reading of the Bill, which seeks to extend the classes of insur-

ance to be undertaken by the State office to include third-party risks. Members will recollect that last year, when legislation dealing with the State office was before this House, an honourable understanding was arrived at. The Government was carrying on insurance business illegally and this House agreed to legalise its operations, conditionally upon the business undertaken being confined to that which was then handled by the office. I regarded that as an equitable settlement of a long dispute, an agreement that should have been abided by. The ink was hardly dry upon that agreement when the Government approached Parliament with the request to be permitted to deal with third-party insurance. If the Bill passes, then either this session or the next we shall have another Bill to extend still further the operations of the State Insurance Office.

**Hon. G. Fraser:** Who made the agreement?

**Hon. J. J. HOLMES:** The House would not agree to anything else. If we agree to this Bill—there is no doubt whatever that a distinct majority of this House has been opposed to State insurance—

**Hon. C. F. Baxter:** To State activities.

**Hon. J. J. HOLMES:** Yes, to State trading of any description. State trading has landed us in our present difficult position. If we allow any further extension of it, we will do so with our eyes open. It is claimed that there is a profit on State insurance; but we have never been able to ascertain what the contingent liability is. I understand that when the Government Actuary was giving evidence before a commission or a committee of another place, he was asked whether the contingent liability was half a million or a million. He replied that he did not know, that it depended upon circumstances. I do not know what may arise out of an extension of the activities of the State Insurance Office; but I propose to tell the House the position that has arisen under State trading concerns. Dealing with the railways, we find that in the year ended on the 30th June last it took £220,000 to earn £93,000 less than in 1938, the loss being £13,000. The tramways last year required £38,000 to earn £16,000 less than they earned in 1938, a loss of £22,000. Turning to the Electricity Supply Department, we find a deficit of £311,585. The State Trading Concerns for 1938 show a loss of £21,563 and

for 1939, £79,575. The State Implement Works—

Hon. G. Fraser: Are they mentioned in the Bill?

Hon. J. J. HOLMES: They are not in the Bill at all.

Hon. L. B. Bolton: They are in the mire.

Hon. J. J. HOLMES: The Bill is really an extension of the State Trading Concerns. If I am not in order, the President will stop me; I will not be pulled up by the junior member for the West Province. The State Implement Works have lost £326,931; last year they lost £8,283. The Auditor General, in his 1938 report, stated—

The profit and loss account shows a substantial loss each year. The interest must gradually absorb the capital asset and a complete loss of the loan money provided to establish this concern.

Turning to the losses on State Trading Concerns, I find that the total is not less than £2,162,000. That is the history of State trading. This Bill proposes to extend State trading. I do not think I need say more.

Hon. G. B. Wood: What about State steamers?

Hon. J. J. HOLMES: They are included. State trading will hurl Western Australia into unification, which perhaps would not be a bad thing. We cannot go on as we are doing, and I will not be a party to this extension of State trading. I oppose the second reading of the Bill.

**HON. H. S. W. PARKER** (Metropolitan-Suburban) [6.5]: I support the second reading of the Bill, for the reason that I believe that this proposed compulsory insurance is a tax on industry. I am, of course, assuming that another Bill before this Chamber will pass. The State should have the right to insure under the Workers' Compensation Act, and I do not regard insurance against third-party risk under the Traffic Act as insurance in the ordinary acceptance of the term. It should not be a matter of trade. I am of opinion that motorists should get their insurance from the Government at a minimum of cost. The Government should not make a profit out of it. We cannot expect private companies to carry on business except to make a profit.

Hon. J. J. Holmes: You are optimistic.

Hon. H. S. W. PARKER: If the State decides to carry on this branch of insurance business, then the motorist should be

able to insure at a much cheaper rate, because the State office has not to pay rates, taxes and other outgoings.

Hon. G. Fraser: What are the other outgoings?

Hon. H. S. W. PARKER: Directors' fees, for instance. The State should be able to do this business at a rate much cheaper than the private companies can. It is for that reason that I favour the extension of the operations of the State Insurance Office to third-party insurance under the Traffic Act.

Hon. C. F. Baxter: This Bill goes further than that.

Hon. H. S. W. PARKER: I am aware of that. I support the second reading with a view to the Bill being amended when it reaches the Committee stage. I am not in favour of allowing the State office to trade in general insurance.

The Chief Secretary: The time will come when you will give them much wider scope than that.

Hon. H. S. W. PARKER: In my present frame of mind, I would not do that. I object to the general trading because I am firmly convinced that no democratic Government can successfully carry on trading concerns. However good and efficient may be the staff of a trading concern, that concern cannot compete with outside companies. There is the essential red tape attached to every Government activity. No State Trading Concern can be given the freedom of action enjoyed by a private company; the management would not have the freedom essential to carrying on successfully a trading concern. I venture to say that, even with the advantage of not being required to pay rates, taxes or rent, it is impossible for even the State Insurance Office to be run as cheaply and efficiently as is a private insurance company. Where the State office's activities are limited to a small matter such as this, red tape can be reduced to a minimum; and, to a very great extent, managerial control can also be reduced to a minimum. As I say, I support the second reading, with a view to the Bill being amended in Committee.

**HON. L. CRAIG** (South-West) [6.6]: Mr. Parker raised the important point that I had in mind when he emphasised the fact

that this is not ordinary insurance, but rather a tax or a rate. If people are to be compelled to insure against third-party risk, it is essential to protect them from undue charges. Unless the State Insurance Office is to be allowed to compete for this business, it will be almost useless for a committee to sit and determine what are fair rates to charge for third-party risk insurance. The committee might arrive at rates which, in its opinion, are fair and equitable; but there is nothing to compel the associated insurance companies to accept those rates. The matter would therefore remain in their hands to fix a rate which they considered to be just, but which in the opinion of the public may be unjust. The State Insurance Office should be allowed to function if the public are to be compelled to insure. I am sure that no one is more pleased than are the insurance companies of this State that the State Insurance Office has taken over workers' compensation insurance. I read a circular the other day from one of the biggest companies—if not the biggest—instructing its agents to refuse, where possible, all workers' compensation insurance, and only to accept such insurance in the event of its clients doing other business with the company. That is evidence that the insurance companies do not desire to cater for workers' compensation insurance. We are intending to make third-party risk insurance compulsory, so there should be some form of competition. Somebody should compete with the associated companies. The Bill does not make it obligatory upon motorists to insure with the State office.

Hon. C. F. Baxter: Some of the associated companies operate independently.

Hon. L. CRAIG: They have a knack of coming to agreements as to rates.

Hon. C. F. Baxter: No.

Hon. L. CRAIG: The point is that the State Insurance Office will be more or less governed by rates fixed by the committee which will decide upon the rates, and the State office will be almost compelled to accept those rates. The committee's duty will be to fix an equitable premium to charge for third-party risk. I support the second reading.

*Sitting suspended from 6.15 to 7.30 p.m.*

HON. E. M. HEENAN (North-East) [7.30]: I support the Bill, although the remarks I intend to make will be brief and

have already been anticipated by Mr. Craig. The proposed extension of this class of business to the State Insurance Office appeals to me as being in the nature of a social service, and as such I cannot see that any reasonable argument can be advanced along the lines submitted by Mr. Holmes. Third-party insurance is to be made compulsory, and the State office should have the power to accept such insurance for the protection of the public. This is a class of insurance vastly different from the business that private insurance companies largely undertake, and for that reason the Bill should receive approval.

HON. G. FRASER (West) [7.32]: I intend to support the second reading. Unlike some other members I do not propose to go outside the scope of the Bill in order to make a case. I do not suppose we can deny Mr. Holmes the right to ride his hobby-horse on the matter of State Insurance.

The PRESIDENT: I followed the remarks of hon. members, and not any of them has spoken outside the scope of the measure.

Hon. G. FRASER: Some astounding statements were made by Mr. Holmes in the course of his remarks. He said that an agreement had been reached in this House regarding an extension of the scope of the State Insurance Office. I am not aware that any other member knows of an agreement of that kind.

Hon. J. B. Bolton: An honourable understanding.

Hon. G. FRASER: Nor do I know of any honourable understanding. We had a Bill relating to the State Government Insurance Office and we dealt with it without having any understanding. To say that an agreement has been made is entirely wrong. The hon. member went further and said that the Bill represented an extension of the State trading concerns. Why bring in a matter of that kind, which has nothing at all to do with the Bill, and why make statements that have no foundation in fact? The Bill is designed to give the State Insurance Office an opportunity to undertake this class of business, and a certain other measure to provide for third-party insurance is to be placed before members. For the protection of the people, I consider it necessary that this Bill should

be passed. Some insurance office must be available in the event of the other measure becoming law, because under the compulsory provisions, people should be able to secure this protection at the cheapest possible rate.

The clause mentioned by Mr. Craig is a vital one. Statements have been made in this Chamber that many of the companies will not cater for this class of business at all. Therefore we are likely to be faced with the position that none of the companies will seek the business, and although we have an Act making third-party insurance compulsory, there will be no company prepared to accept the risk. From that point of view, the Bill is necessary. Should other offices fail to tender for the business, the State Insurance Office would then be legally entitled to undertake the risk. I have in mind that by utilising the facilities of the State Insurance Office, it might be possible to enable the people who will be compelled under the other law to take out third-party policies to get the cover at a much lower rate than they otherwise would. I consider that the main object to be attained is to make compulsory third-party insurance as cheap as possible to the people.

**HON. J. CORNELL** (South) [7.37]: The submission of this Bill seems to postulate that the measure providing for third-party insurance will be approved by Parliament. While I support the second reading of this Bill, I think it should be held back until the measure providing for third-party insurance has been agreed to. The argument has been advanced that if third-party insurance is approved, this Bill will be necessary, but I point out that the reverse argument could be submitted; if the measure providing for third-party insurance is not agreed to, this Bill will not be required. I find myself in relation to this measure where I found myself in relation to the measure providing for compulsory compensation for industrial diseases. I have recounted in this House how the underwriters sought my opinion and I advised them to take the chance in the matter of insurance against industrial diseases. I said, "Now is your opportunity. A law has been passed, and if you do not take the risk, the only institution that can provide for such insurance is the State Insurance Office." Illegal as the office was at

the time, I supported each Bill that was introduced to give the State Insurance Office the requisite authority. Now I see a similar set of circumstances arising in connection with third-party insurance proposals.

Assume that compulsory third-party insurance becomes law, it would be open to the private companies to adopt the same attitude as they adopted towards the insurance of industrial diseases. We shall be in exactly the same position, and there will be no machinery whereby the provisions of the Act can be put into effect. I am led to the conclusion that the incidence of third-party insurance is probably as hard to measure as was the incidence of industrial diseases at the outset. That being so, and as it is being argued that third-party insurance would not be profitable business, what position would people be in if we made third-party insurance compulsory and there was no machinery to give effect to it? The position would be ludicrous. I take it that the object of the Bill is to ensure that, independently of the private companies, the State Insurance Office shall have statutory power to engage in this class of business.

If the private companies are prepared to come together and form a pool, the State Insurance Office will be in that pool provided it is given statutory power. Although some people make a fetish of our State trading concerns, the private insurance companies could be given a definite assurance that they would not have a serious competitor for the business in the State Insurance Office. I have heard the remark made repeatedly in this House that the State trading concerns do not compete with like private concerns but that they have an honourable understanding with the private concerns supplying timber, bricks and other materials. If there is no written agreement between them, there is a gentlemen's understanding, because one cannot buy timber any cheaper from the State Sawmills than from Millars company. From that point of view I cannot see that the insurance companies have anything to fear. On the other hand, if a pool is not formed, I should say it would be obligatory upon the State Insurance Office to undertake the liability as it did in the case of industrial diseases. For that reason the Bill is necessary, and because of that I shall support it, but I counsel the House not to pass it until the measure providing for compulsory third-party insurance

has been passed. I ask the Minister, when replying, to set me right on one point if I am wrong. We have been told that speech was given to man, not to express his thoughts, but to conceal them. I think that can be applied to the words of this clause—

Subject as hereinafter provided in relation to all classes of insurance.

That is a definite declaration, and includes third party risk. Then follows a qualification by way of proviso. We have been led to believe that the Bill proposes merely to embrace third-party risk insurance. Then why that declaration as to all classes of insurance? Personally I am not opposed to this State instrumentality, but I have to counsel the Minister that I greatly fear the Government will have to take, as they fall so to speak, the crumbs from the rich man's table. One of the crumbs likely to fall in the Government's lap is third party insurance. If the House cannot see its way clear to go to the full extent I hope it will at least so clothe the State Government Insurance Office that it will be able to enter a pool covering third-party risk with private companies who want the business more than the State Government Insurance Office wants it. Otherwise it is absurd to pass the Bill.

**HON. E. H. ANGELO (North) [7.47]:** For many years we had a Bill brought annually before us to legalise the State Government Insurance Office; and for years the House was emphatic in turning the Bill down, chiefly because it did not wish to see another State trading concern established. In each succeeding year the Bill had fewer and fewer objectionable features, or aspirations, until last year, when we passed it, the measure was simply one to legalise the State Government Insurance Office so that it might carry out Government insurance and also participate in Workers' Compensation Act insurance. The Chamber, I take it, considered that the Government should participate in that risk which was caused by workers' compensation legislation. A number of members spoke on that measure, and voted for it on the distinct understanding that the operations of the office were to be restricted to the matters I have just mentioned. That, I believe, is the agreement to which Mr. Holmes referred.

**Hon. J. J. Holmes:** The agreement between the Houses.

**Hon. J. Cornell:** Third party risk insurance was not an issue last time.

**Hon. E. H. ANGELO:** I quite agree with Mr. Cornell that if the Bill does pass the second reading, we should hold it over to see that the Bill amending traffic legislation goes through; for if it does not go through, the present Bill is not needed at all, unless it is amended so as to remove the objectionable words referred to by Mr. Parker and Mr. Cornell. The insertion of those few words makes the Bill altogether different from what the Minister led us to understand it to be. The measure is worded not only in order that the State Government Insurance Office may participate in third-party risk insurance; it takes in a comprehensive policy, and the Lord only knows what can be read into it because of the words to which allusion has been made.

**Hon. J. J. Holmes:** It includes all risks.

**Hon. E. H. ANGELO:** Undoubtedly; and that must be put right even if the Bill does pass the second reading. Probably we are not at all surprised, the State Government Insurance Office once having been validated, that every endeavour is being made to widen its scope.

**Hon. W. J. Mann:** Can you tell us whether the insurance companies are prepared to cover third party risk?

**Hon. E. H. ANGELO:** They are prepared to take on that business, I understand, provided the board to be appointed fixes a rate. Here I wish to point out that Mr. Craig is wrong in saying the State might do the insurance more cheaply. If the board to be appointed under the forthcoming amendment to traffic legislation fixes a rate, that rate will apply to the State as well as to the private insurance offices.

**Hon. L. Craig:** The private insurance companies need not accept that rate.

**Hon. E. H. ANGELO:** They will be bound to do so if they want the business.

**Hon. L. Craig:** Not at all!

**Hon. E. H. ANGELO:** I go further and say that if a committee constituted as proposed makes full investigation before reaching a decision, and if that decision is promulgated and the insurance companies will not take on the business, it will be time for the State to step in. If we have 50 odd insurance companies here, without those in opposition—

**Hon. L. Craig:** More like 70 companies.

Hon. E. H. ANGELO: I will make the number 70 to please Mr. Craig. We can realise the huge number of people to whom those insurance companies give employment; and all those people are paying taxation, either directly or indirectly, and are all respectable members of the community. Many of the younger employees of the insurance companies are now going to fight for the country. Why start another State trading concern when there is no need to do so? When something that is needed for the good of the people—like the Wyndham Meat Works or a railway line—is far too large an undertaking for any private person or even private company in a small community like this to undertake, there is excuse for a State trading concern.

Hon. J. Cornell: Now you are expressing the case for the North.

Hon. E. H. ANGELO: I am mentioning railways, and the North has no railways. I take it that governmental functions are—to guard the interests of the people, to protect them, defend them, educate them, and look after their health. That is why we are taxed. But why should the Government come into direct competition with a respectable class of people who are giving good service to the community and employing so large a number of our citizens? I do not consider that fair, and I feel perfectly certain that if the Bill we passed last session had contained such a provision the House would not have passed it. We had to pass the Bill last year for another reason: because it leaked out that £70,000 was owing to the State Insurance Office, and that until the office was validated it could not collect those premiums. But—as many other members, I daresay, have anticipated—we started with a baby and the Government is going to make it grow. As Mr. Parker has pointed out, the State Government Insurance Office does not pay taxes; and there are many outgoings which insurance companies have to pay to the Government that this office does not pay. Therefore, the competition is not fair.

Hon. A. Thomson: And private insurance companies have to put up deposits of £50,000.

Hon. E. H. ANGELO: Yes, and the State Government Insurance Office has not to do that.

Hon. J. Cornell: With whom would the State put up the deposit?

Hon. E. H. ANGELO: I do not know whether Mr. Parker is aware of it, but I do not think the State Government Insurance Office will be relieved from payment of rent much longer; for I am told that office has taken Yorkshire House and intends to build up a tremendous department there. That is one of the reasons why the Bill has come along. As I said before, if there was any necessity for the Bill I would support it. It has been mentioned that private insurance companies would not quote for industrial disease insurance. However, we know the reason. The companies asked the Government to supply certain statistics, so as to enable them to frame the scale of premiums; and those statistics were refused them. The companies were asked to quote on the blind.

Hon. J. Cornell: Do not apologise. The statistics were not in existence.

Hon. E. H. ANGELO: The Mines Department knew very well the number of sick men, and that is all the companies wanted to know. But this instance is totally different, because they will not here be asked to quote blindly. A committee which favours the Government—and that is to say, the people—comprising the Auditor General and the State Government Actuary, with two motorists, is to be appointed. Therefore, we may rest assured that the insurers will not be able to arrange for too high a premium. If the Bill amending traffic legislation passes, as I hope, there will be no difficulty in getting the private companies to do the third-party insurance business. That being so, I fail to see need for the Bill.

HON. C. H. WITTENOOM (South-East) [7.58]: I intend to support the second reading of this Bill, because I want to see the Traffic Act Amendment Bill passed. At the same time I am entirely opposed to nearly all the State trading concerns. Mr. Angelo has pointed out that some State trading concerns are purely for the good of the State. I have in mind the Wyndham Meat Works, the railways, and a few others. Certainly this State trading concern represents a definite tax on the people. That being so, the tax should be made as light as possible. Various expenses attach to insurance companies, of which there are in this State, I suppose, 40 or 50, or even more. They have heavy



expenses to pay which the State Government Insurance Office should have to pay, but does not pay. Therefore, that office ought to be able to do this insurance business cheaper than the private companies. But the point is the absolute unfairness of the competition of State trading concerns with private enterprise. On the other hand, I want to see only the cheapest possible premiums imposed in connection with third-party insurance. I support the second reading.

On motion by Hon. L. B. Bolton, debate adjourned.

## BILL—TRAMWAYS PURCHASE ACT AMENDMENT.

### *Second Reading.*

**THE CHIEF SECRETARY** (Hon. W. H. Kitson—West) [8.0] in moving the second reading said: This is a small but very important Bill. It seeks to terminate the obligation imposed upon the Treasurer under the Tramways Purchase Act, 1912, to pay through a trust fund to certain local authorities 3 per cent. of the gross earnings of the tramways. As members are aware, the principal Act provided authority for the purchase by the Government of Western Australia of the undertakings of the Perth Electric Tramways, Ltd., as they existed at the 31st December, 1912. In view of the importance of the Bill, it is desirable to give an outline of the position as it was at that date. I understand there are certain people who appear to think that the action of the Government on this occasion is one that should not be taken, it being assumed that we are not justified in following a course that will probably deprive the municipalities of certain moneys which have been paid to them year by year.

Hon. A. Thomson: How much money is involved?

The CHIEF SECRETARY: I will give the hon. member the information directly. The lines owned and operated by the company were as follows:—

	Miles.	Chains.
City of Perth .....	17	55
Subiaco (Suburban extension) .....	2	60
Leederville (Suburban extension).....	1	40
Victoria Park (Suburban extension) .....	2	12
North Perth (Suburban extension) .....	1	22
Osborne Park (operated under Contract)...	2	30
Nedlands Park (operated under Contract)	2	30
Total .....	30	9

At the time of the purchase, the various municipalities in which the tramways operated had certain rights entitling them to purchase the undertakings of the company after the expiration of a certain number of years. In introducing the Bill for the principal Act to members of this Chamber, the then Colonial Secretary (Hon. Mr. Drew) explained these agreements as follows:—

The contracts between the Company and the various municipalities and the times when the tramways revert to the several authorities are as follows:—

Perth City Council: Options of purchase at price to be fixed by arbitration accrue in 1925, 1932 and 1939;

Subiaco: Options of purchase at price to be fixed by arbitration accrue in 1931 and 1936;

Leederville: Options of purchase at price to be fixed by arbitration accrue in 1934 and 1939;

North Perth: In 1938 and 1939.

At Osborne Park, the tramway is vested in the Town Properties of Western Australia Limited; and the North Perth Road Board has an option to purchase at a valuation in 1924 and 1931. In 1938 those trams will vest in the road board without compensation.

With regard to the Victoria Park tramway, the company holds a lease which expires in 1913 with option to purchase within that time.

Subiaco and Claremont may acquire the Nedlands Park tramway, at a price to be fixed by arbitration, in 1931 and again in 1936. The Tramway Company, at the expiration of three, six, or nine years from the date of opening for traffic has the option of purchase at half cost of construction. If such right is not exercised at the end of nine years, the municipalities themselves have such option.

That gives, in a nutshell, the concessions and terms of the contract.

The reversionary rights of the Perth City Council under its agreement with the Perth Electric Tramway Company, Limited, differed from the conditions obtaining in respect of agreements with other local authorities. The City Council's agreement stipulated, inter alia, that the municipality was to have the right, on giving six months notice at the end of the first 21 years, to purchase the line, rights and undertakings of the company at a price to be fixed by arbitration, except for the lands which would be taken over at actual cost.

If the Council did not purchase at the end of this period, it might exercise a similar right at the end of 28 years. In

1939 however, the original lines and extensions made within ten years of the commencement of the Company's operations, were to revert to the Council, which would only be required to pay the actual cost of any freehold lands. It was further provided under the same concession that until 1939, the company was to pay 3 per cent. of its gross earnings to the Council and to maintain and repair the tracks. As I have indicated, other local authorities had a right to purchase at varying periods at a price to be fixed by arbitration. The question of reversionary rights—particularly those of the Perth City Council—was the subject of considerable discussion in both Houses when the Bill was being considered. It was emphasised by the Premier of the day however, that the Government was not prepared to approve of the purchase unless, at the same time, it could take over these rights from the local authorities. After some debate in this Chamber the Bill was referred to a select committee. When witnesses were called before that committee it was found that there were very considerable differences of opinion as to the value of the reversionary rights, and the estimates given ranged from £500,000 down to nothing, depending upon the number of factors, and incalculable possibilities in regard to the future, which were taken into consideration.

For example, it was stated that the tramways had to be handed over in good order and condition. Some witnesses contended that if the trams could be run for another six months after being handed over they would be in good order and condition. That view would have implied that in the event of the City Council exercising its rights, it would have been involved in a huge expenditure immediately it took over from the company. Then again, there were the questions of fares to be charged, wages to be paid, the necessity for extensions, and the trend of State and civic development. All these factors were of a more or less incalculable nature, and vitiated from the outset all attempts to make an accurate estimate of the value of the reversionary rights. In addition, there had to be taken into consideration the differing dates on which agreements between the company and the various local authorities expired. Under those agreements, obligations were imposed upon the company

which could only be met whilst they had control of the tramway system within the boundaries of the Perth City Council.

Incidentally, legal authorities consulted at the time differed in their interpretations of the City Council's agreement. The City Solicitor (Mr. J. A. Northmore) held that the City Council, if it purchased the tramways before 1939, would have to pay only the value of the land and the plant, allowing nothing for goodwill. Mr. Pilkington, however, considered that while there was no goodwill in the tramways, the City Council, if it purchased before 1939, would have to pay not only for land and plant, but for the rights and the undertaking. The local authorities concerned, other than the City of Perth, expressed agreement with the Government's proposal to purchase and nationalise the tramway system. The City Council, however, appeared to favour municipally owned tramways, and objected to the cancellation of what it claimed to be their rights of purchase and reversionary rights without compensation. It also protested against the proviso in the Bill which stipulated that three per cent. of the gross earnings of the tramways should be paid only until Parliament should otherwise determine, and to the payment of such percentage on the then existing lines only. After hearing the evidence, the select committee recommended that the clause dealing with the privileges conceded to local authorities should be amended.

As introduced into the Legislative Council from another place, the Bill provided that the obligation set out in Section 8 of the present Act should be imposed as from the completion of the purchase and until Parliament otherwise determined. That is to say, Parliament could have removed those obligations at any time. The amendment suggested by the select committee proposed that the rights conferred by the clause should be fixed definitely until the year 1939, and thereafter until Parliament should otherwise determine. This amendment was eventually accepted, and Subsection (1) of Section 8 now reads as follows:—

As from the completion of the purchase until the year 1939, and thereafter until the Parliament shall otherwise determine—

- (a) The Colonial Treasurer shall pay yearly to the credit of a trust fund to be kept at the Treasury, three pounds per centum of the gross earnings derived from the working of the

tramways, and such percentage shall be paid to the local authorities as hereinafter provided; and

(b) The tracks of the tramways shall be maintained and repaired by the Government to the extent and liability of the company under the agreements mentioned in the Fourth and Fifth Schedules hereto; and

(c) The local authorities may use the poles of the tramways for the purpose of street lighting: Provided that the tramway lines and wires and the electric current shall not be interfered with and that not more than one lamp shall be placed on each pole.

While it does not propose to disturb the existing position in regard to the obligations imposed by paragraphs (b) and (c), the Government does consider that there is no longer any justification for continuing payment of the 3 per cent. contributions to the local authorities. The cost of purchasing the tramway system in 1912 was £488,452 of which £475,000 represented the purchase price.

Capital expenditure, 1914-1938, however, has been as follows:—

	£
Tracks, overhead gear and build- ings .. .. .	363,093
Rolling stock .. .. .	237,077
Flotation charges .. .. .	37,935

An amount of £16,557 was written off in respect of Waratah-avenue, leaving a total capital expenditure of £1,110,000. Whether the local authorities would ever have been in a position to find such large sums as are represented by this figure, is very doubtful indeed.

Hon. J. Nicholson: I would not say that. They could have negotiated.

The CHIEF SECRETARY: I think it is very doubtful indeed. In this connection, it is pertinent to recall that when the Town Clerk (Mr. Bold) gave evidence before the select committee he appeared to assume that the profit of £48,000 per year then being made by the company would be maintained, if not increased. The implications of this view were that fares would be maintained at the levels then operating, that the assets would be handed over in a condition in which they would have a high residual value, and that there would be no necessity for further capital expenditure or extensions. I have said enough to indicate that there was no basis for such an optimistic view.

The argument has been advanced that the payment of three per cent. of the gross earnings to the City Council is in lieu of rates which would otherwise be payable to the undertaking. Such a view, however, takes no cognisance of the fact that Government expenditure on the tramways system has increased very materially the rateable value of properties in the city and its environs. To-day the total mileage of the tramway system is 54 miles 37 chains, or 24 miles 28 chains longer than the lines taken over in 1912. It is no exaggeration to say that these extensions have contributed in no small measure to the rapid expansion that has taken place in the city and surrounding suburbs during the period of the Government's control. Thus we find that the local authorities have benefited not only to the extent of £163,500, representing the amount of the three per cent. contribution by the Treasury, but have had the additional benefit accruing from higher rateable values, all without any contribution on their part to the expenditure that has rendered this possible.

Hon. H. S. W. Parker: Are the trolley buses included in the tramways?

The CHIEF SECRETARY: Yes.

Hon. J. M. Macfarlane: Is three per cent. of the revenue from them paid also?

The CHIEF SECRETARY: Three per cent. has been paid in accordance with the agreement up to date.

Hon. J. Nicholson: Do you pay three per cent. from the trolley bus earnings too?

The CHIEF SECRETARY: As far as I know.

Hon. J. Nicholson: I understood they were not included.

The CHIEF SECRETARY: I would not like to commit myself, but they are part and parcel of the tramway system.

Hon. J. Cornell: The Tramway Act was amended to include trolley buses.

Hon. J. M. Macfarlane interjected.

The CHIEF SECRETARY: I might refer to the fact that the tramway system is bound up with the electrical undertakings of the Government, from which the Perth City Council has received considerable benefit, of which we hear very little. The figures are somewhat astounding. That is an instance in which the Perth City Council has kept the Government to a hard and fast contract resulting in a big loss to the Government each year.

Hon. J. Nicholson: But it was a contract that had a sound basis. You took away the rights they had in the Perth Gas Company.

Hon. J. Cornell: And entered into an iniquitous agreement that should never have been drawn up.

The CHIEF SECRETARY: That agreement was entered into in good faith but we have reached the stage when the Perth City Council is reaping a big benefit at the expense of the Government.

Hon. J. Cornell: At the expense of the whole community of Western Australia.

The CHIEF SECRETARY: The community is represented by the Government. I have endeavoured to outline a little of the history of this matter. I found the 1912 debate on this question extremely interesting. It is worthy of note that Mr. Drew was at that time Colonial Secretary and was in charge of the Bill that authorised the purchase of the tramways by the Government. Now in 1939 a stage has been reached when it is considered that the Government has carried out its undertaking to the letter. I am aware that a statement has been made elsewhere and will probably be made in this Chamber, that we are fleching or endeavouring to flech something from the municipality, but I am afraid that cannot be substantiated. The position is that this year marks the end of the agreement to pay 3 per cent. per annum to the local authorities unless Parliament should otherwise decide; and we are taking this opportunity to ask Parliament to decide that the time has arrived when there is no longer any need to continue that payment.

Hon. G. W. Miles: What is the estimated amount?

The CHIEF SECRETARY: The amount already paid is £163,500.

Hon. J. Cornell: That is for a period of 26 or 27 years?

The CHIEF SECRETARY: That is so. I move—

That the Bill be now read a second time.

On motion by Hon. J. Nicholson, debate adjourned.

## **BILL—WHEAT PRODUCTS (PRICES FIXATION) ACT AMENDMENT.**

### *Second Reading.*

**THE HONORARY MINISTER** (Hon. E. H. Gray—West) [8.24] in moving the second reading said: This is a short Bill, the

object of which I am sure will appeal to all members. It proposes to amend Section 18 of the Wheat Products (Prices Fixation) Act. Under Subsection 1 of that section power is given to police the Act as follows:—

Any officer of the Public Service of the State authorised in writing by the Minister in that behalf, may inspect any books, accounts, registers, records, documents or writings which are in the custody or control of any person carrying on the business of gristing, manufacturing or preparing any flour or any wheat product and which relates to such business, and may take notes, copies or extracts thereon or therefrom.

Power to carry out investigations for the purpose of policing the Act is thus limited to embrace only the activities of millers and bakers, no provision having been made in the original legislation to ensure the exercise of proper surveillance over the transactions of merchants and retailers. The Wheat Products Prices Committee has found that this limitation hampers efforts to police the Act to the fullest possible extent, and it has therefore requested the amendment proposed in the Bill. The effect of this amendment will be to extend the operations of Section 18 to all persons carrying on business in connection with the manufacture, processing, purchase, or sale of the products covered by the Act. This will enable full investigations to be made in every case where it is suspected that persons are selling or buying wheat products at prices other than those determined by proclamation. The Bill should appeal to hon. members because people selling bread or flour are not under control. The board considers that this amendment is necessary to make its position effective.

Hon. L. Craig: What is the object? Do they suspect that wheat is being bought below the price fixed?

The HONORARY MINISTER: The desire is to control and inspect every phase of the industry. I move—

That the Bill be now read a second time.

**HON. J. CORNELL** (South) [8.28]: The Bill appears to be reasonable. Section 18 of the parent Act provides that—

Any officer of the Public Service of the State authorised in writing by the Minister in that behalf may inspect any books, accounts, registers, records, documents or writings which are in the custody or control of any person carrying on the business of gristing, manufacturing or preparing any flour or any wheat product and which relate

to such business, and may take notes, copies, or extracts thereof or therefrom.

That is the law. It is proposed to amend it by adding after the word "preparing" the words "or of buying or of selling."

Hon. L. Craig: It is just extending the scope of the Act.

Hon. J. Nicholson: Bringing in the merchants.

Hon. J. CORNELL: And bringing in the shopkeepers. The only argument that could be raised against the inclusion of these words is that the powers already in the section are too stringent. If the existing powers are fair, it is only right that any ambiguity that exists should be removed. That is what the board desires, and I hope that the necessary power will be given. If hon. members will read the section, they will discover that there is room for evading the machinery implementing the flour tax. That is something we should endeavour to prevent. After all, who is bearing the brunt of the flour tax? The man on the lower rung of the ladder, because he is eating the most bread.

Hon. G. B. Wood: Why should he eat more bread than anyone else?

Hon. J. CORNELL: I do not say that the navy eats more bread than the harvester, but I say there are more navvies than harvesters. That is the argument used. In the aggregate they do eat more bread than the others. I support the second reading.

Question put and passed.

Bill read a second time.

#### *In Committee.*

Bill passed through Committee without debate, reported without amendment, and the report adopted.

### **BILL—LAND TAX AND INCOME TAX.**

#### *Second Reading.*

Debate resumed from the 24th October.

**HON. H. SEDDON** (North-East) [8.33]: When we are dealing with a Bill that concerns taxation, it is only right that we should have before us the report of the Commissioner of Taxation on the last year's operations of the department. Frequently that report contains information that would be of considerable guidance to members

when discussing this matter. In considering legislation this session, I feel there is one factor that must override all others. We must approach legislation from an aspect different from the procedure we have adopted for many years past. I cannot help thinking when we are considering taxing Bills that that factor has been very largely overlooked by the Government. I refer, of course, to the factor of war. So far as we can see no attempt has been made on the part of the Government to refer to the experience of this country during the Great War of 25 years ago. We are simply going along in the same way as we did last year. I am inclined to think that before long our whole system and all our calculations with regard to the community will have to be considerably altered. Because of that I wish to review the policy of the Government with respect to taxation generally.

There is no indication that the Government has considered the impact of the war upon its finances, and yet there are considerable disturbances in the community that must be faced. These will reflect first of all upon the resources of the taxpayer, and secondly on the collections to be made by the Government. This session we have been considering special legislation arising out of the war. That legislation, it is contended, is to supplement the decisions and regulations of the Federal Government. We know that the Federal Government has taken very wide powers in order to carry out its policy of defending the country. The powers in question have been taken under the Defence Act and the War Precautions Act. They have been taken because it has been necessary that the Federal Government should take them to enable it to carry out the tremendous task imposed on it of organising the defence of the country. The State Government claims that it has the same ground for introducing its legislation. It has placed before us Bills that can only be described as the same kind of measures brought before us last session in order to carry out its policy. One is inclined to think that the Government has made use of the war as an excuse to advance the policy that has guided it for many years. By that legislation it has effected a very rigid control over profits and over returns from rents. Now by the Bill we are discussing it proposes to go further and exact increased tax-

ation from the people who are paying the income tax. In one case the Government is limiting profits and incomes, and in the second place it proposes to take from existing incomes an increased tax of 12½ per cent.

There may be sound reasons for the Federal Government doing things like that. It has already been indicated to us that Federal taxation must be tremendously increased to cope with the huge defence bill of £60,000,000. There is no evidence, however, in the Minister's remarks to show anything like the same justification on behalf of the State Government. What in one case constitutes the stern necessity of war, in the other it constitutes taking advantage of an opportunity to make good the Government's own policy. It has been stated that the war will affect our social and economic system, to a degree that has never before been experienced by this country. I believe that is true. Institutions and society alike will be affected, and, more than that, Governments will very materially be affected. For many years past there has been an attempt to combine the cumbersome machinery of State and Federal control, and some very serious discrepancies and discordances have developed because of the conflicting policies of the two Governments.

To-day people are asking very seriously how long that condition of affairs will continue. They are asking exactly when the conflicting functions of State and Federal Governments will be dealt with. At least one newspaper in the Eastern States has boldly adopted and consistently advocated unification as a solution of the difficulties with which the Commonwealth and the people find themselves confronted.

Hon. A. Thomson: That paper has been at it for years.

Hon. J. Nicholson: The danger is that it is getting nearer.

Hon. G. W. Miles: It is coming.

Hon. H. SEDDON: The fact remains that to-day the people are listening to such a policy with greater sympathy than they have done for a long time. While I have always opposed secession and still oppose it, I still further disagree with unification.

Hon. C. F. Baxter: So do we all.

Hon. H. SEDDON: I cannot think that either policy will be good for Western Australia.

Hon. J. Cornell: Neither will come in our time.

Hon. L. Craig: Do not be too sure.

Hon. J. M. Macfarlane: If the war becomes acute it will come.

Hon. H. SEDDON: War makes strange bedfellows, and this war may enforce upon our people a consideration of things that they would never otherwise have contemplated. Overnight the Commonwealth Government has taken powers in connection with finance that would never have been conceded to any Government except under the stress of war.

Hon. A. Thomson: And it has taken advantage of that, too.

Hon. H. SEDDON: It has taken powers over financial institutions and over the savings of the people, and the people have given those powers because they realise the necessity for so doing.

Hon. J. Cornell: And they find fault with Hitler because he does it.

Hon. H. SEDDON: When we review the German policy in respect to finance, we have to admit that Australian Governments are very apt pupils, because they are adopting many of the schemes that were put into operation by the German Government. They are obliged to do so, because the very powers that the German Government took—having as its objective the conquest of adjoining countries, and the organisation of the whole of the resources of the country for war—will have to be copied by us if we are to preserve our democracy and come through the struggle successfully. In that connection I must draw attention to the altered attitude of the general public. The critical survey and investigation of finance that have been going on in the past were practically unnoticed by them, because they would not themselves take the trouble to study the finances of the Government and its financial policy.

As many of us have done in the past, it is my intention again to draw attention to the trend of Government finances. When we asked how much longer this was to go on, we did so because we realised that that trend was entirely in the wrong direction. The

fact remains that this has been going on, and the question, "How long will it go on" has been asked over and over again because of the steps that have been taken by those who are in power. I intend to refer to those steps later on. In spite of warnings and of the experience of this country during the depression, these lessons were not learned. We continued in the same path until to-day we are faced with a greater emergency than before, and are facing it with many sources of taxation exploited to their limit. We find the Government bringing forward increases in taxation, not for the purpose of meeting the emergencies of war, but to carry on a programme outlined during times of peace, to carry on its programme and its policy in regard to the distribution of taxation. If we approach a time like this with such conditions, we can well wonder what the Government will do when the real stress comes on.

The Bill proposes to increase taxation for all income taxpayers by  $12\frac{1}{2}$  per cent. That  $12\frac{1}{2}$  per cent. is imposed on the man who is earning £216 a year as well as on the individual who earns £5,000 a year. When the Government amended the financial emergency tax some years ago, it made a great outcry about the injustice of a flat rate of  $4\frac{1}{2}$ d. in the pound, but notwithstanding that fact, we now find that it proposes to adopt exactly the same principle of the flat rate regarding the increases that are imposed under the heading of income tax. One must ask the Government to reconcile the arguments advanced a few years ago regarding the effect of a flat rate and its proposal now before the House to increase the income tax by imposing a flat rate of  $12\frac{1}{2}$  per cent. That proposal of the Government certainly demands investigation. The increased flat rate of  $12\frac{1}{2}$  per cent. is to be imposed on the whole of the income tax payers and the Government tells us that the object is to relieve two classes of taxpayers in respect of the financial emergency tax. The proposal is that those people who are now paying the lower range of that tax—I shall deal with that matter when referring to the financial emergency tax itself—shall be assisted, and the Government intends to take from the whole range of income tax payers a sum of money that it proposes to distribute between the two

classes I refer to. At the same time while the Government simply takes from one taxpayer and gives to another, the Budget discloses that it anticipates a deficit of £32,000. Had the Government decided upon the increase in taxation for the purpose of meeting that deficit and balancing the Budget, one would be inclined to go a long way with the Administration. We realise, as the Federal Government has pointed out, that every penny of loan money is required to carry out the defence programme. Had the State Government said, "We will assist you to the extent of £32,000 by allowing this increased taxation to go towards balancing our Budget", that would have been a very sound argument. On the other hand, as the Minister said in the course of his speech, the money is to be distributed among the two classes of taxpayers to whom I have referred.

Hon. J. Cornell: The money will be taken from the goldfields and given to the metropolitan people. That is what will happen.

Hon. H. SEDDON: I want to refer to the record of the Government and shall ask members to take into consideration the report of the Auditor-General in which some very significant figures are disclosed. First, we can turn to page 6 and find that Governments have accumulated deficits that now aggregate £12,163,000. Of that amount £6,140,087 was funded up to the 30th June, 1924. Now we find, according to the details on page 7 of the report, that the total unfunded deficit is £5,830,486. That unfunded deficit represents money which, if we adhered to the spirit of the Financial Agreement—

Hon. J. J. Holmes: Not the spirit, the letter of the agreement.

Hon. H. SEDDON: Legal opinion has been obtained, the effect of which is that we need not adhere to the letter of the Financial Agreement. So I say that if we adhered to the spirit of that agreement, we should be paying four per cent. interest on £5,830,000 in the form of a sinking fund. Members can imagine what effect such a procedure would have on taxation. That deficit has been accumulated because of the policy of Governments for years past to incur them and allow them to be carried by loan funds. On page 17 of his report, the Auditor-General gives an interesting table covering the period from 1936 to 1939 in which he shows the position of the public

debt. The table, comparing the years 1935-36 and 1938-39 only, is as follows:—

	1935-36.	1938-39.
	£	£
Public Debt ....	90,344,055	95,472,601
Interest, Sinking Fund and Exchange ....	4,000,750	4,333,075
Net earnings ....	2,084,915	2,144,415
Deficiency charged on Taxation and General Revenue ....	1,941,844	2,189,560
Proportion of debt charges not recovered from earnings ....	per cent. 48	per cent. 50
Estimated amount of debt on which the charges for the year were borne by General Revenue ....	£ 43,500,000	£ 48,000,000

Those are very serious figures, particularly so in view of the fact that under the Financial Agreement, which was agreed to by the Premiers during the depression period, a solemn undertaking was given by them that in future loan money would be spent only on works that would repay interest and sinking fund charges. Notwithstanding that, we have those figures showing a steady increase in the amount of the public debt, which is not bringing in any return in the form of interest and sinking fund on the expenditure incurred.

In furtherance of my criticism of the Government's financial administration, I shall submit other figures. Those I have already read constitute a reflection upon the efficiency of the Government from the standpoint of the returns obtained from loan assets, and, therefore, a reflection on the policy of Government expenditure of loan funds. I have taken out tables that deal first of all with the revenue and expenditure of departments, trading concerns and public utilities for the years 1935 and 1939 respectively. I think the best way by which I can compare the efficiency of the Government's administration is to leave aside for the time being money received from taxation and by way of grants from the Federal Government, both of which items represent considerable amounts. While leaving those aside, I take the revenue received by the Government through the various departments, trading concerns and public utilities and compare that with the expenditure under the same headings. Next I compare the revenue from taxation with our losses on loan assets, and lastly show the total amount of the public indebtedness and the expenditure on sinking

fund charges, interest and exchange. The tables I have drawn out are as follows:—

#### DEPARTMENTAL, TRADING CONCERNS AND UTILITIES—LESS UNEMPLOYED RELIEF AND EXCHANGE.

Year.	Revenue.	Expenditure.
	£	£
1939 ... ..	7,044,008	6,381,511
1935 ... ..	6,222,872	5,114,453
Increase ...	821,136	1,267,058
Increase (per cent.)	13	24.77

Year.	Taxation.	Losses on Loan Assets.
	£	£
1939 ... ..	2,864,223	2,189,560
1935 ... ..	1,902,086	1,485,248
Increase ...	962,137	704,312
Increase (per cent.)	50	47.4

Year.	Public Debt.	Expenditure on Sinking Fund, Interest and Exchange.
	£	£
1939 ... ..	95,472,601	4,333,375
1935 ... ..	88,590,176	4,001,378
Increase ...	6,882,425	332,597
Increase (per cent.)	7.76	8.3

Thus it will be seen that taxation is hard put to it to keep up with the losses incurred on loan assets that we are creating year by year. Following that comparison, we can take the public debt and the expenditure, which I have outlined in the table. That shows that, on a percentage basis, while the public debt increased by 7.76 per cent., the expenditure on sinking fund, interest and exchange increased 8.3 per cent.

Hon. G. W. Miles: Some of the conversion loans reduced that amount.

Hon. H. SEDDON: All this took place during a period over which we enjoyed the full benefit of conversion loans, which reduced the interest that had formerly been paid. Consequently, these increases, although they are reflected very appreciably, are much less than the increases that will take place during the next few years—if we



increase the public debt to the same extent annually. Although the figures show that taxation increased by 50 per cent., had I taken the position in 1934, I could have shown that the increase was more than 100 per cent. compared with 1939. We are discussing a taxation Bill, and I have been demonstrating the tremendous increased burden the State has to carry by way of taxation, through the constant exploitation of avenues of taxation by the Government in order to carry out its policy.

Hon. A. Thomson: And we are getting more deeply into debt all the time.

Hon. H. SEDDON: That is so. The fact remains that we are getting deeper and deeper into debt, and, as the Auditor-General points out—

The serious decline in the net return from Railways was largely responsible for the increased loss shown last year, but the accumulation of debt through the expenditure of loan money on works put in hand as relief measures only indirectly aiding development, has been the cause of a diminishing annual return, in proportion to the public debt, and consequently the absorption of an increasing amount of general revenue or taxation each year.

It is Parliament's duty to take notice of that report.

Hon. J. Cornell: He is like a doctor ordering physic.

Hon. H. SEDDON: People who disregard the advice of doctors frequently get into a worse state. All these increases in taxation, which reflect so badly, were made during times of peace. I ask members to consider what will be the effect of war upon the figures I have quoted. Many of our young men who are at present engaged in production and helping to carry the burden of the State will soon be called into camp. Our wealth has been conscripted. The effect of war is to destroy wealth, although it leaves behind it the symbols of wealth. If these things are done in times of peace, what will be done in time of war? If ever there was a time when the indications are that the Government should endeavour to revise its policy and make efficiency the first item in its programme, it is the present time. This House has imposed upon it the duty of using every endeavour to bring home to the Government the seriousness of continuing, in this time of crisis, the policy it has hitherto followed. No doubt the argument will be raised that the rise in the basic wage is re-

flected in Government departmental expenditure. We had better clear up that point at once. The basic wage in 1935 was 70s. 6d. for the metropolitan area; in 1939, it is 82s. 2d., an increase of 11s. 8d., or 16 per cent. The increase in expenditure in the Government departments is 24.7 per cent. Then it may be argued that the increase in margins over the basic wage had an effect on expenditure. The margin over the basic wage for a skilled worker was 24s. per week; it was recently raised and is now about 30s. per week. Even if we take that into consideration, the increase is only in the vicinity of 24 per cent. Therefore, other figures must be produced to explain why the Government's figures show so badly. Unfortunately, I was unable to obtain figures giving the number of employees engaged in these various undertakings. It is always difficult to obtain such information, otherwise I could have made comparisons in the way I did some time ago respecting railways employees. Such figures, if obtainable, would be illuminating as far as the Government's policy with regard to these departments is concerned. As regards this Bill the proposed increase of 12½ per cent. represented, so the Minister said, about £35,000. The Premier also mentioned that amount. It was also said that £35,000 represents the amount that will be given away under the financial emergency tax.

Hon. C. F. Baxter: The only time the Government has been able to balance anything!

Hon. H. SEDDON: I must confess that I am not able to arrive at the same figure as the Premier's; although, as he said, he is relying on his financial advisers. There is, however, this fact: until last year a sum of money received from companies by way of income tax has been shown separately in the report of the Commissioner of Taxation. I find that that tax is now included in the general return of taxation for the year with the income tax paid by individuals. The amounts are not separated. Therefore, the sum of £741,000 received from income tax last year includes money that was formerly paid by companies under the old Dividend Duties Act. We can assume that about £400,000 was contributed by individual taxpayers for income tax. Now, 12½ per cent. of that sum is a great deal more than £35,000; as a matter of fact, it is in the vicinity of £50,000, so evidently the Premier, or his

advisers, have allowed a margin for contraction. They certainly say they are making an allowance for reduced earnings last year by pastoralists and agriculturists. As against such an allowance, I point out that a considerable sum of money that should have been collected last year was—owing to the late issue of assessments—collected this year. The amount so collected will be included in this year's revenue.

Hon. J. Cornell: I met a man who got assessments for two years at the same time.

Hon. H. SEDDON: I know another man who usually gets his assessment in January, but who this year did not receive it until August. That is not an isolated instance. Under those conditions, it seems to me the Government will benefit to the extent of £50,000, not £35,000; it will make a little on the deal. I pointed out what I regard as an unwise action on the part of the Government in collecting money from the general taxpayer and then handing it over to one section of the people. After all, the basic wage is not a mere subsistence wage. It is declared by the Arbitration Court in pursuance of the Arbitration Act, which provides that the basic wage shall be a wage sufficient to provide a married man, his wife and two children, a reasonable standard of comfort. To say that a basic wage earner should not pay financial emergency tax because it will cramp his living conditions is simply to reflect upon the court's finding, and to say that the court is not fixing a wage providing for a reasonable standard of comfort.

In view of the fact that the Government has been rigidly controlling the incomes of persons and of companies, surely it should be consistent and should just as rigidly control its own income. It should control its budget and endeavour to balance its finances. It has not done so for many years. The Government should avoid incurring further unproductive debt and thus imposing a burden upon the community. The Government's first consideration should be the balancing of its budget. Having achieved that, it might consider whether it is desirable to extend concessions to a section of the public for which I do not think any justification exists. Money ought not to be taken away from the general public in order to benefit one section.

I desire to refer to the report of the Grants Commission. For some years past

the Commission has based its findings on the needs of the claimant State. It has stringently criticised the State putting forward claims for assistance. Western Australia has had valuable assistance from the Federal Government. If hon. members will look at the returns placed before them for some years past, they will find that Western Australia has received over £1,000,000 per annum. That amount has been given annually to the State by the Federal Government, and it does not include the amount granted by the Federal Government towards our sinking fund.

Hon. J. Cornell: What is New South Wales' proportion?

Hon. H. SEDDON: It would be rather heavy, too. Their financial condition is behind the agitation in the Eastern States for unification. What I am emphasising is that our Government, which is relying so much upon the help of the Federal Government in order to carry on, yet has a record which, as I have shown, is certainly not an indication of efficiency in administration. In any community that had the slightest conception of a sound business policy, the Government would be instantly condemned. That is the attitude I take up. In my opinion, we are not justified in allowing the Government to increase this taxation by 12½ per cent.

Member: The Government is certainly not justified if it is going to give a rebate to another section of the people.

Hon. H. SEDDON: When the Government shows some evidence of efficiency and proves that it can control the State's expenditure, then it will be time for the Government to increase taxation. But until then, this House should exercise its power of criticism and as much control as it is capable of exercising in endeavouring to induce the Government to adopt efficiency as the standard of its policy. Does the Government realise—I am certain the community as a whole does not realise—that we are quite possibly entering upon a period in which war will be the permanent condition of this country? I say that because the conflict upon which we have entered is not one that affects us alone, although at the present time it is confined to one enemy country. It is a clash of ideas, ideas which are held by extremely powerful people other than the people of the country whom we are fighting. Are we passing into a phase such as that

into which the European nations were plunged some two or three centuries ago, when they had to face the Hundred Years' War. The British Government is contemplating a three-years' war, and I ask the House to consider what attitude this country will have to adopt if it is to face a condition of permanent war. This has occurred in the past and can occur again, and when we have conflicting opinions between democracies and dictatorships, these conflicts must be fought out to a finish. I hope that the Government, if not the community, will show an appreciation of the conditions that may be confronting us at the present time.

On motion by Hon. L. Craig, debate adjourned.

## **BILL—STATE FOREST ACCESS.**

### *Second Reading.*

Debate resumed from the 25th October.

**HON. W. J. MANN** (South-West) [9.16]: This Bill is one that the Government has found necessary in order to provide access to certain forests in the far South-West, so that the Government railway system might be linked up with the tramways that have to be laid on three permit-areas recently granted to sawmilling companies. The area that will be served, I suppose, is one of the largest areas of virgin bush in the State, and it is pleasing to know that in making this land available, the Forests Department has stipulated certain conditions to obviate a great deal of the destruction and waste that occurred in years gone by. From now on the timber will be cut under strict supervision, and all necessary care will be taken to prevent as far as possible the ravages of fire, and some consideration will be given to regeneration. Altogether something like 43¾ miles of railway will have to be constructed to serve the proposed new mills, but of that only 8¼ miles will pass through privately-owned property. I understand that the Forests Department has made all possible endeavours to avoid private property and has succeeded very well. The only trouble likely to arise concerns private land through which the tramway must pass. I understand that the strip of country proposed to be resumed is not more than a chain wide, and that compensation will be provided.

In the circumstances we cannot offer any real objection. We know there is a tendency on the part of landowners to regard timber locomotives as somewhat dangerous from the point of view of fire, but we must realise that the companies will have to shoulder their responsibility in the matter and take all possible precautions to prevent any disaster in that direction. I am pleased that this country is at last being made available, because many of the areas that are being worked by timber mills in the South-West to-day have been cut over, not once but many times, and it is becoming extremely difficult to provide supplies. In future there will not be the necessity for companies to lay railways in the bush to the extent they did in years past. The utilisation of motor trucks, which can go through the bush and bring in 12-ton logs easily, has made the outlook for the companies much brighter. They will not be called upon to incur the same expenditure to lay down trams here, there and everywhere through the forest, but will be able to convey the logs to the mills as they have been doing of late.

One of the companies concerned in these permits has been working a mill to my knowledge for the past 40 years. I refer to the mill at Argyle. I do not think that mill has closed at any time in that period, and I believe it is the only mill that worked right through the period of the last war. I was on it not long ago, and timber was then being brought from quite close to Collie right through the bush by means of motor trucks. I commend the Bill to the House, and am glad that there has been opened up a new lease of life for many years in country that has been carefully reserved against the time when other areas would be cut out.

On motion by Hon. L. Craig, debate adjourned.

## **BILL—TRAFFIC ACT AMENDMENT (No. 1.)**

### *Second Reading.*

Debate resumed from the 25th October.

**HON. G. FRASER** (West) [9.23]: I am pleased indeed that this Bill is again on the stocks, and I hope that it will have a better passage than had the previous measure. I think every member is quite in accord with the principle of the Bill, namely that com-

pulsory third-party insurance should be enacted. This is a matter in which I have taken considerable interest for many years, and I regret that so long a time has elapsed before an opportunity has been afforded to get the necessary measure placed on the statute-book. I do not know that anyone would raise objection to the fact of third-party insurance being made compulsory, because most members must have had their attention directed to cases of hardship caused through motor accidents, particularly in recent years.

The question that seems always to have exercised the minds of members has been that of cost, and the fear that the introduction of compulsory insurance would add considerably to the costs of industry. I do not share any fear on that score. Six or seven years ago I brought forward a motion in this House, and in the course of my remarks I expressed the opinion that such insurance could be provided for about £1. I was pleased to hear Mr. Thomson suggest roughly the same amount. I think it is possible to provide the requisite cover at that figure. However, whether the amount be that or something slightly higher is immaterial. The main point is that legislation is to be placed on the statute-book, and the committee to be set up under the Bill will no doubt consider all phases of the question and arrive at a reasonable figure for providing this cover. Mr. Thomson gave certain figures regarding the number of vehicles licensed in the State and the amount of premiums paid for third-party insurance, together with the amount of claims met under that insurance. The figures showed that the claims represent only a small percentage of the amount contributed by way of premiums. I do not know that those figures are a very good guide, for this reason; at present there is no compulsion, and it is only natural to assume that a person who covers himself against third-party risk is a careful person, whereas under the scheme of compulsion, all persons, careful and otherwise, will be covered, and one would expect that under such conditions, the percentage of compensation that will have to be paid will be considerably higher. Even allowing for that, if one goes through the number of accidents and the number of persons injured, one will find that a very small fee should be sufficient to provide the necessary cover.

In the report of the Commissioner of Police for the year ended the 30th June last, it is interesting to note that in the metropolitan area for the 12 months there were 5,228 accidents. Of the total, 67 were fatal, 443 serious, and 4,718 minor. The types of accident are set out. Accidents between vehicles numbered 4,782, in which 46 people were killed; accidents between vehicles and pedestrians numbered 446, and the fatal accidents were 24. The totals for the State were 120 people fatally injured and 934 injured. Thus in the State last year there were 1,054 persons killed or injured. One can assume that a fair number of them would come under the provisions of compulsory third-party insurance, but even if the whole of them were covered, not a very great amount should be needed to cover the risk. There are something like 70,000 or more motor vehicles in the State, and that number at £1 each would give a total of £70,000. This should be somewhere in the region of the figure that the committee will suggest, because last year, so far as I can gauge after making a study of the records, was typical of other years. As I said, 1,054 persons were killed or injured in the State during the year, and if the whole of them came under the provision for compulsory insurance, an amount of £1 for each motor vehicle should be sufficient to cover the total claims for compensation involved in those cases. Causes of accident during that period have been set down as follows:—Excessive speed 151, negligence 4,505, reckless or dangerous driving 30. Under these headings naturally would come causes leading up to most of the claims with which the Bill is concerned. Altogether they total 4,686 during the period in question. Other accidents, classified under the head of mechanical details and other causes, number only 542. Therefore I regard the following words of the Commissioner of Police as thoroughly justified:—

Most of the accidents could be avoided by the exercise of ordinary care, but some drivers are most unreasonable in their attitude to other users of the roads.

Those words should suffice to convince hon. members that legislation of this kind is needed for the protection of people who, through the fault of others, meet with accidents and consequently are put to expense, besides losing, in many cases, limbs. The Commissioner sums up the position by stat-

ing that accidents could be easily avoided. Those words are borne out by the figures I have quoted. A time when we have so large a number of accidents resulting from the causes stated, is a time when this legislation is long overdue. Comparisons are made with other States. I suppose if we went into the matter we should find that the Bill differs from most other legislation. We must gauge whether it represents what is best for Western Australia. Here such legislation is experimental. However, I feel sure that once the Bill appears on the statute book, the committee to be appointed will ensure that the premiums will not be a burden on industry and that every person will have the opportunity to come under the legislation, whether a person is insured or not. One of the failures of third-party insurance to-day, where it exists, is the numerous occasions on which it is asserted that the motor vehicle was handled by some person without the permission of the owner, third-party compensation thus being rendered unavailable. That has been the let-out, I was going to say; but probably it is one of those business methods whereby responsibility is evaded unless the motor vehicle has been used with the owners' permission. The unfortunate presence of that clause in present-day policies has prevented numerous injured persons from securing any redress whatever. With the third-party policy covering them, they stand a reasonable chance of obtaining compensation should they prove their case. With the let-out in relation to owner's permission, injured persons were cut off from compensation by the insurance companies; and in many cases it was useless to proceed against the driver responsible for the accident, he being without any means. To sue was to throw good money after bad. The Bill provides for the payment of expenses, and that is an excellent feature which should receive the approval of the House. The measure can best be dealt with in Committee, apart from the general question whether third-party insurance is favoured or not. I therefore reserve any further comments until the Committee stage. Meantime I support the second reading.

**HON. H. V. PIESSE** (South-East) [9.35]: I support the Bill, which is long overdue. In point of fact, when the measure came before the House last session, I sup-

ported the second reading. Several of our country road boards seem to fear that the cost of insurance under it will be excessive, but in my opinion they have a wrong conception of what that cost will be. I am convinced that it will not prove a heavy impost on the motoring public. One aspect I wish to refer to is the cause of accidents. We know that if a man went on St. George's-terrace and pulled out a rifle and fired it off he would be at once arrested and would be likely to receive a sentence of imprisonment. In the case of motoring, however, anyone can travel down the terrace at break-neck speed, irrespective of his being intoxicated or just speeding and driving to the danger of the public. When such an offender comes before the court, the fine imposed on him is utterly insufficient. The law does not provide a penalty severe enough. That is one of the main points to be considered. For dangerous driving, the punishment does not fit the crime. The police might take action more frequently to curb excessive driving pace. When accidents do occur, the procedure is to pay the injured person so much by way of compensation. The Bill should contain a clause that hospital fees shall be paid direct, instead of the total amount of compensation being received by the injured person. In many cases, irresponsible people who have been injured receive the full compensation and the hospitals are left lamenting.

I was rather struck with Mr. Thomson's idea of cheapening the cost of insurance. Coming from that hon. member, the idea had the appearance of novelty. His suggestion was that the Government should take control of this class of insurance. Mr. Thomson may be right, but I think that with the board to be appointed there will be no need to worry about an excessive premium. I have followed closely the arguments used to-night as to the State Government Insurance Office being given the opportunity to cover third-party risk. I have an open mind on the subject. My view is that the premiums which will be fixed by the proposed committee will prove acceptable to all insurance companies. If the State is permitted to enter upon the business, it may be some check, as Mr. Craig has suggested. There can be no argument that any insurance company in Western Australia to-day will not undertake this insurance. As long as there is a reasonable premium rate fixed,

the job is one for the insurance companies. There has been no difficulty about this insurance in New Zealand and South Australia. The measure before us to-night is framed on the South Australian Act, which was the outcome of an investigation by a committee of expert insurance men in that State, the Government adopting the committee's views as the basis of the measure. While supporting the present Bill, I consider that a deterrent in the form of heavier penalties would be helpful. The Bill is long overdue because many people purchase motor cars without having any financial backing. I recall a case which occurred in my own home town a few days ago. A man arranged to buy a motor car. He was to pay a deposit of £30. He did not take out his license. That very night he wrecked the car and put two people in hospital. There is no recourse whatsoever against that man. I suppose his total assets would be the damaged car and the money he had paid on it. He works on wages: so how can he pay?

Hon. J. Cornell: The man who sold him the car is as great a culprit as the man himself.

Hon. H. V. PIESSE: That is all very well; but this was a secondhand car. The occurrence may be described as one of everyday life. A man comes in and pays a deposit perhaps, and there his responsibility ceases, no matter what injury he may inflict.

Hon. J. Cornell: To get a gun license takes a month.

Hon. H. V. PIESSE: Yes; but it does not take longer to get a motor license than it takes to prove to the police that the applicant can drive a motor car. The Bill will prove highly advantageous to all people who may possibly meet with accidents.

HON. E. H. ANGELO (North) [9.43]: I greatly regret that the need for a Bill of this kind exists. If measures had been taken previously, much of the misery caused by motor accidents could have been avoided. Undoubtedly the chief trouble has been the rapid increase in motor vehicles all over Western Australia—so rapid that the Government and other bodies have not been able to keep up with policing and looking after the traffic. Hon. members may recall that some three years ago I quoted figures obtained from the Traffic Department showing the tremendous loss

of life that had occurred through motor accidents during the previous ten years. I believe the killed averaged 59 per annum. That accounted for about 600 deaths in the ten years. I also stated the numbers of serious and of minor accidents. Those numbers are not diminishing, as shown by the statistics Mr. Fraser quoted from the report of the Commissioner of Police. In fact, the total of serious and minor accidents per annum has increased.

Hon. L. Craig: But not in ratio to the number of cars.

Hon. E. H. ANGELO: No, but still there are too many accidents. Three years ago, after discussing the subject with the traffic officials and others, I suggested to the House that three factors contributed to the highly unsatisfactory state of affairs. The first factor was insufficiency of police. Secondly, that the magistrates were too lenient and thirdly that the juries which tried manslaughter cases were falling down on their job. The question of the police is also a difficult one because the Government cannot find the money to augment the force. Now, however, that the Government proposes to take all the license fees, I hope it will be able to spend some of that revenue in the direction of providing additional police assistance.

Hon. G. B. Wood: The Government has not yet got the license fees.

Hon. E. H. ANGELO: Even if the Government does not obtain those fees, it is its duty to increase the police personnel because many more are required to watch and control the traffic. With regard to the leniency of magistrates I was glad to hear what Mr. Piesse had to say. The Commissioner of Police himself bears out that contention. The Commissioner makes this comment in his annual report—

So far as dangerous and negligent driving are concerned I consider that when a conviction is obtained, more severe penalties should be inflicted by the court. Strictly speaking the duty of the police finishes when the facts have been presented to the court. Owing to the great loss of life, as well as injuries received by many people, I feel compelled to comment in regard to the ridiculous penalties that are imposed.

We could not have any stronger comment than that. All who read the papers must agree that the Commissioner's remarks are justified. Another matter to which attention should be directed is the want of uni-

formity in respect of the punishment meted out to offenders. We read of cases tried in Perth and almost similar cases tried in Fremantle, but the penalties imposed at Fremantle are almost invariably about half those inflicted in Perth. Then we find that at Kalgoorlie the penalties are different. Really, I think that the Kalgoorlie magistrates have a better idea of the punishment that should be meted out to these offenders, and in support of that remark I can quote a recent instance. A man was charged with drunken driving and in addition to being fined £20, his license was cancelled for six months. On the next day a very similar case was heard before the Perth bench, but the offender happened to be the director of a big company. There were two honorary justices on the bench on that occasion and the penalty imposed was £20. The license, however, was allowed to stand and the remarks of the honorary justices were to this effect, "We will not take your license from you, Mr. so-and-so; we will give you another chance." I thought that was one of the most extraordinary statements I had heard from a bench of justices. I honestly believe that it would be a good thing if one magistrate were appointed to attend to all the traffic cases in the metropolitan area. He could first sit in Perth then at Fremantle and later at Guildford. In that way we would have uniformity of penalties. On the subject of trial by jury, the Commissioner of Police had something to say. His remarks were—

Another matter that requires the attention of the Legislature is that power should be given to a judge of the Supreme Court to cancel a license in addition to any other penalty that may be imposed by that court.

So it appears that while a magistrate has the power to cancel a license, a judge sitting in a higher court does not possess it. In this connection hon. members may recollect that when I spoke three years ago, Mr. Parker contended that it was very difficult to secure a conviction for manslaughter arising from a motor accident. He said that juries did not like to convict a person of manslaughter for what amounted to practically an accident, although it might have been caused through negligence. Mr. Parker suggested that there should be an alteration to the Criminal Code, to the extent of bringing in a new cause of action and a different

penalty including, if I remember rightly, a fairly substantial fine.

Hon. J. Cornell: Gaol is wanted.

Hon. E. H. ANGELO: That probably would be better. Anyway, something would have to be done because every year one reads of three or four glaring cases which, according to the evidence, prove that the offender was really guilty of manslaughter and in spite of which he is found not guilty.

Hon. C. B. Williams: You are reflecting on our juries.

Hon. E. H. ANGELO: Yes, and I have said before and I repeat now that it is time the jury system was abolished because juries have fallen down on their job. I know if I were an innocent man I would rather be tried by three judges than by a jury. If, however, I were guilty I would prefer a jury every time. The fairest trial would be by one or three judges.

Hon. C. B. Williams: Our country is at war with a country that does what you are suggesting.

Hon. J. Cornell: With three judges it would be a three-party risk.

Hon. G. B. Wood: What would become of the lawyers if we did away with juries?

The PRESIDENT: Order! We are not discussing juries.

Hon. E. H. ANGELO: Some people have stated that this insurance will be done at a cheap rate. How can we possibly expect that when we have such a record of deaths and accidents? The figures quoted by Mr. Fraser to-night are almost a repetition of what we have been hearing during the last 12 or 13 years. I am very pleased to see that the Bill provides for the appointment of a committee which will consist of the Auditor-General, the Government Statistician, two others representing the insurers, and two members of the motoring public. If such a board does its job properly and takes evidence, it will arrive at a fair figure. I expect that the board will have to sit from time to time and note how the scheme is progressing. I am sorry that a Bill of this nature has to be introduced. If we had taken more severe measures in the past it might not have been necessary to submit this type of legislation. Even though it is a case of locking the stable door after the horse has been stolen, I shall support the second reading.

**HON. V. HAMERSLEY** (East) [9.55]: I intend to support the second reading of the Bill. It appears to me that it is always the motor driver that is blamed for any accident that happens. Some years ago I heard that in France the rule was that the pedestrian was the person who had to look after himself. I do not know that there should be any great fuss made about the pedestrian because almost invariably if an accident happens it is the injured person's own fault. Many pedestrians are extremely careless and consider that the motor vehicles should completely give way to them. Sometimes we find that they are not capable of walking a straight line and so are not responsible for the course they take. Thus they sometimes get in the way of a motor car and more likely than not will actually run into the car. Motor bicycles are also a menace on the roads. They rush past cars, and then straighten up in front of them. In the event of a skid, it might easily crash in front of the car following it. I have seen that actually happen. I do not see why the motor car driver should always be blamed for accidents. I frequently travel along the roads and it is quite a common thing to find push bikes taking up the greater part of the roadway. I have seen as many as between 20 and 35 at night along the road between Midland Junction and the city without lights.

The Honorary Minister: They are the terror of the road.

**Hon. V. HAMERSLEY**: What I wish to stress is that when driving at night pedestrians on the roadway are under the belief that a driver can see them with his own headlights; but if headlights coming from the opposite direction happen to be glaring lights, it is impossible to see anything in front of one's own car. If the lights of an oncoming car are stronger, the vision of a motorist is obliterated and he cannot see anyone on the side of the road. Consequently, it is easy for a collision to occur. There is usually a foot-path on the side of the road and pedestrians should make use of it.

**Hon. H. S. W. Parker**: It is an offence for a pedestrian to travel on the road.

**Hon. V. HAMERSLEY**: That may be so, but unfortunately if a motorist collides with a pedestrian, the motorist is to blame.

**Hon. H. S. W. Parker**: It is more unfortunate for the man.

**Hon. V. HAMERSLEY**: Yes, maybe he gets a bit of a knock; but I think the Press should emphasise the fact that if the lights of a car are weaker than those of an oncoming motor, the driver of the car with the dim lights cannot see pedestrians in front of him. Few people seem to realise that fact. People think they can be seen quite distinctly and consequently cause much trouble to motorists. I support the second reading in the hope that some of these difficulties will be overcome.

**HON. E. M. HEENAN** (North-East)

[10.2]: I did not intend to speak on the Bill but as its introduction marks a big step forward in the legislation of this country, I do not want to miss the opportunity to express my approbation of the measure. We have all known instances of hardships that have arisen because of the lack of third-party insurance. I have at the present moment an unfortunate client who last year had his leg broken. It was a very bad case of negligence on the part of the driver of the car. As a result of the hospital and other expenses, the victim is £70 out of pocket and has no prospect of recovering anything. I am sure every member of the House has had experience of that sort of case. The Bill proposes to put an end to such disabilities. As other hon. members have said, the Bill is fairly lengthy. We have the experience of the South Australian measure to guide us and I am sure we shall give careful attention to the various clauses in Committee. Some of Mr. Angelo's remarks did not have a direct bearing on the case but I would like to express agreement with the statements he made with regard to fines under the Traffic Act. I do not know how the difficulty can be overcome. Magistrates in various parts of the State have different views as to the degree of seriousness with which breaches of the Act should be viewed. On numerous occasions the fines inflicted in Kalgoorlie for certain breaches have been forced on my attention. People in Kalgoorlie are in no better position to pay than are those in Perth, but very wide discrepancies are to be found in the penalties inflicted. I do not say that the amounts in Kalgoorlie are fair, or that the amounts in Perth are unfair, but many people have



remarked upon the ridiculous situation that occurs at times, and I hope the authorities will devise some means of rectifying that state of affairs. I support the measure.

On motion by Hon. J. Nicholson, debate adjourned.

*House adjourned at 10.5 p.m.*

## Legislative Assembly.

*Tuesday, 31st October, 1939.*

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The SPEAKER 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:—

Metropolitan Milk Act Amendment.

Toodyay Cemeteries.

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

Introduced by the Minister for Works and read a first time.

### BILLS (2)—REPORT.

1, Dairy Industry Act Amendment.

2, Dentists.

Adopted.

### BILL—DRIED FRUITS ACT AMENDMENT.

*Second Reading.*

**THE MINISTER FOR AGRICULTURE** (Hon. F. J. S. Wise—Gascoyne) [4.36] in moving the second reading said: The Dried Fruits Act was introduced in 1926 as a result of the urgent and repeated requests of the growers of dried fruits, and more particularly of those fruits that were affected by export conditions. The Act made provision for a board to be appointed until 1930. Since then amendments have from time to time been submitted to Parliament with a view to continuing the operations of the Act, and the Bill provides for the Act to remain in force until March, 1940. The legislation is believed to have given considerable benefit to the industry, and although it has not meant an increase in the maximum price paid by consumers, a considerable levelling of the prices received by the producers has resulted. In the days before control was exercised some producers did very well but others did not do well at all. The operation of the Act has led to an improvement in the quality of the product both for home consumption and for export. Every grower obtains practically the same price for his fruit and is required to fix a percentage of his tonnage to share equally in losses incurred in overseas trade.

Mr. Thorn: They receive the same price according to grade.

The MINISTER FOR AGRICULTURE: According to grade, and as to whether the fruit is for export or local consumption. The beneficial results of the legislation make its continuance desirable. Hon. members will observe that the proposal is to continue the Act for a period of three years.

The increase in production of the various classes of dried fruit since the inception of the Act is worthy of note. In 1927 the total tonnage of dried fruits produced was 1,576 tons. That output has increased year by year until in 1939 the figure was 3,908 tons. The total production of currants, most of which were for export, increased by over 2,000 tons. I made an inquiry to-